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 2017

Executive Overview

The directors are pleased to present the financial results of the Finbond Group for the twelve months ended 28 February 2017.

During the 12 months under review, Finbond delivered another set of solid results, increasing headline earnings per share by 77%, Income from operations by 207%, Operating profit from continuing operations by 194% and EBITDA by 137%.

These results were achieved in a particularly trying and challenging operating environment. Our 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 client service helped us achieve exceptional results despite the hostile external environment.

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 77% to 18.6 cents (Feb 2016: 10.5 cents).
- Operating profit from continuing operations increased by 194% to R279.4 million (Feb 2016: R94.9 million).
- Loan fee income increased by 152% to R985.6 million (Feb 2016: R391.8 million).
- Earnings before interest, taxation, depreciation and amortization (EBITDA) increased by 137% to R462.9 million (Feb 2016: R195.3 million).
- Revenue from continuing operations increased by 177% to R1.5 billion (Feb 2016: R561.2 million).
- Insurance revenue increased by 10% to R110.5 million (Feb 2016: R100.3 million).
- Number of loans advanced grew by 155% to 1 484 973 (Feb 2016: 583 265)
- Cash received from customers increased by 328% to R5.4 billion (Feb 2016: R1.3 billion).
- Value of loans advanced increased by 360% to R4.1 billion (Feb 2016: R883.9 million).
- The loan to deposit ratio, for the South African entities, improved by 13.2% to 54.5% (Feb 2016: 41.3%) as loans grew while the quantum of deposits was deliberately kept at existing levels given our excess surplus cash position.
- We expanded our overall branch network by 60% to 550 branches of which 379 branches are in South Africa (Feb 2016: 344) and 171 are the United States of America (Mar 2016: 91).
- We won the 2016 Sustainability Data Transparency Index awards for the Integrated Annual Report, achieving the highest score in the sector:

"Financials – Other", and the most improved score, awarded by Integrated Reporting and Assurance Services (IRAS), coming seventh overall.

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, market segments and products with 53.5% 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, delivering 50% + growth in all key operating indicators despite a challenging environment.

Finbond continues to manage for the long term and to invest in people, training, information technology, banking systems, compliance systems as well as in enhanced collection strategies and systems, in order to build a sustainable business that creates long term economic value. The bulk of the increased expenses during the period under review relates to increasing capacity and improving risk management functions and processes within the Group.

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.

Increasing Revenue, Profit and Profitability

Operating profit from continuing operations increased by 194.4% to R279.4 million (Feb 2016: R94.9 million)

Finbond increased turnover to R1.6 billion, an increase of 177% over 2016. Finbond's profit margin increased from 8.9% of turnover in 2016 to 10.2% in 2017.

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 61.1% (Feb 2016: 64.5%).

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 220% to R1.5 billion (Feb 2016: R475.4 million).

Continued Strong Focus on Short Term Loans in South Africa

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 R1,426 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 2017, Finbond granted R1.26 billion worth of loans and received cash payments of R1.82 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 pay them back as opposed to longer term loans.

The Department of Trade and Industry published new regulations dealing with capping of fees on credit life insurance that will become effective from 9 August 2017. The new regulations may have a material adverse impact on the insurance revenues of Finbond. We are however confident that the loss in revenue could potentially be replaced by refining and/or expanding the range of assistance-insurance products that Finbond offers to clients.

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 also 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. We again made our affordability criteria even more stringent during the past 12 months which led to subdued growth in the loan portfolio.

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 76.26%-90.58% for our 12-24 month product at the end of February 2017.

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 2017 reflects R727.3 million in cash, cash equivalents and liquid investments. (Feb 2016: R338.3 million).

Cash Received as a percentage of Cash Granted for the period of twelve months ended 28 February 2017, averaged 133%.

By the end of February 2017 the deposit portfolio amounted to R 1.099 billion (Feb 2016: 907.7 million). The average deposit size was R371,991, the average term 26,34 months and the average interest rate was 9.81%.

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 and indefinite 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.

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 Mutual Bank continued to comfortably exceed the minimum regulatory capital requirement in February 2017, reflecting an excess of R110.1 million over and above the R303.3 million (25% of Risk Weighted Assets) required by the Registrar of Banks, and an excess of R290.5 million over and above the required qualifying regulatory capital per **Basel III**.

Although Finbond 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 2017, Finbond's:

- liquidity coverage ratio was 219% (119% more than required from 2019);
- net stable funding ratio was 488% (388% more than required from 2018); and
- capital adequacy ratio was 34.1% (24.1% more than required from 2018), and 9.1% above the minimum prudential limit required by the Registrar of Banks.

North American Expansion in Finbond's Core Competency

During 2016 Finbond successfully established a business presence in the North American short-term lending market through acquisition of a number of short term lenders that specialize in the advancement of short-term credit.

Finbond currently has 171 branches in North America operating in the following states: Florida, Ohio, Missouri, Ontario, Michigan, Mississippi, Alabama, South Carolina, Illinois, Indiana, Wisconsin, California, Louisiana and it is the intention to increase our footprint by a further 80 branches in the year ahead.

Approximately 53% 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 North American expansion *inter alia* included:

- Earnings enhancing growth;
- Significant growth and consolidation 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 pay day lending market.

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

Serious Investment in Distribution and People

During the past financial year Finbond increased its overall branch network by 206 to 550 branches.

In South Africa Finbond increased its branch network by 35 branches to 379 branches of which 140 are located in Gauteng, North West, Limpopo and Mpumalanga, 62 in Kwazulu Natal, 68 in the Western Cape, 51 in the Eastern Cape and 58 in the Free State and Northern Cape. As part of our client-centric focus we ensured that our distribution channels reflect the demographics of our clients.

In the United States of America and Canada Finbond increased its branch network from 91 branches to 171 branches of which 35 are located in California, 42 are located in Louisiana, 40 are located in Illinois, 5 are located in Indiana, 2 are located in Florida, 1 is located in Ohio, 14 are located in Missouri, 6 are located in Ontario, 1 is located in Michigan, 2 are located in Mississippi, 8 are located in Alabama, 7 are located in Wisconsin and 8 are located in South Carolina.

We intend to open a further 40 branches in South Africa in the year ahead and to expand our branch network in the United States of America with an additional 80 branches.

Extension of 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 Investments (Pty) Ltd) ("the Lenders") extended unsecured shareholder loans to Finbond to the value of US$37.5 million (R525 million).

On 28 February 2017 the Board of Directors agreed with the Lenders to extend the Repayment Date of the shareholder loans and provide for certain additional rights exercisable by each individual Lender in terms of the Amendment Agreement to the Rights Offer Shareholders' Loan Agreement ("the Amendment Agreement").

Subject to the terms and conditions set out in the Amendment Agreement, the Lenders made available to Finbond the shareholders' loans on the following terms and conditions:

- The Amended Commencement Date: 28 February 2017
- Loan Amount: $37,5 million (R525 million)
- Repayment Date: on/or before 31 August 2017 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) R14.54 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 2.68 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.

Black Economic Empowerment

South Africa's policy of Black Economic Empowerment (BEE) is not simply a moral initiative to redress the wrongs of the past. It is a pragmatic growth strategy that aims to realise the country's full economic potential while helping to bring the black majority into the economic mainstream.

As a responsible corporate citizen Finbond is committed to contribute to the improvement and development of the quality of life of the communities in which it operates, and to support sustainable community development initiatives. We believe that BBBEE is a fundamental driver of economic and social transformation in South Africa and therefore an integral component of our business.

We are committed to align our business in the workplace and in society, with the national transformation agenda. We are further dedicated to the creation and development of an enabling environment, for effective BBBEE within our organisation.

Finbond also apportions resources, within reasonable means, to the pursuit and accomplishment of the aims and goals of BBBEE, in line with our vision, mission and strategic objectives, and in doing so, ensuring that Finbond retains its character, business focus, values and high performance standards.

Finbond has been rated as a **level 4** contributor to BBBEE and it is our aim to achieve **level 3** status by 2018.

Responsible Lending Practices and Inclusive Banking and Financial Services

There is a need among Finbond's current customer base and target market for a mutual and savings bank that specifically caters for their needs with regards to *inter alia* the following banking products and needs:

- Branch network in rural areas;
- Low monthly bank charges and no cash deposit or cash handling fees;
- Innovative and modern cash deposits, transfers and drawings;

- Unsecured loans with credit guarantee insurance;
- Basic financial education;
- Savings accounts that earn higher interest on small amounts, that actively encourage saving; and
- No minimum operating balance.

Finbond is well positioned and able to provide much needed inclusive banking services and products to the vulnerable, unbanked, under banked and previously disadvantaged in step with the principles set out in Treasury's National Policy Document **"a safer financial sector to serve South Africa better"** with regards to financial inclusion and promoting access to financial services.

Looking Ahead

The challenging and difficult macro-economic environment as well as the adverse market conditions in the markets within which Finbond operates are not expected to abate in the short and medium term.

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: Improvement 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 379 branch network in South Africa and 171 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 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 and long term.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

R'000	**28 February 2017**	**29 February 2016**	**% Change**
Assets			
Cash and cash equivalents	547,351	136,035	302%
Other financial assets	207,717	231,879	(10)%
Unsecured loans and other advances to customers	800,599	343,749	133%
Secured loans and other advances to customers	220,958	94,781	133%
Trade and other receivables	139,850	134,120	4%
Property, plant and equipment	113,800	62,090	83%
Investment property	278,185	269,540	3%
Goodwill	752,699	152,976	392%
Intangible assets	115,064	171	67,189%
Other assets	1,379	6,087	(77)%

Total Assets	**3,177,602**	**1,431,428**	122%
Equity			
Equity attributable to equity holders of parent			
Share capital and premium	715,667	203,365	252%
Reserves	(72,350)	6,476	(1,217)%
Retained income	292,351	178,972	63%
Equity attributable to owners of the company	**935,668**	**388,813**	141%
Non-controlling interest	201,740	(824)	24,583%
Total Equity	**1,137,408**	**387,989**	193%
Liabilities			
Bank overdraft	27,725	29,628	(6)%
Trade and other payables	81,428	33,003	147%
Purchase consideration payable	213,375	-	100%
Fixed and notice deposits	1,098,609	907,705	21%
Current tax payable	40,456	4,771	748%
Loans from shareholders	508,440	18,000	2,725%
Deferred tax	60,056	45,499	32%
Other liabilities	10,105	4,833	109%
Total Liabilities	**2,040,194**	**1,043,439**	96%
Total Equity and Liabilities	**3,177,602**	**1,431,428**	122%

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended

R'000	**28 February 2017**	**29 February 2016**	**% Change**
Interest income	568,060	161,435	252%
Interest expense	(144,929)	(87,525)	66%
Net interest income	**423,131**	**73,910**	**472%**
Fee income	740,416	208,025	256%
Management fee income	58,229	48,987	19%
Other lending income	186,939	139,732	34%
Foreign exchange gain	27,931	-	100%
Net impairment charge on loans and advances	(296,213)	(71,314)	315%
Operating expenses	(860,993)	(304,425)	183%
Profit before taxation	**279,440**	**94,915**	**194%**

Taxation charge	(98,994)	(37,661)	163%
Profit for the period	**180,446**	**57,254**	**215%**
Other comprehensive income - Foreign currency translation difference for foreign operations	(107,847)	-	(100)%
Total comprehensive income for the period	**72,599**	**57,254**	**27%**
Profit attributable to:			
Owners of the company	138,727	57,254	142%
Non-controlling interest	41,719	-	100%
Profit for the period	**180,446**	**57,254**	**215%**
Total comprehensive income attributable to:			
Owners of the company	55,496	57,254	(3)%
Non-controlling interest	17,103	-	100%
	72,599	**57,254**	**27%**
Earnings per share:			
Basic and diluted earnings per share (cents)	18.6	9.7	92%
Headline earnings per share (cents)	18.6	10.5	77%
Total number of ordinary shares outstanding	746,712	590,981	26%
Weighted average number of ordinary shares outstanding	746,539	593,084	26%
Net profit attributable to ordinary equity holders of the parent	138,727	57,254	142%
Adjusted for:			
Profit on disposal of property, plant and equipment	601	615	(2)%
Fair value changes of investment properties	(245)	(2,883)	(92)%
Tax effect on change in capital inclusion rate	-	7,398	(100)%
Headline earnings	**139,083**	**62,384**	**123%**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended

R'000	28 February 2017	29 February 2016	% Change
Cash flow from operating activities			
Cash generated from/ (utilised in) operations	262,995	(109,167)	341%
Tax paid	(44,788)	(17,838)	151%
Net cash from operating activities	**218,207**	**(127,005)**	**272%**
Cash flow from investing activities			
Purchase of property, plant and equipment	(29,103)	(28,682)	1%
Sale of property, plant and equipment	720	-	100%
Purchase of investment property	(8,330)	(17,005)	(51)%
Purchase of other intangible assets	(19,064)	(32,943)	(42)%
Purchase of financial assets	-	(186,211)	(100)%
Sale of financial assets	26,814	316,582	(92)%
Cash flow from business combination	(714,576)	-	100%
Net cash flow from investing activities	**(743,539)**	**51,741**	**(1,537)%**
Cash flow from financing activities			
Buy back of shares	(3,964)	1,842	(315)%
Issue of share capital	516,266	-	100%
Proceeds from shareholders' loans	490,440	3,000	16,248%
Finance lease payments	1,873	(612)	406%
Dividends paid	(66,064)	(20,059)	229%
Net cash flow from financing activities	**938,551**	**(15,829)**	**6,029%**
Total cash movement for the year	**413,219**	**(91,093)**	**554%**
Cash at the beginning of the year	106,407	197,500	(46)%
Total cash at the end of the year	**519,626**	**106,407**	**388%**

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended

R'000	28 February 2017	29 February 2016
Total equity at the beginning of the period	387,989	345,904
Total comprehensive income for the year	72,599	57,254
Issue of shares	516,266	-
Treasury shares (purchased)/re-issued	(3,964)	1,842
Equity settled share based payment change	4,405	3,048
Business combinations	185,461	-
Dividends	(25,348)	(20,059)
Total equity at the end of the period	**1,137,408**	**387,989**

SUMMARISED CONSOLIDATED SEGMENTAL INFORMATION
OPERATING SEGMENTS

R'000 28 February 2017	Investment Products	Lending	Property Investment	Transactional Banking	Other	Total
Interest income	16,654	544,544	-	3,430	3,432	568,060
Interest expense	(70,063)	(58,577)	-	(658)	(15,631)	(144,929)
Net Interest Income / (expense)	**(53,409)**	**485,967**	**-**	**2,772**	**(12,199)**	**423,131**
Fee income	-	738,229	-	2,187	-	740,416
Management fee income	-	-	-	-	58,229	58,229
Other operating income	-	186,939	-	-	-	186,939
Foreign exchange gain	-	-	-	-	27,931	27,931
Net impairment charge on loans and advances	-	(294,943)	-	(1,270)	-	(296,213)
Operating expense	1,647	(832,069)	(1,880)	(3,946)	(24,745)	(860,993)
Profit/(Loss) before taxation	**(51,762)**	**284,123**	**(1,880)**	**(257)**	**49,216**	**279,440**
Taxation charge	15,327	(100,381)	557	76	(14,573)	(98,994)
Profit/(loss) after taxation	**(36,435)**	**183,742**	**(1,323)**	**(181)**	**34,643**	**180,446**

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 advances to customers	-	220,958	-	-	-	220,958
Trade and other receivables	-	107,481	-	-	32,923	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 payables	-	213,375	-	-	-	213,375
Fixed and notice deposits	1,098,609	-	-	-	-	1,098,609
Loans from shareholders	-	-	-	-	508,440	508,440

R'000 **29 February 2016**	**Investment Products**	**Lending**	**Property Investment**	**Transactional Banking**	**Other**	**Total**
Interest income	20,127	138,201	-	517	2,590	161,435
Interest expense	(49,360)	(10,597)	-	(590)	(26,978)	(87,525)
Net Interest						

Income / (expense)	**(29,233)**	**127,604**	**-**	**(73)**	**(24,388)**	**73,910**
Fee income	-	199,030	-	8,995	-	208,025
Management fee income	-	-	-	-	48,987	48,987
Other operating income	-	139,732	-	-	-	139,732
Net impairment charge on loans and advances	-	(72,080)	-	-	766	(71,314)
Operating expense	(3,035)	(264,515)	1,795	(8,946)	(24,724)	(304,425)
Profit/(Loss) before taxation	**(32,268)**	**124,771**	**1,795**	**(24)**	**641**	**94,915**
Taxation charge	10,288	(39,782)	(7,971)	8	(204)	(37,661)
Profit/(loss) for the period	**(21,980)**	**84,989**	**(6,176)**	**(16)**	**437**	**57,254**
Significant segment assets						
Cash and cash equivalents	61,132	47,259	-	2,782	(4,766)	106,407
Other financial assets	231,522	358	-	-	-	231,880
Unsecured loans and advances	-	343,749	-	-	-	343,749
Secured loans and advances	-	94,781	-	-	-	94,781
Trade and other receivables	-	88,441	-	-	45,679	134,120
Property, Plant and Equipment	4	49,210	-	1,034	11,842	62,090
Investment property	-	-	269,540	-	-	269,540
Goodwill	-	152,976	-	-	-	152,976

Intangible assets	-	171	-	-	-	171
Significant segment liabilities						
Deposits received from customers	907,705	-	-	-	-	907,705
Loans from shareholders	-	-	-	-	18,000	18,000

GEOGRAPHICAL SEGMENTS

28 February 2017

R'000	South Africa	North America	Total
Interest Income	202,412	365,648	568,060
Interest expense	(107,385)	(37,544)	(144,929)
Net interest income	**95,027**	**328,104**	**423,131**
Fee income	299,782	440,634	740,416
Management fee income	73,167	(14,938)	58,229
Other operating income	173,783	13,156	186,939
Foreign exchange gain	27,931	-	27,931
Net Impairment charge on loans and advances	(120,306)	(175,907)	(296,213)
Operating expenses	(403,253)	(457,740)	(860,993)
Profit before taxation	**146,131**	**133,309**	**279,440**
Taxation charge	(43,270)	(55,724)	(98,994)
Profit for the period	**102,861**	**77,585**	**180,446**
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	58,929	54,871	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

The Group only had South African operations for the year ended 29 February 2016.

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 12 months ended 28 February 2017 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 2017.

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 itself 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 29 February 2016.

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

Rand Thousand	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value: Recurring				
Other financial assets	-	207,359	358	207,717
Investment property	-	-	278,185	278,185
	-	**207,359**	**278,543**	**485,902**

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

Rand Thousand

	Opening Balance	**Gains/losses recognized in profit or loss**	**Purchases**	**Subsequent capitalised expenditure**	**Closing balance**
Investment Property					
Investment properties	269,540	315	-	8,330	278,185

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.

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 2017	**29 February 2016**
South Africa		
Recognised amounts of identifiable assets acquired and liabilities assumed		
Loans and other advances to customers	12,744	9,840
Total liabilities	-	-
Total identifiable net assets at fair value	**12,744**	**9,840**
Goodwill arising on acquisition	39,413	32,943
Purchase consideration transferred	**52,157**	**42,783**
Consideration paid in cash	**52,157**	**42,783**
North America		
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	82,430	-
Loans and other advances to customers	469,541	-
Property, plant and equipment	59,648	-
Intangible	126,601	-
Other assets	22,755	-
Total liabilities	(140,770)	-

Total identifiable net assets at fair value	**620,205**	**-**
Non-controlling interest measured at fair value	(259,211)	-
Goodwill arising on acquisition	621,961	-
Purchase consideration transferred	**982,955**	**-**
Purchase consideration		
Consideration paid in cash	744,849	-
Contingent consideration liability	238,106	-
Total consideration	**982,955**	**-**

Events after the reporting period

There have been no subsequent events that require reporting.

Independent auditor's opinion

The Group's consolidated annual 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 7.28 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 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 5.824 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 762 210 879 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 Willie van Aardt**

29 May 2017

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* *(BComHons (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))*

**Non-executive*

Transfer secretaries
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