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")

CONSOLIDATED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2021

During this unprecedented financial year under review, Finbond's results were a reflection of the COVID-19 pandemic. The value of loans advanced decreased by 33% to R3.99 billion, interest revenue decreased by 31% to R1.44 billion, total revenue (turnover) decreased by 28% to R1.90 billion and earnings before interest, depreciation and amortisation (EBITDA) decreased by 73% to R192.4 million.

Global COVID-19 government instituted lockdowns have significantly and adversely impacted the world economy, as well as the Group's results. Although the recovery has begun, the further relaxation of lockdown restrictions enabling increased business activity is essential to facilitate economic recovery.

During the period under review:

- The value of loans advanced decreased by 33% to R3.99 billion (February 2020: R5.91 billion).
- Net unsecured loans and advances decreased by 34% to R621.4 million (February 2020: R938.4 million). The significant drop in loans advanced (sales volumes) due to COVID-19 has resulted in less capital being granted, but with collections holding firm, this has led to an increase in surplus cash as unsecured loans and advances were essentially being converted into cash. We are starting to see this trend reverse slowly as sales volumes increase as the COVID-19 recovery progresses.
- Cash, cash equivalents & liquid assets increased by 17% to R1.60 billion (February 2020: R1.36 billion).
- Total assets decreased by 6% to R4.37 billion (February 2020: R4.67 billion).
- Turnover decreased by 28% to R1.90 billion (February 2020: R2.62 billion).
- EBITDA decreased by 73% to R192.4 million (February 2020: R722.3 million).
- Following several cost savings initiatives and restructurings, operational expenses decreased by 8% to R1.52 billion (February 2020 R1.65 billion).

COVID-19

COVID-19 related restrictions on economic activity in Finbond's various countries of operations had an adverse impact on results. The recovery is underway, although it is uncertain how long it will take for consumer spending and credit markets to return to more "normal" or "new normal" levels. That said, April 2020 represented the monthly low point in terms of loans advanced at R236.4 million, which represented a 47% reduction to that of April 2019. Volumes have been recovering since, albeit inconsistently, to the point where for the financial year under review, we find ourselves 33% down from the corresponding prior year final results.

We continue to monitor this fluid situation daily and adjust our response accordingly. Stress testing (updated and monitored monthly) continues to show that we remain sufficiently capitalised with appropriate liquidity levels in both mild and severe stress scenarios. We remain confident that the benefits of our geographically diversified business, strong balance sheet relative to the size and scope of operations, as well as cash generating ability will continue to stand us in good stead. Finbond will continue to invest in its businesses to position them for recovery and growth.

Importantly, Finbond believes that it faces this challenging period from a position of relative financial strength, with sufficient liquidity to both navigate the changing environment and seek out new opportunities.

PROFIT AND PROFITABILITY

Due to global operations being affected by the COVID-19 lockdowns, Finbond's turnover decreased by 28% to R1.90 billion (February 2020 R2.62 billion). Interest revenue decreased by 31% from R2.10 billion in the 2020 financial year to R1.44 billion.

Turnover of R1.18 billion (62% of total turnover) was generated in North America ("NA"), while R717.1 million (38% of total turnover) was generated in South Africa ("SA"). This was in comparison to the NA:SA geographical segment turnover split of the corresponding 2020 financial year with North America contributing 67% and South Africa 33%.

Net profit after tax (NPAT) attributable to ordinary shareholders decreased by >100% to a loss of R295.4 million from a profit of R97.6 million in the previous financial year. Notable that R78.5 of the current period loss related to a goodwill impairment. Basic earnings per share decreased by >100% to a loss of 34.1 cents, down from earnings of 10.6 cents in the corresponding 2020 financial year.

Following several cost savings initiatives and restructurings, operational expenses decreased by 8% to R1.52 billion. Despite these considerable efforts, the total operating cost to income ratio weakened to 80% from 63% at the end of February 2020, due to significantly suppressed revenues due to COVID-19 lockdowns.

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

Cash, cash equivalents & liquid assets increased by 17% to R1.60 billion (February 2020: R1.36 billion).

Our business generates substantial positive cash-flows. We collected R5.80 billion in cash from customers over the past 12 months. Cash Received as a percentage of Cash Granted for the financial year increased by 9% to an average of 145% (February 2020: 133%).

By the end of February 2021, the Finbond Mutual Bank ("FMB") retail deposit and FGL commercial paper ("CP") portfolio in South Africa amounted to R2.55 billion (February 2020: R2.04 billion). The average deposit size was; FMB retail R389 829, FGL CP R1.32 million, the average term; FMB retail 21.1 months, FGL CP 60 months, and the average interest rate; FMB retail 9.2%, FGL CP 11.1%. Finbond is not exposed to the uncertainty that accompanies the use of corporate call deposits as a funding mechanism since we only accept 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 retail deposits with an average term of 21.1 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 4 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.

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 decreased by 30% to R1.02 billion (February 2020: R1.45 billion) due to the abnormal COVID-19 losses, modest share buy-back activity, and a stronger SA Rand eroding forex reserves. Total equity decreased accordingly by 28% to R1.23 billion (February 2020: R1.70 billion).

FMB, a SA subsidiary, 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. As at February 2021, FMB's:

- Capital adequacy ratio was in excess of 40% (in excess of 30% more than required under Basel III), and in excess of 15% above the minimum prudential limit required by the Prudential Authority;
- Internally calculated liquidity coverage ratio was 438% (358% more than required under Basel III);
- Internally calculated net stable funding ratio was 450% (350% more than required under Basel III).

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.

Due to Finbond's short term loan tenures (average of 3 months), the necessary adjustments made to our credit scoring and affordability criteria heading into the COVID-19 pandemic in early March 2020 had an almost immediate effect on the portfolio. This is evidenced by our satisfactory impairment numbers. 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 throughout the 2021 financial year. 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.

EXCEPTIONAL COLLECTION RATES

Finbond's collection rates continued to hold firm during the period under review.

In South Africa first strike collection rates were 89%, that was 4% above the targeted rate of 85% while first strike collection rates in North America improved by 2% to an average collection rate of 99%, from 97% in the corresponding period.

The significant drop in loans advanced (sales volumes) due to COVID-19 has resulted in less capital being granted, but with collections holding firm, this has led to an increase in surplus cash as unsecured loans and advances were essentially being converted into cash. We are starting to see this trend reverse slowly as sales volumes increase as the COVID-19 recovery progresses.

NORTH AMERICAN OPERATIONS

Finbond's North American business' main focus is on short-term unsecured loans being offered through 236 branches operating in the following states: Florida, Missouri, Michigan, Mississippi, Alabama, South Carolina, Illinois, Indiana, Wisconsin, California, Oklahoma, Tennessee and Louisiana. In addition to the US, 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.

Total revenue from Finbond's North American short-term lending activities, made up of interest and fees decreased by 33% to R1.18 billion (February 2020: R1.77 billion) for the year under review as result of the lockdowns.

Accordingly, the gross short-term loan book decreased by 41% to R520.7 million (February 2020: R887.0 million). New contracts granted decreased by 47% to 444,091 (February 2020: 835,553), partly offset by average principal granted which increased by 18% to R6,205 (February 2020: R5,238).

First strike collection rates in North America improved by 2% to an average rate of 99%, from 97% in the corresponding period. This is indicative again of Finbond's conservative credit granting, rigorous underwriting policies and swift response to the COVID-19 pandemic. Net impairment on loans and advances as a percentage of total revenue strengthened by 25% to 15% (February 2020: 20%) based on strong underlying fundamentals in the North American economy, as well as significant government subsidies and stimulus in response to lower economic activity, allowing our customers to settle their loans. This however is also what led to the significantly lower sales volumes, as customers also required less credit as result. Provisions to gross loans and advances coverage however increased to 31% (February 2020: 27%), as our expected credit losses ("ECL") models make provision for consumer stress in the wake of the pandemic as subsidies come to an end.

We received cash payments of R3.96 billion from customers (29% below the corresponding financial year, due to lower sales volumes), while granting R2.76 billion in new loans (37% below last year).

As at February 2021, 66% of sales were 0 to 1 month loans. The focus remains on high quality, small, short-term loans. This is supported with an average loan term of 1.68 months in North America by number of loans originated, and an average loan size across all loan type sales in North America being $380.

One of the key value drivers is the quality of new business. Without quality, new business growth is meaningless and not sustainable. In North America, an average overall collection experience for the year of 99% and a minimum average individual business line/ subsidiary collection experience of 73% reaffirms that high quality loans are added to the portfolio and furthermore that no individual business line is dragging on performance.

FURTHER EXPANSION INTO NORTH AMERICA AND LATIN AMERICA

C1 Holdings LLC – United States of America

As announced on SENS on 14 April 2021, Finbond has entered into an agreement that would provide for the acquisition of 17% of C1 Holdings LLC ("C1"), plus the option to acquire an additional 8% by 31 August 2021 ("C1 Transaction"). The conditions precedent to the transaction have since been fulfilled and the transaction has been implemented. C1 is a fintech lender possessing state-of-the-art technology. Through its three main operating subsidiaries, C1 maintains market positions in the United States in Arizona, Nevada, Utah, Indiana, Iowa, Kansas, Idaho, Tennessee, Louisiana, Mississippi, Pennsylvania and Washington, as well as in Panama.

For the year ended 31 December 2019, C1 achieved a calculated EBITDA of $17,462,702 (R254,955,449) and for the year ended 31 December 2020, C1 achieved a calculated EBITDA of $29,449,234 (R429,958,816). Based on current run rates and forecasts, C1's EBITDA is expected to be in excess of $40,000,000 (R584,000,000) for the year ending 31 December 2021.

The rationale for the C1 Transaction includes:

- Dollar Based Earnings enhancing growth.
- Significantly improving Finbond's Fintech and Data Science exposure.
- Expanding Finbond's digital offering to; Arizona, Indiana, Iowa, Kansas, Louisiana, Pennsylvania, Washington, Idaho, and Tennessee, in addition to the states of; Illinois, Missouri, Wisconsin, New Mexico, Utah and Nevada where Finbond already enjoys an online presence.
- Expanding Finbond's North American store network to 263, including a presence in the states of; Arizona and Nevada, in addition to the states of; California, Louisiana, Illinois, Indiana, Florida, Missouri, Ontario (Canada), Michigan, Mississippi, Alabama, Wisconsin, Tennessee, Oklahoma and South Carolina where Finbond already has a physical presence.
- Expanding Finbond's operations to Central America with seven Locations in Panama.
- Expanding Finbond's diversification with the addition of business-to-business lending.
- Further diversification of country and political risk.

C1 mainly operates via its three primary brands that include both consumer finance and business lending. C1's well established online and data science capabilities are at the forefront of the latest technology.

C1 managed to see substantial revenue growth over the past 12 months, despite the significantly challenging external environment, mainly characterised by the impact of the COVID-19 pandemic's economic lockdowns and constant regulatory and legislative changes in the US financial services industry. C1's business model is therefore evidently well-suited to not only navigate through challenging market conditions, but to identify opportunities and achieve significant growth during these times.

C1's key strengths *inter alia* include:

- Experienced senior management with extensive experience in the US and Central American Fintech markets;
- Dominant market position with various state and metropolitan licenses;
- A proven and scalable online Fintech offering;
- Focused cash generative installment loan products;
- Omni channel technology for onboarding customers from multiple marketing channels;
- Data science driven marketing and automated loan underwriting;
- Automatic payment processing; supported by a mobile app;
- Robust collection technologies and processes; and
- Well-developed information technology infrastructure and proprietary software with an IT Office in India with 15 engineers and marketing specialists.

C1's management has a long and successful track record within the consumer finance, commercial lending, and fintech sectors in the US and Panama. This, combined with well-developed systems, unique branded product offerings, advanced information technology and a well-trained and motivated staff complement, provide C1 with a competitive advantage for achieving its objectives, with plans for further online expansion into other US states.

Financiera Contigo – Mexico

As announced on SENS on 24 May 2021, Finbond has agreed terms with Cege Capital S.A.P.I. de C.V. SOFOM E.N.R ("Financiera Contigo") ("Contigo") that sets forth the terms and conditions pursuant to which Finbond will acquire up to 35% of the equity interests issued by Financiera Contigo.

Financiera Contigo provides financial services and products throughout the Mexican territory. With more than 10 years of experience in the group-based micro-finance sector, Financiera Contigo, that has a similar business model to Grameen Bank in India, mainly focuses on group lending and currently serves more than 200 000 families through their different brands and products. Since its foundation in 2010, Financiera Contigo offers financial services mostly to women entrepreneurs with limited access to traditional banking services, supporting self-employment and consequently improving their quality of life.

Financiera Contigo has a presence in 27 of the 32 states in Mexico and more than 170 branches, which has allowed it to offer its products and services to approximately 200,000 clients through its different brands and products.

Mexico’s gross domestic product (“GDP”) for 2019 was $1,200 billion compared to South Africa’s GDP of $386 billion. South Africa has a GDP per capita of $13 500, while in Mexico the GDP per capita is $19,900. In South Africa, 28.1% of adults are unemployed, while in Mexico the unemployment rate is 3.6%. Mexico’s land surface totals approximately 1,964,375 sq. km compared with South Africa’s 1,219,090 sq. km. The population of Mexico is approximately 128.6 million people (72.2 million more than South Africa).

The rationale for the Contigo Transaction includes:

- Mexican Peso based earnings enhancing growth.
- Product diversification to include group-lending.
- Expanding Finbond’s North American store network to 27 Mexican states.
- Increasing Finbond’s store network to 439 locations in North America.
- Partnering with Mexican based owner managers with a proven track record of success and extensive experience in the Mexican financial services market.
- Further diversification of country and political risk.

Some recent financial indicators include:

- Annualised EBITDA based on April 2021 results of US$ 14.6 million.
- Annualised NPAT based on April 2021 results of US$ 9.8 million.
- Total Assets as at 31 December 2020 was US$ 93 million.
- The net asset value attributable to the assets, as per the audited annual financial statements for the year ended 31 December 2020 was US$ 15.7 million and the net profit after tax for the same period was US$ 1.5 million. The audited annual financial statements for the year ended 31 December 2020 was prepared in accordance with Mexican FRS.

SOUTH AFRICAN OPERATIONS

Finbond’s South African business’ main focus remains on small short-term loans through its 352 branches. Total revenue from Finbond’s lending activities made up of interest, fee and other micro finance related income decreased by 20% to R717.1 million (February 2020: R894.9 million). Again, the impact of the COVID-19 lockdowns has a significant impact on the comparability of South African results.

Consequently, the gross short-term loan book decreased by 17% to R328.4 million (February 2020: R395.0 million). New contracts granted decreased by 21% to 643,168 (February 2020: 813,124).

During the period under review, Finbond SA’s average loan size was R1,905 with an average tenure of 2.9 months based on the total number of loans granted. Given the short term nature of our SA products, Finbond’s loan portfolio is cash flow generative and a good source of internally generated liquidity. For the twelve months ended February 2021 Finbond SA granted R1.23 billion worth of loans and received cash payments of R1.84 billion from customers. The loan portfolio turns over approximately 3.5 times a year. The overall average collection rate achieved was 89%.

FINBOND MUTUAL BANK

Capital Adequacy

FMB proudly remains one of the prudently managed and best capitalized banks in South Africa. We are pleased to note that FMB's Capital Adequacy Ratio is currently in excess of 40% (in excess of 15% above the required minimum) and its minimum regulatory capital is also in excess of the minimum level required. Finbond remains committed to FMB's well-being and will support FMB with any and all expansion and projects in South Africa.

Transactional Banking

FMB continued its evolution to become a mass market retail bank in South Africa. Although this is taking longer than expected, and is expensive to implement, FMB continues to move forward. Strategically, we support FMB's objective of building a mass market retail bank on the back of our short term loans business in South Africa.

FMB's transactional banking customer base ended the financial year at 198,450. FMB continues working on growing the transactional banking customer base and getting these customers to use its accounts and cards for their daily banking needs. FMB's Platinum account has some of the lowest costs and pays the highest interest rate in South Africa.

As FMB continues to build a mass market retail bank in South Africa, costs will continue to rise. The bank's management remains conservative in spending money and cautious in ensuring that the bank always has enough of it.

STRATEGIC INITIATIVES

Following a very difficult, turbulent and challenging 2020, caused by global COVID-19 lockdown measures, political unrest and change in the USA, now more than ever, a prudent and innovative strategy is required to reposition Finbond in a post COVID-19 business environment.

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

- Growing our South African operations through expansion of our fintech capabilities.
- Significantly increasing our South African transactional banking customer base.
- Growing our International operations through expansion of our store network in North America, Latin America and Europe.
- Investing in high growth fintech operations in the USA.
- Expanding our store network in the USA from the current 18 states to 35 states.
- Launching Savings Account Instalment Loan ("SAIL"), an exciting innovative fintech operation based in Chicago that will have the ability to market its products in all 50 US states.
- Expanding our North American operations to Mexico.
- Obtaining an EU banking license through our Malta based subsidiary.

- Obtaining a banking license in Latin America and South America.
- Issuing commercial paper in the EU in order to reduce the Group's average cost of capital.

INVESTMENT GRADE CREDIT RATING

In July 2020 Global Credit Ratings ("GCR") affirmed the national scale ratings assigned to Finbond of $BBB_{(ZA)}$ and $A3_{(ZA)}$ in the long term and short term respectively; with the outlook accorded as Negative. At the same time, Global Credit Ratings affirmed Finbond's international scale long term issuer rating at B, with a Negative outlook.

It is notable that the rating action follows a reduction in the South African country and financial institutions sector risk assessments.

On 24 June 2020, the South African Financial Institutions sector risk score was lowered to 7.5, from 8.0 previously. The South African country risk score was also lowered to 7.0, from 7.5 previously, in a market alert released on 27 May 2020.

Combined, the above country and sector risk scores comprise the operating environment score, which is a key input into GCR's ratings – yet Finbond's investment grade rating was affirmed.

CHANGES TO THE BOARD

Mr. Tyrone Moodley joined the board on 1 January 2021 in the capacity of non-executive director. Mr Moodley holds a Bachelor of Commerce degree in Finance and has over 15 years' experience in investment related activities, business development and corporate finance, investment firms and companies, with focus on the financial sector (banking and insurance), property development and retail.

Mr. Alex Smith resigned as non-executive director of Finbond with effect from 19 March 2021, indicating that his other commitments had recently increased significantly and that he did not have the capacity to apply the necessary diligence to the role of non-executive director at Finbond. He did not anticipate this situation when accepting the appointment last year.

Finbond wishes Mr. Smith well with his current and future endeavours.

LOOKING AHEAD

While we cannot yet predict the impact that further government ordered lockdowns and COVID-19 related restrictions on economic activity will have on Finbond going forward, it is expected that these factors in Finbond's various countries of operations will continue to have an adverse impact on results in the short 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

366 branch network in South Africa and 263 branches in North America (as at 28 May 2021); superior asset quality; access to funding and conservative risk management practices.

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

DIVIDEND

With planned growth in mind, as well as considering the impact of the COVID-19 crisis, the board has decided not to declare a dividend for the financial year ended 28 February 2021 (2020: no dividend).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

R'000	**28 February 2021**	**29 February 2020**	**% change**
ASSETS			
Cash and cash equivalents	930,701	1,055,871	(12)
Other financial assets at fair value through profit or loss	9,110	130,414	(93)
Other financial assets at amortised cost	659,708	177,737	271
Unsecured loans and other advances to customers	621,389	938,351	(34)
Trade and other receivables	159,311	168,818	(6)
Non-current assets held for sale	130,736	-	-
Secured loans and other advances to customers	168,580	201,095	(16)
Property, plant and equipment	181,700	213,189	(15)
Right of use assets	422,742	481,834	(12)
Investment property	6,250	142,071	(96)
Deferred taxation	94,055	53,093	77
Goodwill	866,803	981,905	(12)
Intangible assets	119,000	129,149	(8)
Total Assets	**4,370,085**	**4,673,527**	(6)
Equity			
Share capital	985,407	1,016,488	(3)
Reserves	50,017	153,895	(67)
Retained (loss)/income	(13,493)	281,910	(105)
Equity attributable to owners of the Company	**1,021,931**	**1,452,293**	(30)
Non-controlling interest	205,074	247,461	(17)
Total Equity	**1,227,005**	**1,699,754**	(28)
Liabilities			
Bank overdraft	17,483	19,307	(9)
Trade and other payables	89,472	316,086	(72)

Transactional deposits	33,467	34,654	(3)
Lease liabilities	453,163	507,175	(11)
Current tax payable	-	7,039	(100)
Loans from shareholders	467	48,251	(99)
Fixed and notice deposits	1,082,109	1,095,116	(1)
Deferred tax	-	2,604	(100)
Commercial paper	1,466,919	943,541	55
Total Liabilities	**3,143,080**	**2,973,773**	6
Total Equity and Liabilities	**4,370,085**	**4,673,527**	(6)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	**28 February 2021**	**29 February 2020 *(Restated)**	**% change**
Interest income	1,443,577	2,095,820	(31)
Interest expense	(289,831)	(254,247)	14
Net interest income	**1,153,746**	**1,841,573**	(37)
Fee income	195,487	239,005	(18)
Management fee income	-	88	(100)
Other operating income	256,414	286,249	(10)
Fair value adjustments assets held for sale	(4,635)	-	-
Fair value adjustments other	(3,310)	8,547	(139)
Foreign exchange gain/(loss)	739	(4,750)	(116)
Net impairment charge on loans and advances	(311,420)	(461,450)	(33)
Impairment of goodwill	(78,482)	-	-
Operating expenses	(1,521,947)	(1,649,294)	(8)
(Loss)/profit before taxation	**(313,408)**	**259,968**	(221)
Taxation	58,025	(45,368)	(228)
(Loss)/profit after taxation	**(255,383)**	**214,600**	(219)
Foreign currency translation difference for foreign operations	(108,423)	206,499	(153)
Total comprehensive (loss)/income for the year	**(363,806)**	**421,099**	(186)
(Loss)/profit attributable to :	**(255,383)**	**214,600**	(219)
Owners of the company	(295,403)	97,643	(403)
Non-controlling interest	40,020	116,957	(66)
Total comprehensive (loss)/income attributable to :	**(363,806)**	**421,099**	(186)
Owners of the company	(400,605)	248,661	(261)

Non-controlling interest	36,799	172,438	(79)
Total number of ordinary shares outstanding	854,125	877,255	(3)
Weighted average number of ordinary shares outstanding	865,775	924,411	(5)
Basic (loss)/earnings per share (cents)	(34.1)	10.6	(419)
Diluted (loss)/earnings per share (cents)	(34.1)	10.6	(419)
Headline (loss)/earnings per share (cents)	(23.9)	10.3	(330)
Diluted headline (loss)/earnings per share (cents)	(23.9)	10.3	(330)
(Loss)/profit for the period attributable to owners of the company	**(295,403)**	**97,643**	(403)
Loss on disposal of property, plant and equipment	5,789	1,273	351
Impairment of goodwill	78,482	-	-
Fair value changes of investment property	3,946	(3,780)	(204)
Headline (loss)/earnings	**(207,186)**	**95,136**	(318)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

R'000	**28 February 2021**	**29 February 2020**	**% change**
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	256,744	574,603	(55)
Taxation paid	408	(63,561)	(101)
Net cash flow from operating activities	**257,152**	**511,042**	(50)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(33,803)	(52,282)	(42)
Proceeds from sale of property, plant and equipment	1,721	8,075	(79)
Acquisition of other intangible assets	(25,672)	(23,921)	7
Disposal of other intangible assets	2,759	312	784
Acquisition of financial assets	(364,083)	(66,464)	448
Change in control of minority interest	-	(10,115)	(100)
Acquisition of loan books, net of cash acquired	(1,142)	(4,930)	(77)
Net cash flow from investing activities	**(420,220)**	**(155,325)**	171
CASH FLOW FROM FINANCING ACTIVITIES			
Buy-back of shares	(167,908)	(1,815)	9,151
Repayment of shareholders’ loans	(53,857)	(50,831)	6
Proceeds from issue of commercial paper	523,378	508,045	3
Finance lease payments - interest	(33,351)	(36,471)	(9)
Finance lease payments - capital	(134,799)	(128,600)	5

Dividends paid	(79,186)	(79,824)	(1)
Net cash flow from financing activities	**54,277**	**210,504**	(74)
NET INCREASE/(DECREASE) IN CASH	**(108,791)**	**566,221**	(119)
Cash at the beginning of the year	**1,036,564**	**441,809**	135
Effect of movements in exchange rates on cash held	(14,555)	28,534	(151)
CASH AT THE END OF THE YEAR	**913,218**	**1,036,564**	(12)

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

R'000	**28 February 2021**	**29 February 2020**
Total equity at the beginning of the period	1,699,754	1,506,601
Change in share capital and premium		
Issue of shares	-	4,447
Purchase of treasury shares	(31,081)	(1,815)
Share buy-back	-	(136,828)
Change in reserves		
Equity-settled share-based payment	1,324	636
Total comprehensive (loss)/income for the period	(400,605)	248,661
Change in control	-	(945)
Dividends paid	-	(14,318)
Change in non-controlling interest		
Total comprehensive income for the period	36,799	172,438
Change in control	-	(9,170)
Dividends paid	(79,186)	(69,953)
Total equity at the end of the year	**1,227,005**	**1,699,754**

CONDENSED SEGMENTAL INFORMATION

OPERATING SEGMENTS

R'000	**Investment Products**	**Lending**	**Property Investment**	**Transactional Banking**	**Other #**	**Total**
Year ended 28 February 2021						
Interest Income	26,435	1,412,172	-	-	4,970	1,443,577
Interest expense	(215,854)	(62,885)	-	(5,363)	(5,729)	(289,831)
Net interest income/(expense)	(189,419)	1,349,287	-	(5,363)	(759)	**1,153,746**
Fee income	-	156,067	-	39,203	217	195,487
Other operating income	-	250,530	167	-	5,717	256,414

Fair value adjustments assets held for sale	-	-	(4,635)	-	-	(4,635)
Fair value adjustments other	(2,005)	(45)	(450)	-	(810)	(3,310)
Foreign exchange gain	-	-	-	-	739	739
Net impairment charge on loans and advances	-	(310,409)	-	(1,011)	-	(311,420)
Impairment of goodwill	-	(78,482)	-	-	-	(78,482)
Depreciation and amortisation	(1,529)	(208,794)	-	(569)	(6,644)	(217,536)
Other operating expenses	(2,570)	(1,048,242)	(2,636)	(58,460)	(192,503)	(1,304,411)
Operating (loss)/profit	(195,523)	109,912	(7,554)	(26,200)	(194,043)	**(313,408)**
Taxation	25,113	(8,662)	970	3,365	37,239	58,025
(Loss)/profit after taxation	(170,410)	101,250	(6,584)	(22,835)	(156,804)	**(255,383)**
Significant segment assets						
Cash and cash equivalents	306,760	334,026	-	5,194	284,721	930,701
Other financial assets at fair value through profit or loss	9,110	-	-	-	-	9,110
Other financial assets at amortised cost	659,708	-	-	-	-	659,708
Unsecured loans and other advances to customers	-	621,389	-	-	-	621,389
Trade and other receivables	-	40,189	-	215	118,907	159,311
Non-current assets held for sale	-	-	130,736	-	-	130,736
Secured loans and other advances to customers	-	168,580	-	-	-	168,580
Property, plant and equipment	-	112,798	-	499	68,403	181,700
Right of use assets	-	408,227	-	419	14,096	422,742
Investment property	-	-	6,250	-	-	6,250
Goodwill	-	866,803	-	-	-	866,803
Intangible assets	-	119,000	-	-	-	119,000
Significant segment liabilities						
Bank overdraft	-	-	-	-	17,483	17,483

Transactional deposits	-	-	-	33,467	-	33,467
Trade and other payables	4,041	72,415	-	3,696	9,320	89,472
Lease liabilities	-	438,144	-	497	14,522	453,163
Fixed and notice deposits	1,082,109	-	-	-	-	1,082,109
Commercial paper	1,466,919	-	-	-	-	1,466,919
Loans from shareholders	-	-	-	-	467	467
Year ended 29 February 2020 *(Restated)						
Interest Income	23,337	2,062,769	-	-	9,714	2,095,820
Interest expense	(181,599)	(61,281)	-	(794)	(10,573)	(254,247)
Net interest income/(expense)	(158,262)	2,001,488	-	(794)	(859)	**1,841,573**
Fee income	-	200,718	-	38,261	26	239,005
Management fee income	-	88	-	-	-	88
Other operating income	359	285,890	-	-	-	286,249
Fair value adjustments	9,133	(537)	4,871	-	(4,920)	8,547
Foreign exchange loss	-	(132)	-	-	(4,618)	(4,750)
Net impairment charge on loans and advances	-	(461,450)	-	-	-	(461,450)
Depreciation and amortisation	(1,487)	(203,042)	-	(553)	(6,461)	(211,543)
Other operating expenses	(2,352)	(1,338,834)	(2,997)	(48,304)	(45,264)	(1,437,751)
Operating profit/(loss)	(152,609)	484,189	1,874	(11,390)	(62,096)	**259,968**
Taxation	72,734	(152,300)	(895)	5,437	29,656	(45,368)
Profit/(loss) after taxation	(79,875)	331,889	979	(5,953)	(32,440)	**214,600**
Significant segment assets						
Cash and cash equivalents	168,404	867,941	-	1,782	17,744	1,055,871
Other financial assets at fair value through profit or loss	130,414	-	-	-	-	130,414
Other financial assets at amortised cost	177,737	-	-	-	-	177,737
Unsecured loans and other advances to customers	-	938,351	-	-	-	938,351

Trade and other receivables	-	105,409	-	10,701	52,708	168,818
Secured loans and other advances to customers	-	201,095	-	-	-	201,095
Property, plant and equipment	-	212,556	-	633	-	213,189
Right of use assets	-	478,508	-	866	2,460	481,834
Investment property	-	-	142,071	-	-	142,071
Goodwill	-	981,905	-	-	-	981,905
Intangible assets	-	129,149	-	-	-	129,149
Significant segment liabilities						
Bank overdraft	-	-	-	-	19,307	19,307
Transactional deposits	-	-	-	34,654	-	34,654
Trade and other payables	999	161,687	-	2,286	151,114	316,086
Lease liabilities	-	504,485	-	953	1,737	507,175
Fixed and notice deposits	1,095,116	-	-	-	-	1,095,116
Commercial paper	943,541	-	-	-	-	943,541
Loans from shareholders	-	-	-	-	48,251	48,251

#Other - segment represents centralised services and function.

GEOGRAPHICAL SEGMENTS

	28 February 2021			29 February 2020 *(Restated)		
R'000	**South Africa**	**North America**	**Total**	**South Africa**	**North America**	**Total**
Net profit						
Interest Income	395,371	1,109,443	1,443,577	437,185	1,697,538	2,095,820
Interest expense	(264,982)	(86,086)	(289,831)	(210,751)	(82,400)	(254,247)
Net interest income	130,389	1,023,357	**1,153,746**	226,434	1,615,138	**1,841,573**
Fee income	158,840	36,647	195,487	175,471	63,534	239,005
Management fee income	(6,217)	6,217	-	894	(806)	88
Other operating income	230,389	26,025	256,414	281,368	4,881	286,249
Fair value adjustments non-current assets held for sale	(4,635)	-	(4,635)	-	-	-

Fair value adjustments other	(2,500)	(810)	(3,310)	9,039	(492)	8,547
Foreign exchange gain/(loss)	593	146	739	(4,618)	(132)	(4,750)
Net impairment charge on loans and advances	(140,450)	(170,970)	(311,420)	(104,993)	(356,457)	(461,450)
Impairment of goodwill	-	(78,482)	(78,482)	-	-	-
Depreciation and amortisation	(75,587)	(141,949)	(217,536)	(92,503)	(119,040)	(211,543)
Other operating expenses	(442,047)	(862,364)	(1,304,411)	(460,257)	(977,494)	(1,437,751)
Operating (loss)/profit	(151,225)	(162,183)	**(313,408)**	30,835	229,132	**259,968**
Taxation	19,423	38,602	58,025	(13,785)	(31,583)	(45,368)
(Loss)/profit after taxation	(131,802)	(123,581)	**(255,383)**	17,050	197,549	**214,600**
Significant segment assets						
Cash and cash equivalents	358,963	571,738	930,701	707,847	328,717	1,036,564
Other financial assets at fair value through profit or loss	9,110	-	9,110	130,414	-	130,414
Other financial assets at amortised cost	659,708	-	659,708	177,737	-	177,737
Unsecured loans and other advances to customers	260,356	361,033	621,389	288,994	649,357	938,351
Trade and other receivables	64,620	94,691	159,311	93,611	75,207	168,818
Non-current assets held for sale	130,736	-	130,736	-	-	-
Secured loans and other advances to customers	155,192	13,388	168,580	179,540	21,555	201,095
Property, plant and equipment	34,546	147,154	181,700	53,601	159,588	213,189
Right of use assets	97,609	325,133	422,742	123,433	358,401	481,834
Investment property	6,250	-	6,250	142,071	-	142,071
Goodwill	197,549	669,254	866,803	196,787	785,118	981,905
Intangible assets	-	119,000	119,000	171	128,978	129,149

Significant segment liabilities

Bank overdraft	17,483	-	17,483	19,307	-	19,307
Transactional deposits	33,467	-	33,467	34,654	-	34,654
Trade and other payables	45,522	43,950	89,472	215,751	100,335	316,086
Lease liabilities	110,341	342,822	453,163	137,021	370,154	507,175
Commercial paper	1,466,919	-	1,466,919	943,541	-	943,541
Fixed and notice deposits	1,082,109	-	1,082,109	1,095,116	-	1,095,116
Loans from shareholders	-	467	467	-	48,251	48,251

Notes to the condensed consolidated financial statements

Finbond Group Limited is a company domiciled in South Africa. The condensed consolidated financial statements of the Company as at and for the twelve months ended 28 February 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The condensed 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 condensed 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 2021.

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

The consolidated financial statements were prepared under the supervision of Mr. GW Labuschagne CA, CPA, in his capacity as chief financial officer.

These condensed consolidated financial statements are not themselves audited but are extracted from the Group's audited financial statements. The directors take full responsibility for the preparation of these condensed consolidated financial statements and the financial information has been correctly extracted from the Group's audited financial statements which is available for inspection at the Company's registered office.

Independent auditor's opinion

The auditors, BDO South Africa Inc., expressed an unmodified audit opinion on the Group's audited financial statements in their report dated 28 May 2021. The report also includes communication of key audit matters. Key audit matters are those matters that, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period. The full audit report and the Group's audited financial statements are available on the company's website at https://www.finbond.com

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 condensed 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 2020. Significant judgements include:

Impairment losses on loans and advances

The Group uses quantitative and qualitative estimates for calculating expected credit losses ("ECL") for unsecured loans and other advances and secured loans and other advances to customers. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The ECL is calculated using statistical models which incorporate observable data to give a best estimate of expected default rates and the loss given default ("LGD"). The LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the business group expects to receive, considering cash flows from any collateral. Statistical models are tailored for customer segments that have similar credit loss characteristics (i.e., by geography and product type). Where ECL has been raised for individual exposures, management assesses the historical and expected cash flows and the recoverability of collateral at an individual exposure level. Model validation procedures are in place to ensure that the input assumptions applied within the models are a statistically reliable estimate.

In line with the fundamental principles of IFRS 9 Financial Instruments, the group holds a provision against potential future losses resulting from changes in the economic environment. These forward-looking economic expectations are included in the ECL where adjustments are based on the group's macroeconomic outlook, using models that correlate these parameters with macroeconomic variables. In addition to forward-looking macroeconomic information ("FLI"), other types of FLI, such as specific event risks and industry data, are considered in ECL estimates when required, through the application of management overlays. All model adjustments and management overlays are subject to group governance committee oversight. Continual oversight is provided by management and committees to monitor the reliability of financial reporting under IFRS 9.

The ECL has been calculated using statistical models that incorporate the economic impact of COVID-19. The current observable data and the forward-looking expectations in the models consider the uncertainty surrounding the timing of future defaults related to the pandemic's impact on the economy. Negative, positive, and most likely scenarios have been determined based on independently sourced economic data and these scenarios have been weighted to determine a probabilistic view of the economy going forward.

Impairment of goodwill and intangible assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may impact estimations and may then require adjustments to the carrying value of goodwill and intangible assets.

The Group reviews and tests the carrying value of goodwill and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill and intangible assets with indefinite useful lives are tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value-in-use of goodwill and intangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including NCR regulations, supply and demand for loans, together with economic factors such as inflation and interest rates.

Fair value adjustments of non-current assets held for sale and investment property

Although property is considered a low risk asset over the long-term, investors are reminded that significant short- and medium-term risk factors are inherent in the asset class. Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds, which restricts the Group's ability to realise value in cash in the short term.

The property valuations in this period have been prepared in a period of market uncertainty. The current turmoil in the world's financial markets has resulted in commercial and residential properties selling in much reduced quantities with virtually little or no market activity in some areas. The lack of market activity and the resulting lack of market evidence means that it is generally not possible to value with as high a degree of certainty as would be the case in a more stable market with a higher, active level of market evidence. The best evidence of fair value is current prices in an active market for similar property investments, which emphasises that fair value reflects the best available use of an asset class (in this case investment property). In obtaining evidence to support fair value, the Group has gone to great lengths to obtain and consider information from a variety of sources.

Loans and other advances to customers

Net unsecured loans and advances decreased by 34% to R621.4 million (February 2020: R938.4 million). The significant drop in loans advanced (sales volumes) due to COVID-19 has resulted in less capital being granted, but with collections holding firm, this has led to an increase in surplus cash as unsecured loans and advances were essentially being converted into cash.

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised.

	Stage 1	**Stage 2**	**Stage 3 excluding interest in suspense**	**Interest in suspense**	**Total**
Unsecured loans and other advances to customers					
28 February 2021					
Gross loans and advances before impairment	489,578	184,892	174,645	-	849,115
Expected credit loss allowance	(52,107)	(97,895)	(72,822)	(4,902)	(227,726)
Net loans and advances	**437,471**	**86,997**	**101,823**	**(4,902)**	**621,389**
ECL coverage (%)	11%	53%	42%		27%
29 February 2020					
Gross loans and advances before impairment	796,373	272,060	213,477	-	1,281,910
Expected credit loss allowance	(71,737)	(144,729)	(120,408)	(6,685)	(343,559)
Net loans and advances	**724,636**	**127,331**	**93,069**	**(6,685)**	**938,351**
ECL coverage (%)	9%	53%	56%		27%
Secured loans and other advances to customers					
28 February 2021					
Gross loans and advances before impairment	59,520	65,666	91,195	-	216,381
Expected credit loss allowance	(2,195)	(15,909)	(25,446)	(4,251)	(47,801)
Net loans and advances	**57,325**	**49,757**	**65,749**	**(4,251)**	**168,580**
ECL coverage (%)	4%	24%	28%		22%

29 February 2020					
Gross loans and advances before impairment	115,511	20,737	94,372	-	230,620
Expected credit loss allowance	(2,419)	(2,360)	(22,021)	(2,725)	(29,525)
Net loans and advances	**113,092**	**18,377**	**72,351**	**(2,725)**	**201,095**
ECL coverage (%)	2%	11%	23%		13%

Impairment of Goodwill

The decrease in Goodwill was caused by a R78.5 million impairment, due to COVID-19 impacting value in use numbers in the short term. R76.4 million is attributed to the Midwest Small Entities CGU due mainly to COVID-19 impacting numbers in the short term, underperformance in the last 18 months, as well as one of the entities within the CGU being impacted by the Illinois regulatory changes. R2.1 million is attributed to American Cash Advance ("ACA") due mainly to COVID-19 impacting numbers in the short term.

Fair value measurement

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.

Financial risk management

Fair value hierarchy and classification of financial assets and financial liabilities:

28 February 2021

R'000	Amortised cost	FVTPL	Total	Fair value	Hierarchy of valuation technique
Financial assets					
Cash and cash equivalents	930,701	-	930,701	930,701	#
Other financial assets	659,708	9,110	668,818	668,818	Level 2
Unsecured loans and advances	621,389	-	621,389	621,389	Level 2
Trade and other receivables	79,792	-	79,792	79,792	#
Secured loans and advances	168,580	-	168,580	168,580	Level 2
Financial liabilities					
Bank overdraft	17,483	-	17,483	17,483	#
Trade and other payables	85,039	-	85,039	85,039	#
Transactional deposits	33,467	-	33,467	33,467	#
Fixed and notice deposits	1,082,109	-	1,082,109	953,109	Level 2
Commercial paper	1,466,919	-	1,466,919	1,463,283	Level 2
Loans from shareholders	467	-	467	467	Level 2

29 February 2020

R'000	Amortised cost	FVTPL	Total	Fair value	Hierarchy of valuation technique
Financial assets					
Cash and cash equivalents	1,055,871	-	1,055,871	1,055,871	#
Other financial assets	177,737	130,414	308,151	308,151	Level 2
Unsecured loans and advances	938,351	-	938,351	938,351	Level 2
Trade and other receivables	84,009	-	84,009	84,009	#
Secured loans and advances	201,095	-	201,095	201,095	Level 2
Financial liabilities					
Bank overdraft	19,307	-	19,307	19,307	#
Trade and other payables	311,886	-	311,886	311,886	#
Transactional deposits	34,654	-	34,654	34,654	#
Fixed and notice deposits	1,095,116	-	1,095,116	944,716	Level 2
Commercial paper	943,541	-	943,541	941,763	Level 2
Loans from shareholders	48,251	-	48,251	48,251	Level 2

The fair value closely approximates their carrying amount due to their short-term nature or on-demand repayment terms.

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.

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. Independent external valuations are performed at a minimum of every 3 years, unless management's annual fair value assessment indicates material changes to the property market and/ or underlying assumptions and inputs into current valuation models.

Reconciliation of assets and liabilities measured at level 3

R'000	Opening balance	Transfer at fair value	Losses recognised in profit or loss	Closing balance
Assets				
Non-current assets held for sale	-	135,371	(4,635)	130,736
Investment property	142,071	(135,371)	(450)	6,250

No transfers of assets and liabilities within levels of fair value hierarchy occurred during the current financial year. There were no additions or disposals of investment properties during the year.

Investment property classified as non-current assets held for sale

Transfers to non-current assets available for sale are made when Investment property is available for immediate sale in its present condition, the property is currently marketed actively at a price that is reasonable in relation to its current fair value and its sale is highly probable (subject to limited exceptions).

Management is actively marketing the investment properties with the intent to dispose of the properties at values equal to or higher than the current book values net of any potential cost relating to such a disposal. Various estate agents have been appointed to market the properties. Some offers were received but obtaining funding seems to be a challenge in the current economic environment. Finbond is in process to place certain properties on auction with a reserve price equal to or higher than current book values net of any potential cost relating to such a disposal, and if this process is successful, Finbond may consider this process for the balance of the properties. Market conditions at the moment are not conducive to the sale of the properties.

Restatement: Correction of Prior Period Presentation and Disclosure Error

Loan initiation fees have been appropriately accounted for as detailed in the Group's accounting policies. However, these were presented and disclosed as fee income in the statement of comprehensive income and the related note instead of being presented and disclosed as part of interest income. The fees have been reclassified in the current year and the comparative period have also been restated. The reclassification resulted in an increase in interest income of R155.6 million (2020: R191.9 million) and a corresponding decrease in fee income of R155.6 million (2020: R191.9 million) and therefore had no further an impact on the statement comprehensive income, statement of financial position or statement of cash flows. Since the correction had no impact on net profit or loss, there was no impact on earnings per share or diluted earnings per share. Since the correction had no impact on the statement of financial position, a third statement of financial position is not presented.

The following table summarises the impact on the Group's condensed consolidated financial statements for the year ended 29 February 2020:

	Impact of correction of presentation error		
R'000	**As previously reported**	**Adjustments**	**As restated**
Consolidated statement of comprehensive income			
Interest income	1,903,969	191,851	2,095,820
Interest expense	(254,247)	-	(254,247)
Net interest income/(expense)	**1,649,722**	**191,851**	**1,841,573**
Fee income	430,856	(191,851)	239,005
Others	(1,820,610)	-	(1,820,610)
Profit before taxation	**259,968**	**-**	**259,968**
Taxation	(45,368)	-	(45,368)
Profit after taxation	**214,600**	**-**	**214,600**
Foreign currency translation difference for foreign operations	206,499	-	206,499
Total comprehensive income for the year	**421,099**	**-**	**421,099**
Profit attributable to :			
Owners of the company	97,643	-	97,643
Non-controlling interest	116,957	-	116,957
	214,600	-	214,600
Total comprehensive income attributable to :			
Owners of the company	248,661	-	248,661
Non-controlling interest	172,438	-	172,438
	421,099	-	421,099

Commitments, Contingencies and Events after the reporting date

North American Regulatory Environment

Following the presidential election and change in administration in the United States of America (US) in November last year, it is expected that the Consumer Financial Protection Bureau (CFPB) will assume a posture of aggressive enforcement of consumer protection laws at the federal level. The alternative financial services industry in which Finbond operates is also anticipated to receive heightened scrutiny.

Finbond will closely monitor the CFPB's approach to changes in the industry and evaluate current business practices against this changing regulatory landscape. It is however not possible at this stage to specifically quantify or estimate any possible financial impact due to potential changes – which have not materialised to date.

There also exists the likelihood of heightened scrutiny and/ or amendments to regulations in the alternative financial services industry at State level.

On January 13, 2021, the Democrat controlled Illinois legislature passed SB 1792, intended to, among other things, overhaul Illinois state's consumer finance laws. Under SB 1792, any new loan in excess of a 36% MAPR would be considered null and void. The Act was however only signed by Illinois Governor Pritzker on 23 March 2021 and came into effect on that date. During this time business continued as normal due to the uncertainty of whether the Act will be vetoed or not and this event was classified as non-adjusting for the period under review.

It is anticipated that this Act will have a significant adverse effect on Finbond's current loan products in the State of Illinois. For the year ended February 2021, 40.0% (2020: 40.0%) of Finbond Group North America's and 26.9% (2020: 26.4%) of Finbond Group Limited's revenue was generated in the State of Illinois.

Accordingly, Illinois operations restructuring plans have been formulated by Americash Holding LLC and America's Financial Choice LLC, the two US subsidiaries that have been affected. The plans include:

- Expanding operations and added focus outside of Illinois,
- A specific focus in States bordering Illinois,
- Added focus on online offerings,
- The introduction of alternate loan products in Illinois, to replace current products that have been affected, and
- Restructuring operating cost bases accordingly.

Adapting to regulatory changes, or changes to legislation, is a necessary and critical part of the alternate financial services industry. The Illinois restructuring described above has been cultivated and refined over time, and this is not the first (and will not be the last) regulatory change the Group is required to contend with.

Further expansion into North America and Latin America
As announced on SENS on 14 April 2021, Finbond has entered into an agreement that would provide for the aquisition of 17% of C1 Holdings LLC ("C1"), plus the option to acquire an additional 8% by 31 August 2021 ("C1 Transaction"). Accordingly, this is classified as a non-adjusting event. C1 is a fintech lender possessing state-of-the-art technology. Through its three main operating subsidiaries, C1 maintains market positions in the United States in Arizona, Nevada, Utah, Indiana, Iowa, Kansas, Idaho, Tennessee, Louisiana, Mississippi, Pennsylvania and Washington, as well as in Panama.

Going concern

The Financial Statements have been prepared on the going concern basis. The basis presumes that management neither intends to cease trading nor has reason to believe that the foreseeable future of the Company is in doubt.

In the current environment, the following factors were considered in detail in the assessment:

• The lingering effects of COVID-19, uncertainty of when sales volumes will return to more normal levels, and hence the effect on the Group's profitability as well as liquidity.
• Changes to the regulatory environment in Illinois (USA), as more fully described above.

To this end management performed additional liquidity and cash flow stress testing based on multiple levels of stress applied. The stress testing (updated and monitored monthly) continues to show that the Group remains sufficiently capitalised, with appropriate liquidity levels, given the various levels of stress applied. We remain confident that the benefits of our geographically diversified business, strong balance sheet relative to the size and scope of operations, as well as cash generating ability will continue to stand us in good stead.

It should however be noted that a high degree of judgement is still required to estimate the full financial effect for the year ahead. The infection and mortality rates of newer COVID-19 strains, restrictions imposed to combat third and fourth waves, the speed of delivery and ultimate efficacy of vaccinations, and the resulting impact on macroeconomic conditions remain highly fluid and uncertain.

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

28 May 2021