

Finbond Group Limited  
(Incorporated in the Republic of South Africa)  
(Registration number: 2001/015761/06)  
Share code: FGL ISIN: ZAE00013895  
("Finbond" or "the Company" or "the Group")

## **UPDATE ON NORTH AMERICAN REGULATORY ENVIRONMENT**

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

The CFPB under the Obama administration engaged in an equally aggressive enforcement of consumer protection laws, including Federal rules governing industry loans. This uncertainty gave rise to significant opportunities for Finbond on which the Group capitalised. The current uncertainty can reasonably be expected to similarly create further opportunities for the Company by way of reducing supply in a high-demand market.

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 not possible at this stage to specifically quantify or estimate any possible financial impact due to these potential changes.

There is also the likelihood of amendments to regulation and legislation in the alternative financial services industry at state level. On January 13, 2021, the Democrat controlled Illinois legislature passed SB 1792 (the "Act"), intended to, among other things, overhaul Illinois state's consumer finance laws. Under SB 1792, any new loan made in excess of a 36% Annual Percentage Rate ("APR") would be considered null and void, and no entity would have the "right to collect, attempt to collect, receive, or retain any principal, fee, interest, or charges related to the loan." The Act has been referred to the Illinois Governor for signature. While there is significant scrutiny and industry opposition, there remains a degree of uncertainty surrounding the timing and likelihood of the Governor signing the Act into law. It is anticipated that, should the Act be signed into law, it may have a significant adverse impact on Finbond's business operations in the state of Illinois. For the year ended 29 February 2020, 40% of Finbond Group North America's and 26.4% of Finbond Group Limited's revenue was generated in the state of Illinois.

Finbond currently operates in 17 US states, of which 11 states (with 123 stores) are classified as Republican states and six states (94 stores) are classified as Democrat states. The business of Finbond in South Africa, including Finbond Mutual Bank, is unaffected by the potential changes in the United States.

Further information will be provided once there is reasonable certainty of any potential financial impact if required.

Pretoria  
22 January 2021

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