

South African Securitisation Programme (RF) Limited

(Registration number:1991/002706/06)

Annual Financial Statements for the year ended 30 June 2021

In terms of section 29(1)(e)(ii) of the Companies Act, No 71 of 2008 as amended, we confirm that these annual financial statements were prepared under the supervision of Angela Pillay CA(SA), Financial Director of Sasfin Bank Limited, and have been audited in compliance with the requirements of sections 29(1)(e)(i) and 30(2)(a) of the Companies Act, No 71 of 2008 as amended.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Corporate details

Country of incorporation and domicile	South Africa
Directors	B Harmse D Govender DP Towers E Deiner
Registered office	29 Scott Street Waverley Johannesburg 2090
Postal address	PO Box 95104 Grant Park Johannesburg 2051
Controlling entity	Sasfin Bank Limited
Ultimate holding entitiy	The Company is wholly owned by The South African Securitisation Issuer Owner Trust, a trust set up solely for the purposes of holding the ordinary shares of the Company. The trustee of the trust is Maitland Group South Africa Limited. The Company is controlled, administered and managed by Sasfin Bank Limited in accordance with IFRS.
Auditor	PriceWaterhouseCoopers Inc (PwC)
Company Secretary	Maitland Group South Africa Limited
Company registration number	1991/002706/06
Tax reference number	9664004711
Debt sponsor	Sasfin Bank Limited
Calculation agent	Sasfin Bank Limited
Transfer agent	Sasfin Bank Limited
Paying agent	Sasfin Bank Limited
Publish date	09 September 2021

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholder.

Index	Page
Directors' responsibility statement	1
Company Secretary's certification	2
Directors' report	3
Audit committee report.....	5
Independent auditor's report.....	8
Statement of financial position.....	17
Statement of profit or loss and other comprehensive income.....	18
Statement of changes in equity.....	19
Statement of cash flows.....	20
Notes to the financial statements.....	21

Legal entity terminology used in this report

Company:	South African Securitisation Programme (RF) Limited
Controlling company:	Sasfin Bank Limited
Group:	Sasfin Holdings Limited and its subsidiaries

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Directors' responsibility statement

The Board of Directors (the Board) of South African Securitisation Programme (RF) Limited (the Company) is responsible for the preparation and fair presentation of the Directors' report and the annual financial statements of the Company including significant accounting policies and other explanatory notes.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No 71 of 2008, as amended (Companies Act).

The Board is also responsible for such internal controls as they deem necessary to enable the preparation of these annual financial statements and for maintaining adequate accounting records and an effective system of risk management.

The Company has been established as a structured entity for Sasfin Bank Limited and is deemed to be controlled by Sasfin Bank Limited in accordance with IFRS. Consequently, the day-to-day management and oversight of SASP are the responsibility of Sasfin Bank Limited. The Board therefore place reliance on the management and governance by the Sasfin Group in the execution of its duties and obligations towards SASP.


The Sasfin Group is responsible for the controls over, and the security of Sasfin's website and, where applicable, for establishing and controlling the process for electronically distributing the annual financial statements and other financial information to shareholders. The examination of controls over the maintenance and integrity of the Sasfin's website is beyond the scope of the audit of the financial statements and if the directors' responsibilities statement does not include reference to this, it will be included as a note at the end of the electronic version of the our auditor's report. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. However, if we do become aware of any subsequent amendments, we will notify the directors of the Sasfin Group that the financial statements no longer correspond with the manually signed financial statements.

Based on its own monitoring and oversight as well as assurance obtained from management, the Board is of the view that an effective internal financial control environment exists to support the integrity of the annual financial statements.


The Board has a reasonable expectation that the Company will have adequate resources to continue in operational existence and as a going concern in the financial year ahead.

It is the responsibility of the independent auditor to report on the fair presentation of the annual financial statements.

The annual financial statements for the year ended 30 June 2021 were approved by the Board and are signed on its behalf by:

DocuSigned by:

9823C41A56D64DA...

D Govender
Director
09 September 2021

DocuSigned by:

D1026CB7872B4BB...

DP Towers
Director
09 September 2021

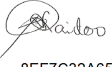
South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Company Secretary's certification

We hereby certify, in terms of section 88(2)(e) of the Companies Act, that South African Securitisation Programme (RF) Limited has filed all returns and notices required by the Companies Act with the Companies and Intellectual Property Commission, for the financial year ended 30 June 2021, and that all such returns and notices as required of a public company are true, correct and up to date.

DocuSigned by:

8EF7C32A65D0403...

Maitland Group South Africa Limited
Company Secretary
09 September 2021

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Directors' report

The directors have pleasure in submitting their report on the annual financial statements of South African Securitisation Programme (RF) Limited (the Company) for the year ended 30 June 2021.

1. Nature of Business

The Company is a securitisation structured entity created solely to acquire equipment finance agreements from the Sasfin Holdings Limited Group of Companies.

2. Financial results

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No 71 of 2008. Full details of the financial position, results of operations and cash flows of the Company are set out in these annual financial statements.

3. Directorate and Changes to the Board

The Directors of the Company are:

D Govender	Non-executive
DP Towers	Independent Non-executive
E Deiner	Independent Non-executive
B Harmse	Independent Non-executive

4. Company Secretary

Maitland Group South Africa Limited was appointed as Company Secretary on 1 October 2011.

Postal address PO Box 781396
Sandton
Johannesburg
2146

Business address 18 Fricker Road
Illovo
Johannesburg
2196

5. Share Capital

Ordinary Share Capital

There have been no changes to the authorised or issued ordinary share capital during the year under review.

Preference Share Capital

There have been no changes to the authorised or issued preference share capital during the year under review.

6. Ultimate Holding Entity

The Company is wholly owned by The South African Securitisation Issuer Owner Trust, a trust set up solely for the purposes of holding the ordinary shares of the company. The trustee of the trust is Maitland Group South Africa Limited.

The company is controlled, administered and managed by Sasfin Bank Limited in accordance with IFRS.

7. Dividends

The company declared, and paid preference share dividends of R40 million (2020: R62 million) during the current financial year.

8. Events after the reporting date

The Company successfully re-financed notes to the value of R341 million in August 2021. This is a non-adjusting event since the re-financing transaction's maturity date is after 30 June 2021.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Directors' report ... continued

9. Directors Emoluments

Three directors of the Board of the directors of the Company are employed by independent external service providers and are remunerated by their respective employers on a separate basis. The remaining director is employed and remunerated by Sasfin Bank Limited. There was no remuneration or benefit paid directly to the directors or by any company within the Group, for services provided in their capacity as directors of the Company, other than as disclosed in note 22.1.

10. Covid-19 Considerations

The operating conditions in the current financial year were better than what was originally anticipated at the start of the COVID-19 pandemic. This is evidenced by the upward projections on GDP growth, with early interventions by government to stimulate growth and the increased rollout of vaccines across the country. However, the onset of the third wave of COVID-19 in the latter part of the financial year led to the government imposing stricter level 4 lockdown restrictions and, most recently, the civil unrest in parts of the country is expected to negatively impact growth in the medium term. The impact on performance has been a significant improvement in the credit impairment charge.

11. Special Resolutions

Special resolutions passed during the year are available for inspection.

12. Corporate Governance

The principles of the King Code on Corporate Governance (King IV Code™) as applied to all companies in the Sasfin Group, are equally applied in the governance of the Company. An explanation of how the King IV Code™ principles are applied in the Group can be found on the Sasfin website, www.sasfin.com/investor-relations/#results-and-reports.

13. Other Matters

Due to declining performance in SASP, there was a risk that the Net Default Test would fail in S1 and S3. Approval was sought from Noteholders to relax the benchmark in the test via a formal process administered by STRATE and the CSDP's. The noteholders were requested to vote via resolutions on the proposed changes and the votes received were in excess of 90% consenting to the new benchmarks. The amendments were effective from 1 June 2021.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Audit committee report

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the Company and are:

Members

B Harmse (Chairman)

E Deiner

DP Towers

The Committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act, Regulation 42 of the Companies Regulations, 2011 and principle 8.55 of King IV.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

For the period under review, the Committee met twice, on 10 September 2020 and 5 May 2021.

3. Specific Functions of the Committee

Financial Reporting

- Have regard to all factors and risks that may impact on the integrity of the annual financial statements, including factors that may predispose the Servicer and Administrator to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- Review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any trading statements and similar documents;
- Comment on the annual financial statements, the accounting practices and the effectiveness of the internal financial controls;
- Recommend to the Board the engagement of an external assurance provider as may be provided for in the Transaction Documents; being the Memorandum of Incorporation of the company, the trust deed of the legal owner and all contracts, agreements, addendums to contracts and agreements and other memorandums governing the rights and obligations of the Company and its counter parties; and
- Recommend the annual financial statements for approval by the Board.

External Audit

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the Committee must after consultation with the Servicer and Administrator:

- Nominate the external auditor for appointment by the shareholders;
- Approve the terms of engagement and remuneration for the external audit engagement;
- Monitor and report on the independence of the external auditor in the annual financial statements;
- Define a policy for non-audit services provided by the external auditor in the annual financial statements;
- Pre-approve the contracts for non-audit services to be rendered by the external auditor;
- Ensure that there is a process for the Audit Committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor in respect of the company;
- Review the quality and effectiveness of the external audit process;
- Consider whether the audit firm and, where appropriate, the individual auditor that will be responsible for performing the functions of auditor, are accredited as such on the JSE list of Auditors and their advisors as required by the JSE Limited Listings Requirements; and
- Recommend for re-election PricewaterhouseCoopers Inc (PwC) as the audit firm, with Vincent Tshikhovhokhovho as the engagement partner, for shareholder approval.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Audit committee report ... continued

- The Committee is satisfied that PwC is independent of the Company, and the partner who is responsible for signing the company's Annual Financial Statements, as set out in section 94(8) of the Companies Act, has the requisite skills and expertise. This included consideration of:
 - The representations by PwC to the Committee including the auditor's suitability assessment in terms of the JSE Listing Requirements.
 - The independence of PwC not being impaired as set out by IRBA as well as other regulatory and internal processes within the audit firm.
 - Policies and controls regarding non-assurance services provided by PwC.

The Company's external auditor is PwC. Fees paid for audit and other services are approved by the Committee.

Internal Audit

The Committee may, if deemed necessary interact with the internal audit function of the Servicer and Administrator in as far as same relates to and may impact the company in respect of:

- Financial reporting risks;
- Internal financial controls;
- Fraud risks as it relates to financial reporting; and
- IT risks as it relates to financial reporting.

For clarity, the internal audit function does not report to the Committee, but forms part of the Servicer and Administrator's responsibilities in terms of their relevant appointments and related agreements.

Combined Assurance

The Committee will, if applicable, ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee should:

- Ensure that the combined assurance received is appropriate to address all the significant risks facing the company; and
- Monitor the relationship between the external assurance providers and the Company.

4. Financial Risk Management

The company's financial risk management is governed by the financial risk management framework, policies and procedures implemented and maintained by the Sasfin Group.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Audit committee report ... continued

5. Annual Confirmations of Key Functions for the year

Financial control and financial reporting

The Committee reviews the annual financial statements and dividend declarations and recommends those to the Board for approval. This role includes an assessment of the accounting policies and key assumptions applied in the preparation of the financial statements, as well as dealing in technical reporting matters. In doing so, the Committee also confirmed compliance of the annual financial statements with IFRS and the JSE Debt Listings Requirements. Further, consideration has been given to the 2017 JSE Proactive Monitoring report to ensure the integrity of the financial information in the annual financial statements. Lastly the Committee confirms that it has assessed and confirms the appropriateness of the going concern basis for the preparation of the annual financial statements and the solvency and liquidity tests in support of financial assistance and distributions.

6. The Audit Committee can confirm that:

- Resources have been utilised efficiently; and
- The internal controls have been effective in all material aspects throughout the year under review;
- Proper accounting records have been maintained;
- Controls have ensured that the company's assets are safeguarded;
- The skills, independence, audit plan, reporting and overall performance of the external auditor are acceptable, and it recommends their next appointment in 2022.


7. Annual Financial Statements

The Committee has:

- Reviewed and discussed the audited annual financial statements with the external auditor and Directors;
- Reviewed the external auditor's management letter and management's response thereto; and
- Reviewed significant adjustments resulting from external audit queries and any unadjusted audit differences (where applicable).

The Audit Committee is satisfied with the work performed by the Chief Financial Officer and Financial Director of Sasfin Bank Limited, with which the day-to-day management and oversight of SASP resides.

On behalf of the Audit Committee

DocuSigned by:

F05C8B2049BF4D0...

B Harmse
Audit Committee Chairman
09 September 2021

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report



Independent auditor's report

To the Shareholders of South African Securitisation Programme (RF) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of South African Securitisation Programme (RF) Limited (the Company) as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

South African Securitisation Programme (RF) Limited's financial statements set out on pages 17 to 78 comprise:

- the statement of financial position as at 30 June 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies, excluding the section marked as "unaudited" in note 29 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



Our audit approach

Overview

Overall materiality

R5.4 million, which represents 1% of income, which comprises interest and similar income, fee and commission income, gains on financial instruments and other income.

Key audit matter

- *Expected credit losses on loans and advances*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	<i>R5.4 million</i>
How we determined it	<i>1% of income, which comprises interest and similar income, fee and commission income, gains on financial instruments and other income.</i>
Rationale for the materiality benchmark applied	<i>We chose income as the benchmark because, in our view, it is the most suitable benchmark for the Company, due to the fact that the profit before tax for the Company is volatile year-on-year and the Company has a higher cost to income ratio than other commercial banks in the industry. Furthermore, income has remained consistent for the past three years. We chose 1% which is consistent with quantitative materiality thresholds used when using income as the benchmark.</i>

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses on loans and advances</p> <p>Refer to the following accounting policies and notes to the financial statements for details:</p> <ul style="list-style-type: none"> Note 1.6 (<i>Financial instruments – Policy</i>); Note 2.1 (<i>Impact of the Covid-19 pandemic</i>); Note 2.2 (<i>Critical estimates and judgements – Credit impairment of loans and advances</i>); Note 7 (<i>Loans and advances</i>); and Note 26 (<i>Credit risk</i>). <p>At 30 June 2021, gross loans and advances amounted to R3.3 billion, against which an expected credit loss (ECL) of R253m was recognised.</p> <p>In calculating the ECL on loans and advances, in terms of the International Financial reporting Standards (IFRS) 9 – <i>Financial Instruments</i> ('IFRS 9'), the key areas of significant management judgement and assumptions included the following:</p> <ul style="list-style-type: none"> Determining whether evidence exists that there has been a significant increase in credit risk (SICR) since initial recognition in accordance with the Company's SICR definition as disclosed in note 1.6 to the financial statements and the impact of Covid-19. Determining the inputs to be used in the ECL model, i.e. Probability of Default (PD), Loss given default (LGD), Exposure at default (EAD) and Time to default (TDD) that are used to estimate the ECL for each of Stage 1, Stage 2 and Stage 3 exposures. 	<p>Our audit procedures addressed this key audit matter as follows:</p> <p>Through inspection of underlying supporting documentation, we obtained an understanding of the following management implemented controls over its credit systems and processes:</p> <ul style="list-style-type: none"> Information technology controls supporting credit systems and processes. Relevant credit risk assessment controls that facilitate the identification and measurement of credit risk across all lending products. Review of the high care clients, annual review of credit files, approval of external collateral valuation vendors and approval of significant individual impairments. <p>Evaluation of SICR</p> <p>Making use of our credit expertise, we assessed the reasonableness of the SICR definition and assumptions applied in the ECL model by performing the following procedures:</p> <ul style="list-style-type: none"> We recalculated the ageing for a sample of loans and advances with reference to underlying supporting documentation. No material exceptions were noted. We selected a sample of Stage 1 and Stage 2 exposures and assessed whether the stage classification of these exposures was appropriate in terms of the Company's accounting policy for SICR at reporting date since the origination date of these exposures. For payment holidays we assessed whether the risk rating assigned to clients was purely due to Covid-19, or due to the fact that the client was experiencing financial difficulties prior to Covid-19 through inspection of approvals for restructures and also evaluating whether or not the client was performing before the restructure.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



- Determination of the write-off point. The Company considers that to be the point at which there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that there is no realistic prospect of recovering the monies owed.
- Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement.
- Determining the impact of forward-looking information on the ECL. The forward-looking nature of the ECL model requires estimates about the macro-economic outlook. In light of the changing economic environment brought about by the sovereign downgrade and the Covid-19 pandemic, the macro-economic factors considered as part of the forward-looking information is the Gross Domestic Product (GDP).
- Assessment of ECL raised for credit impaired assets.

We considered the ECL on loans and advances to be a matter of most significance to our current year audit due to the following:

- The degree of judgement and estimation applied by management in determining the ECL;
- the uncertainty related to the unprecedented global and local economic stress due to the COVID-19 pandemic;
- the magnitude of the exposures and the ECL recognised in relation to the financial statements; and
- the effect that ECL has on loans and advances and the Company's credit risk management processes.

- We tested the performance of SICR thresholds applied and the resultant transfer rate into Stage 2 for SICR. This included benchmarking of the volume of up to date accounts transferred to Stage 2 based on historical data.
- We evaluated management's processes for identifying Stage 3 exposures by selecting a sample of exposures not classified at Stage 3 to assess whether the stage classification was in line with the Company's accounting policy for the definition of default for Stage 3 exposures.

We have performed an independent assessment on management's SICR definition whereby we compared the transfer of accounts from performing to arrears over a 12-month period and concluded that there is an insufficient amount of accounts being transferred under the 7 day rule for the rental product. The impact on ECL is not material given that management measures the transferred population conservatively using stage 2 parameters rather than stage 1 lifetime as prescribed by the standard.

Evaluation of write-off point

Making use of our credit expertise, we evaluated the reasonableness of the write-off point applied in the ECL model by performing the following procedures:

- We assessed the point at which there was no reasonable expectation of further recovery against the requirements of IFRS 9.
- We tested the application of the IFRS 9 write-off principles, including the exclusion of post write-off recoveries from the LGD as determined by management by obtaining the approved write-off schedules to inspect whether the write-offs were appropriately approved.

Based on our work performed, we accepted the write-off point applied by management as reasonable.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



Calibrating of ECL statistical model components (PD, EAD, LGD)

We assessed the reasonableness of the PD, EAD and LGD used in the ECL model by performing the following procedures:

- We assessed the quality of the data used in the credit management, reporting and modelling process for completeness and accuracy through data analytics and substantive procedures, with specific focus on the appropriateness of assumptions made by management in determining the applicable macroeconomic inputs, credit ratings, EAD, PD, LGD and valuation of collateral in the current economic climate.
- Through discussions with management and inspection of relevant documentation, we obtained an understanding of the methodologies and assumptions used by management in the various ECL model components and how these were calibrated to use historical information to estimate future cash flows.
- We independently recalculated the ECL and derived a range of ECL values

Based on our work performed, we accepted the PD, EAD and LGD used in the ECL model.

Inclusion of forward-looking information and macro-economic variables in the ECL

Making use of our credit and economic expertise, we assessed the reasonableness of the forward-looking information and macro-economic variables applied in the ECL model by performing the following procedures:

- We obtained an understanding of managements' process and key controls including approvals for the FLI methodology and evaluated the appropriateness of forward-looking economic expectations included in the ECL by comparing it to independent industry data.
- We assessed the reasonableness of both the base case scenario and alternative scenarios used in the determination of the forward-looking impact by performing an independent view of the macroeconomic scenarios and associated variables, challenged the reasonability of assumptions applied, performed independent modelling, and critically evaluated counterparty-specific estimates.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



- We assessed the reasonableness of the economic stresses used by management in estimating the impact of Covid-19 on forward-looking information by considering historic LGD and PD sensitivity to the stress, and the historic correlation of PDs to lower income and lower GDP, as evidenced by changes in client behaviour
- We independently recalculated the ECL taking into consideration our assessment of the expected FLI range and noted that management had sufficiently catered for the FLI.

Assessment of ECL raised for individual exposures

Where ECL has been raised for individual exposures, we performed the following procedures to assess the reasonableness of management's assessment of the recoverability of the exposure, and the reasonableness of the valuation of the collateral held:

- For a sample of Stage 3 exposures, we independently recalculated the impairment losses based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level. Our assessment included evaluation of the assumptions against the industry in which the client operates, as well as the client's financial information.
- For collateral held, we inspected legal agreements and other underlying documentation to assess the existence and the Company's legal right to the collateral held, as well as the realisability thereof. We noted no material exceptions in this regard.
- The collateral valuation techniques applied by management were evaluated against the Company's valuation guidelines.

Based on our work performed, we accepted management's assessment of the recoverability of the exposure and collateral held.

Based on our work performed, we accepted the PD, EAD and LGD used in the ECL model.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "South African Securitisation Programme (RF) Limited Annual Financial Statements for the year ended 30 June 2021", which includes the Directors' Report, the Audit Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Independent auditor's report ... continued



Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of South African Securitisation Programme (RF) Limited for four years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: V. Tshikhovhokhovho

Registered Auditor

Johannesburg, South Africa

09 September 2021

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Statement of financial position

at 30 June 2021

	Accounting Policy	Note	2021 R'000	Restated 2020 R'000
ASSETS				
Cash and cash equivalents	1.5	4	352 217	334 302
Trading assets	1.6	5.1	-	877
Trade and other receivables	1.6	6	115 054	30 472
Loans and advances	1.3	7	3 079 587	2 968 245
Current taxation asset	1.8		19 318	8 134
Total assets			3 566 176	3 342 030
LIABILITIES				
Trading liabilities	1.6	5.2	7 892	12 278
Trade and other payables	1.6	8	198 468	74 187
Debt securities issued	1.6	9	2 741 583	2 743 823
Long-term loans	1.6	10	5 338	5 289
Deferred tax liability	1.8	11	92 439	58 661
Loans from entities in the Group	1.6	22.2.1	333 975	334 965
Total liabilities			3 379 695	3 229 203
EQUITY				
Ordinary share capital	1.4	12	100	100
Reserves			186 381	112 727
Preference share capital	1.4	13	-	-
Total equity			186 481	112 827
Total liabilities and equity			3 566 176	3 342 030

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Accounting Policy	Note	2021 R'000	Restated 2020 R'000
Continuing operations				
Interest income	1.7.1	14	415 800	438 024
Interest income calculated using the effective interest method			418 064	442 029
Other interest income			(2 264)	(4 005)
Interest expense		15	(180 655)	(270 674)
Interest expense calculated using the effective interest method	1.7		(180 655)	(270 674)
Net interest income			235 145	167 350
Non-interest expense				
Net fee and commission expense	1.7	16	(177 237)	(170 320)
Fee and commission income			2 725	4 535
Fee and commission expense	1.7		(179 962)	(174 855)
Gains and losses on financial instruments			20 630	13 984
Net gains or losses on the derecognition of financial instruments at amortised cost	1.7	17	20 630	13 984
Other Income		18	106 094	100 833
Total income			184 632	111 847
Credit impairment charges	1.6 & 2.2	26.3	(18 854)	(120 759)
Net income after impairments			165 778	(8 912)
Total operating costs				
Other operating expenses		19	(8 829)	(9 095)
Profit / (loss) before income tax			156 949	(18 007)
Total income tax	1.8	20	(43 295)	2 266
Profit / (loss) for the year			113 654	(15 741)
Total comprehensive income / (loss) for the year			113 654	(15 741)
Profit / (loss) attributable to:				
Preference shareholders			40 000	62 000
Ordinary shareholders			73 654	(77 741)

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Statement of changes in equity

for the year ended 30 June 2021

	Ordinary share capital R'000	Distributable reserves R'000	Total ordinary shareholders' equity R'000	Preference share capital ² R'000	Total shareholders' equity R'000
2021					
Opening balance at 1 July 2020	100	112 727	112 827	-	112 827
Total comprehensive income for the year	-	113 654	113 654	-	113 654
Profit for the year	-	113 654	113 654	-	113 654
Transactions with owners recorded directly in equity					
Dividends to preference shareholders ¹	-	(40 000)	(40 000)	-	(40 000)
Balance at 30 June 2021	100	186 381	186 481	-	186 481
2020					
Opening balance at 1 July 2019	100	190 468	190 568	-	190 568
Total comprehensive income for the year	-	(15 741)	(15 741)	-	(15 741)
Loss for the year - Restated	-	(15 741)	(15 741)	-	(15 741)
Transactions with owners recorded directly in equity					
Dividends to preference shareholders ¹	-	(62 000)	(62 000)	-	(62 000)
Balance at 30 June 2020 - Restated	100	112 727	112 827	-	112 827

¹ Preference dividend per share of R13.333 million (2020: R20.667 million) were declared.

² Please refer to note 13.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Statement of cash flows

for the year ended 30 June 2021

	Notes	2021 R'000	2020 R'000
Cash flows from operating activities			
Interest received		418 064	447 938
Interest paid		(180 655)	(270 674)
Fee and commission income received		2 725	4 535
Fee and commission expense paid		(179 962)	(174 855)
Net trading and other income		126 724	110 812
Cash payments to suppliers		(8 829)	(9 095)
Cash inflow from operating activities	21.1	178 067	108 661
Taxation paid	21.2	(20 701)	(14 140)
Dividends paid	21.3	(40 000)	(62 000)
Cash flows from operating activities before changes in operating assets and liabilities		117 366	32 521
Changes in operating assets and liabilities		(98 461)	(6 106)
Increase in loans and advances		(130 196)	(94 403)
Decrease/(Increase) in trading assets		877	(417)
(Increase)/Decrease in trade and other receivables		(84 582)	46 223
(Decrease)/Increase in trading liabilities		(6 650)	12 046
Increase/(Decrease) in long-term funding		49	(211)
Decrease in debt securities		(2 240)	(9 698)
Increase in trade and other payables		124 281	40 354
Net cash from operating activities		18 905	26 415
Cash flows from investing activities		(990)	(10 144)
Decrease in advances made from entities in the group		(990)	(10 144)
Net increase in cash and cash equivalents		17 915	16 271
Cash and cash equivalents at the beginning of the year	4	334 302	318 031
Cash and cash equivalents at the end of the year		352 217	334 302

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the annual financial statements are set out below.

1.1 Basis of Preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretation Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, No 71 of 2008, as amended, and the JSE Debt Listings Requirements.

The directors assess the Company's future performance and financial position on a continuous basis and have no reason to believe that the Company will not be a going concern in the reporting period ahead. Consequently the annual financial statements have been prepared on the going concern basis.

The Company has, in the preparation of the annual financial statements, consistently applied the accounting policies with those applied in the previous financial year, unless otherwise stated.

1.1.1 Adoption of new and amended standards for the first time in the current financial year

Amendments to References to Conceptual Framework in IFRS Standards effective 1 January 2020

The IASB revised the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions;
- updated recognition criteria for assets and liabilities; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction.

The revised Conceptual Framework will form the basis of new IFRS standards set by the IASB as well as future amendments to existing IFRS standards.

New and amended standards adopted by the Company

Amendments to the definition of Material (Amendments to IAS 1 and IAS 8)

The IASB issued amendments to the definition of material in IAS 1 and IAS 8.

The amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole.

The amendment also clarifies the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application being permitted.

Amendments to interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Company.

The amendments are effective from 1 January 2020. Early application is permitted.

Covid-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of Covid-19. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The practical expedient in the May 2020 amendment applied only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all the following conditions were met:

- the change in lease payments resulted in revised consideration for the lease that was substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms and conditions of the lease.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, in March 2021, the IASB subsequently extended this date to 30 June 2022 in another amendment to IFRS 16 (the 2021 amendment). If a lessee already applied the original practical expedient in the May 2020 amendment, it is required to continue to apply the practical expedient consistently, to all lease contracts with similar characteristics and in similar circumstances, using the March 2021 amendment. If a lessee did not apply the practical expedient in the May 2020 amendment to eligible lease concessions, it is prohibited from applying the expedient in the March 2021 amendment. The March 2021 amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted – Including financial statements not yet authorised for issue as at 31 March 2021. In practical terms, this means that a lessee that previously applied the practical expedient in the May 2020 amendment is permitted, but not required, to apply the March 2021 amendment immediately when it is issued, subject to any endorsement process.

1.2 Currencies

Functional and Presentation Currency

The annual financial statements are presented in South African Rand (ZAR) and all amounts, unless otherwise indicated, are stated in thousands of ZAR (R'000).

The Company operates in the Republic of South Africa with a functional currency of ZAR.

1.3 Leases

1.3.1 Company as the lessor

Rental, lease and instalment sale contracts are financing transactions, with rentals and instalments receivable, less unearned finance charges, being reflected as loans and advances in the Statement of financial position.

Finance income is recognised over the term of the lease using the effective interest method.

1.4 Share Capital

1.4.1 Ordinary Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax.

Dividends are accounted for as distributions from equity in the period in which they are payable to shareholders.

Ordinary share capital of the Company purchased by the Company, is recognised as a reduction in equity at the amount of consideration paid, including directly attributable costs, net of tax.

1.4.2 Preference Share Capital as Equity

Preference share capital is classified as equity as it is non-redeemable and dividends payable are discretionary at the option of the Company.

Incremental costs directly attributable to the issue of preference shares are recognised as a deduction from equity, net of tax.

Preference dividends are accounted for as distributions from equity when they become payable to shareholders.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

1.5 Cash and Cash equivalents

Cash and cash equivalents are available for use by the Company unless otherwise stated and are accounted for at amortised cost in the annual financial statements.

Cash and cash equivalents consist of funds on call and fixed deposits with Nebank Limited and Sasfin Bank Limited.

1.6 Financial Instruments

Financial instruments, as reflected on the Statement of financial position, include all financial assets, financial liabilities and derivative instruments.

Financial assets are recognised on the date on which the Company commits to purchase the asset. Financial liabilities are recognised on the date on which the Company becomes party to the contractual provisions of the financial liability.

Financial instruments are initially recognised at fair value.

Transaction costs directly attributable to the acquisition of a financial asset or financial liability are recognised in profit or loss for financial instruments measured at fair value through profit or loss and for all other financial instruments, against the financial instrument.

Subsequent to initial measurement, financial instruments are either measured at fair value through profit or loss, or amortised cost, based on the business model in terms of which the financial instruments are acquired and managed, as well as the contractual cash flow characteristics thereof.

Classification and Measurement of Financial Assets

Financial assets are classified and measured based on the Company's business model for managing it and the contractual cash flow characteristics of the financial assets.

Financial assets held by the Company in a business model that has the objective of holding the financial assets to collect contractual cash flows, and the contractual terms of the financial asset leads to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are classified and measured as "measured at amortised cost".

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level since this best reflects the way the business is managed, and information is provided to management. The following information is considered:

- the stated policies and objectives for the portfolio and the practical implementation of those policies. Specifically, whether management's strategy focuses on earning contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising profits and cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company management; and
- the risks that affect the performance of each portfolio and the strategy for how those risks are managed.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing those financial assets.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Impairment

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables.

No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see note 26).

For lease receivables, the Company has elected, in accordance with the allowed accounting policy choice in IFRS 9, to apply the general model for measuring loss allowance, as explained above.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments for which a lifetime ECL is recognised and which are credit-impaired, are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The key inputs for the measurement of ECL are the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Time to Default (TTD) or
- Expert judgement referred to below.

ECL is a "three stage" model for calculating impairment losses, based on changes in credit quality since initial recognition namely:

- Stage 1 includes Exposures that have not had a SICR (Significant Increase in Credit Loss) since initial recognition. For these financial instruments, ECL is calculated based on the relevant 12-month PD, TTD and EAD.
- Stage 2 includes Exposures that had a SICR since initial recognition, but do not have objective evidence of impairment. For these financial instruments, ECL is calculated based on the relevant lifetime PD, TTD and EAD.
- Stage 3 includes Exposures for which there are objective evidence of impairment at the reporting date. For these financial instruments, ECL is calculated based on a lifetime PD, TTD and EAD. The Financial Instrument must be classified as in "Stage 3", when it is credit-impaired.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

An expert judgment approach is used to determine the LGD for the Capital Equipment Finance portfolios. This approach determines the expected loss for Stage 3 exposures based on an anticipated salvage calculation. The value of the anticipated salvage used in the determination of the ECL of credit impaired financial instruments is calculated taking the following factors into account:

- Realisable market value of security (e.g. stock, equipment, property) (after taking account of costs associated with such sale).
- Stage and nature of legal process.
- Wherewithal of debtor to pay based on available credit data (e.g. financial statements, cash flows, 3rd party credit bureau reports).
- Any supporting suretyships or guarantees.
- Financial standing / reputation of the client Company and or related parties.
- Any recourse / warranty claim against a supplier or any other 3rd party.
- Any applicable insurance claim.
- Any negotiated settlement agreements.
- Timing of expected recoveries.

Significant Increase in Credit Risk (SICR)

Credit risk needs to be re-assessed at each reporting period, for each financial instrument, to determine whether there is a SICR. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of SICR since initial recognition.

The Company defines a SICR for the loans and advances as follows:

- When a debtor is flagged as High Care; or
- Once an account becomes past due/arrears for more than seven days and up to and including 90 days. This based statistical analysis of the historical behaviour of the portfolio which indicated that past due up to seven days did not provide an indication of financial stress, rather it could be due to administration issues or post month end payment cycles.

Clients defined as High Care are those that have shown signs of financial and cash flow pressure because of changes in operating environment, industry sector, and adverse financial health. These have, however, not defaulted.

Such signs referred to above could include any one or more of the following factors:

- Material deterioration, particularly over a period of time, in the cash flow generation of a business;
- Material and consistent financial losses;
- Material and/or consistent reduction in revenue and/or gross profit margins;
- Significant increases in interest bearing debt and related finance costs, such that there is a concern about the Company's ability to service and repay their financial obligations;
- Material increases in trade creditors out of line with the sales and business growth, indicating an inability to pay creditors on time and in line with credit terms;
- Material increases in trade debtors and/or stock which could place pressure on cash flow generation;
- Regular breaches in the terms and conditions of its financing arrangements, requests for extension of payment dates, excesses, extensions on repayment deadline, etc.;
- Material negative changes in the business, competitor and economic environment within which the business operates. This will include material negative changes in the businesses' supply chain;
- Difficulty in producing regular financial information; or
- Significant changes within key leadership with no meaningful succession planning.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Default and Curing

For purposes of calculating the ECL, the Company views a financial asset as in default and hence in Stage 3 (i.e. credit impaired), when the borrower becomes 90 days overdue on its contractual payments. In addition, the following qualitative factors are also considered to determine whether a debtor is in default:

- the debtor's business is subject to labour disputes or unresolved management problems that may affect its business, production or profitability;
- the debtor is experiencing delays or other unplanned adverse events results in cost overruns likely to require loan restructuring;
- the increase in the debtor's borrowings is not in proportion to the growth of the debtor's business;
- the debtor is experiencing difficulty with repaying obligations with other creditors; and
- indications that a debtor would enter into provisional or final liquidation or business rescue.

When a debtor has been classified as a credit-impaired (Stage 3), it can be cured to Stage 1 subject to the debt being:

- up to date, and
- 3 consecutive payments paid on or before due date.

Should the debtor be defined as a "High Care" account, it will cure to Stage 2 and not Stage 1. Also, should the client still represent a SICR, curing may only take place to Stage 2.

For Distressed Restructured loans that were in default, there must be at least 6 consecutive monthly payments under the revised terms, in order to cure.

The assessment on whether a SICR had occurred, specifically included an assessment of the impact of the global Covid-19 pandemic and subsequent lockdown on PD's and LGD's of businesses. This assessment was done in both the consideration of client risk profiles during the granting of payment holidays, as well as in the final calculation of expected credit losses.

Each client was classified as either Stage 1 where our assessment indicated that the relief was expected to be of a temporary nature and the client should be able to meet its obligations once the relief period had expired (thereby indicating no SICR had occurred), or Stage 2 where we believed that the distress would likely be of a longer or more permanent nature, indicating a SICR had occurred. Clients indicating a more permanent financial distress would be classified as Distressed Restructures in line with Directive 7 of 2015.

Write Off

Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that there is no realistic prospect of recovering the monies owed. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'credit impairment charges' in the Statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Presentation of Allowance for ECL in the Statement of financial position

Loss allowances for ECL are presented in the Statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

Classification and Measurement of Financial Liabilities

The Company classifies its financial liabilities as measured at amortised cost or FVTPL.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its Statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Amortised Cost

Amortised cost financial assets and financial liabilities are measured at the amount determined on initial recognition, less principal repayments and cumulative amortisation using the effective interest method, and any difference between the initial amount and the maturity amount, and for financial assets, adjusted for any expected credit loss allowance.

Financial Instruments at Fair Value through Profit or Loss

The Company classifies financial assets and financial liabilities at fair value through profit or loss when the business model is such that these financial assets and financial liabilities are managed and measured on a fair value basis.

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, with fair value gains and losses reported in non-interest income, apart from those related to interest rate swaps.

The fair value gains and losses on interest rate swaps are included in net interest income. Interest income and interest expense on debt instruments classified as at fair value through profit or loss are reported as such in profit or loss.

Offsetting Financial Instruments and Related Income

Financial assets and liabilities are set-off and reported net in the Statement of financial position only when there is a legally enforceable right to do so and there is an intention and ability to settle or realise the asset or liability on a net basis or simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Company of similar transactions such as in the Company's trading activity.

1.6.1 Derivative Financial Instruments

A derivative is a financial instrument that changes value in response to an underlying variable, requires little or no initial net investment, and is settled at a future date. Derivatives are initially recognised at fair value on the date on which the derivatives are entered into and subsequently remeasured at fair value.

Gains and losses from changes in the fair value of derivatives that are classified as held for trading are recognised in profit or loss.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

1.7 Revenue

1.7.1 Net Interest Income

Net interest income comprises interest income less interest expense as well as the fair value gains and losses on interest rate swaps.

Interest income and interest expense on financial instruments and finance lease receivable measured at amortised cost is recognised using the effective interest rate method.

The effective interest rate is the rate that discounts future cash payments or receipts over the expected life of the financial instrument to the carrying amount of the financial instrument and finance lease receivables.

In calculating the effective interest rate, the Company estimates expected cash flows considering all contractual terms of the financial instrument and finance lease receivables, excluding future credit losses but including all fees paid or received, transaction costs and all other premiums or discounts between parties to the contract.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. The reversal of interest income relating to credit impaired financial assets that have been cured, is recognised as reduction of the Impairment changes on loans and advances.

The effective interest rate is established on initial recognition of the financial instrument and finance lease receivables and not subsequently revised.

1.7.2 Non-Interest Income

Non-interest income comprises evergreens, settlement profits and sundry income.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to the customer. Fee and commission income is determined with reference to a contractually specified percentage of the cost of the office automation equipment underlying the rental finance agreements, and therefore do not require significant estimation. This is a once-off administration fee at the commencement of the rental finance transaction for the maintenance of the equipment leases. The Company is not required to perform any further actions and monies can also not be forfeited upon cancellation and/or settlement of the rental finance agreement. The performance obligation is satisfied at a point in time.

Fee and commission income is recognised net of any trade discounts, volume rebates and amounts received on behalf of third parties such as Value Added Tax. Furthermore, when the Company is acting as an agent amounts collected on behalf of the principal are not recognised as revenue.

Gains and losses on the derecognitions of financial instruments at amortised cost consist of a margin charged for the settlement of lease contracts before contractual maturity date.

Net fee and commission income is recognised net of the following expenses:

- Revenue share expense is a contractual term defined in the legal agreements between the Company, Sasfin Bank Limited and the holders of the debt securities. The revenue share is recognised as an expense for the Company and the recognition and measurement of the expense is dependant on the Company's profit generating ability above a pre-set hurdle determined by a formula, and only to the extent that this is achieved does the expense become payable.
- Commission expense is recognised in terms of agreements with specified suppliers of office automation equipment as compensation for securing performing finance lease agreements for this office automation equipment.
- Administration and management fees are recognised in terms of servicer agreements with Sasfin Bank Limited for the usage of Sasfin Bank Limited's resources to manage the portfolio of finance lease agreements and pay administration and management fees to Sasfin Bank Limited in return for these services so rendered.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Other Income

Income derived from:

- Income received on evergreens are recognised on a systematic basis beyond the lease contract's maturity date in the event where the end-user does not cancel the lease and elects to continue using the office automation equipment originally contracted for.

The Company recognises revenue from other income when it transfers control over a service to a customer and it's at a point in time.

1.8 Taxation

Income and capital gains tax comprise current and deferred taxation and are recognised in profit or loss.

1.8.1 Current Tax

Current tax, comprising income tax and capital gains tax, is calculated on taxable income for the year based on current tax legislation.

1.8.2 Deferred Tax

Deferred tax comprising deferred income tax and deferred capital gains tax is calculated using the Statement of financial position method against which existing tax legislation is applied to temporary differences between the tax and accounting bases of assets and liabilities.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are reviewed for recoverability at each reporting date.

Deferred tax resulting on items accounted for directly in the Statement of changes in equity or Statement of profit or loss and other comprehensive income are recognised in the Statement of changes in equity and Statement of profit or loss and other comprehensive income respectively.

1.9 Commitments and Contingent Liabilities

Series Guarantee and Series Indemnity

The Series Security SPV has guaranteed the Issuer's obligation to the Noteholders and the other Series Secured Creditors in terms of the Series Guarantee. The issuer has, in terms of the Series Indemnity, indemnified the Series Security SPV in respect of claims made against the Series Security SPV under the Series Guarantee. In terms of the Series Issuer Security Agreement, the Issuer's obligation to the Series Security SPV under the Series Indemnity has been secured by: (i) a pledge and (ii) a pledge and cession in *securitaem debiti*, of the Series Assets relating to this Series, in favour of the Series Security SPV.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Legal Proceedings

In the ordinary course of business, the Company is involved as both plaintiff and defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of defended legal proceedings. Nevertheless, based on management's knowledge from investigation, analysis and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being "likely to succeed and material".

There are matters in which the Company is involved which are considered to be "unlikely to succeed but material should they succeed" but these matters are not expected to be enrolled for trial in the forthcoming year.

The Company is also the defendant in some legal cases for which the Company are fully indemnified by external third parties, none of which are individually material. Management is accordingly satisfied that the legal proceedings currently pending against the Company should not have a material adverse effect on the Company's financial position and the Directors are satisfied that the Company has adequate insurance programmes and, where required in terms of IFRS for claims that are probable, provisions are in place to meet claims that may succeed.

The Company is exposed to certain actual and potential claims in the ordinary course of its business, none of which are individually material. Based on information presently available and an assessment of the probability of these claims, the Directors are satisfied that the Company has adequate provisions and/or insurance cover to meet such claims. As such, management it is not expecting any of these to have a material adverse effect on the Company.

2. CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the annual financial statements in accordance with IFRS requires management to make certain judgements, estimates and assumptions in its calculation of the carrying value of assets and liabilities and the reported amounts of profit or loss.

The assumptions, judgements and estimates used are based on historical experience and other factors that are believed to be reasonable.

Assumptions, judgements and estimates are reviewed on an ongoing basis, with revisions recognised in the period in which the revision was made, or in future periods if applicable.

2.1 Impact of the Covid-19 pandemic

The operating conditions in the second half of 2021 were better than what was originally anticipated at the start of the Covid-19 pandemic. This is evidenced by the upward projections on GDP growth, with early interventions by government to stimulate growth and increased rollout of vaccines across the country. The onset of the third wave of Covid-19 in the latter part of the financial year led to the government imposing stricter level 4 lockdown restrictions and, most recently, the civil unrest in parts of the country is expected to negatively impact growth. The impact of the better operating conditions in the second half was evidenced by the improved collections and consequential improved credit impairment charges.

2.2 Credit Impairment of Loans and Advances (refer note 7 and note 26)

The Company assesses its loans and advances portfolio for impairment on a monthly basis using the expected loss model.

The Company applies judgement in the manner in which it defines and applies SICR, which is the driver in dividing the loans and advances portfolios between Stage 1, Stage 2 and Stage 3, with:

- Stage 1: 12-month expected credit losses for those financial assets where there has not been a significant increase in credit risk since initial recognition.
- Stage 2: Lifetime expected credit losses for those financial assets where there has been a significant increase in credit risk on a collective basis.
- Stage 3: Lifetime expected credit losses for all credit impaired financial assets.

Refer accounting policy note 1.6 for more information on SICR.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

The Company further applies judgement in determining the inputs used in the ECL model, i.e. the PD, LGD, EAD and TTD that are used to determine the ECL for each of Stage 1, Stage 2 and Stage 3.

Given the forward-looking nature of the ECL model, estimates are also made and included in the ECL model for the Company's macro-economic outlook. In response to the deteriorating economic environment in 2020 as a result of the COVID pandemic, the Company adopted a multi-variate economic forward looking model.

This included the use of Gross Domestic Product (GDP), Consumer Price Index (CPI), Gross Fixed Investment and Unemployment as proxies of economic output. The macro-economic factors were statistically tested for the current financial year and the only statistically significant factor given the volatile modelling environment was GDP.

The macro-economic factors were statistically tested for the current financial year, and the only statistically significant factor given the volatile modelling environment was GDP. For each of the scenarios listed below for 2021, GDP over the next 12 months has been disclosed. The average GDP over the remaining forecast period, from 2022 to 2026 was used in the statistical modelling.

The Company therefore used only Gross Domestic Product for the regression modelling. A weighted probability scenario approach for GDP was applied to determine the final scalar. Given the internal view on the economic outlook, managements adopted a conservative approach which resulted in an overweighing of the worst case scenario.

2021	Best		Expected		Worst		Blended ²	
	12 months	Life time	12 months	Life time	12 months	Life time	12 months	Life time
			%	%	%	%	%	%
Factors								
Gross Domestic Product	2.3	3.4	(1.2)	2	(7.4)	0.6	(4.9)	1.1
Scenario probability	-		40		60		Combination	
	R'000		R'000		R'000		R'000	
Impact on ECL ¹	(16 390)		(14 096)		6 884		-	

¹ The impact of forward looking information on the IFRS 9 provision is R25 million. The percentage change of the total IFRS 9 provision is 6% downward adjustment in a 100% best case scenario, 6% downward adjustment in a 100% expected scenario and 3% upward adjustment in a 100% worst case scenario.

² The blended scenario is the actual/base case scenario against which the best, expected and worst case scenarios are benchmarked.

	Best		Expected		Worst		Blended ³	
	12 months	Life time	12 months	Life time	12 months	Life time	12 months	Life time
			%	%	%	%	%	%
2020								
Factors								
Gross Domestic Product	(1.92)	1.65	(6.24)	0.27	(12.2)	1.53	(7.71)	(0.18)
Consumer Price Index	3.07		3.47		4.30		3.68	
Gross Fixed Investment	(2.86)		(9.66)		(22.29)		(12.81)	
Unemployment	8.79		15.57		25.18		17.97	
Scenario probability	-		75		25		Combination ¹	
	R'000		R'000		R'000		R'000	
Impact on ECL ²	(23 657)		(8 633)		5 706		-	
² The impact of forward looking information on the IFRS 9 provision is R39 million. The percentage change of the total IFRS 9 provision is 9% downward adjustment in a 100% best case scenario, 3% downward adjustment in a 100% expected scenario and 2% upward adjustment in a 100% worst case scenario. ³ The blended scenario is the actual/base case scenario against which the best, expected and worst case scenarios are benchmarked.								

The Company further applies judgement when determining whether a specific loan and/or advances should be written off due to it not being recoverable. During the prior year one of the SICR triggers was disclosed as being up to and including 30 days. However, the group policy states that the period is up to 90 days. This has been corrected in the current accounting policy for SICR, however, there is no impact on the financial information that was disclosed in prior years or current years as the application thereof was always based on the 90 days criteria.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

2.3 Fair Value (refer note 24)

Fair value is the price that would be realised on the sale of an asset or paid to transfer a liability on an arm's length basis to an unrelated party.

The Company measures the fair value of a financial instrument using its quoted price in an active market. A market is regarded as active if transactions for the financial instrument take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The most accurate fair value of a financial instrument at initial recognition is normally the transaction price less the fair value of the consideration given or received. If the Company determines that the fair value of a financial instrument (measured at amortised cost) at initial recognition differs from the transaction price, and the fair value is evidenced neither by a quoted price in an active market for an identical financial instrument nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value with the difference between the fair value at initial recognition and the transaction price recognised in profit or loss over the life of the instrument, but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

'Bid' prices in an active market are used to measure financial assets held at fair value, while 'ask' prices in an active market are used to measure financial liabilities held at fair value.

Financial asset portfolios, that are exposed to market risk and credit risk, are measured on the basis of a price that would be received when selling a net long position for a particular risk exposure.

Financial liability portfolios, that are exposed to market risk and credit risk, are measured on the basis of a price that would be paid to transfer a short position for a particular risk exposure.

Market risk and credit risk portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit will not be less than the amount payable by the Company on demand, discounted from the first date on which the amount could be required to be paid.

The fair value of financial instruments that are not quoted in active markets or trade infrequently with little price transparency, requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions, and other risks affecting the specific instrument, and is determined by using valuation techniques which are validated and independently reviewed by qualified and experienced senior personnel within and external to the Company.

Fair value estimates obtained from models are adjusted for factors such as liquidity risk or model uncertainties that the Company believes an independent market participant would take into account when pricing a valuation.

Fair Value Hierarchy

Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from 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 in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which 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 for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Transfers between levels are recognised at the end of the reporting period during which the change has occurred.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

2.4 Current and Deferred Taxation (refer note 11 and note 20)

The Company is subject to direct and indirect taxation charges. There are elements of uncertainty and resultant judgement involved in the ultimate determination of these tax balances and charges. Should the final outcome differ to that initially calculated, the impact is accounted for in the period in which this outcome is known.

Deferred tax assets are reviewed at each reporting date for recoverability. These assets are reduced to the extent that it is no longer probable that the deferred tax asset will be realised. The significant management assumptions in determining these probability assessments to determine the deferred tax assets recoverability are the relevant entity budgets and forecasts.

2.5 Restatements

Management applied judgement to determine whether changes in presentation and disclosure from 2020 to the current were re-classification adjustments, or whether it constituted a correction of a prior period error.

2.5.1 Restatement: Correction of prior period error on interest income

In the current year, management identified an error in the manner Leasewave (the equipment finance line of business system) allocated interest income between Sasfin Bank and SASP. The error relates to interest allocation between the legal entities, i.e: SASP recognised higher interest income in the statement of comprehensive income than it accrued in accordance with IFRS 9. The loans and advances line item in the statement of financial position is not impacted by this error, i.e: the net present value of the deals were correctly calculated.

The error impacted interest income for the prior year and intercompany payables and thus impacts the face of the primary statements. This results in a correction of error for the prior year. The impact of the error as at 1 July 2020 (opening retained earnings and statement of financial position) was immaterial and therefore the opening balances as at 1 July 2020 were not restated. On that basis, the impact of a third balance sheet is immaterial.

The impact of the restatement is set out in the table below:

	As previously reported Increase/decrease R'000	2020 Disclosure correction Increase/(decrease) R'000	Restated R'000
Statement of comprehensive income			
Interest and similar income	447 938	(9 914)	438 024
Loss for the year	(5 827)	(9 914)	(15 741)
Statement of financial position			
Trade and other payables	64 273	9 914	74 187
Reserves	122 641	(9 914)	112 727

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

3. STANDARDS/INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

There are new or revised accounting standards and interpretations in issue that are not yet effective for the year ended 30 June 2021, and have not been applied in preparing these Annual Financial Statements. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated. These include the following standards and interpretations that have been issued, with an indication of the estimated impact on the future financial statements of the Company:

Pronouncement	Title and details:	Effective Date
<i>IFRS 17</i>	<p><i>Insurance Contracts</i></p> <p>IFRS 17 replaces the current standard on insurance contracts, IFRS 4. It creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. Among others, IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows, taking into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are further required to be measured based only on the obligations created by the contracts. An entity will also be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.</p> <p>These amendments are not expected to have an impact on the Company.</p>	Annual periods beginning on or after 1 January 2023.
<i>IFRS 10 and IAS 28</i>	<p><i>Sale or contribution of assets between an investor and its associate or joint venture</i></p> <p>The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of business is key to determining the extent of the gain to be recognised.</p> <p>These amendments are not expected to have an impact on the Company.</p>	The effective date is deferred by the IASB pending the outcome of its research project on the equity method of accounting.
<i>IFRS 3 amendments</i>	<p><i>Updating a reference to the Conceptual Framework</i></p> <p>An outdated reference in IFRS 3 to the Conceptual Framework has been updated without any significant changes to its requirements.</p> <p>This amendment is not expected to have an impact on the Company.</p>	Annual periods beginning on or after 1 January 2022.
<i>IFRS 37 amendments</i>	<p><i>Onerous Contracts – Cost of Fulfilling a Contract</i></p> <p>This amendment indicates which costs an entity should include as the costs of fulfilling a contract when assessing whether a contract is onerous.</p> <p>This amendment is not expected to have an impact on the Company.</p>	Annual periods beginning on or after 1 January 2022.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Pronouncement	Title and details:	Effective Date
2018 – 2020 annual improvements cycle	<p><i>Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41</i></p> <p>Changes were made to IFRS 1 <i>First-time adoption of International Financial Reporting Standards</i> and IAS 41, Agriculture, which will have no impact on the Company.</p> <p>An illustrative example has been removed from IFRS 16 to prevent potential confusion regarding the treatment of lease incentives. This amendment is not expected to have an impact on the Company.</p> <p>IFRS 9 has been amended to clarify the fees that an entity includes when determining whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.</p> <p>This amendment is not expected to have an impact on the Company.</p>	Annual periods beginning on or after 1 January 2022.
IAS 16 amendments	<p><i>Proceeds before intended use</i></p> <p>This amendment prohibits an entity from reducing the cost of an item of property, plant and equipment through deducting the proceeds from the sale of items produced whilst bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items and the costs of producing them are to be recognised in profit or loss.</p> <p><i>This amendment is not expected to have an impact on the Company.</i></p>	Annual periods beginning on or after 1 January 2022.
IAS 1 amendments	<p><i>Classification of liabilities as current or non-current (Amendments to IAS 1)</i></p> <p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.</p> <p>There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.</p> <p>The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.</p> <p><i>This amendment is not expected to have an impact on the Company.</i></p>	Annual periods beginning on or after 1 January 2023.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Pronouncement	Title and details:	Effective Date
<i>Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8</i>	<p><i>Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8</i></p> <p>The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.</p> <p>This amendment is not expected to have an impact on the Company.</p>	Annual periods beginning on or after 1 January 2023.
<i>IAS 12 amendments</i>	<p><i>Deferred tax related to assets and liabilities arising from a single transaction</i></p> <p>These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductable temporary differences.</p> <p>This amendment is not expected to have an impact on the Company.</p>	Annual periods beginning on or after 1 January 2023.
<i>Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient</i>	<p>As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.</p> <p>The amendment is not expected to have a significant impact on the Company.</p>	Annual periods beginning on or after 1 April 2021.
<i>A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16</i>	<p>Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.</p> <p>The amendment is not expected to have an impact on the Company.</p>	Annual periods beginning on or after 1 January 2022.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Pronouncement	Title and details:	Effective Date
<i>Amendments to IAS 1, Presentation of financial statements', on classification of liabilities</i>	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>The amendment is not expected to have a significant impact on the Company.</p>	Annual periods beginning on or after 1 January 2023.
<i>Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8</i>	<p>The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.</p> <p>The amendment is not expected to have a significant impact on the Company.</p>	Annual periods beginning on or after 1 January 2023.
<i>Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction</i>	<p>These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductable temporary differences.</p>	Annual periods beginning on or after 1 January 2023.

All standards and interpretations relevant to the Company will be adopted at their effective date.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

		2021 R'000	2020 R'000
4.	CASH AND CASH EQUIVALENTS		
	Funds on call	78 270	116 778
	Fixed deposits	273 947	217 524
		352 217	334 302

		Financial Assets		Financial Liabilities	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
5.	TRADING ASSETS AND LIABILITIES				
	Derivatives	-	877	7 892	12 278
			877	7 892	12 278
5.1	Total trading assets	-	877		
	Financial assets	-	877		
5.2	Total trading liabilities			7 892	12 278
	Financial liabilities			7 892	12 278
Trading assets and liabilities consist of both Prime Rate swaps and fixed/floating interest rate swaps.					

		2021 R'000	2020 R'000
6.	TRADE AND OTHER RECEIVABLES		
	Sundry receivables	6 974	22 446
	Receivables from companies in the Group ¹	108 080	8 026
	Other receivables before impairments	115 054	30 472

¹ The receivables are unsecured, bear no interest, have no fixed repayment terms.

Receivables from companies in the Group increased in the normal course of business. Please also refer to note 22.2.2.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

	Total R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
7. LOANS AND ADVANCES 2021							
Gross investment in leases	3 957 555	1 723 366	1 105 972	705 443	340 855	81 554	365
Equipment finance	3 562 483	1 553 442	992 324	631 488	309 047	75 817	365
Capital Equipment finance	395 072	169 924	113 648	73 955	31 808	5 737	-
Less: Unearned finance income	(624 791)	(322 494)	(185 930)	(85 894)	(27 315)	(3 136)	(22)
Equipment finance	(567 714)	(292 818)	(168 556)	(78 140)	(25 237)	(2 941)	(22)
Capital Equipment finance	(57 077)	(29 676)	(17 374)	(7 754)	(2 078)	(195)	-
Net investment in leases	3 332 764	1 400 872	920 042	619 549	313 540	78 418	343
Equipment finance	2 994 769	1 260 624	823 768	553 348	283 810	72 876	343
Capital Equipment finance	337 995	140 248	96 274	66 201	29 730	5 542	-
Loans and advances before expected credit losses	3 332 764						
Credit loss allowance (Refer note Credit Risk - Credit loss allowance analysis)	(253 177)						
Total loans and advances at amortised cost	3 079 587						
Total loans and advances¹	3 079 587						

¹ Loans and advances with a carrying amount of R3.079 billion (2020: R2.968 billion) have been ceded as security for the debt securities issued. Refer to note 9.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

	Total R'000	Year 1 R'000	Year 2	Year 3	Year 4	Year 5 R'000	More than 5 years R'000
7. LOANS AND ADVANCES							
2020							
Gross investment in leases	3 888 393	1 658 106	1 093 159	676 459	372 999	86 786	884
Equipment finance	3 578 011	1 539 108	1 006 465	619 108	335 495	76 951	884
Capital Equipment finance	310 383	118 998	86 694	57 351	37 504	9 836	-
Less: Unearned finance income	(665 854)	(342 303)	(193 714)	(93 650)	(30 261)	(5 825)	(100)
Equipment finance	(613 537)	(317 352)	(177 846)	(85 542)	(27 396)	(5 300)	(100)
Capital Equipment finance	(52 317)	(24 951)	(15 868)	(8 108)	(2 865)	(525)	-
Net investment in leases	3 222 539	1 315 803	899 444	582 809	342 738	80 961	783
Equipment finance	2 964 473	1 221 756	828 619	533 565	308 099	71 651	783
Capital Equipment finance	258 066	94 047	70 826	49 243	34 639	9 311	-
Loans and advances before expected credit losses	3 222 539						
Credit loss allowance (Refer note Credit Risk - Credit loss allowance analysis)	(254 294)						
Net loans and advances¹	2 968 245						

¹ Loans and advances with a carrying amount of R2.968 billion (2019: R2.995 billion) have been ceded as security for the debt securities issued. Refer to note 9.

The Company purchases participating assets, comprising rental and capital equipment finance contracts, from Sasfin Bank Limited that are subject to the eligibility criteria and portfolio covenants. All the risks and rewards of ownership of the assets have been transferred to SASP. The underlying equipments pertaining to the contracts serve as security for the loans. The interest payable on the loan is equal to the interest payable on each individual contract, net of impairment on such underlying contracts charged per statement of comprehensive income.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

	2021 R'000	Restated 2020 R'000
8. TRADE AND OTHER PAYABLES		
Value Added Taxation	4 127	6 230
Audit fees and other services	304	510
Accounts payable	13 869	16 148
Other payables	4 958	2 703
Accruals	3	-
Payables to companies in the Group ¹	175 207	48 596
	198 468	74 187

¹ The payables are unsecured, bear no interest, have no fixed repayment terms. Payables to companies in the Group increased in the normal course of business. Please also refer to note 22.2.2.

	2021 R'000	2020 R'000
9. DEBT SECURITIES ISSUED		
Category analysis		
Rated ¹	2 741 583	2 743 823

¹ The notes are secured by a cession of rentals and equipment underlying the instalment finance assets as well as bank accounts owned by SASP refer to note 4, 7 and 1.9.

Floating rate notes are secured by a cession of rentals and equipment, underlying instalment finance assets and bank accounts in the name of SASP. All notes are placed with South African investors. The debt securities in issuance are rated by Global Credit Ratings Co. Refer note 26.

	2021 R'000	2020 R'000
Held at amortised cost		
Class A notes (SLRA 2)	278 010	278 297
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.9800%. Scheduled maturity date is 15 August 2021.		
Class A notes (SLRA 3)	-	359 750
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.5000%. Scheduled maturity date is 15 November 2020.		
Class A notes (SLRA 4)	125 873	126 003
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.7500%. Scheduled maturity date is 15 November 2022.		

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

9.	DEBT SECURITIES ISSUED ... continued	2021 R'000	2020 R'000
	Class A notes (SLRA 5) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.5000%. Scheduled maturity date is 15 August 2022.	260 725	260 997
	Class A notes (SLRA 6) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.9500%. Scheduled maturity date is 15 November 2023.	359 587	-
	Class A notes (LRFA 3) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.4500%. Scheduled maturity date is 20 November 2022.	281 651	281 874
	Class A notes (ERSA21) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.8400%. Scheduled maturity date is 17 August 2020.	-	156 202
	Class A notes (ERSA24) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.5000%. Scheduled maturity date is 17 August 2020.	-	108 792
	Class A notes (ERSA25) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.8000%. Scheduled maturity date is 17 August 2022.	282 897	283 165
	Class A notes (ERSA26) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.4200%. Scheduled maturity date is 17 May 2022.	179 118	179 288
	Class A notes (ERS3A27) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.3000%. Scheduled maturity date is 17 August 2022.	231 411	231 630
	Class A notes (ERSA28) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.0500%. Scheduled maturity date is 17 August 2023.	264 856	-
	Class B notes (LRFB3) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.6500%. Scheduled maturity date is 20 November 2022.	52 822	52 863
	Class B notes (SLRB2) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.2300%. Scheduled maturity date is 15 August 2021.	45 342	45 389
	Class B notes (SLRB3) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.2500%. Scheduled maturity date is 15 November 2020.	-	31 269

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

9.	DEBT SECURITIES ISSUED ... continued	2021 R'000	2020 R'000
	Class B notes (SLRB4) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.3000%. Scheduled maturity date is 15 November 2022.	37 382	37 323
	Class B notes (SLRB5) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.8000%. Scheduled maturity date is 15 August 2022.	30 211	30 243
	Class B notes (SLRB6) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.3000%. Scheduled maturity date is 15 November 2023.	31 239	-
	Class B notes (ERS3B6) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.7500%. Scheduled maturity date is 17 May 2022.	16 107	16 122
	Class B notes (ERS3B7) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.5000%. Scheduled maturity date is 17 August 2022.	99 631	99 726
	Class C notes (ERS3C6) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.1500%. Scheduled maturity date is 17 May 2022.	6 043	6 049
	Class C notes (LRFC3) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.8000%. Scheduled maturity date is 20 November 2022.	17 610	17 624
	Class C notes (SLRC2) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 3.1500%. Scheduled maturity date is 15 August 2021.	20 176	20 197
	Class C notes (SLRC3) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.6800%. Scheduled maturity date is 15 November 2020.	-	25 231
	Class C notes (SLRC4) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.9000%. Scheduled maturity date is 15 November 2022.	25 212	25 238

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

9.	DEBT SECURITIES ISSUED ... continued	2021 R'000	2020 R'000
	Class C notes (SLRC5)	35 256	35 292
	Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.0000%. Scheduled maturity date is 15 August 2022.		
	Class C notes (SLRC6)	25 199	-
	Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.5000%. Scheduled maturity date is 15 November 2023.		
	Class C notes (ERS3C7)	35 225	35 259
	Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.5500%. Scheduled maturity date is 17 August 2022.		
	Total	2 741 583	2 743 823

Financial Risk Management

The company purchased from Sasfin Bank Limited participating assets that are subject to the eligibility criteria and portfolio covenants. The company funded the purchase on the first issue date by issuing notes to investors and drawing down on subordinated loans provided by Sasfin Bank Limited. The Company as the first loss provider guarantees performance to secured creditors (which include note holders, Sasfin Bank Limited as the subordinated lender and other creditors) as set out in the priority of payments of the issuer.

The underlying equipments on the contracts of the participating assets serve as security on the loans.

The notes issued to fund the purchase of the participating assets are rated by an external independent rating agency and provides support for the quality of the participating assets. The ratings are determined at inception of the structure and are re-assessed on every annual anniversary.

		2021 R'000	2020 R'000
10.	LONG-TERM LOANS		
	Represented by:		
	Repayment Date		
	The Hollard Insurance Company Limited	17 August 2022	
		5 338	5 289
	Total	5 338	5 289

The long-term loan is unsecured, bears interest at JIBAR plus 7% and matures on the 17 August 2022.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

		2021 R'000	2020 R'000
11.	DEFERRED TAX ASSETS AND LIABILITIES		
	Deferred tax liability	(92 439)	(58 661)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	June 2021		2020	
	Liabilities R'000	Net R'000	Liabilities R'000	Net R'000
Equipment finance	(152 318)	(152 318)	(118 910)	(118 910)
Provisions	59 879	59 879	60 249	60 249
Net tax liabilities	(92 439)	(92 439)	(58 661)	(58 661)

Recognised deferred tax assets and liabilities

	Balance at 1 July R'000	Recognised in profit or loss R'000	Balance at 30 June R'000
2021			
Equipment finance	(118 910)	(33 408)	(152 318)
Provisions	60 249	(370)	59 879
	(58 661)	(33 778)	(92 439)

Movements in temporary differences during the year

	Balance at 1 July R'000	Recognised in profit or loss R'000	Balance at 30 June R'000
2020			
Equipment finance	(118 035)	(875)	(118 910)
Provisions	35 512	24 737	60 249
	(82 523)	23 862	(58 661)

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

	2021 R'000	2020 R'000
12. ORDINARY SHARE CAPITAL		
Authorised		
100,000 (2020: 100,000) ordinary shares of R1 each	100	100
Issued		
100,000 (2020: 100,000) ordinary shares of R1 each		
Balance at the beginning of the year	100	100
Balance at the end of the year	100	100
Reconciliation of the number of shares issued		
Total shares in issue (number)	100 000	100 000
	100 000	100 000

The issued ordinary share capital of the Company is held by The South African Securitisation Issuer Owner Trust.

	2021 Rand	2020 Rand
13. PREFERENCE SHARE CAPITAL		
Authorised preference share capital		
100 (2020: 100) non-cumulative, redeemable preference shares of no par value	-	-
Issued preference share capital		
3 (2020: 3) non-cumulative, redeemable preference shares of no par value		
Balance at the beginning of the year	1	1
Balance at the end of the year	1	1

The issued preference share capital of the Company is held by Sasfin Bank Limited. The terms and conditions of the preference shares are detailed in the Company's Memorandum of Incorporation.

	2021 R'000	Restated 2020 R'000
14. INTEREST INCOME		
Interest income calculated using the effective interest method	418 064	442 029
Interest Income	659	-
Deposits with banks	12 075	18 529
Equipment finance	369 177	396 237
Capital Equipment finance	36 153	27 263
Other interest income	(2 264)	(4 005)
Trading assets and other	(2 264)	(4 005)
	415 800	438 024

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

	2021 R'000	Restated 2020 R'000
14. INTEREST INCOME ... continued		
Total interest income	415 800	438 024
Interest income on items measured at amortised cost	418 064	442 029
- Performing financial assets	397 189	437 996
- Credit impaired financial assets	20 875	4 033
Interest income on items measured at fair value through profit or loss	(2 264)	(4 005)
	2021 R'000	2020 R'000
15. INTEREST EXPENSE		
Interest expense calculated using the effective interest method	180 655	270 674
Loans from entities in the Group	34 241	46 039
Debt securities	145 875	223 885
Long-term borrowings	539	750
	180 655	270 674
	2021 R'000	2020 R'000
16. NET FEE AND COMMISSION EXPENSE		
Fee and commission income	2 725	4 535
Administration fees	106	84
Other fee income	2 619	4 451
Fee and commission expense	179 962	174 855
Fee and commission expense: Revenue share expense	118 891	117 161
Total commission expense	11 848	10 236
Administration fee expense	49 223	47 458
Net fee and commission expense	(177 237)	(170 320)
	2021 R'000	2020 R'000
17. GAINS AND LOSSES ON FINANCIAL INSTRUMENTS		
Net gains/losses on the derecognition of financial assets measured at amortised cost	20 630	13 984
Settlement profits	20 630	13 984
Total gains and losses on financial instruments	20 630	13 984

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

	2021 R'000	2020 R'000
18. OTHER INCOME		
Income received on Evergreens	106 026	100 559
Sundry income	68	274
	106 094	100 833

	2021 R'000	2020 R'000
19. OTHER OPERATING EXPENSES		
The following items are included in operating expenses:		
Fees paid to auditors	544	533
Audit fees - Current year	544	533
Administration and management fee - operating expense	2 040	1 907
Bank charges	1 128	915
Buildings, equipment and consumables	44	39
Consulting fees	-	213
Legal costs	-	170
Other charges	4 636	5 318
Tax related expenses	437	-
Other operating expenses	8 829	9 095

	2021 R'000	2020 R'000
20. INCOME TAX EXPENSE		
Current tax expense	9 517	21 595
Current year	10 168	21 595
Under/(over) provision in prior years	(651)	-
Deferred tax expense	33 778	(23 861)
Current year	33 778	(23 861)
	43 295	(2 266)
Reconciliation of taxation rate	%	%
South African normal tax rate	28.00%	28.00%
Adjusted for:		
Over provision in prior years	(0.42%)	-
EFFECTIVE RATE	27.58%	28.00%

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

		2021 R'000	Restated 2020 R'000
21.1	Cash inflow from operating activities		
	Reconciliation of operating profit to cash flows from operating activities		
	Profit / (loss) before income tax	156 949	(18 007)
	Impairment charges on loans and advances	18 854	120 759
	Fair value adjustments on financial instruments	2 264	(4 005)
		178 067	98 747
		2021 R'000	2020 R'000
21.2	Taxation paid		
	Unpaid at the beginning of the year	8 134	15 589
	Charge to the income statement	(9 517)	(21 595)
	Unpaid at the end of the year	(19 318)	(8 134)
		(20 701)	(14 140)
		2021 R'000	2020 R'000
21.3	Dividends paid		
	Charge to distributable reserves	40 000	62 000
	Total dividends paid	40 000	62 000

South African Securitisation Programme (RF) Limited

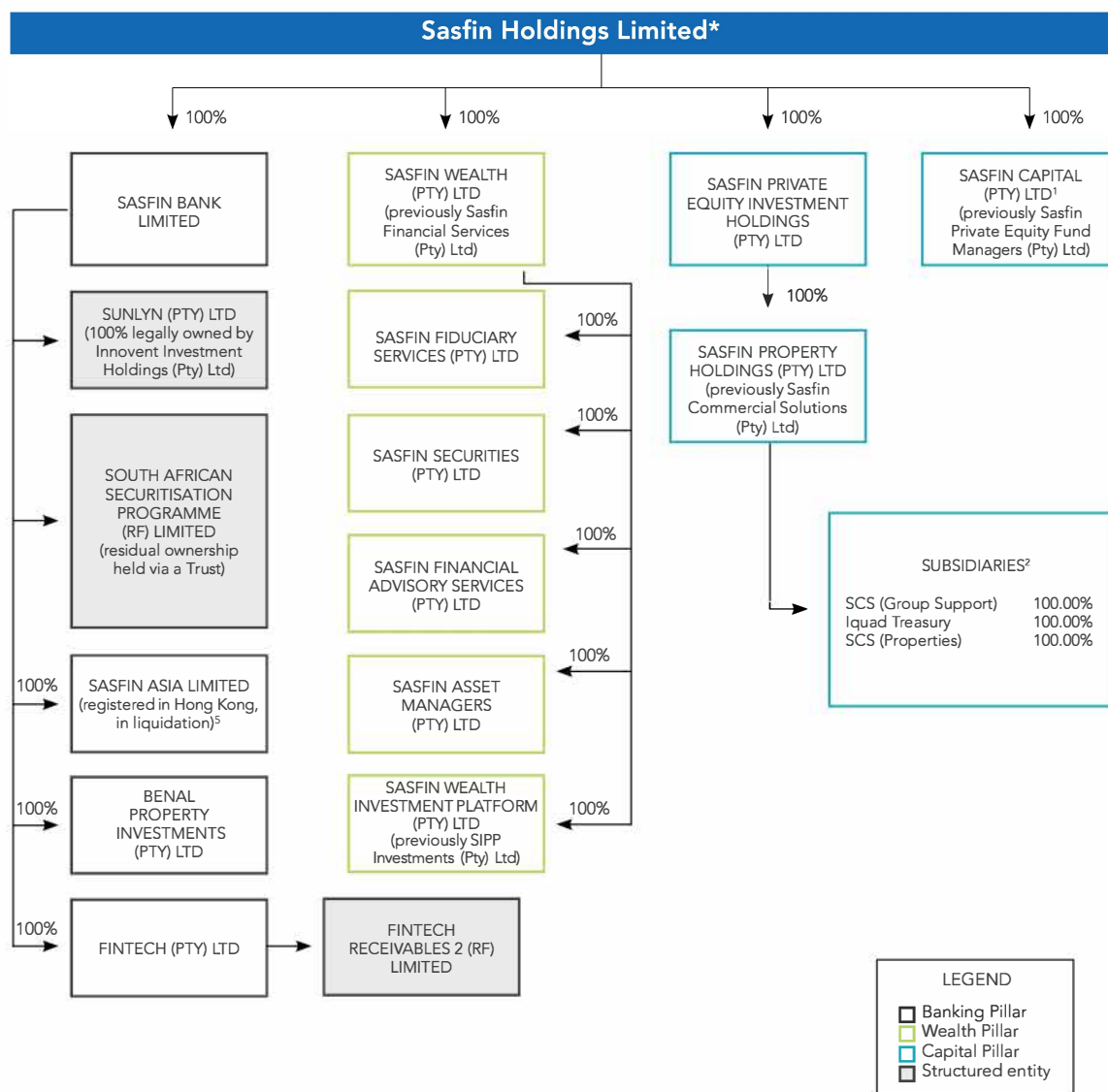
(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

22. RELATED PARTY TRANSACTIONS

Subsidiaries and controlled structured entities



¹ Sasfin Capital (Proprietary) Limited was unbundled to Sasfin Holdings Limited on 1 July 2017.

² SCS Global Trade (Pty) Ltd was disposed off on 30 June 2021.

³ Sasfin Mauritius Limited was deregistered on 02 March 2021.

⁴ Sasfin Holdings Limited sold its share in Sasfin Property Holdings to Sasfin Private Equity Investment Holdings in exchange for additional shares in Sasfin Private Equity Investment Holdings.

⁵ During the current year, Sasfin Asia Limited was placed in liquidation. Prior to this, a capital reduction was made in the form of a dividend distribution and the balance of cash remaining in Sasfin Asia Limited until the liquidation is complete. The capital distribution was for an amount of R160.183 million with the balance of R28.371 million being receivable from the liquidators on completion of liquidation. The net asset value on deconsolidation was R28.371 million. Refer to note 33 for loss on loss of control of subsidiary. Refer to Statement of Changes in Equity for the release of the hedge reserve and reclassification of the FCTR through profit and loss on deconsolidation of Sasfin Asia Limited.

All entities are incorporated in South Africa unless otherwise indicated.

* Shareholders of Sasfin Holdings Limited

- Unitas Enterprises Limited (2021: 46.62%; 2020: 43.05%), a wholly owned company of The Erwin Discretionary Settlement Trust, of which Roland Sassoon and Michael Sassoon are beneficiaries.
- Wipfin Investments (Proprietary) Limited (2021: 25.1%; 2020: 25.1%), a wholly owned subsidiary of Women Investment Portfolio Holdings Limited (WIPHOLD).
- Public (2021: 23.83%; 2020: 31.85%).
- Sasfin Share Incentive Trust (2021: 4.44%; 2020: 0.25%).

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

22.1 Key management personnel and related remuneration

	Cash package ¹ Rand	Other benefits ² Rand	Incentive bonus ³ Rand	Total Rand
Directors' and Prescribed officers remuneration				
2021				
Non-executive directors				
D Govender	2 136 174	440 132	11 250	2 587 556
	2 136 174	440 132	11 250	2 587 556
Board of director fees⁴	240 000	-	-	240 000
	240 000	-	-	240 000
Prescribed officers				
A Pillay	2 919 930	865 739	48 750	3 834 419
M Sassoon	3 701 472	967 090	71 250	4 739 812
	6 621 402	1 832 829	120 000	8 574 231
Directors' and Prescribed officers remuneration	Cash package¹ Rand	Other benefits² Rand	Incentive bonus³ Rand	Total Rand
2020				
Non-executive directors				
D Govender	2 110 743	324 033	355 000	2 789 776
	2 110 743	324 033	355 000	2 789 776
Board of director fees⁴	374 324	-	-	374 324
	374 324	-	-	374 324
Prescribed officers				
A Pillay	3 641 471	630 865	915 000	5 187 336
M Sassoon	2 780 927	563 915	705 500	4 050 342
	6 422 398	1 194 780	1 620 500	9 237 678

¹ The remuneration of the Director is paid by the Controlling Company for his full role to the Sasfin group and does not relate only to his responsibilities towards the Company.

² Other benefits comprise: provident fund, medical aid, group life, company car, cash-settled share options and sign-on bonuses.

³ Relate to the Group's and individual's performance in the prior financial year.

⁴ Director fees for DP Towers, E Deiner (from Quadridge Trust Services) and B Harmse (of Maitland Corporate Services) are paid by their respective service providers.

22.2 Related party transactions

22.2.1 Loans from entities in the group

	2021 R'000	2020 R'000
Loans from controlling company		
Sasfin Bank Limited	(333 975)	(334 965)
Total loans from entities in the Group	(333 975)	(334 965)

The loans are subordinated, secured and bear interest at rates 3 month JIBAR plus a percentage agreed upon. These loans are repayable on the maturity date of the respective financing of the notes.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

22.2.2 Intercompany (payables) / receivables with entities in the group

	2021 R'000	Restated 2020 R'000
<i>(Payables to) / receivables from controlling company</i>		
Sasfin Bank Limited	(86 828)	(39 696)
<i>(Payables to) / receivables from fellow subsidiaries</i>		
Fintech (Pty) Ltd	(1 574)	(874)
Fintech Lease Rentals (Pty) Ltd	15 620	-
Fintech Underwriting (Pty) Ltd	202	-
Sunlyn (Pty) Ltd	5 453	-
Total (Payables) / receivables with entities in the Group	(67 127)	(40 570)

22.2.3 Trading (liabilities) / assets with entities in the group

	2021 R'000	2020 R'000
<i>Trading (liabilities) / assets with Controlling company</i>		
Sasfin Bank Limited	(641)	877
Total trading (liabilities) / assets with entities in the Group	(641)	877

* The company has a prime/JIBAR interest rate swap with Sasfin Bank Limited. This swap is measured at arms length.

22.2.4 Transactions with holding companies, subsidiaries and fellow subsidiaries

	2021 R'000	2020 R'000
<i>Controlling company</i>		
Interest received	12 075	18 529
Interest paid	(34 241)	(46 040)
Administration fees paid*	(49 223)	(47 458)
Dividends paid	(40 000)	(62 000)
Interest (paid) / received on interest rate swaps	(1 887)	6 611
Management fees*	(2 040)	(1 907)
Revenue share*	(118 891)	(117 161)
	(234 207)	(249 426)
<i>Fellow subsidiaries</i>		
Fintech (Pty) Ltd		
Fee and Commission Expense	(11 848)	(10 236)

* These transactions are measured in terms of agreements between Sasfin Bank Limited and SASP and is based on the performance of the overall equipment finance book.

22.2.5 Cash and cash equivalents with entities in the Group

	2021 R'000	2020 R'000
<i>Cash and cash equivalents with controlling company</i>		
Sasfin Bank Limited	352 097	322 203
Total cash and cash equivalents with entities in the Group	352 097	322 203

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

23. CLASSIFICATION OF ASSETS AND LIABILITIES

Accounting classification and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, their fair values and carrying amounts.

	Balance Sheet R'000	Profit or loss (default) R'000	Total Fair Value R'000	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
ASSETS						
2021						
Cash and cash equivalents	352 217	-	-	352 217	-	352 217
Trading assets	-	-	-	-	-	-
Trade and other receivables	115 054	-	-	115 054	-	115 054
Loans and advances	3 079 587	-	-	3 079 587	-	3 079 587
Current taxation asset	19 318	-	-	-	19 318	19 318
Total Assets	3 566 176	-	-	3 546 858	19 318	3 566 176
LIABILITIES						
2021						
Trading liabilities	7 892	7 892	7 892	-	-	7 892
Trade and other payables	198 468	-	-	194 341	4 127	198 468
Debt securities issued	2 741 583	-	-	2 741 583	-	2 741 583
Long term loans	5 338	-	-	5 338	-	5 338
Deferred tax liability	92 439	-	-	-	92 439	92 439
Loans from entities in the Group	333 975	-	-	333 975	-	333 975
Total liabilities	3 379 695	7 892	7 892	3 275 237	96 566	3 379 695

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

23. CLASSIFICATION OF ASSETS AND LIABILITIES

Accounting classification and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, their fair values and carrying amounts.

	Balance Sheet R'000	Profit or loss (default) R'000	Total Fair Value R'000	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
ASSETS						
2020						
Cash and cash equivalents	334 302	-	-	334 302	-	334 302
Trading assets	877	877	877	-	-	877
Trade and other receivables	30 472	-	-	30 472	-	30 472
Loans and advances	2 968 245	-	-	2 968 245	-	2 968 245
Current taxation asset	8 134	-	-	-	8 134	8 134
Total Assets	3 342 030	877	877	3 333 019	8 134	3 342 030
LIABILITIES						
2020						
Trading liabilities	12 278	12 278	12 278	-	-	12 278
Trade and other payables	74 187	-	-	67 957	6 230	74 187
Debt securities issued	2 743 823	-	-	2 743 823	-	2 743 823
Long term loans	5 289	-	-	5 289	-	5 289
Deferred tax liability	58 661	-	-	-	58 661	58 661
Loans from entities in the Group	334 965	-	-	334 965	-	334 965
Total liabilities	3 229 203	12 278	12 278	3 152 034	64 891	3 229 203

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

24 CLASSIFICATION OF ASSETS AND LIABILITIES ... continued

24.1 Financial assets and liabilities measured at fair value

	2021		2020	
	Level 2 R'000	Fair value R'000	Level 2 R'000	Fair value R'000
Recurring fair value measurements				
Financial Assets	-	-	877	877
Trading assets	-	-	877	877
Trading liabilities	7 892	7 892	12 278	12 278
Trading liabilities	7 892	7 892	12 278	12 278

24.2 Financial assets and financial liabilities not measured at fair value

	Level 1 R'000	Fair Value Level 2 R'000	Level 3 R'000	Total Fair Value R'000	Amortised Cost R'000
2021					
Financial assets	-	352 217	3 194 641	3 546 858	3 546 858
Cash and cash equivalents	-	352 217	-	352 217	352 217
Trade and other receivables	-	-	115 054	115 054	115 054
Loans and advances	-	-	3 079 587	3 079 587	3 079 587
Financial liabilities	2 741 583	-	533 654	3 275 237	3 275 237
Trade and other payables	-	-	194 341	194 341	194 341
Debt securities issued	2 741 583	-	-	2 741 583	2 741 583
Long-term loans	-	-	5 338	5 338	5 338
Loans from entities in the Group	-	-	333 975	333 975	333 975

	Level 1 R'000	Fair Value Level 2 R'000	Level 3 R'000	Total Fair Value R'000	Amortised Cost R'000
2020 - Restated					
Financial assets	-	334 302	2 998 717	3 333 019	3 333 019
Cash and cash equivalents	-	334 302	-	334 302	334 302
Trade and other receivables	-	-	30 472	30 472	30 472
Loans and advances	-	-	2 968 245	2 968 245	2 968 245
Financial liabilities	2 743 823	-	408 211	3 152 034	3 152 034
Trade and other payables	-	-	67 957	67 957	67 957
Debt securities issued	2 743 823	-	-	2 743 823	2 743 823
Long-term loans	-	-	5 289	5 289	5 289
Loans from entities in the Group	-	-	334 965	334 965	334 965

The carrying amount of financial assets and financial liabilities, recognised at amortised cost, is considered a reasonable approximation of fair value, unless otherwise indicated above.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

25. FINANCIAL RISK MANAGEMENT

Risk management is fundamental to the Company's business activities, enabling management to operate effectively in a changing and highly regulated environment. The Company remains committed to the objectives of increasing shareholder value by developing and growing the Company within its Board-approved risk appetite and by seeking an appropriate balance between risk and reward.

The responsibility for risk management resides at all levels, from the Sasfin Holdings Limited ("SHL") Board through to all employees of SHL. The SHL Board has overall responsibility for the establishment and oversight of the Company's risk management framework.

25.1 Risk Management Framework

Governance

The ALCO (an Executive Management Committee) and GRMC (a committee of the Board), are responsible for monitoring Company risk management policies in their specified areas of responsibility. The GRMC, ALCO, CLEC, and IT Committee have both Executive and Non-Executive Directors as members, including members of executive management as invitees. The GACC, DANC and REMCO have only Non-Executive Directors as members, with Executive Directors and members of senior management as invitees. The chair of each Board committee reports quarterly or as required to the Board on the activities of their respective committees.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls as well as to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions as well as products and services offered. The Company, through its training and management of standards and procedures, has developed a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company uses the following lines of defence:

- First line: Business unit management is primarily responsible for risk management. Its assessment, evaluation and measurement of risk is integrated with the day-to-day activities of the business. This process includes the implementation of the Company risk management policies, identification of key areas of risk, and implementation of corrective action where required. Business unit management is also responsible for appropriate reporting to the governance bodies within the Company.
- Second line: The Company Risk and Company Compliance divisions are independent of line management. These Company functions are primarily responsible for setting the Company's risk and compliance management framework and policy, and providing oversight and independent reporting to executive management, including the Governance Committee ("Govco"), the Board Sub-committee and the Board.
- Third line: The GIA function provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and reports directly to the GACC. The GACC is responsible for monitoring compliance with the Company's risk and compliance management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The GACC is assisted in these functions by GIA, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the GACC.

25.2 Risk types, definitions, governance standards, policies and procedures

The Company has developed a set of policies, procedures and standards for each major risk type to ensure alignment and consistency in a manner in which the major risk types across the Company are identified, measured, managed and reported on. All policies and procedures are approved by GRMC and applied consistently across the Company.

The risk governance principles in respect of market and liquidity risk have remained relatively unchanged from the prior year. The implementation of IFRS 9 lead to the refinement of certain of the risk governance principles related to credit risk. Refer note 26 for more information.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26. CREDIT RISK

Credit risk is the risk of a financial loss stemming from a borrower's failure to repay a loan or otherwise fail to meet a contractual obligation.

Credit risk arises principally from the Company's loans and advances and deposits placed with other banks. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (individual obligor default risk as well as country and sector risk).

Management of Credit Risk

The Board of Directors has delegated responsibility for the management of credit risk to the CLEC. The Company credit department, which reports to the Chief Operating Officer of Sasfin Bank Limited, is responsible for oversight of the Company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits, as approved and reviewed regularly by the Board, are allocated to business unit credit officers. Larger facilities may require approval by Company Credit, Head: Company Credit, CLEC or the Board;
- Reviewing and assessing credit risk. Company Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit;
- Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances, deposits with banks and investment securities (refer note 26.1);
- Developing and maintaining the Company's risk indicators in order to categorise exposures according to the degree of risk of financial loss faced, and to focus management on the attendant risks. The risk system is used in determining where impairment provisions (i.e. provisions for credit losses) may be required against specific credit exposures. The current risk framework consists of four grades reflecting varying degrees of risk of default, availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive/committee. Risk grades are subject to regular reviews by Company Risk;
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Company Credit on the credit quality of local portfolios and appropriate corrective action is taken; and
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Each business unit is required to implement Company credit policies and procedures, with credit approval authorities delegated from the CLEC. Each business unit is also responsible for the quality and performance of its credit portfolio, and for monitoring and controlling all credit risks in its portfolios, including those subject to Company approval.

Regular audits of business units and Company Credit processes are undertaken annually by GIA.

Securitisation

The Company uses securitisation primarily as a source of funding for its lending operations, by adding flexibility to structural liquidity risk and diversifying its funding base. All securitisable assets are subject to the Company's credit risk policies and procedures.

The Company fulfils a number of roles in the process of securitising these assets, including that of originator, sponsor, hedge counterparty and administrator, and applies its Company credit risk policies and procedures to these functions.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

Management of Credit Risk

Deposits with other banks and money market funds

The Company places funds on a daily basis with other banks or money market funds. These deposits are generally held on overnight call or on a short-term tenor, and are available on demand or at maturity. The deposits are made in accordance with the mandates and directives provided by ALCO and GRCMC. In terms of these policies, deposits can only be made with banking institutions or money market funds that are rated as investment grade by accredited global rating agencies, and may not exceed internal risk limits. Deposits with other banks or money market funds are reported to executive management on a daily basis, and to ALCO on a quarterly basis. Collateral is not held for deposits with other banks or money market funds. At the reporting date the Company does not expect any losses from non-performance by the counterparties for these deposits and money market funds.

Credit impairment

The Company determines an allowance for credit losses that represents its estimate of expected credit losses on its loan portfolio. Refer accounting policy note 1.6 and note 2.2 for more information.

Write-off policy

Loans and security balances (and any related allowances for impairment losses) are written off when it is determined that these loans and securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's or issuer's financial position resulting in the borrower/issuer no longer being in a position to pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Credit risk measurement and determination

The Company uses internally developed models and practices to measure and manage credit risk, by utilising skilled resources to ensure it is properly managed and controlled. The Company has adopted the standardised approach in terms of Basel III to measure credit risk, and uses the regulatory risk buckets per the SARB as measurement criteria for assessing performing counterparties as follows:

SARB risk bucket/ Credit risk grade	counterparty (IFRS 9)
Good book	Stage 1 ¹ and Stage 2 ²
Special mention	Stage 2 ³
Substandard	Stage 3
Doubtful	Stage 3
Loss	Stage 3

¹ Up to date till 7 days overdue.

² More than 7 days overdue up to 30 days overdue.

³ More than 30 days overdue up to 90 days overdue.

Collateral for loans and advances

The Company holds collateral against loans and advances in order to reduce credit risk. Although collateral is held, the Company's policy is to establish that loans and advances which are granted, are within the customer's capacity to repay the amount, rather than to rely on the collateral held against them. Estimates of the fair value of collateral are based on the value at the time of borrowing and are updated annually if an account is individually assessed for impairment. Collateral includes general notarial bonds over the client's stock and other assets, cession of debtor books as well as continuous covering mortgage bonds over property. Insurance taken out by the lender on loans and advances is also viewed as collateral.

Concentration risk

This is the risk of a material exposure by the Company to a small number of depositors, lenders, financial instruments, individuals, corporates, institutions or geographies.

26.1 Credit Risk Exposure Analysis

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets, by credit quality.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.1 Credit Risk Exposure Analysis ... continued

2021	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %	A Stage 1 12-month Exposure R'000	ECL R'000	Coverage ratio %	A and B Stage 2 Lifetime Exposure R'000	ECL R'000	Coverage ratio %	Default (C, D & E) Stage 3 Lifetime Exposure R'000	ECL R'000	Coverage ratio %
Maximum credit exposures of financial assets at amortised cost														
Cash and cash equivalents		352 217	352 217	-	-	352 217	-	-	-	-	-	-	-	-
Loan and advances		3 079 587	3 332 764	253 177	7,60	2 984 790	53 496	1,79	79 078	11 580	14,64	268 896	188 101	69,95
Equipment finance		2 752 350	2 994 769	242 419	8,09	2 664 347	49 922	1,87	70 488	10 765	15,27	259 934	181 732	69,91
Capital equipment finance		327 237	337 995	10 758	3,18	320 443	3 574	1,12	8 590	815	9,49	8 962	6 369	71,07
Trade and other receivables		115 054	115 054	-	-	115 054	-	-	-	-	-	-	-	-
Net carrying amount		3 546 858	3 800 035	253 177	7,60	3 452 061	53 496	1,79	79 078	11 580	14,64	268 896	188 101	69,95
Total exposure to credit risk		3 546 858												

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.1 Credit Risk Exposure Analysis ... continued

	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %	A Stage 1 12-month Exposure R'000	ECL R'000	Coverage ratio %	A and B Stage 2 Lifetime Exposure R'000	ECL R'000	Coverage ratio %	Default (C, D & E) Stage 3 Lifetime Exposure R'000	ECL R'000	Coverage ratio %
2020														
Maximum credit exposures of financial assets at amortised cost														
Cash and cash equivalents		334 302	334 302	-	-	334 302	-	-	-	-	-	-	-	-
Loan and advances		2 968 245	3 222 539	254 294	7,89	2 857 715	58 812	2,06	116 429	13 160	11,30	248 395	182 322	73,40
Equipment finance		2 724 527	2 964 473	239 946	8,09	2 628 520	55 907	2,13	110 407	12 603	11,42	225 546	171 436	76,01
Capital equipment finance		243 718	258 066	14 348	5,56	229 195	2 905	1,27	6 022	557	9,25	22 849	10 886	47,64
Trade and other receivables		30 472	30 472	-	-	30 472	-	-	-	-	-	-	-	-
Net carrying amount		3 333 019	3 587 313	254 294	7,89	3 222 489	58 812	2,06	116 429	13 160	11,30	248 395	182 322	73,40
2020														
Maximum credit exposures on financial assets at FVTPL														
Trading assets		877												
Total exposure to credit risk		3 333 896												

In order to provide more useful information to the users of the financial statements, this note has been expanded to include additional information on the Exposure amount, ECL amount and a coverage ratio. However, no amounts have been restated from the prior year.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.1 Credit Risk Exposure Analysis ... continued

	2021 R'000	2020 R'000
Concentration risk of advances		
<i>Sectorial analysis</i>		
Agriculture	77 127	37 117
Community, social and personal services	1 053 141	830 416
Construction	110 641	115 243
Electricity and water	16 034	12 968
Finance, real estate and business services	672 853	785 807
Manufacturing	401 632	419 654
Mining	58 956	120 027
Trade and accommodation	630 996	626 896
Transport and communication	260 812	274 410
Other activities not adequately defined	50 572	-
TOTAL	3 332 764	3 222 538

26.2 Collateral and other security enhancements

26.2.1 Description of Collateral For Loans and Advances

<i>Loans and advances</i>	<i>Security</i>
Equipment finance	While the Company retains full ownership of the assets and equipment financed throughout the duration of the contract, it generally does not take the value of the asset and equipment for collateral purposes.
Capital equipment finance	The primary collateral for Capital Equipment Finance is the plant/equipment being financed. However, other security such as general notarial bonds over other assets and continuous covering mortgage bonds over property are sometimes taken to increase the collateral cover.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.2.2 Description of Collateral For Loans and Advances

Given the nature of the finance lease rental agreement, whereby the underlying assets are legally owned by the Company, management is comfortable that at inception of the agreement, the value of the underlying asset equates to the amount due. The value of the asset is not subsequently reassessed unless there is default. An estimate of the fair value of collateral and other security enhancements held is shown below.

	Gross exposure R'000	Fixed assets R'000	Total R'000	Unsecured R'000
2021				
<i>Loans and advances</i>				
Equipment finance	2 994 769	2 508 223	2 508 223	486 546
Capital equipment finance	337 995	283 082	283 082	54 913
	3 332 764	2 791 305	2 791 305	541 459
2020				
<i>Loans and advances</i>				
Equipment finance	2 964 473	2 484 462	2 484 462	480 011
Capital equipment finance	258 066	216 309	216 309	41 757
	3 222 539	2 700 771	2 700 771	521 768

26.2.3 Collateral held against individually impaired assets

	Gross exposure R'000	Fixed assets R'000	Total R'000	Unsecured R'000
2021				
<i>Loans and advances</i>				
Equipment finance	259 934	259 934	259 934	-
Capital equipment finance	8 962	8 962	8 962	-
	268 896	268 896	268 896	-
2020				
<i>Loans and advances</i>				
Equipment finance	225 546	225 546	225 546	-
Capital equipment finance	22 849	16 393	16 393	6 456
	248 395	241 939	241 939	6 456

South African Securitisation Programme (RF) Limited

(Registration number: 1191/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.3 Credit loss allowance analysis

26.3.1 Reconciliation of ECL on Loans and Advances

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
<i>Credit loss allowance on 1 July 2020</i>	58 812	13 160	182 322	254 294
Transfers between stages	(1 609)	(3 215)	34 572	29 748
Transfer to stage 1	-	(5 320)	(10 329)	(15 649)
Transfer from stage 1	-	5 585	28 055	33 640
Transfer to stage 2	(1 003)	-	(642)	(1 645)
Transfer from stage 2	478	-	17 488	17 966
Transfer to stage 3	(1 292)	(3 585)	-	(4 877)
Transfer from stage 3	208	105	-	313
<i>Net expected credit losses (released)/raised</i>	(3 707)	1 635	(6)	(2 078)
ECL on new exposure raised	25 338	4 850	13 284	43 472
Subsequent changes in ECL	(19 727)	(261)	13 323	(6 665)
Change in ECL due to derecognition	(9 318)	(2 954)	(26 613)	(38 885)
Impaired accounts written off	-	-	(28 787)	(28 787)
Credit loss allowance on 30 June 2021	53 496	11 580	188 101	253 177
2020				
<i>Credit loss allowance on 1 July 2019</i>	19 720	5 480	145 054	170 254
Transfers between stages	(1 095)	(18 253)	46 071	26 723
Transfer to stage 1	-	(17 290)	(5 508)	(22 798)
Transfer from stage 1	-	6 845	35 759	42 604
Transfer to stage 2	(853)	-	(508)	(1 361)
Transfer from stage 2	435	-	16 328	16 763
Transfer to stage 3	(716)	(7 868)	-	(8 584)
Transfer from stage 3	39	60	-	99
<i>Net expected credit losses (released)/raised</i>	40 187	25 934	24 879	91 000
ECL on new exposure raised	7 815	2 419	8 379	18 613
Subsequent changes in ECL	34 460	28 364	20 953	83 777
Change in ECL due to derecognition	(2 088)	(4 849)	(4 453)	(11 390)
Impaired accounts written off	-	-	(33 682)	(33 682)
Credit loss allowance on 30 June 2020	58 812	13 161	182 322	254 295

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.3 Credit loss allowance analysis

26.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Equipment Finance				
Credit loss allowance balance beginning of the year	55 907	12 603	171 436	239 946
Transfers between stages	(1 556)	(3 521)	36 294	31 217
Stage 1 from Stage 2	469	-	-	469
Stage 1 from Stage 3	167	-	-	167
Stage 1 to Stage 2	(930)	-	-	(930)
Stage 1 to Stage 3	(1 262)	-	-	(1 262)
Stage 2 from Stage 1	-	5 121	-	5 121
Stage 2 from Stage 3	-	93	-	93
Stage 2 to Stage 1	-	(5 167)	-	(5 167)
Stage 2 to Stage 3	-	(3 568)	-	(3 568)
Stage 3 from Stage 1	-	-	27 188	27 188
Stage 3 from Stage 2	-	-	17 377	17 377
Stage 3 to Stage 1	-	-	(7 698)	(7 698)
Stage 3 to Stage 2	-	-	(573)	(573)
Total Transfers	(4 429)	1 683	2 576	(170)
ECL on new exposure raised	23 218	4 670	13 187	41 075
Subsequent changes in ECL	(18 771)	(78)	13 713	(5 136)
Change in ECL due to derecognition	(8 876)	(2 909)	(24 324)	(36 109)
Impaired accounts written off	-	-	(28 574)	(28 574)
Credit loss allowance balance end of the year	49 922	10 766	181 732	242 419

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.3 Credit loss allowance analysis ... continued

26.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product ... continued

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Capital equipment Finance				
Credit loss allowance balance beginning of the year	2 905	557	10 886	14 348
Transfers between stages	(53)	306	(1 722)	(1 469)
Stage 1 from Stage 2	10	-	-	10
Stage 1 from Stage 3	41	-	-	41
Stage 1 to Stage 2	(74)	-	-	(74)
Stage 1 to Stage 3	(30)	-	-	(30)
Stage 2 from Stage 1	-	464	-	464
Stage 2 from Stage 3	-	12	-	12
Stage 2 to Stage 1	-	(153)	-	(153)
Stage 2 to Stage 3	-	(17)	-	(17)
Stage 3 from Stage 1	-	-	866	866
Stage 3 from Stage 2	-	-	112	112
Stage 3 to Stage 1	-	-	(2 630)	(2 630)
Stage 3 to Stage 2	-	-	(70)	(70)
Total Transfers	723	(48)	(2 582)	(1 908)
ECL on new exposure raised	2 120	180	97	2 397
Subsequent changes in ECL	(956)	(183)	(390)	(1 529)
Change in ECL due to derecognition	(442)	(45)	(2 289)	(2 776)
Impaired accounts written off	-	-	(213)	(213)
Credit loss allowance balance end of the year	3 575	815	6 369	10 758

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.3 Credit loss allowance analysis ... continued

26.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product ... continued

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Total loans and advances				
Credit loss allowance balance beginning of the year	58 812	13 160	182 322	254 294
Transfers between stages¹⁰	(1 609)	(3 215)	34 572	29 748
Stage 1 from Stage 2	478	-	-	478
Stage 1 from Stage 3	208	-	-	208
Stage 1 to Stage 2 ⁵	(1 003)	-	-	(1 003)
Stage 1 to Stage 3 ³	(1 292)	-	-	(1 292)
Stage 2 from Stage 1	-	5 583	-	5 583
Stage 2 from Stage 3 ⁴	-	105	-	105
Stage 2 to Stage 1 ⁶	-	(5 318)	-	(5 318)
Stage 2 to Stage 3	-	(3 585)	-	(3 585)
Stage 3 from Stage 1	-	-	28 054	28 054
Stage 3 from Stage 2	-	-	17 488	17 488
Stage 3 to Stage 1 ¹	-	-	(10 328)	(10 328)
Stage 3 to Stage 2 ²	-	-	(642)	(642)
Total Transfers	(3 707)	1 635	(6)	(2 078)
ECL on new exposure raised	25 338	4 850	13 284	43 472
Subsequent changes in ECL ⁷	(19 727)	(261)	13 323	(6 665)
Change in ECL due to derecognition ⁸	(9 318)	(2 954)	(26 613)	(38 885)
Impaired accounts written off ⁹	-	-	(28 787)	(28 787)
Credit loss allowance balance end of the year	53 496	11 580	188 101	253 177

The disaggregations of transfers between stages could not be replicated without undue cost for the prior year due to the nature of the underlying systems which collate the ECL information at a point in time. As such the information presented on transfers will not be comparable to the information presented for 30 June 2020 except on a total level.

¹ Customers are up to date and six consecutive payments paid on due date and no SICR exists.

² Customers that are still in high care or the customer still displays signs of SICR. Distressed restructures that were in default and made six consecutive monthly payments under the revised terms.

³ Customers classified as credit-impaired. For the definition refer to accounting policies note 1.6.

⁴ Customers classified as credit-impaired. For the definition refer to accounting policies note 1.6.

⁵ Customers defined as "high care" showing signs of SICR. SICR takes into account technical arrears (account past due for up to seven days) and materiality (an amount that is equal to or less than 5% of the next instalment due). Refer to accounting policies note 1.6.

⁶ Customers up to date and no qualitative indicators of SICR are present.

⁷ Include ECL move in the current stage for increases/decreases in customer exposures.

⁸ Settlement of accounts.

⁹ No further reasonable expectation of further recovery exists.

¹⁰ It is the Company's practice to transfer the ECL between stages, by comparing the ECL stage for an exposure at the beginning of the reporting period to the ECL stage of that exposure at the end of the reporting period, for those exposures that have not yet been settled.

South African Securitisation Programme (RF) Limited

(Registration number: 1191/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.3 Credit loss allowance analysis ... continued

26.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product

	Credit loss allowance on 1 July 2019	Transfers between stages	Stage 1	Stage 2	Stage 3	Net expected credit losses (released)/ raised	ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition	Impaired accounts written off	Credit loss allowance on 30 June 2020
2020											
Equipment finance	161 518	23 663	16 869	15 136	(8 342)	84 664	13 835	81 537	(10 708)	(29 899)	239 946
Stage 1	18 627	(927)	-	(359)	(568)	38 207	7 350	32 597	(1 740)	-	55 907
Stage 2	5 172	(18 660)	(10 886)	-	(7 774)	26 091	2 405	28 527	(4 841)	-	12 603
Stage 3	137 719	43 250	27 755	15 495	-	20 366	4 080	20 413	(4 127)	(29 899)	171 436
Capital equipment finance	8 736	3 058	2 937	265	(144)	6 337	4 778	2 241	(682)	(3 783)	14 348
Stage 1	1 092	(169)	-	(59)	(110)	1 982	467	1 863	(348)	-	2 905
Stage 2	309	407	441	-	(34)	(159)	12	(163)	(8)	-	557
Stage 3	7 335	2 820	2 496	324	-	4 514	4 299	541	(326)	(3 783)	10 886
Total	170 254	26 721	19 806	15 401	(8 486)	91 001	18 613	83 777	(11 390)	(33 682)	254 293
Stage 1	19 720	(1 096)	-	(418)	(678)	40 189	7 817	34 460	(2 088)	-	58 813
Stage 2	5 480	(18 253)	(10 445)	-	(7 808)	25 932	2 417	28 364	(4 849)	-	13 159
Stage 3	145 054	46 070	30 251	15 819	-	24 879	8 379	20 953	(4 453)	(33 682)	182 321

South African Securitisation Programme (RF) Limited

(Registration number: 1191/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

26.3.3 Credit impairment charges recognised in profit or loss

	2021 R'000	2020 R'000
Net ECL recognised	23 237	123 984
Loans and advances	23 237	130 930
Trade and other receivables	-	(6 946)
Recoveries of loans and advances previously written off	(4 383)	(3 224)
	18 854	120 760

27. LIQUIDITY RISK

Liquidity risk is the risk that a bank may be unable to meet short-term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

This risk is inherent in all banking and financial service operations and can be impacted by a range of institution- specific and market-wide events.

Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. ALCO sets limits and mandates for executive management to manage the liquidity risk within this framework.

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, interbank loans and other interbank facilities, to ensure that sufficient liquidity is maintained within the Company as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements. The Company believes that the management of liquidity should encompass an overall Statement of Financial Position approach, which consolidates all sources and uses of liquidity while maintaining a balance between liquidity, profitability and interest rate considerations.

Liquidity Risk Measurement

The Company's daily liquidity position is monitored and reported in the form of cash flow projections in terms of key periods ranging from demand to long term. Regular liquidity stress testing is conducted under a variety of scenarios ranging from normal to severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO. Sources of liquidity are regularly reviewed to maintain a wide diversification by financial product and form.

Exposure to Liquidity Risk

The key measures used by the Company for managing liquidity risk are the Liquidity Coverage Ratio (LCR) which refers to the proportion of high quality liquid assets to meet the banks liquidity needs during a 30 calendar day liquidity stress. Also the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. ALCO monitors the Company's exposure to liquidity risk in terms of internal benchmarks it has set and defined for Treasury to maintain.

To manage the liquidity risk arising from financial liabilities, the Company holds high-quality liquid assets comprising cash and cash equivalents.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

27.1 Contractual maturity analysis

	Carrying Amount R'000	Gross Outflow R'000	Less than 1 month R'000	1 - 3 months R'000	4 - 12 months R'000	1 - 5 years R'000	More than 5 years R'000	Non contractual R'000	Total R'000
2021									
<i>Discounted maturity</i>									
<i>Assets</i>									
Cash and cash equivalents	352 217	352 217	352 217	-	-	-	-	-	352 217
Trading assets	-	-	-	-	-	-	-	-	-
Trade and other receivables	115 054	115 054	115 054	-	-	-	-	-	115 054
Loans and advances	3 079 587	3 332 764	141 389	273 103	1 043 575	1 874 187	510	(253 177)	3 079 587
Current taxation asset	19 318	19 318	-	-	-	-	-	19 318	19 318
Total assets	3 566 176	3 819 353	608 660	273 103	1 043 575	1 874 187	510	(233 859)	3 566 176
<i>Undiscounted maturity</i>									
<i>Liabilities</i>									
Trading liabilities	7 892	7 892	7 892	-	-	-	-	-	7 892
Trade and other payables	198 468	198 468	198 468	-	-	-	-	-	198 468
Debt securities issued	2 741 583	3 044 088	-	346 020	329 860	2 368 207	-	-	3 044 088
Long term loans	5 338	5 338	-	-	-	5 338	-	-	5 338
Deferred tax liability	92 439	-	-	-	-	-	-	92 439	92 439
Loans from entities in the group	333 975	333 975	333 975	-	-	-	-	-	333 975
Total liabilities	3 379 695	3 589 761	540 355	346 020	329 860	2 373 545	-	92 439	3 682 200

¹ The Company's liquidity risk reporting is based on a contractual maturity basis as opposed to a business as usual maturity basis, which is preferred by the ALCO. The liquidity mismatches forecast are highly improbable to actually occur. The Company closely manages its liquidity positions by including various buffers into its daily liquidity monitoring reports.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

27.1 Contractual maturity analysis ... continued

	Carrying Amount R'000	Gross Outflow R'000	Less than 1 month R'000	1 - 3 months R'000	4 - 12 months R'000	1 - 5 years R'000	More than 5 years R'000	Non contractual R'000	Total R'000
2020 - Restated									
<i>Discounted maturity</i>									
<i>Assets</i>									
Cash and cash equivalents	334 302	334 302	334 302	-	-	-	-	-	334 302
Trading assets	877	877	877	-	-	-	-	-	877
Trade and other receivables	30 472	30 472	30 472	-	-	-	-	-	30 472
Loans and advances	2 968 245	3 222 540	125 415	205 338	984 950	1 906 053	783	(254 294)	2 968 245
Current taxation asset	8 134	8 134	-	-	-	-	-	8 134	8 134
Total assets	3 342 030	3 596 325	490 886	205 338	984 950	1 906 053	783	(245 980)	3 342 030
<i>Undiscounted maturity</i>									
<i>Liabilities</i>									
Trading liabilities	12 278	12 278	12 278	-	-	-	-	-	12 278
Trade and other payables	74 187	74 187	74 187	-	-	-	-	-	74 187
Debt securities issued	2 743 823	3 034 334	-	312 415	531 828	2 190 091	-	-	3 034 334
Long term loans	5 289	5 289	5 289	-	-	-	-	-	5 289
Deferred tax liability	58 661	-	-	-	-	-	-	58 661	58 661
Loans from entities in the group	334 965	334 965	334 965	-	-	-	-	-	334 965
Total liabilities	3 229 203	3 461 053	426 719	312 415	531 828	2 190 091	-	58 661	3 519 714

The Company's liquidity risk reporting is based on a contractual maturity basis as opposed to a business as usual maturity basis, which is preferred by the ALCO.

The liquidity mismatches forecast are highly improbable to actually occur. The Company closely manages its liquidity positions by including various buffers into its daily liquidity monitoring reports.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

27.2 Discounted maturity analysis: Current and non-current

	2021			Restated 2020		
	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Assets						
Cash and cash equivalents	352 217	-	352 217	334 302	-	334 302
Trading assets	-	-	-	877	-	877
Trade and other receivables	115 054	-	115 054	30 472	-	30 472
Loans and advances	1 458 067	1 621 520	3 079 587	1 061 409	1 906 836	2 968 245
Current taxation asset	19 318	-	19 318	8 134	-	8 134
Total assets	1 944 656	1 621 520	3 566 176	1 435 194	1 906 836	3 342 030
Liabilities						
Trading liabilities	7 892	-	7 892	12 278	-	12 278
Trade and other payables	198 468	-	198 468	74 187	-	74 187
Debt securities issued	544 796	2 196 787	2 741 583	553 732	2 190 091	2 743 823
Long term loans	-	5 338	5 338	-	5 289	5 289
Deferred tax liability	92 439	-	92 439	58 661	-	58 661
Loans from entities in the Group	333 975	-	333 975	334 965	-	334 965
Total liabilities	1 177 570	2 202 125	3 379 695	1 033 823	2 195 380	3 229 203

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

28. MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

It is the risk of change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables. The Company's market risks are:

- Interest rate risk – the risk of difference in the repricing characteristics of assets and liabilities.

Management of Market Risk

Non-trading portfolios

Non-trading portfolios are held by Treasury and are associated with fluctuations in the market price of assets and liabilities. Accordingly, the Company has exposure to interest rate risk in respect of non-trading portfolios.

Overall authority for market risk is vested with ALCO. Company Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO and GRMC) and for the day-to-day review of their implementation. Included in market risk is equity investment risk arising from equity price changes in respect of listed and unlisted investments held by the Company as approved by CLEC, GRMC and ALCO respectively.

Exposure to Interest Rate Risk

Non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the Board-delegated monitoring committee for compliance with these limits and is assisted by Company Risk in its day-to-day monitoring activities.

28.1 Derivative financial instruments

Derivatives are entered into in the normal course of business and no material losses are anticipated other than those which have been accounted for in profit or loss. All commitments or contingent commitments under derivative financial instruments are settled in cash.

Notional principal

Represents the gross notional value of all outstanding contracts as at year-end. The gross notional value is the sum of the absolute value of all purchases and sales of derivative instruments. This value will not affect the amount receivable or payable under a derivative contract due to the cash-settled nature of the various contracts. The gross notional value represents only the measure of involvement by the Company in derivative contracts and not its exposure to market or credit risks arising from such contracts.

Interest rate swaps

Interest rate swaps are used to hedge the Company's exposure to changes in the fair values of its notes and certain loans and advances attributable to changes in market interest rates. Interest rate swaps are matched to specific issuance of notes or loans and advances.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

28.1 MARKET RISKS

The tables summarise the Company's exposure to interest rate risk through categorisation of assets and liabilities into time buckets, determined as being the earlier of the contractual re-pricing date or maturity.

	Up to 1 month R'000	1-3 months R'000	4-12 months R'000	1-5 years R'000	More than 5 years R'000	Total R'000
2021						
ASSETS						
<i>Non-trading portfolios</i>						
Cash and cash equivalents	352 217	-	-	-	-	352 217
Loans and advances	3 213 895	13 841	44 864	59 862	302	3 332 764
TOTAL ASSETS	3 566 112	13 841	44 864	59 862	302	3 684 981
LIABILITIES						
<i>Non-trading portfolios</i>						
Debt securities issued	-	2 741 583	-	-	-	2 741 583
Long-term loans	-	5 338	-	-	-	5 338
Loans from Entities in the Group	221 399	112 576	-	-	-	333 975
TOTAL LIABILITIES	221 399	2 859 497	-	-	-	3 080 896
NET PRICING GAP	3 344 713	(2 845 656)	44 864	59 862	302	604 085
CUMULATIVE REPRICING GAP	3 344 713	499 057	543 921	603 783	604 085	604 085
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	5 932	9 558	-	-	-	15 490
200 bp parallel shock interest rate decrease	(5 932)	(9 558)	-	-	-	(15 490)

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

28.1 MARKET RISKS ... continued

	Up to 1 month R'000	1-3 months R'000	4-12 months R'000	1-5 years R'000	More than 5 years R'000	Total R'000
2020						
ASSETS						
<i>Non-trading portfolios</i>						
Cash and cash equivalents	334 302	-	-	-	-	334 302
Loans and advances	1 556 936	26 312	86 516	1 551 895	880	3 222 539
TOTAL ASSETS	1 891 238	26 312	86 516	1 551 895	880	3 556 841
LIABILITIES						
<i>Non-trading portfolios</i>						
Debt securities issued	-	2 743 823	-	-	-	2 743 823
Long-term loans	-	5 289	-	-	-	5 289
Loans from Entities in the Group	216 979	-	-	117 986	-	334 965
TOTAL LIABILITIES	216 979	2 749 112	-	117 986	-	3 084 077
NET PRICING GAP	1 674 259	(2 722 800)	86 516	1 433 909	880	472 764
CUMULATIVE REPRICING GAP	1 674 259	(1 048 541)	(962 025)	471 884	472 764	472 764
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	90	(5 415)	225	593	593	(4 507)
200 bp parallel shock interest rate decrease	(90)	5 415	(225)	(593)	(593)	4 507

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual Financial Statements for the year ended 30 June 2021

Notes to the financial statements ... continued

28.2 Currency risk

Analysis of Assets and Liabilities by Currency

	South African Rand R'000	Total R'000
2021		
Assets		
Cash and cash equivalents	352 617	352 617
Trading assets	-	-
Trade and other receivables	115 054	115 054
Loans and advances	3 079 587	3 079 587
Taxation	19 318	19 318
Total assets	3 566 176	3 566 176
Liabilities		
Trading liabilities	7 892	7 892
Trade and other payables	198 468	198 468
Debt securities issued	2 741 583	2 741 583
Long-term loans	5 338	5 338
Deferred tax liability	92 439	92 439
Loans from entities in the Group	333 975	333 975
Total liabilities	3 379 695	3 379 695
2020 - Restated		
Assets		
Cash and cash equivalents	334 302	334 302
Trading assets	877	877
Trade and other receivables	30 472	30 472
Loans and advances	2 968 245	2 968 245
Taxation	8 134	8 134
Total assets	3 342 030	3 342 030
Liabilities		
Trading liabilities	12 278	12 278
Trade and other payables	74 187	74 187
Debt securities issued	2 743 823	2 743 823
Long-term loans	5 289	5 289
Deferred tax liability	58 661	58 661
Loans from entities in the Group	334 965	334 965
Total liabilities	3 229 203	3 229 203

28.3 Derivative financial instruments

	Within 1 year R'000	Net fair value R'000	Positive fair value R'000	Negative fair value R'000	Notional principal R'000
2021					
Interest rate swaps	(7 892)	(7 892)	-	(7 892)	(1 234 883)
Total derivatives	(7 892)	(7 892)	-	(7 892)	(1 234 883)
2020					
Interest rate swaps	(11 401)	(11 401)	877	(12 278)	(1 265 675)
Total derivatives	(11 401)	(11 401)	877	(12 278)	(1 265 675)

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

29. CAPITAL MANAGEMENT

The Company manages its capital to achieve a prudent balance between maintaining appropriate capital levels to support business growth and depositors' confidence, and to provide stakeholders with returns on a sustainable basis.

The key fundamentals of the Company's capital management policy are to ensure that the Company is adequately capitalised to support its risk profile and to develop risk management techniques and internal controls to manage and monitor the risks of the Company.

Key objectives of capital management are to:

- ensure that the available capital resources of the Company are sufficient to support the economic capital requirements of the Company;
- optimise return on regulatory and economic capital by providing investors with above market-related returns on a sustainable basis
- generate sufficient capital to support organic and new business growth objectives of the Company;
- allocate capital to businesses to support the strategic and growth objectives of the Company; and
- ensure that the Company is sufficiently capitalised to withstand the impact of potential stress events within the parameters of an appropriate capital buffer.

The Board is responsible for assessing and approving the Company's capital management framework, capital plans and capital buffer. The capital plans and buffer are set annually and reviewed quarterly or when the economy shows signs of stress. The Board has tasked the GRMC to ensure the Company is in compliance with the capital management objectives. The GRMC meets on a quarterly basis to review the regulatory and economic capital adequacy of the Company. The capital adequacy of the Company is reported to the Board on a quarterly basis.

Capital adequacy (unaudited)

The Company has developed and implemented a capital management framework, which ensures that the Company is adequately capitalised in terms of its regulatory and economic capital requirements, taking into account its risk profile, internal target ratios and stress testing.

The capital management framework and processes ensure the Company maintains adequate capital levels for legal and regulatory compliance purposes. The Company ensures that its actions do not compromise sound corporate governance and appropriate business practices.

The Company manages its capital to achieve a prudent balance between maintaining appropriate capital levels to support business growth and to provide stakeholders with returns on a sustainable basis.

The management of the company's capital is governed by the Transactional Documents (agreements entered between, among others, the Issuer and one or more parties). The Company's dividend policy governs the distribution of excess reserves.

The Company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern. As the company is a controlled structured entity, the company's sources of additional capital and policies for distribution of excess capital may also be influenced by the company's capital management objective. The Company is not subject to any externally imposed capital requirements.

The Company defines "capital" as including all components of equity plus loans from companies with no fixed terms of repayment, less unaccrued proposed dividends. Trading balances that arise as a result of trading transactions with other companies are not regarded by the Company as capital.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Notes to the financial statements ... continued

30. SUBSEQUENT EVENTS AND GOING CONCERN

Subsequent events

The Company successfully re-financed notes to the value of R341 million in August 2021.

Going concern

Over the last twelve months, the South African economy performed better than anticipated. The economy, however, remains very fragile, and the full impact of the third COVID-19 wave and recent civil unrest remain to be seen.

Despite the overall challenging operating environment impacted by the COVID-19 pandemic on the South African economy, management are of the view that the Company is a going concern. The Company has a healthy liquidity and capital position. The directors believe that the Company has adequate financial resources to continue for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Company is in a sound financial position. The directors are not aware of any material changes that may adversely impact the Company.

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)

Annual financial statements for the year ended 30 June 2021

Glossary

ALCO	Asset and Liability Committee
CLEC	Credit and Large Exposures Committee
DANC	Directors Affairs and Nominations Committee
GACC	Group Audit and Compliance Committee
GIA	Group Internal Audit
GRCMC	Group Risk and Capital Management Committee
Priority of Payment	The order in which payments will be made to the company's creditors and the holders of debt securities
REMCO	Remuneration Committee
Series guarantee	Series guarantee is the written deed executed by Series Security SPV Incorporated in favour of Series Secured Creditors
Series Indemnity	This is the written agreement entered between the issuer and the Series Security SPV incorporated in
Series Issuer	South African Securitisation Programme (RF) Limited
Series Secured Creditors	Creditors of the issuer as set out in the Priority of Payments that are party to Series Transaction Agreement
Series Security SPV	Security SPV Propriety Limited is the SPV incorporated in respect of SASP for the benefit of the noteholders
Series Transaction Agreement	Agreements entered between, among others, the issuer and one or more parties
Treasury	Sasfin Bank Limited's Treasury