South African Securitisation Programme (RF) Limited

(Registration number:1991/002706/06)

Annual Financial Statements for the year ended 30 June 2022

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 Harriet Heymans 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.

Corporate details

Country of incorporation and domicile	South Africa
Directors	B Harmse D Govender DP Towers E Deiner
Registered office	140 West Street 6th Floor Sandton Johannesburg 2196
Postal address	PO Box 95104 Grant Park Johannesburg 2051
Controlling entity	Sasfin Bank Limited
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 Stonehage Fleming Corporate Services (Pty) Ltd. The Company is controlled, administered, and managed by Sasfin Bank Limited in accordance with IFRS.
Auditor	PricewaterhouseCoopers Inc (PwC)
Company Secretary	Stonehage Fleming Corporate Services Proprietary 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	20 September 2022

Contents

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

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

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 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 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 2022 were approved by the Board on 20 September 2022 and are signed on its behalf by:

DocuSigned by: Dhesegan Govender 9823C41A56D64DA...	DocuSigned by: 30229531519C4E1...
D Govender Director 20 September 2022	E Deiner Director 20 September 2022

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 2022, and that all such returns and notices as required of a public company are true, correct and up to date.

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Stonehage Fleming Corporate Services Proprietary Limited
Company Secretary
20 September 2022

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 2022.

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	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. Stonehage Fleming acquired the corporate services business of Maitland during the current financial year with Stonehage Fleming Corporate Services Proprietary Limited continuing as Company Secretary.

Postal address	PO Box 781396 Sandton Johannesburg 2146
Business address	54 Glenhove Road Melrose Johannesburg Gauteng 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 Stonehage Fleming Corporate Services (Pty) Ltd.

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 (2021: R40 million) during the current financial year.

Directors' report *… continued*

8. Directors' Emoluments

Three 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.

9. Significant events during the reporting period

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. The impact on performance has been a significant improvement in the credit impairment charge.

Management has assessed the current economic environment, which is being impacted by high inflation, rising interest rates as well as geopolitical issues such as the conflict in Ukraine. The Company's operations and financial statements have been largely unaffected by the factors mentioned but the risks will continue to be monitored on an on-going basis by the Company's executive management team.

10. Special Resolutions

Special resolutions passed during the year are available for inspection.

11. 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.

12. Subsequent events

The Board is not aware of any material events that occurred after the reporting date and up to the date of this report, apart from those mentioned in note 30 to the Annual Financial Statements.

13. Going concern

Over the last twelve months, the South African economy performed better than anticipated. Despite the overall challenging operating environment impacted by the continuing 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.

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 three times, on 18 August 2021, 18 May 2022 and 5 September 2022.

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 Costa Natsas as the engagement partner, for shareholder approval.

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.

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 2023.

Audit committee report *… continued*

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 Executive Director of Sasfin Bank Limited, with which the day-to-day management and oversight of SASP resides.

On behalf of the Audit Committee

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B Harmse
Audit Committee Chairman
20 September 2022

Independent auditor's report

To the Shareholder 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 2022, and its financial performance and its 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 83 comprise:

- the statement of financial position as at 30 June 2022;
- 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

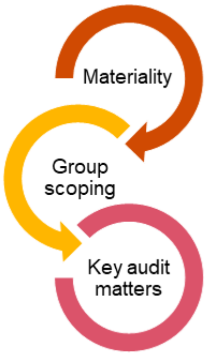
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.
We believe that the audit evidence we have obtained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

Our audit approach

Overview



Overall materiality

- R5.7 million, which represents 1% of total income, which comprises interest and similar income, fee and commission income, gains or losses on financial instruments and other income.

Key audit matters

- Expected credit losses on loans and advances; and
- Correction of prior year errors.

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	*R5.7 million*
How we determined it	*1% of total income, which comprises interest and similar income, fee and commission income, gains or losses on financial instruments and other income.*
Rationale for the materiality benchmark applied	*We chose total 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. Furthermore, total 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.*

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. These matters were 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***
Expected Credit Losses ("ECL") on Loans and Advances Refer to the following accounting policies and notes to the financial statements for details: ● Note 1.7 (*Financial instruments - Policy*); ● Note 2.1 (*Impact of the Covid-19 pandemic*); ● Note 2.2 (*Critical estimates and judgements and restatements - Credit impairment of loans and advances*); ● Note 7 (*Loans and advances*); and ● Note 26 (*Credit risk*). At 30 June 2022, gross loans and advances amounted to R3.5 billion, against which an ECL of R228.8 million was recognised. In calculating the ECL on loans and advances , in terms of the International Financial reporting Standards (IFRS) 9 - *Financial Instruments* ('IFRS 9'), the key areas of significant management judgement and assumptions included the following: ● 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 1.7 to the financial statements. ● 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. ● 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.	Our audit procedures addressed this key audit matter as follows: Through inspection of underlying supporting documentation and discussions with management, we obtained an understanding of the following management implemented controls over its credit systems and processes: ● 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. ● The Company's Review processes for high care clients, annual review of credit files, approval of external collateral valuation vendors and approval of significant individual impairments. ***Evaluation of SICR*** 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: ● 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. ● 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.

- Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement.

Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement and Determining the impact of forward-looking information (FLI) 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, the macro-economic factors considered as part of the forward-looking information are the Gross Domestic Product (GDP) and prime lending rate.

- 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 magnitude of the exposures and the ECL recognised in relation to the financial statements; and
  - the effect that ECL has on loans and advance, and the Company's credit risk management processes.

- 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 the appropriateness of management's SICR definition whereby we compared the transfer of accounts from performing to arrears over a 12 month period and concluded that the impact of difference is immaterial.

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.

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.Management calculation was determined to be within our acceptable range.

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 experts, 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.
- We also considered the level of ECL estimates, based on other commercial bank's insights and the Company's specific portfolio nuances.
- We independently recalculated the ECL taking into consideration our assessment of the expected Forward Looking Information (FLI) range and noted that management had sufficiently catered for the FLI. We made use of our internal modelling specialists to assess the linkage of the forecasted macroeconomic factors to the ECL and to test the parameter shifts applied to the ECL that were calculated based on the scenarios.

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.
Correction of prior year errors Refer to note 2.5 *(Restatements and reclassifications)* to the financial statements for further disclosures as it relates to this key audit matter. A key focus of management in preparing the current year financial statements, was in relation to the Company's reconciliation and balance sheet substantiation processes. As a result of enhancements made to the financial reporting process, management has identified and adjusted the financial statements for material prior period errors. The prior period errors were in respect of reclassifications and restatements of which the detail is set out in note 2.5 to the financial statements. We considered the correction of prior year errors to be a matter of most significance to our current year audit due to: • this area being a key focus by management	Our audit procedures addressed this key audit matter as follows: • We held discussions with management and the related operational staff in order to obtain an understanding of the end-to-end business process with regards to the reconciliations processes and in relation to reconstructing the balances using various data sources. • We performed detailed walkthroughs in relation to the controls over the reconciliations, and identified key controls and tested the controls over the reconciliations process. • Using data analytics, we reperformed the reconciliation process performed by management by matching and clearing transactions throughout the period between the bank statement and the underlying accounting records. • We selected a sample of debit and credit reconciling items, and agreed these to the

when preparing the financial statements,
• the complexity in the application of International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) as it relates to the disclosures in the financial statements; and
• the magnitude of the adjustments processed to the financial statements to account for the correction of the errors identified in accordance with IAS 8.
	relevant supporting documents. Reconciling items were tested substantively on a sample basis which entailed obtaining all relevant supporting documentation
	• We assessed the appropriateness of management's calculations, workings and support regarding the adjustments to account for the correction of errors. We tested the calculations for mathematical accuracy and assessed all corrections and disclosures as reasonable.
	• With the assistance of our accounting specialist we assessed the following:
	  ○ the appropriateness of the application of IAS 8 in accounting for the errors in the current year financial statements. No material exceptions were noted.
	  ○ the adequacy of the disclosures made in the consolidated financial statements with reference to the requirements of IAS 8, noting no material exceptions.

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 2022", 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.

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.

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 five years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: V. Tshikhovhokhovho
Registered Auditor
Johannesburg, South Africa
21 September 2022

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)
Annual financial statements for the year ended 30 June 2022

Statement of financial position

at 30 June 2022

	Accounting Policy	Note	2022 R'000	Restated[1] 2021 R'000	Restated[1] 1 July 2020 R'000
ASSETS					
Cash and cash equivalents[1]	1.6	4	**548 064**	345 698	327 783
Trading assets	1.7	5	**-**	-	877
Trade and other receivables	1.7	6	**55 230**	115 054	30 472
Loans and advances	1.3	7	**3 245 063**	3 079 587	2 968 245
Current taxation asset	1.9		**36 703**	19 318	8 134
Total assets			**3 885 060**	3 559 657	3 335 511
LIABILITIES					
Trading liabilities	1.7	5.1	**2 783**	7 892	12 278
Trade and other payables[1]	1.7	8	**144 265**	191 949	67 668
Debt securities issued	1.7	9	**2 991 426**	2 741 583	2 743 823
Long-term loans	1.7	10	**5 500**	5 338	5 289
Deferred tax liability	1.9	11	**134 382**	92 439	58 661
Loans from entities in the Group	1.7	22.2.1	**334 185**	333 975	334 965
Total liabilities			**3 612 541**	3 373 176	3 222 684
EQUITY					
Ordinary share capital	1.5	12	**100**	100	100
Reserves			**272 419**	186 381	112 727
Preference share capital	1.5	13	**-**	-	-
Total equity			**272 519**	186 481	112 827
Total liabilities and equity			**3 885 060**	3 559 657	3 335 511

[1]Refer to Note 2.5 of the Accounting Policy for additional information

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)
Annual financial statements for the year ended 30 June 2022

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2022

	Accounting Policy	Note	2022 R'000	Restated[1] 2021 R'000
Continuing operations				
Interest income	1.8	14	**427 338**	428 997
Interest income calculated using the effective[1] interest method			**431 403**	431 261
Other interest income			**(4 065)**	(2 264)
Interest expense		15	**(193 597)**	(180 655)
Interest expense calculated using the effective interest method	1.8		**(193 597)**	(180 655)
Net interest income			**233 741**	248 342
Non-interest expense			**(68 278)**	(45 158)
Net fee and commission expense	1.8	16	**(206 452)**	(177 237)
Fee and commission income			**3 709**	2 725
Fee and commission expense	1.8		**(210 161)**	(179 962)
Gains and losses on financial instruments			**15 980**	20 630
Net gains or losses on the derecognition of financial instruments at amortised cost	1.8	17	**15 980**	20 630
Other Income[1]		18	**122 194**	111 449
Total income			**165 463**	203 184
Credit impairment charges[1]	1.7 & 2.2	26.3	**12 286**	(37 405)
Net income after impairments			**177 749**	165 779
Total operating costs			**(10 176)**	(8 829)
Other operating expenses		19	**(10 176)**	(8 829)
Profit / (loss) before income tax			**167 573**	156 950
Total income tax	1.9	20	**(41 535)**	(43 296)
Profit / (loss) for the year			**126 038**	113 654
Total comprehensive income / (loss) for the year			**126 038**	113 654
Profit / (loss) attributable to:			**126 038**	113 654
Preference shareholders			**40 000**	40 000
Ordinary shareholders			**86 038**	73 654

[1]Refer to Note 2.5 of the Accounting Policy for additional information

South African Securitisation Programme (RF) Limited

(Registration number: 1991/002706/06)
Annual financial statements for the year ended 30 June 2022

Statement of changes in equity

for the year ended 30 June 2022

	Ordinary share capital R'000	Distributable reserves R'000	Total ordinary shareholders' equity R'000	Preference share capital[1] R'000	Total shareholders' equity R'000
2022					
Opening balance at 1 July 2021	**100**	**186 381**	**186 481**	**-**	**186 481**
Total comprehensive income for the year	**-**	**126 038**	**126 038**	**-**	**126 038**
Profit for the year	**-**	**126 038**	**126 038**	**-**	**126 038**
Transactions with owners recorded directly in equity					
Dividends to preference shareholders	**-**	**(40 000)**	**(40 000)**	**-**	**(40 000)**
Balance at 30 June 2022	**100**	**272 419**	**272 519**	**-**	**272 519**
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
Loss for the year - Restated	-	113 654	113 654	-	113 654
Transactions with owners recorded directly in equity					
Dividends to preference shareholders	-	(40 000)	(40 000)	-	(40 000)
Balance at 30 June 2021 - Restated	**100**	**186 381**	**186 481**	**-**	**186 481**

[1] 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 2022

Statement of cash flows

for the year ended 30 June 2022

	Notes	2022 R'000	Restated[1] 2021 R'000
Cash flows from operating activities			
Interest received		**388 933**	410 446
Interest paid		**(193 597)**	(180 655)
Fee and commission income received		**3 709**	2 725
Fee and commission expense paid		**(210 161)**	(179 962)
Net trading and other income		**142 239**	134 342
Cash payments to suppliers		**(10 176)**	(8 829)
Cash inflow from operating activities	21.1	**120 947**	178 067
Taxation paid	21.2	**(16 977)**	(20 701)
Dividends paid	21.3	**(40 000)**	(40 000)
Cash flows from operating activities before changes in operating assets and liabilities		**63 970**	117 366
Changes in operating assets and liabilities		**138 186**	(98 461)
Increase in loans and advances		**(114 784)**	(130 196)
Decrease/(Increase) in trading assets		**-**	877
(Increase)/Decrease in trade and other receivables		**59 822**	(84 582)
(Decrease)/Increase in trading liabilities		**(9 174)**	(6 650)
Increase/(Decrease) in long-term funding		**162**	49
Increase/(Decrease) in debt securities		**249 844**	(2 240)
Increase/(Decrease) in trade and other payables		**(47 684)**	124 281
Net cash from operating activities		**202 156**	18 905
Cash flows from investing activities		**210**	(990)
Decrease in advances made from entities in the group		**210**	(990)
Net increase in cash and cash equivalents		**202 366**	17 915
Cash and cash equivalents at the beginning of the year	4	**345 698**	327 783
Cash and cash equivalents at the end of the year		**548 064**	345 698

[1]Refer to Note 2.5 of the Accounting Policy for additional information

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 Annual Financial Statements were authorised for issue by the Board of Directors on the 9th of September 2022.

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.

The Annual Financial Statements are prepared on the historic cost basis, except as set out in the accounting policies which follow

Assets and liabilities and income and expenses are not offset in the income statement or balance sheet unless specifically permitted by IFRS.

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

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and FRS 16 Amendments)

With the publication of the phase two amendments, the IASB has completed its work in response to IBOR reform as discussed below.

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. 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 its 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 Group.

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 amendments are effective from 1 January 2021.

Notes to the financial statements *… continued*

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

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020 (May 2020 amendment), 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 (March 2021 amendment), the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.

The amendment is effective from 1 April 2021. 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. 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.

The following standards, interpretations and amendments have been adopted without affecting the Company's previously reported financial results, disclosures, or accounting policies. Items below are confirmed not to have an impact on the Company for the 2022 financial year-end.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments)

With the publication of the phase two amendments, the IASB has completed its work in response to IBOR reform as discussed below.

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. 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 its 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 Group.

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The amendments are effective from 1 January 2021.

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The amendment is effective from 1 April 2021. 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. 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.

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 Provisions

A provision is recognised when the Company has a present, legal or constructive obligation, as a result of a past event, from which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where the effects of the time value of money are material, provisions are recognised at the present value of the expected obligation.

1.4 Leases

1.4.1 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.

1.5 Share Capital

1.5.1 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.

Notes to the financial statements *… continued*

1.5.2 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. Preference share capital of the company, purchased by the Company is recognised as a reduction to equity at the amount of the consideration paid, including directly attributable costs, net of tax, Preference shares repurchased by the Company are cancelled.

1.6 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 Nedbank Limited and Sasfin Bank Limited.

1.7 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”.

Financial assets held by the Company in a business model that has the objective of realising cash flows through sale of the assets and/or that is managed on a fair value basis, including those held for trading, are classified and measured as ‘fair value through profit or loss (FVTPL)’.

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;
- the risks that affect the performance of each portfolio and the strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how Sasfin's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Assessment of whether contractual cash flows are solely payments of principal and interest continued

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets that are held for trading (i.e. acquired for the purpose of selling in the short-term) and those that the Company has elected to designate as at FVTPL are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets

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.

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.

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.

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.

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 (FVTPL)

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, since realisation of these is anticipated to be through sale.

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.

1.7.1 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.

1.8 Revenue

1.8.1 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.

1.8.2 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.

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.

1.9 Taxation

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

1.9.1 Current Tax

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

1.9.2 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.

1.10 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.

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 2022 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 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 1.7 for more information on SICR.

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 2022, GDP over the next 12 months has been disclosed. The average GDP over the remaining forecast period, from 2023 to 2027 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 overweighting of the worst case scenario.

	Best		**Expected**		**Worst**		**Blended[2]**	
	12 months	**Life time**	**12 months**	**Life time**	**12 months**	**Life time**	**12 months**	**Life time**
2022			**%**	**%**	**%**	**%**	**%**	**%**
Factors								
Gross Domestic Product	5.6	3.9	2.53	1.7	(6.1)	(1.7)	(3.5)	(0.7)
Prime								
Scenario probability			30		70			
			R'000		**R'000**			
Impact on ECL[1]			**(11 029)**		**4 807**			

[1] The impact of forward looking information on the IFRS 9 provision is R24 million. The percentage change of the total IFRS 9 provision is 4% downward adjustment in a 100% expected case scenario, 2% upward adjustment in a 100% worst case scenario.
[2] The blended scenario is the actual/base case scenario against which the 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**
2021			**%**	**%**	**%**	**%**	**%**	**%**
Factors								
Gross Domestic Product	2.3	3.4	(1.2)	2	(7.4)	0.6	(4.9)	1.1
Consumer Price Index								
Gross Fixed Investment								
Unemployment								
Scenario probability	-		40		60		Combination	
	R'000		**R'000**		**R'000**		**R'000**	
Impact on ECL[2]	**(16 390)**		**(14 096)**		**6 884**		**-**	

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.

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.

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.

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 and reclassifications

Reconciliation and balance sheet substantiation processes were a key focus for management during the year under review. Through enhancements made to the financial control processes, the below material prior period errors were identified and adjusted for.

Reclassifications:

The reclassification of certain line items in the consolidated statements of financial position and profit or loss and other comprehensive income for the 2021 financial period did not impact earnings.

Interest in suspense

Interest in suspense was incorrectly processed to interest income instead of credit impairment charges, as a result, these financial statement line items were misstated albeit with a nil net effect on earnings.

Rent for use assets in non-accrual

Due to the source system incorrectly classifying certain deals as ‘non-accrual’, income on rent for use assets was incorrectly classified as interest income instead of other income. These misstatements did not affect earnings.

Loans and advances

During the period under review, management identified that the source system implemented in 2019 in Asset Finance was programmed to erroneously create a transaction affecting loans and advances and other receivables. As a result of the way that the system is programmed, it is not possible to quantify the amounts attributable to each financial year. Only the aggregate amount from the date of implementation of the system to date could be quantified. Therefore, retrospective correction of the error is impracticable. The error was corrected in the current year by reclassifying R22,1 million from loans and advances to other receivables.

Restatement:

Cash book reconciliations

It was identified that certain reconciling items were recognised to incorrect line items on the statement of financial position in the prior year 2021 and opening balances to prior year i.e. 1 July 2020. As a result, cash and cash equivalents and trade and other payables were misstated.

Notes to the financial statements *… continued*

These errors have been corrected by restating each of the affected financial statement line items for the prior periods affected. The following tables summarise the impacts on the consolidated financial statements.

Statement of Financial Position at 30 June 2021

	As previously reported R'000	Interest in suspense reclassification increase/(decrease) R'000	Rent for use assets in non-accrual reclassification increase/decrease R'000	Cashbook reconciliations restatement increase/decrease R'000	Restated R'000
Statement of financial position					
ASSETS					
Cash and cash balances	352 217	-	-	(6 519)	345 698
Total assets	**3 566 176**	**-**	**-**	**(6 519)**	**3 559 657**
LIABILITIES					
Trade and other payables	198 468	-	-	(6 519)	191 949
Total liabilities	**3 379 695**	**-**	**-**	**(6 519)**	**3 373 176**

Notes to the financial statements *… continued*

Statement of Profit or loss and other comprehensive income for the year ended 2021

	As previously reported R'000	Interest in suspense reclassification increase/(decrease) R'000	Rent for use assets in non-accrual reclassification increase/decrease R'000	Cashbook reconciliations restatement increase/decrease R'000	Restated R'000
Statement of comprehensive income					
Continuing operations					
Interest and similar income	415 800	18 551	(5 354)	-	428 997
Interest and similar income calculated using the effective interest rate method	418 064	18 551	(5 354)	-	431 261
Net interest income	**235 145**	**18 551**	**(5 354)**	**-**	**248 342**
Non-interest income	**(50 512)**	**-**	**5 354**	**-**	**(45 158)**
Other income	106 095	-	5 354	-	111 449
Total income	**184 633**	**18 551**	**-**	**-**	**203 184**
Credit impairment charges	18 854	18 551	-	-	37 405
Net income after impairments	**165 779**	**-**	**-**	**-**	**165 779**

Notes to the financial statements *… continued*

Statement of Financial Position at 1 July 2020

	As previously reported R'000	Interest in suspense reclassification increase/(decrease) R'000	Rent for use assets in non-accrual reclassification increase/decrease R'000	Cashbook reconciliations restatement increase/decrease R'000	Restated R'000
Statement of financial position					
ASSETS					
Cash and cash balances	334 302	-	-	(6 519)	327 783
Total assets	**3 342 030**	**-**	**-**	**(6 519)**	**3 335 511**
LIABILITIES					
Trade and other payables	74 187	-	-	(6 519)	67 668
Total liabilities	**3 229 203**	**-**	**-**	**(6 519)**	**3 222 684**

Notes to the financial statements ... continued

Statement of cash flows for the period ended 30 June 2021

	As previously reported R'000	Interest in suspense reclassification increase/(decrease) R'000	Rent for use assets in non-accrual reclassification increase/decrease R'000	Cashbook reconciliations restatement increase/decrease R'000	Restated R'000
Statement of cash flows					
Cash flows from operating activities					
Interest received	418 064	-	(5 354)	-	412 710
Net trading and other income/(expense)	126 724	-	5 354	-	132 078
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of the year	334 302	-	-	(6 519)	327 783
Net cash flow from operating activities	**352 217**	**-**	**-**	**(6 519)**	**345 698**

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 2022, 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
IFRS 17	*Insurance Contracts* 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. The Standard is not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2023.
IFRS 10 and IAS 28	*Sale or contribution of assets between an investor and its associate or joint venture* 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. These amendments are not expected to have an impact on the Group.	The effective date is deferred by the IASB pending the outcome of its research project on the equity method of accounting.
IFRS 3 amendments	*Updating a reference to the Conceptual Framework* An outdated reference in IFRS 3 to the Conceptual Framework has been updated without any significant changes to its requirements. This amendment are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2022.
IAS 37 amendments	*Onerous Contracts – Cost of Fulfilling a Contract* This amendment indicates which costs an entity should include as the costs of fulfilling a contract when assessing whether a contract is onerous. This amendment are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2022.

Notes to the financial statements *… continued*

Pronouncement	Title and details:	Effective date
2018 – 2020 annual improvements cycle	*Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41* Changes were made to IFRS 1 *First-time adoption of International Financial Reporting Standards* and IAS 41 *Agriculture*, which will have no impact on the Group. 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 Group. 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. These amendments are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2022.
IAS 16 amendments	*Proceeds before intended use* 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. These amendments are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2022.
IAS 1 amendments	*Classification of liabilities as current or non-current (Amendments to IAS 1* 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 IASB 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. There is limited guidance on how to determine whether a right has substance, and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. These amendments is not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2023.

Notes to the financial statements *... continued*

Pronouncement	Title and details:	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	*Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8* 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. These amendments are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2023.
IAS 12 amendments	*Deferred tax related to assets and liabilities arising from a single transaction* These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. These amendments are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2023.
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	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. These amendments are not expected to have a significant impact on the Group.	Annual periods beginning on or after 1 January 2023.

Notes to the financial statements *… continued*

		2022 R'000	Restated[1] 2021 R'000
4.	**CASH AND CASH EQUIVALENTS**		
	Funds on call	**176 689**	71 751
	Fixed deposits	**371 375**	273 947
		548 064	**345 698**

[1]Refer to Note 2.5 of the Accounting Policy for additional information

		Financial Liabilities	
		2022 R'000	2021 R'000
5.	**TRADING ASSETS AND LIABILITIES**		
	Derivatives	**2 783**	7 892
		2 783	**7 892**
5.1	**Total trading liabilities**	**2 783**	7 892
	Financial liabilities	**2 783**	**7 892**

		2022 R'000	2021 R'000
6.	**TRADE AND OTHER RECEIVABLES**		
	Value added taxation	**23 193**	-
	Sundry receivables	**11 649**	6 974
	Receivables from companies in the Group[1]	**20 388**	108 080
	Other receivables before impairments	**55 230**	115 054

[1] The receivables are unsecured, bear no interest, have no fixed repayment terms.
Receivables from companies in the Group decreased in the normal course of business. Please also refer to note 22.2.2.

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Notes to the financial statements *... continued*

		Total	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
7.	**LOANS AND ADVANCES**							
	2022							
	Gross investment in leases	**4 200 986**	**1 755 234**	**1 186 759**	**745 133**	**403 073**	**110 570**	**217**
	Equipment finance	**3 759 876**	**1 574 635**	**1 051 486**	**667 466**	**366 106**	**99 966**	**217**
	Capital Equipment finance	**441 110**	**180 599**	**135 273**	**77 667**	**36 967**	**10 604**	**-**
	Less: Unearned finance income	**(727 140)**	**(367 852)**	**(212 374)**	**(104 412)**	**(37 642)**	**(4 854)**	**(6)**
	Equipment finance	**(657 051)**	**(331 885)**	**(191 344)**	**(94 976)**	**(34 405)**	**(4 435)**	**(6)**
	Capital Equipment finance	**(70 089)**	**(35 967)**	**(21 030)**	**(9 436)**	**(3 237)**	**(419)**	**-**
	Net investment in leases	**3 473 846**	**1 387 382**	**974 385**	**640 721**	**365 431**	**105 716**	**211**
	Equipment finance	**3 102 825**	**1 242 750**	**860 142**	**572 490**	**331 701**	**95 531**	**211**
	Capital Equipment finance	**371 021**	**144 632**	**114 243**	**68 231**	**33 730**	**10 185**	**-**
	Loans and advances before expected credit losses	**3 473 846**						
	Credit loss allowance (Refer note Credit Risk - Credit loss allowance analysis)	**(228 783)**						
	Total loans and advances at amortised cost	**3 245 063**						
	Total loans and advances[1]	**3 245 063**						

[1] Loans and advances with a carrying amount of R3.474 billion (2021: R3.333 billion) have been ceded as security for the debt securities issued. Refer to note 9.

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							
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)						
Net loans and advances[1]	**3 079 587**						

[1] Loans and advances with a carrying amount of R3.333 billion (2020: R2.968 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 equipment 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.

Notes to the financial statements *… continued*

		2022 R'000	Restated 2021 R'000
8.	**TRADE AND OTHER PAYABLES**		
	Value Added Taxation	**-**	4 127
	Audit fees and other services	**929**	304
	Accounts payable	**2 620**	7 350
	Other payables	**6 258**	4 958
	Accruals	**18**	3
	Payables to companies in the Group[1]	**134 440**	175 207
		144 265	**191 949**

[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.

		2022 R'000	2021 R'000
9.	**DEBT SECURITIES ISSUED**		
	Category analysis		
	Rated[1]	**2 991 426**	2 741 583

[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.

	2022 R'000	2021 R'000
Held at amortised cost		
Class A notes (SLRA 2) 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.	**-**	278 010
Class A notes (SLRA 4) 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.	**126 007**	125 873
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.	**261 002**	260 725
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.	**359 966**	359 587

Notes to the financial statements *… continued*

9. DEBT SECURITIES ISSUED *… continued*	2022 R'000	2021 R'000
Class A notes (LRFA 3)	**282 041**	281 651
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.		
Class A notes (ERSA25)	**109 386**	282 897
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.		
Class A notes (ERSA26)	**-**	179 118
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.		
Class A notes (ERS3A27)	**36 460**	231 411
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.		
Class A notes (ERSA28)	**265 132**	264 856
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.		
Class B notes (LRFB3)	**52 895**	52 822
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.		
Class B notes (SLRB2)	**-**	45 342
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.		
Class B notes (SLRB4)	**37 324**	37 382
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.		
Class B notes (SLRB5)	**30 243**	30 211
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.		
Class B notes (SLRB6)	**31 271**	31 239
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.		
Class B notes (ERS3B6)	**-**	16 107
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.		
Class B notes (ERS3B7)	**-**	99 631
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.5000%. The scheduled maturity date was 17 August 2022 but the note were early settled in May 2022.		

Notes to the financial statements *… continued*

9.	DEBT SECURITIES ISSUED *… continued*	2022 R'000	2021 R'000
	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
	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.	**17 634**	17 610
	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
	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.	**25 238**	25 212
	Class C notes (SLRC5) 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.	**35 293**	35 256
	Class C notes (SLRC6) 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.	**25 225**	25 199
	Class C notes (ERS3C7) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.5500%. The scheduled maturity date was 17 August 2022 but the notes were early settled in May 2022.	**-**	35 225
	Class A notes (ERSA29) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.7000%. Scheduled maturity date is 17 May 2025.	**434 308**	-
	Class B notes (ERS3B8) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.9000%. Scheduled maturity date is 17 May 2025.	**46 364**	-
	Class A notes (ERSA30) 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 17 May 2027.	**346 767**	-
	Class B notes (ERS3B9) Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.2000%. Scheduled maturity date is 17 May 2027.	**79 655**	-

Notes to the financial statements *… continued*

9. DEBT SECURITIES ISSUED *… continued*	2022 R'000	2021 R'000
Class C notes (ERS3C8)	**21 170**	-
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 May 2025.		
Class C notes (ERS3C9)	**24 203**	-
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.3500%. Scheduled maturity date is 17 May 2027.		
Class A notes (SLRA7)	**278 275**	-
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 1.9000%. Scheduled maturity date is 15 August 2024.		
Class B notes (SLRB7)	**45 388**	-
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.2000%. Scheduled maturity date is 15 August 2024.		
Class C notes (SLRC7)	**20 179**	-
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1 000 000 each. The notes bear interest at 3-month JIBAR plus 2.4500%. Scheduled maturity date is 15 August 2024.		
Total	**2 991 426**	**2 741 583**

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 equipment 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.

The Company has various unsubordinated, compulsory redeemable, asset back notes which have varying debt covenant triggers for each of the note’s series issued. The triggers per series at year end, namely net default rate and yield tests are disclosed below:
- Series 1: The net default trigger level is between 2.625% and 4% and the 2.625% trigger will fall away when those specific notes mature. In June 2022 the average net default rate was at 1.088% and no breaches were recorded. The average yield of 24.78% remains above the required yield test of prime rate plus 5%.
- Series 2: The negative 0.305% net default rate remains well below the net default trigger level of 4%, and with an average yield of 18.98% remains above the required yield test of prime rate plus 3%. The net default rate is negative due to the aggregate recoveries for the past 12 months exceeding the aggregate new defaults for the same period.
- Series 3: The net default trigger level is between 2.625% and 4.5% and the 2.625% trigger will fall away when those specific notes mature. In June 2022 the average net default rate was at 1.161% and no breaches were recorded. The average yield of 17.64% remains above the required yield test of prime rate plus 4%.

Notes to the financial statements *... continued*

			2022 R'000	2021 R'000
10.	**LONG-TERM LOANS**			
	Represented by:	**Repayment Date**		
	The Hollard Insurance Company Limited	17 August 2030	**5 500**	5 338
	Total		**5 500**	**5 338**

The long-term loan is unsecured, bears interest at 1 month JIBAR plus 7% and matures on the 17 August 2030.

		2022 R'000	2021 R'000
11.	**DEFERRED TAX ASSETS AND LIABILITIES**		
	Deferred tax liability	**(134 382)**	(92 439)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	June 2022		2021	
	Liabilities R'000	Net R'000	Liabilities R'000	Net R'000
Equipment finance	**(149 070)**	**(149 070)**	(152 318)	(152 318)
Tax losses	**3 598**	**3 598**	-	-
Provisions	**11 090**	**11 090**	59 879	59 879
Net tax liabilities	**(134 382)**	**(134 382)**	**(92 439)**	**(92 439)**

Recognised deferred tax assets and liabilities

	Balance at 1 July R'000	Tax rate change effect R'000	Restated balance at 1 July R'000	Recognised in profit or loss R'000	Balance at 30 June R'000
2022					
Equipment finance	**(152 318)**	**5 521**	**(146 797)**	**(2 273)**	**(149 070)**
Tax losses	**-**	**(133)**	**(133)**	**3 731**	**3 598**
Provisions	**59 879**	**(411)**	**59 468**	**(48 378)**	**11 090**
	(92 439)	**4 977**	**(87 462)**	**(46 920)**	**(134 382)**

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
2021			
Equipment finance	(118 910)	(33 408)	(152 318)
Provisions	60 249	(370)	59 879
	(58 661)	**(33 778)**	**(92 439)**

Notes to the financial statements *… continued*

		2022 R'000	2021 R'000
12.	**ORDINARY SHARE CAPITAL**		
	Authorised		
	100,000 (2021: 100,000) ordinary shares of R1 each	**100**	100
	Issued		
	100,000 (2021: 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.

		2022 Rand	2021 Rand
13.	**PREFERENCE SHARE CAPITAL**		
	Authorised preference share capital		
	100 (2021: 100) non-cumulative, redeemable preference shares of no par value	**-**	-
	Issued preference share capital		
	3 (2021: 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.

		2022 R'000	Restated[1] 2021 R'000
14.	**INTEREST INCOME**		
	Interest income calculated using the effective interest method	**431 403**	431 261
	Interest Income	**17**	659
	Deposits with banks	**17 184**	12 075
	Equipment finance	**372 475**	382 374
	Capital Equipment finance	**41 727**	36 153
	Other interest income	**(4 065)**	(2 264)
	Trading assets and other	**(4 065)**	(2 264)
		427 338	428 997

[1]Refer to Note 2.5 of the Accounting Policy for additional information

Notes to the financial statements *… continued*

		2022 R'000	Restated[1] 2021 R'000
14.	**INTEREST INCOME … *continued***		
	Total interest income	**427 338**	428 997
	Interest income on items measured at amortised cost	**431 403**	431 261
	- Performing financial assets	**402 449**	410 386
	- Credit impaired financial assets	**28 954**	20 875
	Interest income on items measured at fair value through profit or loss	**(4 065)**	(2 264)
		427 338	428 997

[1]Refer to Note 2.5 of the Accounting Policy for additional information

		2022 R'000	2021 R'000
15.	**INTEREST EXPENSE**		
	Interest expense calculated using the effective interest method	**193 597**	180 655
	Loans from entities in the Group	**35 128**	34 241
	Debt securities	**157 703**	145 875
	Long-term borrowings	**766**	539
		193 597	180 655

		2022 R'000	2021 R'000
16.	**NET FEE AND COMMISSION EXPENSE**		
	Fee and commission income	**3 709**	2 725
	Administration fees	**79**	106
	Other fee income	**3 630**	2 619
	Fee and commission expense	**(210 161)**	(179 962)
	Fee and commission expense: Revenue share expense	**(150 841)**	(118 891)
	Total commission expense	**(9 257)**	(11 848)
	Administration fee expense	**(50 063)**	(49 223)
	Net fee and commission expense	**(206 452)**	(177 237)

		2022 R'000	2021 R'000
17.	**GAINS AND LOSSES ON FINANCIAL INSTRUMENTS**		
	Net gains/losses on the derecognition of financial assets measured at amortised cost	**15 980**	20 630
	Settlement profits	**15 980**	20 630
	Total gains and losses on financial instruments	**15 980**	**20 630**

Notes to the financial statements *… continued*

		2022 R'000	Restated[1] 2021 R'000
18.	**OTHER INCOME**		
	Income received on Evergreens	**121 989**	111 381
	Sundry income	**205**	68
	Other income	**122 194**	111 449

[1]Refer to Note 2.5 of the Accounting Policy for additional information

		2022 R'000	2021 R'000
19.	**OTHER OPERATING EXPENSES**		
	The following items are included in operating expenses:		
	Fees paid to auditors	**1 646**	544
	Administration and management fee - operating expense	**2 064**	2 040
	Bank charges	**1 123**	1 128
	Buildings, equipment and consumables	**41**	44
	Consulting fees	**75**	-
	Other charges	**5 049**	4 636
	Tax related expenses	**178**	437
	Other operating expenses	**10 176**	8 829

		2022 R'000	2021 R'000
20.	**INCOME TAX EXPENSE**		
	Current tax expense	**(408)**	9 518
	Current year	**-**	10 169
	Under/(over) provision in prior years	**(408)**	(651)
	Deferred tax expense	**41 943**	33 778
	Current year	**46 920**	33 778
	Under/(over) provision as a result of rate change	**(4 977)**	-
		41 535	43 296
	Reconciliation of taxation rate	**%**	**%**
	South African normal tax rate	**28.00%**	28.00%
	Adjusted for:	**(3.21)**	
	Over provision in prior years	**-**	(0.42%)
	Underprovision in prior years	**(0.24)**	-
	Tax rate change	**(2.97)**	-
	EFFECTIVE RATE	**24.79**	27.58%

Notes to the financial statements *… continued*

		2022 R'000	Restated 2021 R'000
21.	**STATEMENT OF CASHFLOW NOTE**		
21.1	**Cash inflow from operating activities**		
	Reconciliation of operating profit to cash flows from operating activities		
	Profit / (loss) before income tax	**167 573**	156 950
	Impairment charges on loans and advances	**(12 286)**	37 405
	Interest accrued	**(38 405)**	(18 551)
	Fair value adjustments on financial instruments	**4 065**	2 263
		120 947	**178 067**

		2022 R'000	2021 R'000
21.2	**Taxation paid**		
	Unpaid at the beginning of the year	**19 318**	8 134
	Charge to the income statement	**408**	(9 517)
	Unpaid at the end of the year	**(36 703)**	(19 318)
		(16 977)	**(20 701)**

		2022 R'000	2021 R'000
21.3	**Dividends paid**		
	Charge to distributable reserves	**(40 000)**	(40 000)
	Total dividends paid	**(40 000)**	(40 000)

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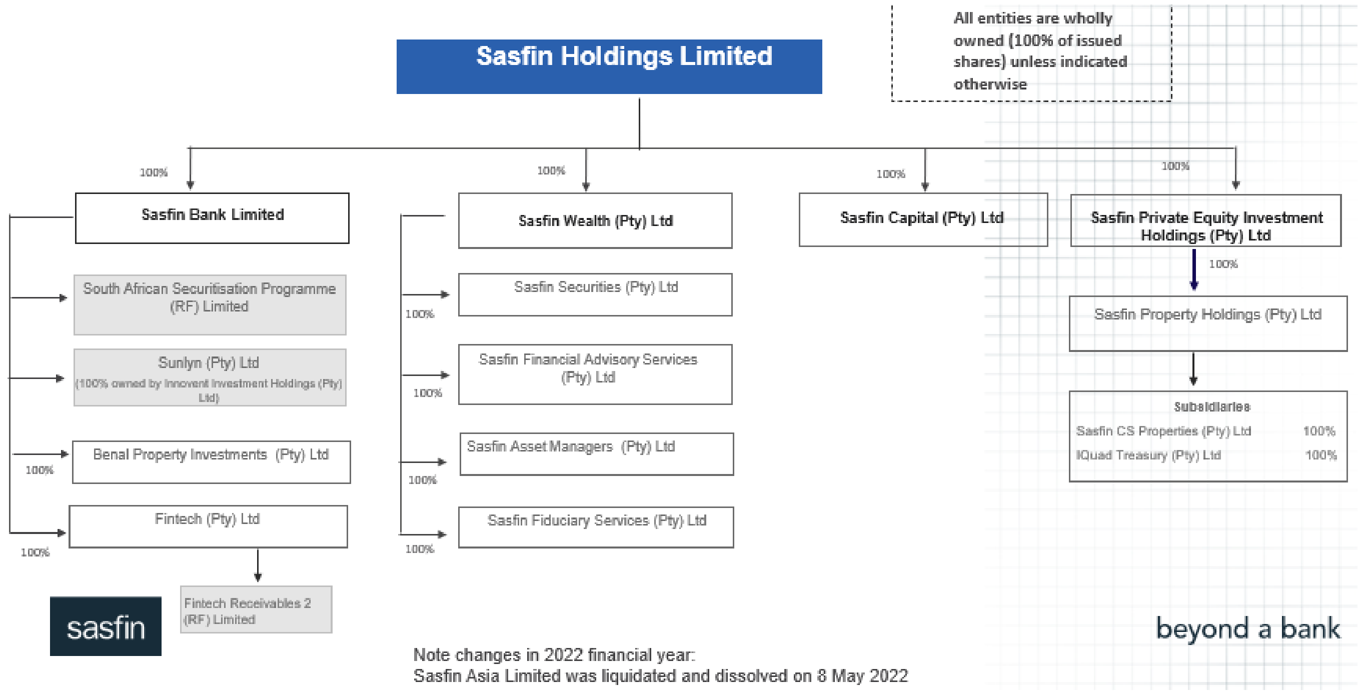
Notes to the financial statements ... continued

22. RELATED PARTY TRANSACTIONS

Subsidiaries and controlled structured entities



All entities are incorporated in South Africa.

* *Shareholders of Sasfin Holdings Limited*

- *Unitas Enterprises Limited (2022: 47.72%; 2021: 46.62%), a wholly owned company of The Erwin Discretionary Settlement Trust, of which Roland Sassoon and Michael Sassoon are beneficiaries.*
- *Wipfin Investments (Proprietary) Limited (2022: 25.10%; 2021: 25.10%), a wholly owned subsidiary of Women Investment Portfolio Holdings Limited (WIPHOLD).*
- *Public (2022:22.73%; 2021: 23.83%).*
- *Sasfin Share Incentive Trust (2022: 4.45%; 2021: 4.45%).*

Notes to the financial statements … continued

22.1 Key management personnel and related remuneration

Directors' and Prescribed officers remuneration	Cash package[1] Rand	Other benefits[2] Rand	Incentive bonus[3] Rand	Total Rand
2022				
Executive directors				
D Govender	2 197 015	344 916	537 500	3 079 431
	2 197 015	**344 916**	**537 500**	**3 079 431**
Board of director fees[4]	208 440	-	-	208 440
	208 440	**-**	**-**	**208 440**

Directors' and Prescribed officers remuneration	Cash package[1] Rand	Other benefits[2] Rand	Incentive bonus[3] Rand	Total Rand
2021				
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 fees[4]	240 000	-	-	240 000
	240 000	**-**	**-**	**240 000**

[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 Stonehage Fleming Corporate Services (Pty) Ltd) are paid by their respective service providers.

22.2 Related party transactions

22.2.1 Loans from entities in the group

	2022 R'000	2021 R'000
Loans from controlling company		
Sasfin Bank Limited	**(334 185)**	(333 975)
Total loans from entities in the Group	**(334 185)**	**(333 975)**

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.

Notes to the financial statements *… continued*

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

	2022 R'000	2021 R'000
(Payables to) / receivables from controlling company		
Sasfin Bank Limited	**(133 554)**	(86 828)
(Payables to) / receivables from fellow subsidiaries	**19 500**	19 701
Fintech (Pty) Ltd	**(869)**	(1 574)
Fintech Lease Rentals (Pty) Ltd	**16 511**	15 620
Fintech Underwriting (Pty) Ltd	**(886)**	202
Sunlyn (Pty) Ltd	**4 744**	5 453
Total (Payables) / receivables with entities in the Group	**(114 054)**	(67 127)

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

	2022 R'000	2021 R'000
Trading (liabilities) / assets with Controlling company		
Sasfin Bank Limited	**(2 210)**	(641)
Total trading (liabilities) / assets with entities in the Group	**(2 210)**	(641)

* 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

	2022 R'000	2021 R'000
Controlling company		
Interest received	**16 717**	12 075
Interest paid	**(43 333)**	(34 241)
Administration fees paid*	**(50 063)**	(49 223)
Dividends paid	**(40 000)**	(40 000)
Interest (paid) / received on interest rate swaps	**-**	(1 887)
Management fees*	**(2 064)**	(2 040)
Revenue share*	**(150 841)**	(118 891)
	(269 584)	**(234 207)**
Fellow subsidiaries		
Fintech (Pty) Ltd		
Fee and Commission Expense	**(9 257)**	(11 848)

* 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

	2022 R'000	2021 R'000
Cash and cash equivalents with controlling company		
Sasfin Bank Limited	**548 064**	352 097
Total cash and cash equivalents with entities in the Group	**548 064**	352 097

South African Securitisation Programme (RF) Limited

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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.

ASSETS	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
2022						
Cash and cash equivalents	548 064	-	-	548 064	-	548 064
Trading assets	-	-	-	-	-	-
Trade and other receivables	55 230	-	-	32 037	23 193	55 230
Loans and advances	3 245 062	-	-	3 245 062	-	3 245 062
Current taxation asset	36 704	-	-	-	36 704	36 704
Total Assets	**3 885 060**	**-**	**-**	**3 825 163**	**59 897**	**3 885 060**
LIABILITIES						
2022						
Trading liabilities	2 783	2 783	2 783	-	-	2 783
Trade and other payables	144 265	-	-	144 265	-	144 265
Debt securities issued	2 991 426	-	-	2 991 426	-	2 991 426
Long term loans	5 500	-	-	5 500	-	5 500
Deferred tax liability	134 382	-	-	-	134 382	134 382
Loans from entities in the Group	334 185	-	-	334 185	-	334 185
Total liabilities	**3 612 541**	**2 783**	**2 783**	**3 475 376**	**134 382**	**3 612 541**

23. CLASSIFICATION OF ASSETS AND LIABILITIES … ***continued***

Accounting classification and fair values … ***continued***

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

ASSETS	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
2021 – Restated[1]						
Cash and cash equivalents	345 698	-	-	345 698	-	345 698
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	**3 559 657**	-	-	3 540 339	19 318	**3 559 657**

LIABILITIES	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
2021 – Restated[1]						
Trading liabilities	7 892	7 892	7 892	-	-	7 892
Trade and other payables	191 949	-	-	187 822	4 127	191 949
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	**3 373 176**	**7 892**	**7 892**	**3 268 718**	**96 566**	**3 373 176**

[1]Refer to Note 2.5 of the Accounting Policy for additional information

Notes to the financial statements *… continued*

24 CLASSIFICATION OF ASSETS AND LIABILITIES … *continued*

24.1 Financial assets and liabilities measured at fair value

	2022 Level 2 R'000	2022 Fair value R'000	2021 Level 2 R'000	2021 Fair value R'000
Recurring fair value measurements				
Financial Assets	-	-	-	-
Trading assets	-	-	-	-
Trading liabilities	**2 783**	**2 783**	7 892	7 892
Trading liabilities	**2 783**	**2 783**	7 892	7 892

24.2 Financial assets and financial liabilities not measured at fair value

2022	Fair Value Level 1 R'000	Level 2 R'000	Level 3 R'000	Total Fair Value R'000	Amortised Cost R'000
Financial assets	**-**	**548 064**	**3 300 292**	**3 848 356**	**3 848 356**
Cash and cash equivalents	**-**	**548 064**		**548 064**	**548 064**
Trade and other receivables	**-**	**-**	**55 230**	**55 230**	**55 230**
Loans and advances	**-**	**-**	**3 245 062**	**3 245 062**	**3 245 062**
Financial liabilities	**2 991 426**	**-**	**483 950**	**3 475 376**	**3 475 376**
Trade and other payables	**-**	**-**	**144 265**	**144 265**	**144 265**
Debt securities issued	**2 991 426**	**-**	**-**	**2 991 426**	**2 991 426**
Long-term loans	**-**	**-**	**5 500**	**5 500**	**5 500**
Loans from entities in the Group	**-**	**-**	**334 185**	**334 185**	**334 185**

2021 – Restated[1]	Fair Value Level 1 R'000	Level 2 R'000	Level 3 R'000	Total Fair Value R'000	Amortised Cost R'000
Financial assets	-	345 698	3 194 641	3 540 339	3 540 339
Cash and cash equivalents	-	345 698	-	345 698	345 698
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	-	531 262	3 272 845	3 272 845
Trade and other payables	-	-	191 949	191 949	191 949
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

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.

[1]Refer to Note 2.5 of the Accounting Policy for additional information

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 GRCMC (a committee of the Board), are responsible for monitoring Company risk management policies in their specified areas of responsibility. The GRCMC, 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 GRCMC 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.

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.

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 1.7 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.

Notes to the financial statements *… continued*

26.1 Credit Risk Exposure Analysis … *continued*

2022	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		**548 064**	**548 064**	**-**	**-**	**548 064**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loan and advances		**3 245 063**	**3 473 846**	**228 783**	**6.59**	**3 147 973**	**50 211**	**1.60**	**41 220**	**6 171**	**14.97**	**284 653**	**172 402**	**60.57**
Equipment finance		**2 877 818**	**3 102 825**	**225 007**	**7.25**	**2 783 736**	**48 840**	**1.75**	**39 644**	**6 117**	**15.43**	**279 445**	**170 050**	**60.85**
Capital equipment finance		**367 245**	**371 021**	**3 776**	**1.02**	**364 237**	**1 371**	**0.38**	**1 576**	**54**	**3.40**	**5 208**	**2 352**	**45.15**
Trade and other receivables		**55 230**	**55 230**	**-**	**-**	**55 230**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount		**3 848 357**	**4 077 140**	**228 783**	**6.559**	**3 751 267**	**50 211**	**1.60**	**41 220**	**6 171**	**14.97**	**284 653**	**172 402**	**60.60**

Total exposure to credit risk		**3 848 357**

Notes to the financial statements *... continued*

26.1 Credit Risk Exposure Analysis ... *continued*

2021 – Restated[1]	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		345 698	345 698	-	-	345 698	-	-	-	-	-	-	-	-
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		3 540 339	3 793 516	253 177	7,60	3 445 542	53 496	1,79	79 078	11 580	14,64	268 896	188 101	69,95

Total exposure to credit risk	3 540 339

[1]Refer to Note 2.5 of the Accounting Policy for additional information

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.

Notes to the financial statements *… continued*

26.1 Credit Risk Exposure Analysis … *continued*

Concentration risk of advances	2022 R'000	2021 R'000
Sectorial analysis		
Agriculture	**85 449**	77 127
Community, social and personal services	**1 178 258**	1 053 141
Construction	**108 913**	110 641
Electricity and water	**22 460**	16 034
Finance, real estate and business services	**662 026**	672 853
Manufacturing	**424 905**	401 632
Mining	**66 081**	58 956
Trade and accommodation	**633 513**	630 996
Transport and communication	**272 756**	260 812
Other activities not adequately defined	**19 485**	50 572
TOTAL	**3 473 846**	**3 332 764**

26.2 Collateral and other security enhancements

26.2.1 *Description of Collateral For Loans and Advances*

Loans and advances	*Security*
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.

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
2022				
Loans and advances				
Equipment finance	**3 102 825**	**3 087 390**	**3 087 390**	**15 435**
Capital equipment finance	**371 021**	**371 021**	**371 021**	**-**
	3 473 846	**3 458 411**	**3 458 411**	**15 435**
2021				
Loans and advances				
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

26.2.3 *Collateral held against individually impaired assets*

	Gross exposure R'000	Fixed assets R'000	Total R'000	Unsecured R'000
2022				
Loans and advances				
Equipment finance	**279 445**	**279 445**	**279 445**	**-**
Capital equipment finance	**5 208**	**4 970**	**4 970**	**239**
	284 653	**284 415**	**284 415**	**239**
2021				
Loans and advances				
Equipment finance	259 934	259 934	259 934	-
Capital equipment finance	8 962	8 962	8 962	-
	268 896	268 896	268 896	-

Notes to the financial statements *... continued*

26.3 Credit loss allowance analysis

26.3.1 *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
2022				
Equipment Finance				
Credit loss allowance balance beginning of the year	49 922	10 765	181 732	242 419
Transfers between stages	(1 237)	(5 169)	23 330	16 924
Stage 1 from Stage 2	330	-	-	330
Stage 1 from Stage 3	96	-	-	96
Stage 1 to Stage 2	(654)	-	-	(654)
Stage 1 to Stage 3	(1 009)	-	-	(1 009)
Stage 2 from Stage 1	-	3 537	-	3 537
Stage 2 from Stage 3	-	29	-	29
Stage 2 to Stage 1	-	(4 697)	-	(4 697)
Stage 2 to Stage 3	-	(4 038)	-	(4 038)
Stage 3 from Stage 1	-	-	17 915	17 915
Stage 3 from Stage 2	-	-	10 467	10 467
Stage 3 to Stage 1	96	-	(4 911)	(4 911)
Stage 3 to Stage 2	-	-	(141)	(141)
Total Transfers	156	522	(4 906)	(4 227)
ECL on new exposure raised	17 128	859	410	20 903
Subsequent changes in ECL	(11 283)	1 097	5 272	(7 419)
Change in ECL due to derecognition	(5 689)	(1 434)	(10 588)	(17 711)
Impaired accounts written off	-	-	(30 108)	(30 108)
Credit loss allowance balance end of the year	48 840	6 118	170 050	225 008

26.3 Credit loss allowance analysis ... *continued*

26.3.1 *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				
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**	**10 765**	**181 732**	**242 419**

26.3 Credit loss allowance analysis ... *continued*

26.3.1 *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
2022				
Capital equipment Finance				
Credit loss allowance balance beginning of the year	**3 575**	**815**	**6 369**	**10 758**
Transfers between stages	**(39)**	**(543)**	**512**	**(70)**
Stage 1 from Stage 2	**13**	**-**	**-**	**13**
Stage 1 from Stage 3	**4**	**-**	**-**	**4**
Stage 1 to Stage 2	**(13)**	**-**	**-**	**(13)**
Stage 1 to Stage 3	**(43)**	**-**	**-**	**(43)**
Stage 2 from Stage 1	**-**	**35**	**-**	**35**
Stage 2 from Stage 3	**-**	**-**	**-**	**-**
Stage 2 to Stage 1	**-**	**(570)**	**-**	**(570)**
Stage 2 to Stage 3	**-**	**(8)**	**-**	**(8)**
Stage 3 from Stage 1	**-**	**-**	**1 075**	**1 075**
Stage 3 from Stage 2	**-**	**-**	**62**	**62**
Stage 3 to Stage 1	**-**	**-**	**(625)**	**(625)**
Stage 3 to Stage 2	**-**	**-**	**-**	**-**
Total Transfers	**(2 164)**	**(217)**	**245**	**(2 136)**
ECL on new exposure raised	**410**	**17**	**38**	**465**
Subsequent changes in ECL	**(1 970)**	**(229)**	**324**	**(1 875)**
Change in ECL due to derecognition	**(604)**	**(5)**	**(117)**	**(726)**
Impaired accounts written off	**-**	**-**	**(4 777)**	**(4 777)**
Credit loss allowance balance end of the year	**1 372**	**55**	**2 348**	**3 775**

Notes to the annual financial statements *…continued*

26.3 Credit loss allowance analysis … *continued*

26.3.1 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**

Notes to the annual financial statements …continued

26.3 Credit loss allowance analysis … *continued*

26.3.1 *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
2022				
Total loans and advances				
Credit loss allowance balance beginning of the year	53 496	11 580	188 101	253 177
Transfers between stages[10]	(1 276)	(5 712)	23 842	16 854
Stage 1 from Stage 2	343	-	-	343
Stage 1 from Stage 3	100	-	-	100
Stage 1 to Stage 2[5]	(667)	-	-	(667)
Stage 1 to Stage 3[3]	(1 052)	-	-	(1 052)
Stage 2 from Stage 1	-	3 572	-	3 572
Stage 2 from Stage 3[4]	-	29	-	29
Stage 2 to Stage 1[6]	-	(5 267)	-	(5 267)
Stage 2 to Stage 3	-	(4 046)	-	(4 046)
Stage 3 from Stage 1	-	-	18 990	18 990
Stage 3 from Stage 2	-	-	10 529	10 529
Stage 3 to Stage 1[1]	-	-	(5 536)	(5 536)
Stage 3 to Stage 2[2]	-	-	(141)	(141)
Total Transfers	(2 008)	304	(4 661)	(6 365)
ECL on new exposure raised	17 538	1 565	2 265	21 368
Subsequent changes in ECL[7]	(13 253)	179	3 779	(9 295)
Change in ECL due to derecognition[8]	(6 293)	(1 440)	(10 705)	(18 438)
Impaired accounts written off[9]	-	-	(34 883)	(34 883)
Credit loss allowance balance end of the year	50 212	6 172	172 399	228 783

[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 1.7.
[4] Customers classified as credit-impaired. For the definition refer to accounting policies note 1.7.
[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 1.7.
[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.

Notes to the annual financial statements *…continued*

26.3 Credit loss allowance analysis … *continued*

26.3.1 *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 stages[10]	**(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**

[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 1.7.
[4] Customers classified as credit-impaired. For the definition refer to accounting policies note 1.7.
[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 1.7.
[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.

Notes to the annual financial statements *…continued*

26.3.2 ***Credit impairment charges recognised in profit or loss***

	2022 R'000	Restated[1] 2021 R'000
Net ECL recognised	**(4 704)**	41 787
Loans and advances	**(4 704)**	41 787
Trade and other receivables	**-**	-
Recoveries of loans and advances previously written off	**(7 582)**	(4 383)
	(12 286)	37 404

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.

Notes to the financial statements *... continued*

27.1 Contractual maturity analysis

2022	Carrying Amount R'000	Gross Inflow/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
Discounted maturity									
Assets									
Cash and cash equivalents	548 064	548 064	548 064	-	-	-	-	-	548 064
Trading assets	-	-	-	-	-	-	-	-	-
Trade and other receivables	55 230	55 230	32 037	-	-	-	-	23 193	55 230
Loans and advances	3 245 062	3 473 845	114 921	21 867	199 561	3 135 164	2 332	(228 783)	3 245 062
Current taxation asset	36 704	36 704	-	-	-	-	-	36 704	36 704
Total assets	3 885 060	4 113 843	695 022	21 867	199 561	3 135 164	2 332	(168 886)	3 885 060
Undiscounted maturity									
Liabilities									
Trading liabilities	2 783	2 783	2 783	-	-	-	-	-	2 783
Trade and other payables	144 265	144 265	144 265	-	-	-	-	-	144 265
Debt securities issued	2 991 426	3 321 350	-	472 328	550 265	2 298 757	-	-	3 321 350
Long term loans	5 500	10 657	28	160	422	3 173	6 874	-	10 657
Deferred tax liability	134 382	134 382	-	-	-	-	-	134 382	134 382
Loans from entities in the group	334 185	334 185	334 185	-	-	-	-	-	334 185
Total liabilities	3 612 541	3 947 622	481 261	472 488	550 687	2 301 930	6 874	134 382	3 947 622

[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.

Notes to the Financial Statements …continued

27.1 Contractual maturity analysis … *continued*

2021	Carrying Amount R'000	Gross Inflow/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
Discounted maturity									
Assets									
Cash and cash equivalents	345 698	345 698	345 698	-	-	-	-	-	345 698
Trading assets	-	-	-	-	-	-	-	-	-
Trade and other receivables	115 054	115 054	115 054	-	-	-	-	-	115 054
Loans and advances	3 079 587	3 332 765	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	**3 559 657**	**3 812 835**	**602 141**	**273 103**	**1 043 575**	**1 874 187**	**510**	**(233 859)**	**3 559 657**
Undiscounted maturity									
Liabilities									
Trading liabilities	7 892	7 892	7 892	-	-	-	-	-	7 892
Trade and other payables	191 949	191 949	191 949	-	-	-	-	-	191 949
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	**3 373 176**	**3 583 242**	**533 816**	**346 020**	**329 860**	**2 373 545**	**-**	**92 439**	**3 675 681**

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.

Notes to the financial statements *… continued*

27.2 Discounted maturity analysis: Current and non-current

	2022 Current R'000	2022 Non-current R'000	2022 Total R'000	Restated[1] 2021 Current R'000	Restated[1] 2021 Non-current R'000	Restated[1] 2021 Total R'000
Assets						
Cash and cash equivalents	**548 064**	**-**	**548 064**	345 698	-	345 698
Trading assets	**-**	**-**	**-**	-	-	-
Trade and other receivables	**55 230**	**-**	**55 230**	115 054	-	115 054
Loans and advances	**107 566**	**3 137 496**	**3 245 062**	1 458 067	1 621 520	3 079 587
Current taxation asset	**36 704**	**-**	**36 704**	19 318	-	19 318
Total assets	**747 564**	**3 137 496**	**3 885 060**	1 938 137	1 621 520	3 559 657
Liabilities						
Trading liabilities	**2 783**	**-**	**2 783**	7 892	-	7 892
Trade and other payables	**144 265**	**-**	**144 265**	191 949	-	191 949
Debt securities issued	**1 013 522**	**1 977 904**	**2 991 426**	544 796	2 196 787	2 741 583
Long term loans	**-**	**5 500**	**5 500**	-	5 338	5 338
Deferred tax liability	**-**	**134 382**	**134 382**	92 439	-	92 439
Loans from entities in the Group	**334 185**	**-**	**334 185**	333 975	-	333 975
Total liabilities	**1 494 755**	**2 117 786**	**3 612 541**	1 171 051	2 202 125	3 373 176

[1]Refer to note 2.5 of the Accounting Policy for additional information

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 GRCMC) 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, GRCMC 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.

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
2022						
ASSETS						
Non-trading portfolios						
Cash and cash equivalents	548 064	-	-	-	-	548 064
Loans and advances	3 161 509	1 338	10 168	72 047	-	3 245 062
TOTAL ASSETS	3 709 573	1 338	10 168	72 047	-	3 793 126
LIABILITIES						
Non-trading portfolios						
Debt securities issued	-	2 991 426	-	-	-	2 991 426
Long-term loans	-	5 500	-	-	-	5 500
Loans from Entities in the Group	-	334 185	-	-	-	334 185
TOTAL LIABILITIES	-	3 331 111	-	-	-	3 331 111
NET PRICING GAP	3 709 573	(3 329 773)	10 168	72 047	-	462 015
CUMULATIVE REPRICING GAP	3 709 573	379 800	389 968	462 015	462 015	462 015
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	6 183	(11 099)	102	720	-	(4 094)
200 bp parallel shock interest rate decrease	(3 117)	11 099	(102)	(720)	-	7 160

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
2021 – Restated[1]						
ASSETS						
Non-trading portfolios						
Cash and cash equivalents	345 698	-	-	-	-	345 698
Loans and advances	3 213 895	13 841	44 864	59 862	302	3 332 764
TOTAL ASSETS	**3 559 593**	**13 841**	**44 864**	**59 862**	**302**	**3 678 462**
LIABILITIES						
Non-trading portfolios						
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	3 338 194	1	44 864	59 862	302	597 566
CUMULATIVE REPRICING GAP	3 338 194	492 538	537 402	597 264	597 566	1 195 132
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)

[1]Refer to note 2.5 of the Accounting Policy for additional information

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
2022		
Assets		
Cash and cash equivalents	**548 064**	**548 064**
Trading assets	**-**	**-**
Trade and other receivables	**55 230**	**55 230**
Loans and advances	**3 245 062**	**3 245 062**
Current Taxation Asset	**36 704**	**36 704**
Total assets	**3 885 060**	**3 885 060**
Liabilities		
Trading liabilities	**2 783**	**2 783**
Trade and other payables	**144 265**	**144 265**
Debt securities issued	**2 991 426**	**2 991 426**
Long-term loans	**5 500**	**5 500**
Deferred tax liability	**134 382**	**134 382**
Loans from entities in the Group	**334 185**	**334 185**
Total liabilities	**3 612 541**	**3 612 541**
2021 – Restated[1]		
Assets		
Cash and cash equivalents	345 698	345 698
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	**3 559 657**	**3559 657**
Liabilities		
Trading liabilities	7 892	7 892
Trade and other payables	191 949	191 949
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	**3 373 176**	**3 373 176**

[1]Refer to note 2.5 of the Accounting Policy for additional information

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
2022					
Interest rate swaps	**(2 783)**	**(2 783)**	**-**	**(2 783)**	**(1 473 962)**
Total derivatives	**(2 783)**	**(2 783)**	**-**	**(2 783)**	**(1 473 962)**
2021					
Interest rate swaps	(7 892)	(7 892)	-	(7 892)	(1 234 883)
Total derivatives	**(7 892)**	**(7 892)**	**-**	**(7 892)**	**(1 234 883)**

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 GRCMC to ensure the Company is in compliance with the capital management objectives. The GRCMC 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 targe 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' 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.

30. SUBSEQUENT EVENTS AND GOING CONCERN

Subsequent events

The Company successfully re-financed R511 million in August 2022, additionally further secured R250 million and issued A,B and C class notes which mature in 3–5 years.

Going concern

Over the last twelve months, the South African economy performed better than anticipated. Despite the overall challenging operating environment impacted by the continuing 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.

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