sasfin Holdings Limited

Annual Financial Statements

for the year ended 30 June 2022

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Annual Financial Statements

Indicates additional information available online or from the Company Secretary.

OUR REPORTS

Annual Financial Statements 2022
This report presents Sasfin Holding's Annual Financial Statements and includes risk and capital management disclosures.

Integrated Report 2022
This is Sasfin's primary report, which presents our strategy, performance and plans.

Legal entity terminology used in this report

Group/Sasfin: Sasfin Holdings Limited and its subsidiaries

Banking Group: Sasfin Bank Limited and its subsidiaries

Bank: Sasfin Bank Limited

Wealth Group: Sasfin Wealth (Proprietary) Limited and its subsidiaries

SasSec: Sasfin Securities (Proprietary) Limited

Capital: Sasfin Capital (Proprietary) Limited

Company: Sasfin Holdings Limited

Statement of preparation

In terms of section 29(1)(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), Group Financial Director, 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.

Disclaimer

The Group has, in good faith, made a reasonable effort to ensure the fair presentation, accuracy and completeness of the information contained in this document, including all information that may be regarded as "forward-looking statements". Forward-looking statements may be identified by words such as "believe", "anticipate", "expect", "plan", "estimate", "intend", "project", and "target".

Forward-looking statements are not statements of fact, but statements by the Board based on its current estimates, projections, expectations, beliefs and assumptions regarding the Group's future performance, and no assurance can be given to this effect.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate, inflation and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

The Group does not undertake to update any forward-looking statements contained in this document, and does not assume responsibility for any loss or damage, however arising, as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits or consequential loss or damage.

Directors' responsibility statement

The Board of Directors (the Board) of Sasfin Holdings Limited (Sasfin or the Group) is responsible for the preparation and fair presentation of the Directors' Report and the Consolidated and Separate Annual Financial Statements of the Company, including significant accounting policies and other explanatory notes.

The Consolidated and Separate 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, the JSE Listings Requirements, 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 Consolidated and Separate Annual Financial Statements and for maintaining adequate accounting records and an effective system of risk management.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission. The examination of controls over the maintenance and integrity of the Company's website is beyond the scope of the audit of the financial statements. Accordingly, the directors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. However, if management does become aware of any subsequent amendments, management will notify the directors 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 Group Risk, Compliance and Internal Audit functions, the Board is of the view that an effective internal financial control environment exists to support the integrity of the Consolidated and Separate Annual Financial Statements. The Board has a reasonable expectation that the Company will have adequate resources to continue operating 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 Consolidated and Separate Annual Financial Statements.

The Consolidated and Separate Annual Financial Statements for the year ended 30 June 2022 were approved by the Board on 21 September 2022 and are signed on its behalf by:

Deon de Kock
Chair

Michael Sassoon
Chief Executive Officer

Harriet Heymans
Group Financial Director

21 September 2022

Company Secretary's certification

I hereby certify that, in terms of section 88(2)(e) of the Companies Act, Sasfin Holdings 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 are required of a public company are true, correct and up to date.

Charissa de Jager
Company Secretary

21 September 2022

Chief Executive Officer and Group Financial Director's responsibility statement

In compliance with JSE Listings Requirement 3.84(k), the directors, whose names are stated below, hereby confirm that –

a) the annual financial statements set out on pages 18 to 136, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

f) we are not aware of any fraud involving directors.

Michael Sassoon
Chief Executive Officer

Harriet Heymans
Group Financial Director

21 September 2022

Group Audit Committee report

Introductory comments

The Group Audit Committee (GAC/the Committee) is pleased to present its report in respect of the 2022 Annual Financial Statements of Sasfin Holdings Limited (the Group or Sasfin), in compliance with section 94(7) of the Companies Act. The Committee's functions are further informed by the Companies Act, the Banks Act, the JSE Listings Requirements and King IV Report™ on Corporate Governance for South Africa, 2016 (King IV™)* and are set out in its Charter which is approved by the Board.

During the period under review, management became aware that certain prior period transactions may not have been correctly accounted for. A review confirmed that there were errors affecting prior periods which required the restatement and/or reclassifications as set out in Note 49. Internal and external auditors have independently reviewed the work performed by management.

The restatement has impacted the opening retained earnings for the 2021 financial periods and 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, without impacting earnings.

Committee composition and assessment of its performance

In terms of the Banks Act, which takes precedence over the Companies Act, members of the Committee are appointed by the Board and not by the shareholders. Only Independent Non-Executive Directors are eligible to serve on the Committee.

Members		Appointed	Resigned
Tapiwa Njikizana	Chair[1]	**3 May 2021**	
Mark Thompson		**21 June 2019**	
Richard Buchholz		**7 March 2018**	
Grant Dunnington[2]		**29 July 2013**	25 November 2021
Deon de Kock		**19 August 2020**	25 November 2021

[1] *Appointed Chair with effect from 25 November 2021.*
[2] *Retired with effect from 25 November 2021.*

The Committee holds private meetings with the External Auditors, the Head of Internal Audit and the Group Financial Director. The Chair of the Board, Executive Directors, executive management and representatives of the External Auditors are invitees to meetings of the Committee.

The Chair of the Committee has regular contact with the management team to discuss relevant matters directly. The Internal and External Auditors have direct access to the Chair of the Committee on any matter that they regard as relevant to the fulfilment of their responsibilities.

Functions of the Committee

The role of the Committee is to assist the Board to fulfil its oversight responsibilities in areas such as financial reporting, internal control practices, governance, and the Internal and External Audit functions.

The functions of the Committee are outlined in its Charter, which was reviewed and updated during the year and is available on the Sasfin website.

Activities during the year

During the year under review the Committee, among other matters, dealt with the following:

Financial control and financial reporting

- Reviewed the Interim Results, Annual Financial Statements, Integrated Report, dividend declarations and trading updates of the Group, and recommended those to the Board for approval;
- Assessed the appropriateness of the going concern basis for the preparation of the Interim Results and Annual Financial Statements and the solvency and liquidity tests in support of financial assistance and distributions;
- Assessed the accounting policies and key assumptions applied in the preparation of the Annual Financial Statements, as well as technical reporting matters relating to complex accounting issues, exceptional transactions and significant accounting judgements and estimates;
- Oversaw compliance of the Interim Results and Annual Financial Statements with IFRS and the material JSE Listings Requirements;
- Considered the annual JSE Proactive Monitoring report to enhance the integrity of the financial information in the Annual Financial Statements; and

- Reviewed the adequacy and effectiveness of the internal financial controls and reporting processes. Where weaknesses were identified, specifically on system-related controls and processes, the adequacy and design of compensating controls instituted by management were considered. Supported by the work of Internal Audit and other assurance providers, the Committee satisfied itself as to the overall adequacy and operating effectiveness of the internal financial control environment and noted the improvements made during the year and those planned for the year ahead.

The Committee noted the JSE Listing Requirements (paragraph 3.84 (k)), as they pertain specifically to the responsibility of the Chief Executive Officer and Group Financial Director to affirm the fair presentation of the annual financial statements and the adequacy and efficacy of internal financial controls and reporting processes. As required by the JSE Listing Requirements, the Chief Executive Officer and Group Financial Director have disclosed to the Committee and the Auditors a comprehensive list of the deficiencies in the design and operational effectiveness of the material internal financial controls, together with a description of the actions required to remediate these deficiencies and by when this will be done.

External Audit

- As required in terms of the JSE Listings Requirements, paragraph 22.15(h), in considering the re-appointment of the external auditors, the Committee reviewed the reports related to the latest inspection performed by IRBA on the external auditors including the decision letter, findings report and the proposed remedial action to address the findings. The Committee was satisfied that there were no material concerns and was comfortable to recommend the re-appointment of the external auditors to the shareholders for approval at the AGM.
- Recommended the re-election of PricewaterhouseCoopers Inc (PwC) as the audit firm, and Mr. Costa Natsas as the audit engagement partner, for shareholder approval. This is in line with Section 92 of the Companies Act, whereby Mr. Vincent Tshikhovhokhovho, the current audit engagement partner, is rotating off Sasfin after a tenure of five consecutive financial years;
- Was satisfied that non-audit related services carried out by the External Auditors were in accordance with the Board-approved non-audit services policy which places limits on non-audit services provided by the External Auditors;
- In consultation with the executive management, approved the engagement letter, audit plan and budgeted fees for the 2022 financial year; and
- Promoted and enabled effective communication between the External Auditors and Internal Audit.

The Committee is satisfied that PwC is independent of the Group, and the partner who is responsible for signing the Group'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; and
- policies and controls regarding non-assurance services provided by PwC.

Internal Audit

- Reviewed and approved the Internal Audit Charter, the annual audit plan and amendments thereto, and the Internal Audit budget for the financial year;
- Reviewed audit reports issued by Internal Audit, including considering any weaknesses in controls that were identified and the corrective actions proposed by management;
- Considered quarterly status update reports on the progress made towards addressing the internal and external audit findings; and
- Evaluated the independence and performance of the Group Internal Audit function and the Head of Internal Audit. The Committee concluded that the Head of Internal Audit and the function were independent and effective for the period under review.

The Head of Internal Audit reported regularly to the Committee and had unrestricted access to the Committee Chair. In her annual statement regarding the effectiveness of the Group's governance, risk management and control processes the Head of Internal Audit expressed the opinion that material internal controls, including those over financial and other reporting processes, were adequately designed, satisfactorily implemented and operated effectively to allow reliance to be placed by users on external reports issued by the Group. Specifically in relation to controls over financial reporting, she has attested that Internal Audit did not identify any significant weaknesses in the design, implementation or execution of these controls that had resulted in, or were likely to result in material financial loss, fraud, corruption or error.

Combined Assurance

The Committee requested enhancements to the Group's Combined Assurance Framework. These are being implemented with the aim of improving the co-ordination of activities across the business, and providing reasonable assurance as to the integrity of the financial and regulatory reporting of the Group, so that key risks are identified and managed appropriately, and that the Group's main governance systems are suitably designed and operating effectively.

The activities coordinated via the Combined Assurance Framework include line functions that own and manage risk, compliance and control activities at that level; specialist functions that oversee risk and compliance; independent assurance activities such as those performed by Internal Audit; various oversight committees such as this Committee, the CLEC, and the GRCMC; independent external service providers including the External Auditors, property valuators, and other specialists engaged for specific assurance purposes where appropriate; and the Group's regulators.

The Combined Assurance Framework now also incorporates an assurance map whereby key internal financial and reporting controls and processes over key financial statement line items are reported on. The assurance map enhances assurance over the financial and regulatory reporting of the Group and supports the financial reporting attestations required from the Chief Executive Officer and Group Financial Director in terms of the JSE Listings Requirements.

The Committee is of the view that the Group's new Combined Assurance arrangements are suitably designed and bedding down well.

Expertise and experience of the Finance function and the Group Financial Director

The GAC:

- received regular reports from the Group Financial Director regarding the financial performance of the Group, the tracking and monitoring of key performance indicators and regulatory ratios, and details of budgets, forecasts and long-term plans;
- considered updates on the enhancement of the financial reporting controls and processes, and the adequacy and reliability of the management information used in the financial reporting process;
- received feedback from both Internal and External Audit regarding the financial control environment;
- considered the responsibilities of the Finance function and concluded on the appropriateness thereof;
- considered the expertise, resources and experience of the Finance function and the senior management responsible for this function;
- considered the experience, effectiveness and expertise of the Group Financial Director; and
- concluded that these were appropriate.

Key audit matters as reported by the External Auditors

The Committee considered the Key Audit Matters as reported by the External Auditors as part of the PwC audit report.

These matters are also key aspects considered by the Committee as part of the year-end reporting process in recommending the Annual Financial Statements, as well as the adequacy and effectiveness of internal controls, to the Board for approval and disclosure.

In respect of Key Audit Matters reported in the current year, the Committee's oversight and monitoring processes include the following:

Expected credit losses

This is an area that is also reviewed by the CLEC, before consideration by this Committee. The Committee considered the Group's calculation of expected credit losses, with specific review and consideration given to the macro-economic factors used to calculate the forward looking scenarios. In addition, the Committee reviewed the appropriateness of the forward-looking macro-economic scenarios used in the measurement of ECL in South Africa. Finally, the Committee considered the appropriateness of the proposed ECL on the Land Bank bills and other Government Backed Securities and noted the specific assertions made by management in support of the ECL.

The Committee also paid specific attention to the IFRS 9 disclosure in the Annual Financial Statements and considered its appropriateness. The Committee also had explicit discussions with the External Auditors in order to satisfy itself in this regard.

Valuation of Private and Property Equity Investments

The Committee considered the oversight in this regard by the CLEC, which reviews Private and Property Equity valuations on a bi-annual basis. The assumptions, judgements and methodology and recommendations by independent external valuators were reviewed and discussed by the Committee to enable it to satisfy itself as to the reasonableness of the valuations. The Committee also had a specific discussion with the External Auditors in order to satisfy itself in this regard.

Group Audit Committee report *continued*

Correction of prior year errors, restatements and reclassifications

The Committee reviewed all business memoranda and accounting papers prepared by management in assessing certain prior period matters in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates.*

The Committee considered the root causes, nature, and impact of each of the issues identified. The required adjustments to restate the financial statements were subjected to verification by management, and by internal and external auditors in order to ensure that they were valid, accurate and complete. The root cause analysis indicated that for the majority of the matters under consideration, the weaknesses which made it possible for these to arise have since been rectified in subsequent periods. The Committee also had a specific discussion with the External Auditors in order to satisfy itself in this regard.

The restatements were reviewed and approved by the Committee.

Going concern assessment

The Committee assessed, on behalf of the Board, and recommended to the Board that it was appropriate for the financial statements to be prepared on a going concern basis. In this process, it considered reports on the Group's latest five-year budget plan, profitability, capital, liquidity and solvency, and the impact of legal proceedings.

In conclusion

The Committee is satisfied that it has fulfilled its responsibilities and complied with its legal, regulatory and governance responsibilities as set out in its mandate.

Tapiwa Njikizana CA(SA)
Chair – Group Audit Committee

21 September 2022

Directors' report

Nature of business

Sasfin Holdings Limited (Sasfin or Group) is a bank-controlling company listed on the JSE. Sasfin and its subsidiaries provide a comprehensive range of specialist financial products and services focused on the needs of asset suppliers, small and medium businesses and institutional and private clients.

COVID-19

The directors have determined that COVID-19 might continue to have some impact, however it is not expected to be significant.

Financial results

The Group's headline earnings increased by 18.19% to R166.73 million (2021: R141.07 million). Headline earnings per share increased by 23.63% to 541.81 cents (2021: 438.24 cents). This is largely due to a significant decrease in credit impairments and an increase in income from improved margins and increased gains on loans measured at fair value through profit or loss. During the interim period an interim dividend of 33.95 cents (2021: nil) was declared. As a result of the improved performance, a final ordinary share dividend of 120.89 cents per share was declared (2021: 131.02 cents).

During the period under review, management, through an improved reconciliation process, became aware that certain prior period transactions may not have been correctly accounted for. A detailed review confirmed that there were errors affecting prior periods which required the restatement and/or reclassification as set out in Note 49.

The restatement arose from transactions which occurred in the 2019 and 2020 financial periods. Given the amounts involved, management determined that a restatement would be required in terms of IFRS. From an earnings perspective, the restatement affected the opening retained earnings relating to financial periods prior to 2021.

The reclassification items impact certain line items in the statement of profit or loss and other comprehensive income and statement of financial position, and do not impact the previously reported earnings for 2021.

Directorate and changes to the board

Mr Roy Andersen, Director and Chair of the Boards of Sasfin Holdings Limited and Sasfin Bank Limited, and Mr Grant Dunnington, Director of the Boards of Sasfin Holdings Limited and Sasfin Bank Limited retired at the AGM on 25 November 2021.

Mr Tienie van der Mescht was appointed as an independent non-executive director of the Company, effective 29 November 2021.

Ms Angela Pillay resigned in January 2022 and served as the outgoing Financial Director of the Group and Bank until 4 April 2022.

Ms Harriet Heymans was appointed on 4 April 2022 and serves as the Financial Director of the Group and Bank.

Directors and company secretary

Independent Non-executive Directors		Appointed	Resigned
Deon de Kock	Chair[1]	**19 August 2020**	
Roy Andersen		**14 February 2011**	25 November 2021[2]
Grant Dunnington		**25 February 2010**	25 November 2021[2]
Richard Buchholz	Lead	**7 March 2018**	
Mark Thompson		**21 June 2019**	
Eileen Wilton		**6 August 2019**	
Tapiwa Njikizana		**3 May 2021**	
Tienie van der Mescht		**29 November 2021**	
Non-independent, Non-executive Directors			
Gugu Dingaan		**13 December 2017**	
Nontobeko Ndhlazi		**19 August 2020**	
Roland Sassoon		**1 January 2020**	
Shaun Rosenthal	Alternate	**7 March 2018**	
Executive Directors			
Michael Sassoon	Group Chief Executive Officer[3]	**23 October 2015**	
Angela Pillay	Group Financial Director	**1 March 2018**	11 January 2022[4]
Harriet Heymans	Group Financial Director	**4 April 2022**	
Company Secretary			
Charissa de Jager		**13 December 2019**	

1 *Appointed Chair of the Board on 25 November 2021.*
2 *Retired on 25 November 2021.*
3 *Appointed Group Chief Executive Officer 1 January 2018.*
4 *Resigned on 11 January 2022 and served a three-month notice period until 4 April 2022.*

Share capital

Ordinary share capital

There were no changes to the authorised and issued ordinary share capital.

Preference share capital

Sasfin Holdings Limited entered into a scheme of arrangement whereby the Company acquired all of the non-redeemable, non-cumulative, non-participating variable rate preference shares in issue, by way of a share-buyback; this took place on 5 July 2021.

Refer to Notes 24 and 25.

Analysis of shareholders

Refer to Note 40.1 for an analysis of shareholder interests. A full analysis of ordinary and preference shareholders is provided in the Shareholders', and Administrative Information Booklet included as part of the 2022 Integrated Report.

Special resolutions passed

Special resolutions passed during the year are available for inspection at the registered office of the company.

Statement on compliance

The directors confirm that the Company complies with the provisions of the Companies Act and the Company's Memorandum of Incorporation.

Events after the reporting date

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 48 to the Annual Financial Statements.

Independent auditor's report

To the Shareholders of Sasfin Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasfin Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate 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

Sasfin Holdings Limited's consolidated and separate financial statements set out on pages 18 to 136 comprise:

- the consolidated and separate statements of financial position as at 30 June 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies, excluding the section marked as "unaudited" in note 46 to the consolidated 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 consolidated and separate 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 Group 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 group materiality

R19.4 million, which represents 1% of consolidated interest income, fee and commission income, gains and losses on financial instruments, income received from rent for use assets and rental income from investment property ("consolidated income").

Group audit scope

Full scope audits were performed on those components that were considered to be financially significant based on their contribution to consolidated income and total assets of the Group, and those components where significant risks were identified relating to valuation of private and property equity investments. In addition, audits of specific line items were performed on those components that were not considered to be financially significant and where significant risks were not identified, to ensure sufficient coverage was obtained. Analytical review procedures were performed over the remaining components.

Key audit matters

- Expected credit losses; and
- Valuation of private and property equity investments
- Correction of prior year errors

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated 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 group materiality	R19.4 million
How we determined it	1% of consolidated income.
Rationale for the materiality benchmark applied	We chose consolidated income as the benchmark because, in our view, it is the most suitable benchmark for the Group, due to the fact that the consolidated profit before tax for the Group is volatile year-on-year and the Group has a higher cost to income ratio than other commercial banks in the industry. Furthermore, the benchmark 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.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the Company and 18 subsidiaries (each considered a component for the purposes of our group audit scope). We conducted full scope audits on components that were considered to be financially significant, based on their contribution to consolidated income and total assets of the Group, as well as those components where significant risks were identified relating to valuation of private and property equity investments. Furthermore, we conducted audits on specific line items on those components that were not considered to be financially significant and where significant risks were not identified, to provide us with sufficient coverage over the consolidated financial statements. We performed analytical review procedures over the remaining components.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team and by component auditors operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Further audit procedures were performed by us as the group engagement team on the consolidation process. The work performed by component auditors, together with these additional procedures performed at the group level, provided us with sufficient evidence to express an opinion on the Group's consolidated financial statements as a whole.

Key audit matters

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

Consolidated Financial Statements

Key audit matter	How our audit addressed the key audit matter
Expected Credit Losses ("ECL")	
Refer to the following accounting policies and notes to the consolidated financial statements for details: • Note 1.13 (Financial instruments - Policy); • Note 2.1 (Impact of destabilising shock events); • Note 2.2.1 (Critical estimates and judgements and assumptions - Credit impairment of loans and advances); • Note 2.2.2 (Critical estimates and judgements and restatements - Credit impairment of negotiable securities); • Note 5 (Negotiable Securities); • Note 7 (Trade and other receivables) • Note 9 (Loans and advances); and • Note 43 (Credit risk). At 30 June 2022, gross loans and advances amounted to R8.2 billion, against which an ECL of R475 million was recognised while gross negotiable securities exposures amounted to R1.9 billion, against which an ECL of R124 million was recognised. In calculating the ECL, 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 Group's SICR definition as disclosed in note 1.13 to the consolidated 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 Group 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 Group determines that there is no realistic prospect of recovering the monies owed. Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement 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 is the Gross Domestic Product (GDP) and prime lending rate.	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 Group'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 through inspection of underlying supporting documentation whether the stage classification of these exposures was appropriate in terms of the Group's accounting policy for SICR at reporting date since the origination date of these exposures. • For restructured financial assets we assessed credit approvals and compliance with the Group credit policy and recalculated the modification gain or loss in accordance with IFRS 9, and there were no significant differences noted. • We selected a sample of accounts in stage 1 and stage 2 and assessed the performance of the SICR thresholds applied and the resultant transfer rate into Stage 2 for SICR. This included benchmarking of the volume of up-to-date accounts transferred to Stage 2 based on historical data. • We evaluated management's processes for identifying Stage 3 exposures by selecting a sample of exposures not classified at Stage 3 to assess whether the stage classification was in line with the Group's accounting policy for the definition of default for Stage 3 exposures.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses ("ECL") *continued*	
We have assessed the ECL raised for credit impaired assets by understanding the judgement applied by management and inspected support provided for the collateral and supporting calculations We considered ECL 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 consolidated financial statements; and • the effect that ECL has on loans and advances and negotiable securities, and the Group's credit risk management processes.	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 range. Based on our work performed, we accepted the PD, EAD and LGD used in the ECL model.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses ("ECL") *continued*	
	Inclusion of forward-looking information and macro-economic variables in the ECL Making use of our credit expertise 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 forward-looking information 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 Group'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. **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 Group'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 Group's valuation guidelines. Based on our work performed, we accepted management's assessment of the recoverability of the exposures and collateral held.

Key audit matter	How our audit addressed the key audit matter
Valuation of private and property equity investments	
Refer to the following accounting policies and notes to the consolidated financial statements for details: • Note 1.13 (Financial instruments - Policy under IFRS 9); • Note 2.1 (Impact of the Covid-19 pandemic); • Note 2.3 (Critical estimates, judgements and restatements - Private Equity investment valuations); • Note 2.4 (Critical estimates, judgements and restatements - Property Equity investment valuations); • Note 2.5 (Critical estimates, judgements and restatements - Fair value); • Note 10 (Investment Securities); and • Note 41 (Classification of assets and liabilities - Accounting classification and fair values). Included in the Group's investments measured at fair value through profit and loss as at 30 June 2022, are private and property equity investments with a fair value of R529m. In relation to the valuation of private equity investments, the Group mainly follows a discounted cash flow or earnings methodology, which is corroborated by a market multiples approach, where appropriate. The assumptions and judgements applied in these methodologies and approaches are disclosed in note 2.3 to the consolidated financial statements. In relation to the valuation of property equity investments, the Group obtains third party valuations from registered professional valuers with experience relevant to the types of properties being valued and applies the net income capitalised methodology. The assumptions and judgements applied in the net income capitalised methodology are disclosed in note 2.4 to the consolidated financial statements. In terms of IFRS 13 - Fair value measurement, these investments are classified as level 3, in terms of the fair value hierarchy, which implies that the value is determined with reference to unobservable inputs and includes investments that are valued using quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the investments. We considered the valuation of the Group's private and property equity investments to be a matter of most significance in the current year audit of the consolidated financial statements due to: • the significant judgement applied in determining the fair value of these investments, which includes determining the appropriate models and inputs; and • the magnitude of the fair value of these investments in relation to the consolidated financial statements.	Our audit procedures addressed this key audit matter as follows: Through discussions with management, we obtained an understanding of the relevant controls over the valuation of private and property equity investments. Through inspection of underlying supporting documentation and attendance of Credit and Large Exposures Committee meetings, we evaluated the design and implementation of the following controls supporting the valuations of private and property equity investments: • the adequacy of detailed analysis performed by management of forecasts and trends and comparing these to actual results; and • the adequacy of the Group's Credit and Large Exposures Committee governance controls over the approval of valuations of private and property equity investments. With the assistance of our valuations' expertise, for a sample of private equity investments, we assessed the reasonableness of the fair values by performing the following procedures: • We reviewed the methodology being used to determine the fair value against industry available information and IFRS requirements. Tested the consistency of the assumptions and methodologies utilised to the prior year and assessed the reasoning for any significant changes from the prior year. • We reviewed the assumptions underlying the calculation of fair value, ensuring that the assumptions reflect market participant assumptions and that the cash flows are reasonable. • We assessed the forecasts used in the valuation are consistent with market expectations and compared forecasts to up to date budgets and business plans that have been formally approved by management. In addition, the current and previous years' forecasts were compared to actual results of the underlying investee entities to assess the reasonability of management's budgeting techniques. • We evaluated that the terminal growth rate and valuation adjustments are reasonable and that the terminal value has been correctly calculated, taking into account financial services industry benchmarks and inflationary prospects within the country. • We assessed that the discount rate used is reasonable and that cash flows have been correctly discounted to the valuation date. • We independently recalculated the valuations utilising the inputs and assumptions referred to above, in accordance with the valuation approach, and compared our results with that of management. While our range is, itself subjective, the result fell outside of our independently determined range for three investments included in our samples. We discussed with management the rationale for the difference which was due to differences in inputs applied and agreed that it was a reasonable explanation.

Key audit matter	How our audit addressed the key audit matter
Valuation of private and property equity investments *continued*	
	With the assistance of our valuations' expertise, for a sample of property equity investments, we assessed the reasonableness of the fair values by performing the following procedures: • We evaluated the appropriateness of the valuation methodology against industry available information and IFRS requirements and found it to be appropriate. • We inspected title deeds and building plans to confirm no material servitudes or restrictions have been placed on the subject property, and that the gross lettable area used in valuation is correct. • We reviewed the assumptions underlying the calculation of fair value (e.g., rental growth rates, operating cost escalations, vacancy factors and capitalisation rates), ensuring that the assumptions reflect market participant assumptions and that the cash flows are reasonable. • We assessed the forecasts used in the valuation are consistent with market expectations and compared forecasts to up to date budgets and business plans that have been formally approved by management, as well as current lease contracts and tenancy schedules. • We independently sourced inputs and assessed the judgements and estimates applied in relation to our knowledge of current market practice and conditions. • We independently recalculated the valuations utilising the inputs and assumptions referred to above, in accordance with the income capitalisation approach, and compared our results with that of management. Management's results were found to be within acceptable ranges. • We obtained the cash flows, market rental growth, vacancy factors and exit capitalisation rates from underlying supporting documentation and/or market related data for purposes of our independent recalculation as set out below. As part of our assessment of the reasonableness of the fair values of property equity investments, we assessed the competence, objectivity and capabilities of the registered professional valuers appointed by management, by performing the following procedures: • We inspected the registered professional valuers' valuation reports to form an assessment of their objectivity. We also made use of our valuations expertise in assessing the valuations for compliance with valuation standards. • We confirmed the registered professional valuers' affiliation with the South African Council for the Property Valuers Profession. No aspects requiring further consideration were noted.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Correction of prior year errors</td></tr>
<tr><td>
Refer to note 49 (Correction of prior year errors, restatements and reclassifications) to the consolidated financial statements for further disclosures as it relates to this key audit matter.
A key focus of management in preparing the current year consolidated financial statements, was in relation to the Group's reconciliation and balance sheet substantiation processes. As a result of enhancements made to the financial reporting process, management has identified and adjusted the consolidated 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 49 to the consolidated 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 when preparing the consolidated 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 consolidated financial statements; and
the magnitude of the adjustments processed to the consolidated financial statements to account for the correction of the errors identified in accordance with IAS 8.

</td><td>
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 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.

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</table>

Separate financial statements

We determined that there are no key audit matters with regards to the audit of the separate financial statements of the Company for the current period to communicate in our audit report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasfin Holdings Limited Annual Financial Statements for the year ended 30 June 2022", which includes the Directors' Report, the Group Audit and Compliance Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled *"Sasfin Holdings Limited Integrated Report for the year ended 30 June 2022"*, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate 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 consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate 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 Sasfin Holdings Limited for five years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: V. Tshikhovhokhovho
Registered Auditor

Johannesburg, South Africa

21 September 2022

Consolidated statement of financial position

at 30 June 2022

	Accounting policy	Note	2022 R'000	2021 R'000 Restated[1]	1 July 2020 R'000 Restated[1]
Assets					
Cash and cash equivalents[1]	1.11	4	**884 495**	1 374 857	1 773 544
Negotiable securities	1.13	5	**1 790 340**	2 085 077	3 126 595
Trading assets	1.13	6.2	**547 848**	703 433	1 060 342
Trade and other receivables[1]	1.13	7	**745 903**	439 034	348 821
Non-current assets held for sale		8	**–**	6 700	6 700
Loans and advances[1]	1.13	9	**8 130 704**	6 723 672	6 617 049
Current taxation asset	1.16.1		**39 766**	26 595	21 035
Investment securities	1.13	10	**584 147**	540 061	654 966
Investments at fair value through profit or loss	1.13	10	**529 397**	519 972	528 771
Equity accounted associates	1.3.6	10	**54 750**	20 089	126 195
Property, equipment and right-of-use assets	1.6	12	**183 082**	65 068	103 550
Investment property	1.4	13	**20 138**	16 400	13 123
Intangible assets and goodwill	1.5	14	**144 729**	160 856	205 206
Deferred tax asset	1.16.2	11	**45 380**	37 584	36 808
Total assets			**13 116 532**	12 179 337	13 967 739
Liabilities					
Funding under repurchase agreements and interbank	1.13	15	**803 976**	700 067	1 882 806
Trading liabilities	1.13	6.3	**518 596**	658 957	999 842
Current taxation liability	1.16.1		**1 364**	5 093	3 963
Trade and other payables[1]	1.13	16	**945 020**	804 318	803 679
Bank overdraft	1.11	4	**68 541**	30 392	151 462
Provisions	1.8	17	**69 348**	72 714	41 629
Lease liabilities	1.9	18	**157 116**	43 205	70 266
Deposits from customers	1.13	19	**5 233 182**	4 732 764	5 138 778
Debt securities issued	1.13	20	**2 991 426**	2 741 583	2 743 823
Long-term loans	1.13	21	**499 521**	730 904	371 649
Deferred tax liability	1.16.2	11	**144 696**	110 770	94 531
Total liabilities			**11 432 786**	10 630 767	12 302 428
Equity					
Ordinary share capital	1.10.1	22	**321**	321	321
Ordinary share premium	1.10.1	23	**166 945**	166 945	166 945
Reserves[1, 2]			**1 516 480**	1 337 973	1 309 959
Preference share capital	1.10.2	24	**–**	18	18
Preference share premium	1.10.2	25	**–**	43 313	188 068
Total equity			**1 683 746**	1 548 570	1 665 311
Total liabilities and equity			**13 116 532**	12 179 337	13 967 739

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*

[2] *In the current year, Treasury shares (2022 and 2021: R40 177 million) were aggregated together with Distributable Reserves (2022: R1 556 657 million; 2021: R1 378 150 million) as Reserves. This was to enhance disclosure. Prior year was aligned accordingly.*

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2022

	Accounting policy	Note	2022 R'000	2021 R'000 Restated[1]
Interest income	1.14	27	**1 059 052**	1 024 814
Interest income calculated using the effective interest method[1]			**1 033 288**	977 200
Other interest income			**25 764**	47 614
Interest expense		28	**(480 771)**	(457 081)
Interest expense calculated using the effective interest method	1.14		**(469 526)**	(440 234)
Other interest expense	1.14		**(11 245)**	(16 847)
Net interest income			**578 281**	567 733
Non-interest income			**739 146**	745 800
Net fee and commission income	1.14	29	**439 303**	416 112
Fee and commission income			**639 301**	628 388
Fee and commission expense	1.14		**(199 998)**	(212 276)
Gains and losses on financial instruments			**152 461**	168 845
Net gains on the derecognition of financial instruments at amortised cost	1.14	30	**25 847**	37 072
Other gains or losses on financial instruments		30	**126 614**	131 773
Other income		31	**147 382**	160 843
Total income			**1 317 427**	1 313 533
Credit impairment charges[1]	1.13 & 2.2	43.3.5	**(46 608)**	(180 449)
Net income after impairments			**1 270 819**	1 133 084
Total operating costs			**(1 050 971)**	(1 015 455)
Staff costs	1.15	32	**(560 259)**	(530 484)
Other operating expenses		33	**(490 712)**	(444 387)
Impairments of non-financial assets	1.12	34	**–**	(40 584)
Profit for the year from operations			**219 848**	117 629
Share of associate income	1.3.6		**14 146**	18 962
Profit for the year before income tax			**233 994**	136 591
Income tax expense	1.16	35	**(50 134)**	(58 947)
Profit for the year			**183 860**	77 644
Other comprehensive income for the year net of tax effects				
Items that may subsequently be reclassified to profit or loss				
Foreign exchange differences on translation of foreign operations			**–**	(40 843)
Reclassification of foreign currency differences on loss of control			**–**	(75 886)
Reclassification of hedge reserves on loss of control			**–**	107 099
Total comprehensive income for the year			**183 860**	68 014
Profit attributable to:			**–**	77 644
Equity holders of the Group			**183 860**	77 644
Total comprehensive income attributable to:			**183 860**	68 014
Equity holders of the Group			**183 860**	68 014
Earnings per share:				
Basic and diluted earnings per share (cents)	1.17	38.2	**597.47**	241.21

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*

Consolidated statement of changes in equity

for the year ended 30 June 2022

	Ordinary share capital R'000	Ordinary share premium R'000	Treasury Shares[1] R'000	Distributable Reserves[1] R'000
2022				
Restated opening balance at the beginning of the year	**321**	**166 945**	**(40 177)**	**1 378 150**
Total comprehensive income for the year	**–**	**–**	**–**	**183 860**
Profit for the year	**–**	**–**	**–**	**183 860**
Transactions with owners recorded directly in equity				
Preference share buy-back and cancellation and transfer of reserves	**–**	**–**	**–**	**43 331**
Preference share buy-back accrual write back	**–**	**–**	**–**	**2 556**
Dividends to ordinary shareholders	**–**	**–**	**–**	**(51 240)**
Balance at the end of the year	**321**	**166 945**	**(40 177)**	**1 556 657**

[1] *In the current year, Treasury shares are presented together with Distributable Reserves as Reserves in the Consolidated statement of changes in equity.*

	Ordinary share capital R'000	Ordinary share premium R'000	Treasury Shares[1] R'000	Distributable Reserves[1] R'000
2021				
Opening balance at the beginning of the year	321	166 945	(177)	1 358 200
Adjustment for correction of error (Refer to Note 49)	–	–	–	(57 694)
Restated opening balance	321	166 945	(177)	1 300 506
Total comprehensive income for the year	–	–	–	77 644
Profit for the year	–	–	–	77 644
Other comprehensive income net of income tax for the year	–	–	–	–
Foreign exchange differences on translation of foreign operations	–	–	–	–
Reclassification of foreign currency differences on loss of control[1]	–	–	–	–
Reclassification of hedge reserves on loss of control[1]	–	–	–	–
Changes in ownership interests				
Preference share buy-back	–	–	–	–
Transactions with owners recorded directly in equity				
Net (increase)/decrease in treasury shares	–	–	(40 000)	–
Restated balance at the end of the year	321	166 945	(40 177)	1 378 150

[1] *During the prior year Sasfin Asia Limited was placed in voluntary liquidation and deconsolidated and the related hedging and FCTR reserves were recycled through profit or loss.*

Foreign currency translation reserve R'000	Hedging reserve R'000	Total ordinary shareholders' equity R'000	Preference share capital R'000	Preference share premium R'000	Total shareholders equity R'000
–	**–**	**1 505 239**	**18**	**43 313**	**1 548 570**
–	**–**	**183 860**	**–**	**–**	**183 860**
–	**–**	**183 860**	**–**	**–**	**183 860**
–	**–**	**43 331**	**(18)**	**(43 313)**	**–**
–	**–**	**2 556**	**–**	**–**	**2 556**
–	**–**	**(51 240)**	**–**	**–**	**(51 240)**
–	**–**	**1 683 746**	**–**	**–**	**1 683 746**
116 729	(107 099)	1 534 919	18	188 068	1 723 005
–	–	(57 694)	–	–	(57 694)
116 729	(107 099)	1 477 225	18	188 068	1 665 311
(116 729)	107 099	68 014	–	–	68 014
–	–	77 644	–	–	77 644
(116 729)	107 099	(9 630)	–	–	(9 630)
(40 843)	–	(40 843)	–	–	(40 843)
(75 886)	–	(75 886)	–	–	(75 886)
–	107 099	107 099	–	–	107 099
–	–	–	–	(144 755)	(144 755)
–	–	(40 000)	–	–	(40 000)
–	–	1 505 239	18	43 313	1 548 570

Consolidated statement of changes in equity *continued*

for the year ended 30 June 2022

Dividend per share

	2022 Cents per share	2021 Cents per share
Ordinary shares		
2022 Interim dividend (declared and paid)	**33.95**	–
2021 final dividend (declared in 2021 and paid in 2022)	**131.02**	–

Consolidated statement of cash flows

for the year ended 30 June 2022

	Note	2022 R'000	2021 R'000 Restated[1]
Cash flows from operating activities			
Interest received		**980 183**	995 061
Interest paid		**(471 259)**	(457 079)
Fee and commission income received		**639 299**	628 388
Fee and commission expense paid		**(199 998)**	(212 276)
Net trading and other income received[1]		**122 594**	127 388
Cash payments to employees and suppliers		**(910 687)**	(844 725)
Cash inflow from operating activities	39.1	**160 132**	236 757
Dividends received		**20 965**	32 157
Taxation paid	39.2	**(40 905)**	(47 915)
Dividends paid	39.3	**(51 240)**	–
Cash flows from operating activities before changes in operating assets and liabilities		**(71 180)**	220 999
Changes in operating assets and liabilities		**(401 917)**	(544 949)
Increase in loans and advances		**(1 307 896)**	(81 939)
Decrease in trading assets		**212 096**	423 572
Decrease in negotiable securities		**295 151**	945 410
(Increase) in trade and other receivables[1]		**(306 869)**	(98 736)
Increase/(Decrease) in deposits from customers		**500 418**	(406 013)
Increase/(Decrease) in trade and other payables[1]		**278 443**	(144 118)
(Decrease) in provisions		**(55 269)**	(16 517)
(Decrease)/Increase in long-term loans		**(231 383)**	359 255
Increase/(Decrease) in funding under repurchase agreements and interbank		**103 909**	(1 182 739)
(Decrease) in trading liabilities		**(140 361)**	(340 884)
Increase/(Decrease) in debt securities issued		**249 844**	(2 240)
Net cash from operating activities		**(312 965)**	(323 950)
Cash flows from investing activities			
Proceeds from the disposal of property and equipment		**3 890**	1 630
Proceeds from the disposal of investment property		**23 972**	–
Proceeds from the disposal of investment securities		**–**	27 437
Proceeds from the disposal of an associate		**–**	146 261
Acquisition of property and equipment		**(38 796)**	(10 928)
Acquisition of investment securities		**(1 382)**	–
Acquisition of intangible assets		**(15 665)**	(27 935)
Acquisition of, and restructures of associates[2]		**(20 515)**	–
Advances of investment securities[1]		**(10 512)**	(35 401)
Repayments of investment securities[1]		**28 655**	28 254
Net cash flows from investing activities		**(30 353)**	129 318
Cash flows from financing activities			
Acquisition of treasury shares		**–**	(40 000)
Repurchase and cancellation of preference shares		**(135 180)**	–
Repayment of lease liabilities		**(33 232)**	(33 354)
Net cash flows from financing activities		**(168 412)**	(73 354)
Net (decrease)/increase in cash and cash equivalents		**(511 730)**	(267 986)
Cash and cash equivalents at beginning of the year[1]	4	**1 344 465**	1 622 081
Effect of exchange rate movements on cash and cash equivalents		**(16 781)**	(9 631)
Cash and cash equivalents at the end of the year	4	**815 954**	1 344 465

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *Refer to Note 10 for more information on the changes to associates.*

Notes to the consolidated financial statements

For the year ended 30 June 2022

1. Accounting policies

The principal accounting policies adopted in the preparation of these Consolidated and Separate Annual Financial Statements are set out below.

1.1 Reporting entity

Sasfin Holdings Limited is a company domiciled in South Africa. The Company's registered office is at 140 West Street, Sandton, Gauteng, 2196. These consolidated financial statements comprise Sasfin Holdings Limited and its subsidiaries (collectively, Sasfin or the Group). Sasfin and its subsidiaries provide a comprehensive range of specialist financial products and services focused on the needs of asset suppliers, small and medium businesses, and institutional and private clients.

1.2 Basis of preparation

The Consolidated and Separate 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 Interpretations 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 Listings Requirements.

The Consolidated and Separate Annual Financial Statements were authorised for issue by the Board of Directors on 21 September 2022.

The directors assess the Group's and Company's future performance and financial position on a continuous basis and have no reason to believe that the Group and Company will not be a going concern in the reporting period ahead. Consequently, the Consolidated and Separate Annual Financial Statements have been prepared on the going concern basis.

The Group has, in the preparation of these Consolidated and Separate Annual Financial Statements, consistently applied the accounting policies with those applied in the previous financial year, unless otherwise stated.

The Consolidated and Separate Annual Financial Statements are prepared on the historical cost basis, except as set out in the accounting policies which follow.

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

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

The following amendments have been adopted without affecting the Group's previously reported financial results, disclosures or accounting policies. The items mentioned below are confirmed not to have had an impact on the Group's or the Company's financial statements 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).

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

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The amendments were effective from financial periods commencing 1 January 2021.

1. Accounting policies *continued*
1.2 Basis of preparation *continued*
1.2.1 Adoption of new and amended standards for the first time in the current financial year *continued*

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

As a result of the 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 was 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.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021)

These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9 *Financial Instruments* until 1 January 2023.

1.2.2 Accounting policy elections

The following accounting policy elections have been made by the Group and Company:

Asset/liability	Options	Election and implication	Accounting policy
Property and equipment, including right-of-use assets	Cost/revaluation model	*Group* • Buildings are carried at cost less accumulated depreciation • Computer equipment, furniture and fittings and motor vehicles are carried at cost less accumulated depreciation	1.6
Investment properties	Cost/fair value model	*Group* Investment properties are carried at fair value with changes in fair value recognised in profit or loss	1.4
Investments in subsidiaries	Cost/financial instrument	*Company* • Cost less accumulated impairments *Group* • Subsidiaries are consolidated	1.3

1. Accounting policies *continued*
1.3 Basis of consolidation
1.3.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control transfers to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input, a substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The Group accounts for business combinations at the acquisition date – the date at which control over an investee transfers to the Group.

The consideration transferred for the acquisition of a subsidiary comprises of the:

- fair values of the assets transferred;
- fair value of the liabilities incurred to the former owners of the acquired business;
- fair value of equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The Group elected to initially measure a non-controlling interest at the proportionate share of the acquiree's identifiable net assets at the date of acquisition (refer to 1.3.3). The acquisition consideration is measured at fair value and does not include amounts related to the settlement of pre-existing relationships, which are recognised in profit or loss. Identifiable net assets acquired are measured at fair value at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a gain on bargain purchase.

Where settlement of any part of a cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability.

Amounts classified as financial liabilities are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill is tested annually for impairment (refer to Note 14), and any gain on bargain purchase is recognised in profit or loss immediately. Contingent considerations payable are measured at fair value at the acquisition date.

1. Accounting policies *continued*

1.3 Basis of consolidation *continued*

1.3.2 Subsidiaries

Subsidiaries are investees controlled by the Group. The financial statements of subsidiaries are consolidated into the Group Annual Financial Statements from the date of control until the date on which control ceases.

The Group controls an investee if it has the power to direct its significant activities, is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are reflected at cost less accumulated impairment in the Company's Separate Annual Financial Statements.

1.3.3 Non-controlling interests

Non-controlling interests are measured initially at the proportionate share of the acquiree's identifiable net assets at the date of acquisition or at fair value as determined on an acquisition-by-acquisition basis.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as transactions with owners and recognised directly in equity.

1.3.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is initially recognised at fair value when control is lost.

1.3.5 Structured entities

Structured entities are formed to accomplish a narrow and well-defined objective such as the securitisation of assets or the execution of a specific borrowing, lending or other transaction.

The Group, in substance, controls a structured entity where the Group:

- controls the activities of the structured entity according to the Group's specific needs;
- has the decision-making powers to control the activities of the structured entity;
- has delegated decision-making powers by setting up an 'autopilot' mechanism;
- has rights to obtain the majority of the benefits of the structured entity;
- is exposed to risks incidental to the activities of the structured entity; and
- retains the majority of the residual ownership risks related to the structured entity or its assets.

The assessment of whether the Group has control over a structured entity is carried out at inception. There is normally no further reassessment of control unless:

- there are changes to the structure of the relationship between the Group and the structured entity;
- there are additional transactions between the Group and the structured entity;
- changes in market conditions alter the substance of the relationship between the Group and the structured entity; and
- the Group's voluntary actions, such as lending amounts in excess of existing liquidity facilities or extending terms beyond those established originally, change the relationship between the Group and the structured entity.

The Group has consolidated the following structured entities:

- South African Securitisation Programme (RF) Limited (SASP), controlled by Sasfin Bank Limited;
- Fintech Receivables 2 (RF) Limited (FR2), controlled by Fintech (Proprietary) Limited (Fintech), a subsidiary of Sasfin Bank Limited; and
- Sunlyn (Proprietary) Limited, controlled by Sasfin Bank Limited.

1. Accounting policies *continued*
1.3 Basis of consolidation *continued*
1.3.6 Associates

An associate is an investee over which the Group has significant influence.

Investments in associate companies are initially accounted for at cost from the date of significant influence.

Strategic investments
Subsequent to initial recognition, investments in associates held as strategic investments are equity accounted. The Group's proportionate share of associate income (or loss) is accounted for in profit or loss and as part of the investment in associates. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. Should the dividend income exceed the carrying amount of the investment in the associate, the excess is recognised in profit or loss.

When the Group's share of losses in an associate exceeds its carrying amount, the investment in that associate is written down to zero and recognition of further losses is discontinued except to the extent that the Group has guaranteed obligations in respect of the associate.

Impairments to investments in associates are written down in profit or loss when they are impaired and are reflected at cost less accumulated impairment losses in the statement of financial position in the separate financial statements.

Associate companies held by and managed by Private Equity and Property Equity business units
Investments in associates held by the Private Equity and Property Equity business units of the Group are classified at fair value through profit or loss as these investments are managed on a fair value basis in accordance with a business model to realise these investments through sale.

Changes in the fair value of these investments are recognised in non-interest income in profit or loss in the period in which they occur.

1.4 Investment property

Investment properties are held to earn rental income or for capital appreciation, or both. Investment properties are initially recognised at cost.

Subsequent to initial recognition, investment properties are accounted for at fair value.

Fair value is determined annually either by independent professional valuators or by the directors of the Group with the relevant experience. Where fair value cannot be reliably determined, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in active markets.

Fair value adjustments on investment properties are reflected in profit or loss as part of non-interest income in the Group in the period in which these gains or losses arise.

When the use of a property changes, such that it is re-classified to or from investment property, its fair value at the date of re-classification becomes its new cost. A change in use only occurs when a property meets or ceases to meet the definition of investment property, and there is evidence of such a change in use.

1. Accounting policies *continued*

1.5 Intangible assets and goodwill

1.5.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries in the Group is recognised as an intangible asset and is measured at cost.

Subsequent to initial recognition, goodwill is tested annually for impairment and is reflected at cost less any accumulated impairment losses. Refer to Note 2.6 for further information.

1.5.2 Software, and distributor relationships

The Group capitalises its own unique and identifiable software (internally developed software) when it can reliably measure the cost to develop, is able to demonstrate its ability and intention to complete development and is satisfied that the internally developed software will generate future economic benefits.

Subsequent expenditure is only capitalised to the internally developed software asset when the Group determines that the expenditure will increase future economic benefits beyond those initially envisaged.

Purchased and internally developed software are reflected at cost less accumulated amortisation and accumulated impairment losses. They are amortised in profit or loss on the straight-line basis over their useful lives at rates that will reduce the assets to their anticipated residual values. Refer to Note 2.6 for further information.

Distributor relationships are capitalised when acquired as part of a business combination, and the Group is satisfied that the relationship will generate future economic benefits. These relationships are amortised in profit or loss on the straight-line basis over their expected useful lives.

Amortisation methods, residual values and useful lives are reviewed and adjusted annually where appropriate. Amortisation expense is recognised in profit or loss.

The estimated useful lives of software (including internally developed software) are 2 to 7 years, and for distributor relationships are 5 to 10 years for the current and comparative years.

1.6 Property and equipment and right-of-use assets

1.6.1 Owned assets

Property and equipment in the Group are initially measured at cost, including any expenditure directly attributable to the acquisition of, or for, bringing the asset into use.

Property and equipment are reflected at their carrying amounts being cost less accumulated depreciation and impairment losses.

Repairs and maintenance on property and equipment are recognised directly in profit or loss. Subsequent expenditure is only capitalised if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

1.6.2 Right-of-use assets

Refer to Note 1.9.1.

1. Accounting policies *continued*

1.6 Property and Equipment and right-of-use assets *continued*

1.6.3 Depreciation

Assets are depreciated on the straight-line basis over their useful lives at rates that will reduce the assets to their anticipated residual values.

Depreciation methods, residual values and useful lives are reviewed and adjusted annually where appropriate. The following estimated useful lives are applied:

- Buildings: 20 years
- Computer equipment: 2 to 5 years
- Furniture and fittings: 6 to 10 years
- Motor vehicles: 5 years
- Buildings and leasehold improvements: 5 to 10 years
- Right-of-use assets: shorter of the lease term and the asset's useful life (as per the above)

1.6.4 Profit or loss on disposal

A profit or loss on the sale/disposal of an item of property and equipment is calculated as the difference between the carrying amount and the net proceeds received. This profit or loss is recognised within non-interest income in profit or loss.

1.7 Currencies

1.7.1 Functional and presentation currency

The Consolidated and Separate Annual Financial Statements are presented in ZAR, and all amounts, unless otherwise indicated, are stated in thousands of ZAR (R'000).

All entities in the Group, except for Sasfin Asia Limited, operate in the Republic of South Africa with a functional currency of ZAR.

Sasfin Asia Limited operated in Hong Kong, with a functional currency of USD. On consolidation, exchange differences arising from the translation of the Group's net investment in Sasfin Asia Limited were recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

In the prior year, Sasfin Asia Limited was deconsolidated after being placed in liquidation with the operations taken over by Bank.

1.7.2 Transactions and balances

Foreign currency transactions in the Group are translated into the functional currency at exchange rates at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of foreign exchange assets or liabilities or the translation of monetary assets and liabilities are recognised in profit or loss except for qualifying net investment hedges which are recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the:

- exchange rate at the transaction date if measured at historical cost; or
- exchange rate at the date the fair value was determined if measured at fair value.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses on monetary and non-monetary assets and liabilities are accounted for based on the classification of the underlying items.

1.8 Provisions

A provision is recognised when the Group 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.

1.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Contracts may contain lease and non-lease components.

The Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from the non-lease components.

1. Accounting policies *continued*

1.9 Leases *continued*

Group 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.

1.9.1 Group as the lessee

The Group as lessee mainly leases office space. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term (refer to Note 1.2.2). The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is reduced by impairment losses (refer to Note 1.12), if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The Group mostly uses the lessee's incremental borrowing rate as the discount rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

In determining the incremental borrowing rate, the Group considers five factors, being the tenure of the lease, currency of the lease, asset type, level of indebtedness of the lessee entity and the economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

Extension and termination options are included in several property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In most instances the extension and termination options held are exercisable only by the Group and not by the respective lessor. The Group assesses whether these options are reasonably certain to be exercised in determining the lease term and lease payments.

The Group presents right-of-use assets in property and equipment and lease liabilities as such in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group regards items such as tablets, personal computers, mobile phones and small items of office furniture to be low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1. Accounting policies *continued*

1.10 Share capital

1.10.1 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.

1.10.2 Preference share capital as equity

Sasfin Holdings Limited entered into a scheme of arrangement whereby the Company acquired all of the non-redeemable, non-cumulative, non-participating variable rate preference shares in issue by way of a share-buyback. This took place on 5 July 2021.

These shares have been cancelled.

1.10.3 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

1.11 Cash and cash equivalents

Cash and cash equivalents, as reflected on the statement of financial position, comprise cash on hand, balances with the SARB and highly liquid deposits that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Cash and cash equivalents, as reflected on the statement of cash flows comprise:

- cash and cash equivalents on hand;
- balances with the SARB; and
- bank overdrafts that are repayable on demand, as they are considered an integral part of the Group's cash management.

Cash and cash equivalents are available for use by the Group, unless otherwise stated, and are accounted for at amortised cost in the Annual Financial Statements.

1.12 Impairment of non-financial assets

The Group annually assesses all non-financial assets for impairment. Impairment occurs when the carrying amount of the non-financial asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss when the carrying amount of the non-financial asset or cash-generating unit exceeds its recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of its fair value less costs to dispose, and its value in use. In determining value in use, estimated future cash flows to be generated from the non-financial asset are discounted to their present value using a pre-tax market-related risk-adjusted discount rate specific to the asset.

The recoverable amount of non-financial assets that do not generate largely independent cash inflows is determined for the cash-generating unit to which the asset belongs.

Impairment reversals

Impairment losses on non-financial assets are reversed where there have been changes to the recoverable amount. Impairment losses are reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised. Reversal of impairment losses is not recognised for goodwill that has been impaired.

1. Accounting policies *continued*

1.13 Financial instruments

Financial instruments, as reflected on the statement of financial position, include all financial assets, financial liabilities, derivative instruments and financial guarantee contracts issued. These exclude investments in subsidiaries and associated companies (refer to Note 1.3).

Financial assets are recognised on the date on which the Group commits to purchase the asset. Financial liabilities are recognised on the date on which the Group 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.

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 adjusted for any ECL allowance.

Financial instruments at fair value through profit or loss (FVTPL)

The Group has designated financial assets and financial liabilities at fair value through profit or loss, where they eliminate or significantly reduce an accounting mismatch that would otherwise arise. The Group further 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 the statement of profit or loss and comprehensive income.

Classification and measurement of financial assets

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

Financial assets held by the Group 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 assets lead 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 Group in a business model that has the objective of realising cash flows through the 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

Sasfin assesses 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 Sasfin's 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 concerned is achieved and how cash flows are realised.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

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 Group 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 Group 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).

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 Group 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 Group changes its business model for managing those financial assets.

Impairments

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

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

The Group measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, which are measured as 12-month ECL (see Note 43).

For lease receivables, the Group 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.

Measurement of ECL (Refer to Note 43)

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 Group 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; and
- Financial guarantee contracts, letters of credit and loan commitments: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

Measurement of ECL *continued*

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);
- Expert judgement referred to below; and
- Forward-looking parameters.

Both qualitative and quantitative measurements should be used in the process of calculating the ECL on the Performing, Under-performing and Non-Performing exposures.

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

- 12-month ECLs 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.
  - Stage 1 includes exposures that have not had a Significant Increase in Credit Risk (SICR) (defined below) since initial recognition. For these financial instruments, ECL is calculated based on the relevant 12-month PD, TTD, LGD and EAD.
- Life-time ECLs are the ECL that result from all possible default events over the expected life of the financial instrument.
  - 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, LGD and EAD; and
  - Stage 3 includes exposures for which there is objective evidence of impairment at the reporting date. For these financial instruments, ECL is calculated based on a lifetime PD, TTD, LGD and EAD. The financial instrument must be classified as in "Stage 3" when it is credit-impaired.

Objective evidence of impairment is defined as the occurrence of one or more events since the date of original recognition of the asset, which will have an impact on the expected future cash flow of the borrower e.g. insolvency and business rescue.

Forward looking information is included in both the assessment of significant increase in credit risk (SICR) and the measurement of ECL by means of a High Care classification. Refer below for more information.

An expert judgement approach is used to determine the LGD for the Rental Capital Equipment Finance, Trade and Debtor Finance and Other Loan 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, third party credit bureau reports);
- Any supporting suretyships or guarantees;
- Financial standing/reputation of the client group and or related parties;
- Any recourse/warranty claim against a supplier or any other third party;
- Any applicable insurance claim;
- Any negotiated settlement agreements;
- Expected dividend in the case of a liquidation/sequestration; and
- Timing of expected recoveries.

Low credit risk

A financial instrument can have a low credit risk when:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

1. Accounting policies *continued*
1.13 Financial instruments *continued*
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 Group 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 considers reasonable and supportable information that is available without undue cost or effort that is indicative of a SICR since initial recognition.

The Group defines a SICR as follows:

- Rental and Capital Equipment Finance
  - 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 is based on 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.
- Trade Finance
  - when a debtor is flagged as High Care;
  - when no extensions have been granted in excess of the maximum tenor contractually agreed with the debtor and the debtor then becomes past due/arrears up to and including 90 days; or
  - when extensions have been granted in excess of the maximum tenor contractually agreed with the debtor and the account has been extended more than 30 days. Any one or more extensions will be counted from the first invoice's original payment date.
- Debtor Finance
  - when a debtor is flagged as High Care; or
  - margin excess – once an account is in margin excess for longer than seven days and up to and including 90 days.
- Other Term Loans
  - 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.

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 its 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 deadlines, etc.;
- Material negative changes in the business, competitors or economic environment within which the business operates. This will include material negative changes in the business's supply chain;
- Difficulty in producing regular financial information; or
- Significant changes within key leadership with no meaningful succession planning.

Negotiable Securities and Intercompany Loans

- Government and intercompany exposures are evaluated for a SICR by comparing the credit risk rating at the reporting date to the origination credit risk grade. Where the relative change in the credit risk rating exceeds certain pre-defined criteria or when a contractual payment becomes more than 30 days overdue, the exposure is classified within Stage 2. These pre-defined criteria thresholds have been determined based on historic default experience, which indicates that higher-rated risk exposures are more sensitive to a SICR than lower-risk exposures. For the purpose of this calculation, a SICR is defined as a three notch downgrade.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and an ECL is measured as follows:

- Where the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and
- Where the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date, using the original effective interest rate of the existing financial asset.

Default and curing

A financial Instrument is classified as being in default, which is aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due or in excess on its original contractual payments/margin/limits, excluding Immaterial Arrears as well as any extensions of more than 90 days from the original contractual payment date.

Immaterial Arrears is defined as an amount that is less than 5% of the next contractual instalment.

Qualitative criteria

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the client has been flagged as legal;
- significant financial difficulty of a borrower;
- default or delinquency by a borrower;
- distressed restructuring of credit obligations. Per IFRS 9, distressed restructures will be credit-impaired, but per PA Directive 7/2015 (section 6.1) these should as a minimum be classified as special mention;
- indications that a borrower would enter provisional or final liquidation or business rescue;
- repayment of the principal amount and/or accrued interest has been overdue for more than 90 days, and the net realisable value of security is insufficient to cover the payment of the principal amount and accrued interest;
- the principal amount and accrued interest are fully secured, but the repayment of the principal amount and/or accrued interest has been overdue for more than 12 months; and

1. Accounting policies *continued*

1.13 Financial instruments *continued*

Qualitative criteria continued

- significant deficiencies exist that threaten the obligor's business, cash flow or payment capability, which deficiencies may include the items specified below:
  - The credit history or performance record of the obligor is not satisfactory;
  - Labour disputes or unresolved management problems may affect the business, production or profitability of the obligor;
  - Increased borrowings are not in proportion with the obligor's business;
  - The obligor is experiencing difficulty with the repayment of obligations to other creditors; or
  - Construction delays or other unplanned adverse events resulting in cost overruns are likely to require loan restructuring.

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

- the debtor being up to date;
- six consecutive payments are paid on or before due date; and
- no SICR exists.

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 six consecutive monthly payments under the revised terms to cure.

Write-offs

Loans and advances as well as debt securities, are written off 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 Group determines that there is no realistic prospect of recovering the monies owed.

Write-offs will be considered once all sources of recovery have been exhausted or no further reasonable expectation of further material recoveries exists. The assessment of when an exposure has no reasonable prospect of being recovered will be based on the financial standing of the borrower and the sureties/guarantors vs the outstanding exposure, the value of the security in a forced sale scenario vs the outstanding exposure, as well as the nature and tenor of the legal processes required to pursue recovery, the costs associated with recovery as well as the prospect of success of the legal case.

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 to comply with the Group'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;
- financial guarantee contracts: as a deduction from loans and advances. However, the ECL on intercompany financial guarantee contracts is in other payables; and
- where a financial instrument includes both a drawn and an undrawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

Derecognition of financial assets

The Group 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 Group 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 Group is recognised as a separate asset or liability.

The Group 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. Refer to Note 30 for more details.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

Classification and measurement of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Derecognition of financial liabilities

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

Repurchase agreements

The Group enters into the sale of securities with a simultaneous agreement to repurchase the same securities, called repurchase agreements. Repurchase agreements are entered into as part of the Group's Fixed Income trading activities or to obtain short-term liquidity for the Group.

For repurchase agreements, the cash received, including accrued interest, is recognised in the statement of financial position together with a corresponding liability representing the Group's obligation to return the cash and interest.

Interest incurred on repurchase agreements is recognised over the life of each agreement using the effective interest method and recognised as interest expense in profit or loss.

Reverse repurchase agreements

The Group enters into the purchase of securities with a simultaneous agreement to resell the same securities, called reverse repurchase agreements. Reverse repurchase agreements are entered into as part of the Group's Fixed Income trading activities.

For reverse repurchase agreements, the cash paid, including accrued interest, is recognised in the statement of financial position together with a corresponding asset representing the Group's right to receive the cash and interest.

Interest earned on reverse repurchase agreements is recognised over the life of each agreement using the effective interest method and recognised as interest income in profit or loss.

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 at each reporting date.

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

1.14 Total income

1.14.1 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 receivables are recognised using the effective interest 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 Group 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 a reduction of the impairment charges 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. Accounting policies *continued*
1.14 Total income *continued*
1.14.2 Non-interest income

Non-interest income comprises fees and commissions, agency revenue, net brokerage commission, asset management fees, fair value gains and losses (apart from those fair value gains and losses on interest rate swaps that are recognised as part of net interest income), dividend income, foreign exchange gains and losses, and other income.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

Fee and commission income includes administration fees, advisory fees and forex service fees as well as fees for providing banking and financial services activities. 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 Group is acting as an agent, amounts collected on behalf of the principal are not recognised as revenue.

The Group provides banking services to retail and corporate customers. Fees for ongoing account management are charged to the customer's account on a monthly basis. Transaction-based fees for interchange and foreign currency transactions are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group. Revenue from account service and servicing fees is recognised over time as the services are provided.

Brokerage income is earned on every trade made by the client. This is recognised at a point in time. Asset management fees include management fees on assets under management and administration fees. This is recognised over the period for which the services are rendered.

Confirming fees are established on issuing letters of credit to a supplier and are transaction-based fees that are recognised at a point in time.

Dividend income is received from equity investments in entities that the Group does not control and those investments in associates that are recognised at FVTPL (refer to Note 1.3.6). Dividend income is recognised when the Group's right to receive payment is established it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

1.15 Employee benefits
1.15.1 Short-term benefits

Short-term benefits comprise salaries, incentive bonuses, accumulated leave pay, provident fund contributions, medical aid contributions, group life contributions and company car benefits.

Short-term benefits are recognised in profit or loss as they become due.

A provision is recognised for employees' leave entitlement when the Group has a present legal obligation to settle with the employee in cash or by leave to be taken.

A provision is recognised for employees' bonus entitlement when the Group has a present legal or constructive obligation to make such payments to the employee.

1.15.2 Defined contribution plan

The Group pays fixed contributions to a third party as part of a defined contribution provident fund and retirement fund plan for the benefit of its employees. The Group has no further legal or constructive obligation in terms of the defined contribution benefit plan beyond these contributions.

Defined contributions are recognised in profit or loss as they become due.

1.16 Taxation

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

1.16.1 Current tax

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

1.16.2 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.

1. Accounting policies *continued*

1.16 Taxation *continued*

1.16.2 Deferred tax *continued*

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 is recognised in the statement of changes in equity and statement of profit or loss and other comprehensive income, respectively.

Deferred tax is not recognised on:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits and losses; and
- investments in subsidiaries where the Group controls the timing of the reversal of temporary differences, and it is probable that these differences will not reverse in the foreseeable future.

Deferred tax assets are recognised on tax losses to the extent that it is probable that future taxable profits will be earned.

1.17 Earnings per share (EPS)

Basic EPS represents profit or loss attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS represents the profit or loss attributable to ordinary shareholders of the Group divided by the weighted average number of shares outstanding, taking into account the dilutive effects of potential ordinary shares.

1.18 Commitments and contingent liabilities

Commitments represent the Group's commitment to future transactions.

Contingent liabilities are provisions of the Group with an uncertain timing or amount. Contingent liabilities principally consist of third-party obligations underwritten by the Group, guarantees other than financial guarantees and letters of credit.

Commitments and contingent liabilities are not recognised but disclosed in the Notes to the Consolidated and Separate Annual Financial Statements.

1.19 Funds under administration, advisement and management

The Group holds and manages funds and acts as trustee in a fiduciary capacity on behalf of its clients.

The resulting assets and liabilities are not those of the Group but of the Group's clients and are not accounted for in the Consolidated and Separate Annual Financial Statements.

Income relating to these activities is recognised in profit or loss.

1.20 Segment reporting

For the prior financial year ended 30 June 2021, management reported on four operating pillars: Asset Finance, B\\yond Business Banking, Capital and Wealth. With effect from 1 July 2021, Sasfin Capital merged with Business Banking to create one pillar committed to supporting the growth of businesses. This combined pillar is better placed to provide a holistic client experience and to extract efficiencies where appropriate. Management now reports on three pillars (excluding the Group and inter-segment eliminations segment). These pillars are Asset Finance, Business and Commercial Banking and Wealth.

The operating results of the three pillars are regularly reviewed by the Group's Board of Directors, Chief Executive Officer, and senior management, who assess the performance of the divisions, and make decisions as to the appropriate resources to be allocated between pillars. Pillars are further segmented into business units as part of the Group's management and internal reporting structure.

Corporate Services includes treasury and represents the Group's central functions, and these costs are allocated to the operating pillars using an internal model of cost allocation.

2. Critical estimates, judgements and assumptions

The preparation of these Consolidated and Separate 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 destabilising shock events

The world economy continues to be impacted by a series of destabilising shock events.

The last wave of the COVID-19 pandemic and the Russia/Ukraine conflict, which resulted in higher oil prices and, in turn, higher rates of inflation and an increased interest rate environment, have contributed to a significant slowdown in global economic growth.

Sasfin has not experienced a lasting material impact from COVID-19 as evidenced by a low rate of COVID-19 related defaults, no further requests for payment holidays and minimal supply chain disruptions to customers. There has been no direct discernible impact from the Russia/Ukraine conflict on our customers apart from the overall slowdown in the global economic growth referenced above.

Local civil unrest in July 2021, as well as flooding in the first half of 2022, were largely confined to KwaZulu-Natal and brought significant human, social, economic and business uncertainty to the area. However, there have been negligible requests for financial assistance and our overall exposure from our clients to this geographic area remains limited at approximately 1.5% of our gross loans and advances book.

Eskom loadshedding has had a marked negative widespread services impact on the economy.

These events have been considered as part of our credit impairments and are reflected in the use of a 70% weighting in our weighted probability scenario approach in 2.2.1 and fair value measurements in 2.5.

SARB guaranteed loan scheme

National Treasury, SARB and commercial banks created a R100 billion guaranteed loan scheme to assist businesses. The scheme specifies client eligibility requirements, restrictions on the use of loan proceeds and standardised loan terms. A loan facility of up to R150 million (2021: R150 million) was granted to Sasfin, which loans have a repayment holiday of up to 6 months, and thereafter interest and capital are required to be paid over 60 months. The SARB provides Sasfin with a special-purpose funding facility and partial credit guarantee. A portion of the interest levied on client loans is paid to the SARB. This interest accumulates in reserve accounts and will be used to offset losses on client loans. Once the reserve accounts are exhausted, Sasfin will incur losses of up to 6% of the total notional amount lent under the scheme. The SARB guarantees all losses in excess of the 6% threshold. When the scheme ends, the SARB will be entitled to withdraw the balances, if any, then remaining in the reserve accounts. As at 30 June 2022, Sasfin had approved R99.03 million (2021: R122.56 million) of loans under the scheme.

2. Critical estimates, judgements and assumptions *continued*
2.2 Credit impairment
2.2.1 Credit impairment of loans and advances (refer to Notes 9 and 43)

The Group assesses its loans and advances portfolio for impairment on a monthly basis using the ECL model.

The Group applies judgement in the manner in which it defines and applies a 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 ECL for those financial assets where there has not been a significant increase in credit risk since initial recognition;
- Stage 2: Lifetime ECL for those financial assets where there has been a significant increase in credit risk on a collective basis; and
- Stage 3: Lifetime ECL for all credit-impaired financial assets.

Refer to accounting policy Note 1.13 for more information on a SICR.

The Group 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.

The IFRS 9 Expected Credit Loss (ECL) requires a forward-looking overlay on the calculated loan book ECL to ensure the timely recognition of future credit losses. In order to capture economic changes accurately and forecast the required levels of impairment provisions to be held, the Group adopted a multi-variate economic forward-looking model. This included the use of Gross Domestic Product (GDP), Prime, Consumer Price Index (CPI), Gross Fixed Investment and Unemployment as proxies of economic output.

The macroeconomic factors were statistically tested for the current financial year, and only Prime and GDP were statistically significant. The Group therefore used GDP and Prime for the regression modelling. For each of the scenarios listed below for 2022, GDP and Prime over the next 12 months have been disclosed. The average GDP and Prime over the remaining forecast period, from 2023 to 2026, was used in the statistical modelling.

A weighted probability scenario approach for GDP and Prime was applied to determine the final scalar. Given the conservative internal view on the economic outlook, it was determined that a higher weighting be allocated to the worst-case scenario to take into account the uncertainties in the economic environment.

	Expected		Worst		Blended[1]	
	12 months %	Lifetime %	12 months %	Lifetime %	12 months %	Lifetime %
2022						
Factors						
Gross Domestic Product	**2.5**	**1.7**	**(6.1)**	**(1.7)**	**(3.5)**	**(0.7)**
Prime Rate	**8.0**	**8.8**	**8.6**	**10.7**	**8.4**	**10.1**
Scenario probability	**30**	**–**	**70**	**–**	**Combination**	
		R'000		**R'000**		**R'000**
Increase on ECL[2]		**27 657**		**59 924**		**–**

[1] *The blended scenario is the actual/base case scenario against which the best, expected and worst-case scenarios are benchmarked. The Blended Scenario is made up of 30% of the expected case scenario and 70% of the worst-case scenario.*

[2] *The impact of forward looking information on the IFRS 9 provision is an increase of R50.1 million. The percentage change of the total IFRS 9 provision is a 4% downward adjustment should a 100% expected scenario be assumed and a 2% upward adjustment should a 100% worst case scenario be assumed.*

2. Critical estimates, judgements and assumptions continued
2.2 Credit impairment *continued*
2.2.1 Credit impairment of loans and advances (refer to Notes 9 and 43) *continued*

	Expected		Worst		Blended[2]	
	12 months %	Lifetime %	12 months %	Lifetime %	12 months %	Lifetime %
2021						
Factors						
Gross Domestic Product	(1.2)	2.0	(7.4)	0.6	(4.9)	1.1
Scenario probability	40	–	60	–	Combination	
		R'000		R'000		R'000
(Decrease)/Increase on ECL[1]		(34 101)		16 654		–

[1] *The impact of forward looking information on the IFRS 9 provision is an increase of R61 million as per the forward looking models. The percentage change of the total IFRS 9 provision is a 6% downward adjustment in a 100% expected scenario and a 3% 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.*

The Group further applies judgement when determining whether a specific loan and/or advance should be written off due to it not being recoverable.

2.2.2 Credit impairment of negotiable securities (refer to Notes 5 and 43)

Similar to the credit impairment on loans and advances, the Group applies judgement in the manner in which it defines and applies a SICR, which is the driver in dividing the negotiable security portfolio between Stage 1, Stage 2 and Stage 3, with:

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

Refer to accounting policy Note 1.13 for more information on a SICR.

The Group 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. The S&P International Rating Scale is applied to the PD's based on the legal entity's current credit risk rating, as rated by an accredited rating agency. Similar to the credit impairment on loans and advances, the Group applies expert judgement in the manner in which it defines and applies a SICR, which is the driver in segmenting the negotiable security portfolio between stages 1, 2 and 3. The move from 12-month expected credit loss to lifetime expected credit loss can result in a substantial increase in ECL.

The sensitivity analysis performed indicates an additional ECL charge of circa R3.6 million to the income statement if 40% of the gross carrying amount of negotiable securities held at amortised cost suffered a SICR and moved from stage 1 to stage 2 as at 30 June 2022. A 40% increase in financial instruments held at amortised cost categorised as stage 2 can be viewed as a severe possible alternative based on the nature of the instrument and current economic conditions. To calculate an NPV and ECL of the Land Bank, being a stage 3 exposure, expert judgement was applied. The calculation of the ECL for the financial year ended 30 June 2022 was done on an NPV basis, using the expected cash inflows from the 5-year term loan as set out in the proposed Liability Solution. Various cash flow scenarios were built ranging from an expected case to mild stress to severe stress, each then discounted using an expected, best case and worst-case credit risk premium. The final NPV was then calculated as a blended NPV by attaching probabilities to each of the potential outcomes to derive a final proposed ECL. This range between best case and worse case was R24.553 million to R187.492 million.

2. Critical estimates, judgements and assumptions *continued*

2.3 Private Equity investment valuations (refer to Note 10)

The Group aims to adopt best practice valuation techniques as incorporated in the South African Venture Capital and Private Equity Association guidelines. It mainly follows a discounted cash flow or earnings methodology, corroborated by a market multiples approach, where appropriate.

These valuations are subject to various assumptions and professional judgement including, but not limited to:

- marketability and minority discounts;
- weighted average cost of capital;
- estimates of local and global macroeconomic performance, including factors such as expected interest and exchange rates;
- estimates of future operating cash flows of investees' businesses;
- estimates of long-term underlying operational performance of investees' businesses;
- expected capital expenditure and working capital needs of investees' businesses;
- assessment of long-term viability of investees' business models; and
- the inherent risks specific to the investees' businesses and the industries and countries in which these entities operate.

The valuations are reviewed and approved by the CLEC and are recommended to the Board for approval.

2.4 Property Equity investment valuations (refer to Note 10)

In relation to investments held by the Group, where the primary underlying assets are property, the Group obtains third-party valuations from registered professional valuers with experience relevant to the types of properties being valued, using the net income capitalised methodology.

These valuation experts use best practice market norms in arriving at the value of the underlying property assets. Once the Group has received these valuations, relevant adjustments are made to take into account financial assets and/or obligations associated with these investments.

These valuations are subject to various assumptions and professional judgement including, but not limited to:

- selection of capitalisation rates appropriate for the property considering its location, condition, nature of tenant(s), lease term etc;
- estimated operating factors such as operating costs, expected occupancy and tenant turnover; and
- comparisons to market-related rental yields and/or sold prices achieved for similar properties.

The valuations are reviewed and approved by the CLEC and recommended to the Board for approval.

2.5 Fair value (refer to Note 41)

The valuation techniques for fair value measurement of the investment securities have been assessed by the respective valuation committees to determine the impact on the fair value measurements of these instruments. When assessing the fair value measurement of financial instruments for this period, the valuation models have been built to take into consideration inputs that are reflective of market participants.

The assessment factored in the lingering impact of the shock events on the forecasted cash flows and other critical assumptions of businesses and the economy as a whole i.e. capitalisation rates, growth rate assumptions, weighted average cost of capital (WACC), cost of capital, and vacancy rates of properties. This assessment was considered on a company-by-company basis taking into account (inter alia) the industry within which it operates, and its own financial strength.

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 Group 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. If the Group 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.

2. Critical estimates, judgements and assumptions *continued*

2.5 Fair value (refer to Note 41) *continued*

Financial asset portfolios that are exposed to market risk and credit risk are measured based on 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 based on 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 based on 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 Group on demand, discounted from the first date on which the amount could be required to be paid.

The determination of 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 Group.

The Group's valuation methodologies comprise:

- price: earnings multiple valuation methodology;
- recent transaction prices and comparisons with similar instruments;
- net asset value;
- discounted cash flow or earnings; and
- Black-Scholes Option Pricing.

Assumptions and inputs used in the valuation methodologies comprise:

- risk-free interest rates;
- benchmark interest rates;
- credit spreads; and
- liquidity and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices, and expected price volatilities and correlations.

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

Fair value hierarchy

Valuation models

The Group 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.

2.6 Intangible assets and goodwill (refer to Note 14)

2.6.1 Intangible assets

Intangible assets comprise internally generated and purchased information technology software as well as distributor relationships acquired as part of business combinations.

The costs associated with internally developed software are only capitalised once the research phase has been concluded and the requirements for the development phase have been met, namely:

- it is technically feasible to complete the software for use;
- the Group is committed to complete the software for use;
- it will be possible to use the software, and the Group intends to use the software to increase efficiencies and/or support the business;
- there are sufficient resources available to complete the software; and
- the costs can be reliably measured.

2. Critical estimates, judgements and assumptions *continued*

2.6 Intangible assets and goodwill (refer to Note 14) *continued*

2.6.1 Intangible assets *continued*

It requires judgement from management to determine when the above requirements have been met for capitalisation.

On an annual basis, the Group assesses impairment indicators relating to purchased information technology software such as technology advancement and the ability of the asset to continue to generate future economic benefits. Should an impairment indicator be triggered, the related software is assessed for impairment.

Internally developed software that is still in the development phase is assessed annually for impairment.

Changes in estimates of related cash flow benefits from customers would give rise to impairment indicators relating to distributor relationships.

The individual carrying amounts of the respective intangible assets are compared to their estimated recoverable amounts in order to compute the impairment. Determining the estimated recoverable amount (being the greater of the asset's discounted cash flows to determine its value in use and fair value less costs to sell) and future cash flows of the relevant Cash-Generating Units (where applicable), as well as the impairment assessment requires management judgement.

2.6.2 Goodwill

On an annual basis, the Group assesses recognised goodwill for impairment. Management judgement is required in both the assessment for impairment and the impairment test. The impairment tests comprise comparing the carrying amount of the cash-generating unit (CGU) being assessed to the estimated CGU value in use. If the carrying amount is less than the value in use in a CGU, then a goodwill impairment is recognised. The CGU comprises separate elements of the business to which the goodwill is allocated. The assessment of the value-in-use requires management judgement of future performance. The assumptions applied in determining the value-in-use match those applied in the preparation of the Group's budgets and forecasts which cover a five-year period. The related pre-tax expected future cash flows used to determine the forecasts in the calculation are discounted at an appropriate risk-adjusted rate which is referenced against the Group's historical long-term cost of funding rate.

2.7 Current and deferred taxation (refer to Notes 11 and 35)

The Group 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 what was initially calculated, the impact will be accounted for in the period in which the outcome is known.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. 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 related tax benefit will be realised. Management's judgement surrounding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management assumption in determining whether the deferred tax asset should be recognised is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group to utilise the deferred tax assets in the medium term.

2.8 Assessment of significant influence and control of entities (refer to Note 40.1)

In assessing significant influence, the Group assesses voting rights and exercises judgement to determine whether the Group has the power to participate in an entity's financial and operating policy decisions rather than control thereof.

The Group controls and consolidates an entity after having regard to whether the Group has power over the investee, exposure or rights to the variable returns and its ability to affect the amount of the returns in the investee. The Group assesses each entity's core activities and exercises judgement to determine whether the Group has any control over those activities and the variable returns they give rise to. Regard is given to both current and potential voting rights, de facto control and any other contractual rights.

2.9 Statement of cash flows – allocation of funding between operating and financing activities

Management applies significant judgement to determine which proportion, if any, of changes in long-term funding relates to the operating activities of the Group, i.e. granting funding to clients, and which relates to funding the investment activities of the Group.

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 Consolidated and Separate Annual Financial Statements. The Group 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 Group:

Pronouncement	Title and details	Effective date
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 is 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 is expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2022.
Annual improvements to IFRS Standards 2018 – 2020	*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.* An illustrative example has been removed from IFRS 16 to prevent potential confusion regarding the treatment of lease incentives. 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.

3. Standards/interpretations issued but not yet effective *continued*

Pronouncement	Title and details	Effective date
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.
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. This standard are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2023.

3. Standards/interpretations issued but not yet effective *continued*

Pronouncement	Title and details	Effective date
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 are not expected to have an impact on the Group.	Annual periods beginning on or after 1 January 2023.
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.

4. Cash and cash equivalents

	2022 R'000	2021 R'000 Restated[1]
Funds on call[1]	**697 593**	1 117 390
Notice deposits	**6 925**	1 542
Balance with the SARB[2]	**153 234**	137 955
Fixed deposits[3]	**26 730**	117 957
Cash on hand	**13**	13
Total per consolidated statement of financial position	**884 495**	1 374 857
Less: Bank overdraft	**(68 541)**	(30 392)
Total per consolidated statement of cashflows	**815 954**	1 344 465

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *The balance with the SARB is for minimum reserve requirements and is available for use subject to certain restrictions and limitations imposed by the central bank.*
[3] *The funds are easily accessible if required by the Group.*

5. Negotiable securities

	2022 R'000	2021 R'000
Treasury bills[1]	**1 643 725**	1 793 190
Land Bank bills	**270 293**	415 980
Negotiable securities before impairments	**1 914 018**	2 209 170
Credit loss allowance[2]	**(123 678)**	(124 093)
Net negotiable securities	**1 790 340**	2 085 077

[1] *Treasury bills to the value of R607 million (2021: R709 million) have been pledged for the SARB refinancing auction.*
[2] *For key management inputs and assumptions around ECL, refer to Notes 43.1 and 43.3.3.*

6. Trading assets and liabilities*

	Financial assets		Financial liabilities	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Financial assets held for trade facilitation comprise the following categories of rated bond positions all of which are traded through the JSE:				
Government bonds	**23 010**	22 179	**213 242**	330 727
Government-owned entities	**171 214**	242 317	**–**	–
Corporate bonds	**51 193**	63 361	**–**	–
Derivatives	**56 653**	43 307	**59 459**	47 987
Financial assets no longer held for trade facilitation as they were delisted from the JSE:				
Government-owned entities[1]	**20 104**	–	**–**	–
	322 174	371 164	**272 701**	378 714

* *Financial assets and liabilities held for trade facilitation relate to the Fixed Income trading business in Sasfin Securities (Proprietary) Limited. Financial assets held for trade facilitation are economically hedged by financial liabilities held for trade facilitation, minimising the Group's exposure to interest rate risk.*
[1] *Refer to Note 41.1 for additional information.*

6. Trading assets and liabilities *continued*

6.1 Reverse repurchase and repurchase agreements

The Group holds proprietary bond positions for trade facilitation related to the Fixed Income business in Sasfin Securities (Proprietary) Limited. This book consists of rated bond positions all traded through the JSE. In the normal course of business, the Group enters into repurchase (repo) and reverse repurchase (reverse repo) agreements to facilitate these trades. Repurchase and reverse repurchase agreements are not set off.

	2022 R'000	2021 R'000
Reverse repurchase agreements (assets)	**225 674**	332 269
Repurchase agreements (liabilities)	**245 895**	280 242
6.2 Total trading assets	**547 848**	703 433
Financial assets	**322 174**	371 164
Reverse repurchase agreements (assets)	**225 674**	332 269
6.3 Total trading liabilities	**518 596**	658 957
Financial liabilities	**272 701**	378 714
Repurchase agreements (liabilities)	**245 895**	280 243

	2022 R'000	2021 R'000 Restated[1]
7. Trade and other receivables		
Stockbroking receivable[2]	**301 998**	39 694
Insurance coverage asset	**52 203**	50 776
Value added taxation	**53 584**	26 760
Prepaid expenses	**37 620**	30 070
Trade receivables	**222 564**	231 305
Sundry receivables[1]	**78 427**	60 922
Other receivables before impairments	**746 396**	439 527
Credit loss allowance	**(493)**	(493)
Net trade and other receivables	**745 903**	439 034

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *The Stockbroking receivable represents unsettled transactions in terms of the trading rules applicable to the specific exchange where the deal was booked.*

	2022 R'000	2021 R'000
8. Non-current assets held for sale		
Investment property	**–**	6 700
Fair value at the beginning of the year	**6 700**	6 700
Transfer to investment property	**(6 700)**	–
Total non-current assets held for sale	**–**	6 700

During the civil unrest in the country on 9 July 2021, a building on investment property that was classified as a non-current asset held for sale was razed to the ground. The property was subsequently reclassified to investment property. Refer to Note 13.

9. Loans and advances

	Total R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2022							
Loans and advances at amortised cost							
Gross investment in leases	**8 434 468**	**3 310 273**	**2 341 675**	**1 565 300**	**879 098**	**330 611**	**7 541**
Equipment Finance	**5 976 195**	**2 405 485**	**1 639 724**	**1 079 249**	**619 783**	**230 174**	**1 780**
Capital Equipment Finance	**2 458 273**	**904 788**	**701 951**	**486 021**	**259 315**	**100 437**	**5 761**
Less: Unearned finance income	**(1 484 624)**	**(704 400)**	**(438 353)**	**(230 574)**	**(92 626)**	**(18 037)**	**(641)**
Equipment Finance	**(1 066 178)**	**(514 844)**	**(311 087)**	**(162 566)**	**(65 744)**	**(11 769)**	**(168)**
Capital Equipment Finance	**(418 446)**	**(189 556)**	**(127 259)**	**(68 008)**	**(26 882)**	**(6 268)**	**(473)**
Net investment in leases	**6 949 844**	**2 605 814**	**1 903 352**	**1 334 723**	**786 481**	**312 574**	**6 900**
Equipment Finance	**4 910 017**	**1 890 641**	**1 328 637**	**916 683**	**554 039**	**218 405**	**1 612**
Capital Equipment Finance	**2 039 827**	**715 232**	**574 692**	**418 013**	**232 433**	**94 169**	**5 288**
Trade and Debtor Finance	**707 601**						
Other Loans	**571 219**						
Loans and advances before expected credit losses	**8 228 664**						
Credit loss allowance (refer to Note 43)	**(475 251)**						
Total loans and advances at amortised cost	**7 753 413**						
Loans and advances at FVTPL	**377 291**						
Specialised lending	**377 291**						
Total loans and advances	**8 130 704**[1]						
2021 – Restated							
Loans and advances at amortised cost							
Gross investment in leases	7 059 442	2 980 907	1 954 547	1 257 095	642 709	218 224	5 960
Equipment Finance	5 561 334	2 344 307	1 533 628	994 277	504 826	182 316	1 980
Capital Equipment Finance	1 498 108	636 600	420 919	262 818	137 883	35 908	3 980
Less: Unearned finance income	(1 122 187)	(558 784)	(332 098)	(160 467)	(59 606)	(10 958)	(274)
Equipment Finance	(901 794)	(448 910)	(266 461)	(129 228)	(48 466)	(8 665)	(64)
Capital Equipment Finance	(220 393)	(109 874)	(65 637)	(31 239)	(11 140)	(2 293)	(210)
Net investment in leases[2]	5 937 255	2 422 123	1 622 449	1 096 628	583 103	207 266	5 686
Equipment Finance	4 659 540	1 895 397	1 267 167	865 049	456 360	173 651	1 916
Capital Equipment Finance	1 277 715	526 726	355 282	231 579	126 743	33 615	3 770
Trade and Debtor Finance	633 499						
Other loans[3]	376 554						
Loans and advances before expected credit losses	6 947 308						
Credit loss allowance (refer to Note 43)	(535 354)						
Total loans and advances at amortised cost	6 411 954						
Loans and advances at FVTPL	311 718						
Specialised lending	311 718						
Total loans and advances	6 723 672[1]						

[1] *Loans and advances with a carrying amount of R3.240 billion (2021: R3.079 billion) have been ceded as security for the debt securities issued. Refer to Note 20.*
[2] *Prior periods by restatement, please refer to Note 49 for additional information.*
[3] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*

	2022 R'000	2021 R'000
10. Investment securities		
Investments at fair value through profit or loss	**529 397**	519 972
Listed equity investments	**275**	216
Private and Property Equity investments	**529 122**	519 756
Equity-accounted associates	**54 750**[1]	20 089
	584 147	540 061

[1] *During the year there was a purchase of preference shares in an existing associate without a change in voting rights as well as the acquisition of two additional associates for an aggregated value of R20.5 million.*

The associates of the Group that are classified and measured at fair value through profit or loss, are involved in a variety of businesses. The voting rights in these investments range between 20% and 50%.

All associates are incorporated in South Africa. A full list of associates is available, on request, at the registered office of the Group.

	2022 R'000	2021 R'000
Summarised financial information for associates that have been equity accounted:		
Post-tax profit	**14 146**	18 962
Total comprehensive income	**14 146**	18 962
Total assets	**100 383**	57 230
Total liabilities	**31 608**	11 273

	2022 R'000	2021 R'000
11. Deferred tax assets and liabilities		
Deferred tax assets	**45 380**	**37 584**
Deferred tax liabilities	**(144 696)**	**(110 770)**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022			2021		
	Assets R'000	**Liabilities R'000**	**Net R'000**	Assets R'000	Liabilities R'000	Net R'000
Equipment finance	**–**	**(245 881)**	**(245 881)**	–	(252 784)	(252 784)
Tax losses[1]	**40 103**	**94 139**	**134 242**	40 054	41 113	81 167
Fair value adjustment	**44**	**(40 777)**	**(40 733)**	(7 241)	(36 879)	(44 120)
Prepayments	**(385)**	**(3 018)**	**(3 403)**	(322)	(1 697)	(2 019)
Provisions	**16 713**	**52 683**	**69 396**	16 764	146 267	163 031
Investment property	**–**	**(984)**	**(984)**	(202)	(895)	(1 097)
Intangible assets	**–**	**(3 114)**	**(3 114)**	–	(4 597)	(4 597)
Property, equipment and right-of-use assets	**(1 479)**	**(34 077)**	**(35 556)**	(2 061)	(6 414)	(8 475)
Lease liabilities	**1 700**	**40 077**	**41 777**	2 167	9 275	11 442
Other temporary differences[2]	**(11 316)**	**(3 744)**	**(15 060)**	(11 575)	(4 159)	(15 734)
Net tax assets/(liabilities)	**45 380**	**(144 696)**	**(99 316)**	37 584	(110 770)	(73 186)

[1] *These tax losses have arisen from the group entities incurring operational tax losses. These assets are anticipated to be recovered as financial projections for a period of five years indicate that it is probable that these entities will produce sufficient future taxable profit. The Group has actual losses of R12.8 million that have not been recognised.*

[2] *These relate primarily to a portion of the deferred tax asset on assessed losses derecognised in Sasfin Capital (Proprietary) Limited.*

11. Deferred tax assets and liabilities *continued*

Movements in temporary differences during the year

	Balance at 1 July R'000	Recognised in OCI R'000	Recognised in profit or loss R'000	Tax rate change effect[1] R'000	Balance at 30 June R'000
2022					
Equipment finance	**(252 784)**	**–**	**(2 204)**	**9 107**	**(245 881)**
Tax losses	**81 167**	**–**	**58 088**	**(5 013)**	**134 242**
Fair value adjustment	**(44 120)**	**–**	**1 876**	**1 511**	**(40 733)**
Prepayments	**(2 019)**	**–**	**(1 508)**	**124**	**(3 403)**
Provisions	**163 031**	**–**	**(91 180)**	**(2 455)**	**69 396**
Investment property	**(1 097)**	**–**	**89**	**24**	**(984)**
Intangible assets	**(4 597)**	**–**	**1 483**	**–**	**(3 114)**
Property, equipment and right-of-use assets	**(8 475)**	**–**	**(28 398)**	**1 317**	**(35 556)**
Lease liabilities	**11 442**	**–**	**31 882**	**(1 547)**	**41 777**
Other temporary differences	**(15 734)**	**–**	**318**	**356**	**(15 060)**
	(73 186)	**–**	**(29 554)**	**3 424**	**(99 316)**
2021					
Equipment finance	(238 613)	–	(14 171)	–	(252 784)
Tax losses	82 633	–	(1 466)	–	81 167
Fair value adjustment	(38 627)	(253)	(5 240)	–	(44 120)
Prepayments	(1 704)	–	(315)	–	(2 019)
Provisions	155 873	–	7 158	–	163 031
Investment property	(1 741)	–	644	–	(1 097)
Intangible assets	(6 080)	–	1 483	–	(4 597)
Property, equipment and right-of-use assets	(14 181)	–	5 706	–	(8 475)
Lease liabilities	18 952	–	(7 510)	–	11 442
Other temporary differences	(14 235)	–	(1 499)	–	(15 734)
	(57 723)	(253)	(15 210)	–	(73 186)

[1] *During the year, the SA Government announced a decrease in the South Africa rate of corporation tax from 28% to 27% effective for years of assessment ending on/after 1 March 2023. As a result, the deferred tax balances at 30 June 2022 have been adjusted to reflect this substantively enacted rate change.*

12. Property, equipment and right-of-use assets

	Computer equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Land and Buildings (Leasehold improvements) R'000	Right-of-use assets R'000	Total R'000
2022						
Cost at the beginning of the year	**99 863**	**25 973**	**2 929**	**28 938**	**88 650**	**246 353**
Additions	**16 046**	**7 285**	**–**	**15 466**	**137 387[1]**	**176 184**
Disposals	**(799)**	**(14 514)**	**–**	**–**	**(6 093)**	**(21 406)**
Cost at the end of the year	**115 110**	**18 744**	**2 929**	**44 404**	**219 944**	**401 131**
Accumulated depreciation and impairment at the beginning of the year	**(76 455)**	**(22 377)**	**(2 547)**	**(22 879)**	**(57 029)**	**(181 287)**
Depreciation charge for the year	**(11 266)**	**(2 204)**	**(210)**	**(5 041)**	**(36 704)**	**(55 425)**
Disposals	**789**	**13 568**	**–**	**–**	**4 306**	**18 663**
Transfers	**(1)**	**1**	**–**	**–**	**–**	**–**
Accumulated depreciation and impairment at the end of the year	**(86 933)**	**(11 012)**	**(2 757)**	**(27 920)**	**(89 427)**	**(218 049)**
Carrying amount at the beginning of the year	**23 408**	**3 596**	**382**	**6 059**	**31 621**	**65 068**
Carrying amount at the end of the year	**28 177**	**7 732**	**172**	**16 484**	**130 517**	**183 082**

[1] *Sasfin Bank Limited a wholly owned subsidiary of Sasfin Holdings Limited concluded a lease for a new head office in August 2021 with occupation that commenced during early January 2022.*

12. Property, equipment and right-of-use assets *continued*

	Computer equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Land and Buildings (Leasehold improve-ments) R'000	Right-of-use assets – buildings R'000	Total R'000
2021						
Cost at the beginning of the year	146 402	40 818	3 309	35 941	83 007	309 477
Additions	10 525	251	–	–	5 643	16 419
Disposals	(57 064)	(15 096)	(380)	–	–	(72 540)
Transfers	–	–	–	(7 003)	–	(7 003)
Cost at the end of the year	99 863	25 973	2 929	28 938	88 650	246 353
Accumulated depreciation and impairment at the beginning of the year	(123 672)	(32 549)	(2 709)	(17 249)	(29 747)	(205 926)
Depreciation charge for the year	(9 296)	(3 883)	(218)	(5 636)	(27 282)	(46 315)
Disposals	56 513	14 061	380	–	–	70 954
Transfers	–	(6)	–	6	–	–
Accumulated depreciation and impairment at the end of the year	(76 455)	(22 377)	(2 547)	(22 879)	(57 029)	(181 287)
Carrying amount at the beginning of the year	22 729	8 269	600	18 692	53 260	103 550
Carrying amount at the end of the year	23 408	3 596	382	6 059	31 621	65 068

13. Investment property

	2022 R'000	2021 R'000
Fair value at the beginning of the year	**16 400**	13 123
Disposal	**(1 800)**	–
Transfers from non-current assets held for sale (refer to Note 8)	**6 700**	–
Transfers from land and buildings	**–**	7 003
Fair value movements during the year[1]	**(1 162)**	(3 726)
Fair value at the end of the year	**20 138**	16 400

[1] *The fair value movement of the investment property has been determined by an independent valuator with the necessary experience and knowledge of the area in which each investment property is located, as at 4 October 2021.*

14. Intangible assets and goodwill

	Distributor relationships R'000	Purchased software R'000	Internally generated intangible assets[1] R'000	Goodwill[2] R'000	Total R'000
As at 1 July 2021					
Cost	**58 429**	**17 523[5]**	**207 821[6]**	**33 087**	**316 860**
Accumulated amortisation and impairment	**(39 268)**	**(12 877)[5]**	**(103 023)[6]**	**(835)**	**(156 003)**
Carrying amount at the beginning of the year	**19 161**	**4 645**	**104 798**	**32 252**	**160 856**
Additions	**–**	**–**	**15 665**	**–**	**15 665**
Amortisation	**(5 375)**	**(2 323)**	**(24 094)**	**–**	**(31 792)**
Carrying amount at the end of the year	**13 786**	**2 322**	**96 369**	**32 252**	**144 729**
As at 1 July 2020					
Cost	58 429	24 363	187 244	33 087	303 123
Accumulated amortisation and impairment	(33 176)	(17 015)	(46 891)	(835)	(97 917)
Carrying amount at the beginning of the year	25 253	7 348	140 353	32 252	205 206
Additions	–	244	27 690	–	27 934
Amortisation	(6 092)	(2 947)	(22 662)	–	(31 701)
Impairment	–	–	(40 583)	–	(40 583)
Carrying amount at the end of the year	19 161	4 645	104 798	32 252	160 856

[1] *All software-related intangible assets are internally generated and bespoke and therefore cannot be reliably valued at fair value. The recoverable amount was therefore based on value in use, where applicable. Treasury's weighted average cost of capital of 10.58% (2021: 10.88%), a terminal growth rate of 1% (2021: 1%) (South African GDP-based growth rate) and a five-year budgeted cash flow forecast[3] was used to discount expected future cash flows.[4]*

[2] *The Group assesses the recoverable amount based on value in use of the CGU, which is R53.952 million (2021: R82.585 million) to which the goodwill relates, taking into account the current and estimated future profitability of the CGU, to determine whether it is at least equal to the carrying amount of the related goodwill. Should the carrying amount exceed the recoverable amount, an impairment is recognised. The CGU is, in most cases, the subsidiary to which the goodwill relates. The Group's weighted average cost of capital of 10.58% (2021: 10.88%), a terminal growth rate of 1% (2021: 1%) (South African GDP-based growth rate) and a five-year budgeted cash flow forecast[3] is used to discount expected future cash flows.*

[3] *Budgeted inputs were adjusted for macroeconomic drivers including GDP, inflation, credit risk, exchange rates, COVID-19 considerations and other cost drivers for a five-year period from 2023 to 2027.*

[4] *If the growth and cash flow inputs are flexed there is still not a material difference to the outcome of the calculations.*

[5] *During 2021 software with a cost of R7.048 million and accumulated depreciation of R7.048 million was disposed of at their carrying value of Nil on the sale of SCS Global Trade (Pty) Ltd.*

[6] *Fully amortised internally generated intangible assets with a cost of R7.114 million were disposed of during 2021.*

	2022 R'000	2021 R'000
Allocation of goodwill[1]		
Goodwill relating to the Asset Finance Pillar	**28 497**	30 518
Goodwill relating to the Wealth Pillar	**3 755**	3 755
	32 252	32 252

[1] *Disclosure has been amended in order to align to the segment report (Refer to Note 47) for enhanced disclosure.*

	2022 R'000	2021 R'000
15. Funding under repurchase agreements and interbank loans		
Funding under repurchase agreements	**803 976**	700 067
	803 976	700 067

The Bank participates in the SARB refinancing auction by tendering for cash against eligible collateral. Cash received from the tender is borrowed for one week at the repo rate.

Interbank facilities are overnight facilities utilised by the bank to manage its daily liquidity requirements.

	2022 R'000	2021 R'000 Restated[1]
16. Trade and other payables		
Value-Added Taxation	**2 807**	8 912
Stockbroking payables[2]	**270 811**	67 871
Audit fees and other services[1]	**18 760**	15 175
Accounts payable[1]	**510 821**	584 187
Other payables	**113 932**	91 235
Accruals	**27 754**	36 116
Income received in advance	**135**	822
	945 020	804 318

[1] Prior periods by restatement, please refer to Note 49 for additional information.
[2] The Stockbroking payables represents unsettled transactions in terms of the trading rules applicable to the specific exchange where the deal was booked.

	2022 R'000	2021 R'000
17. Provisions		
Leave pay provision	**22 355**	24 317
Bonus provision	**46 993**	48 397
	69 348	72 714

Movements in each class of provision:

	Bonus provision R'000	Leave pay provision R'000	Total R'000
2022			
Carrying amount at the beginning of the year	**48 397**	**24 317**	**72 714**
Movement recognised in profit or loss:	**47 449**	**3 423**	**50 872**
Additional provisions recognised	**61 098**	**2 505**	**63 603**
Under/(Over provision) in prior year	**(13 649)**	**918**	**(12 731)**
Amounts used during the year	**(48 853)**	**(5 385)**	**(54 238)**
Carrying amount at the end of the year	**46 993**	**22 355**	**69 348**

The Leave pay provision is the amount payable to employees in respect of the annual leave days accumulated by them. A maximum of the previous leave cycle may be accumulated annually. Any leave balance in excess of the previous cycle entitlement and the current entitlement will be forfeited.

The Bonus provision is the amount payable to employees based on the achievement of their agreed Key Performance Indicators, subject to satisfactory performance of the Group and continued employment by the Group.

17. Provisions *continued*

Movements in each class of provision *continued*:

	Bonus provision R'000	Leave pay provision R'000	Total R'000
2021			
Carrying amount at the beginning of the year	10 303	31 326	41 629
Movement recognised in profit or loss:	49 208	(1 606)	47 602
Additional provisions recognised	51 080	5 196	56 276
Unused amounts reversed	(1 872)	(6 106)	(7 978)
Unwinding of discount	–	(696)	(696)
Amounts used during the year	(10 553)	(6 733)	(17 286)
Other movements	(561)	1 330	769
Carrying amount at the end of the year	48 397	24 317	72 714

The Leave pay provision is the amount payable to employees in respect of the annual leave days accumulated by them. Employees are allowed to accumulate leave for a maximum period of 12 months, whereafter any untaken leave days are forfeited.

The Bonus provision is the amount payable to employees based on the achievement of their agreed Key Performance Indicators, subject to satisfactory performance of the Group and continued employment by the Group.

18. Lease liabilities

Reconciliation of lease liabilities

	2022 R'000	2021 R'000
Opening lease liabilities	**43 205**	70 266
Additions[1]	**137 632**	6 294
Interest expense (Note 28)	**13 884**	4 893
Capital repayments	**(33 232)**	(33 355)
Interest repayments	**(4 373)**	(4 893)
Total capitalised lease liability	**157 116**	43 205

[1] *Refer to Note 12 for additional information.*

The total cash outflow for leases included in the lease liability in 2022 was R37.6 million (2021: R38.2 million). Refer to Note 44.1 for the maturity analysis of the undiscounted contractual cash flows.

The Group leases various office buildings in which to conduct its operations. The rental contracts are typically entered into for a fixed period of five years, with some having renewal options. The lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

19. Deposits from customers

	2022 R'000	2021 R'000
Current deposits	**674 394**	627 206
Call deposits	**1 565 153**	1 438 146
Notice deposits	**946 497**	853 956
Fixed deposits	**2 011 826**	1 804 157
Negotiable certificates of deposit	**35 312**	9 299
	5 233 182	4 732 764

	2022 R'000	2021 R'000
20. Debt securities issued		
Category analysis		
Rated	**2 991 426**	**2 741 583**

These floating rate notes are secured by a cession of rentals and equipment, underlying instalment finance assets and bank accounts in the name of SASP (refer to Note 9). All notes are placed with South African investors. The debt securities in issuance are rated by Global Credit Ratings Co. These ratings are available, on request, at the registered office of the Group. The notes are unsubordinated, secured, compulsory redeemable, asset backed notes of R1m each. The Group has not had any defaults or other breaches with respect to its debt securities issued during the year ended 30 June 2022.

They bear interest at between three-month JIBAR+ 1.3000% and three-month JIBAR+ 2.9000%, with various maturity dates (refer to Note 44).

Refer to Note 36 for information on securitisation and for events after the reporting date, refer to Note 48 for more information.

SASP 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. At 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. At 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%.

		2022 R'000	2021 R'000
21. Long-term loans			
Represented by:	**Repayment date:**		
FMO – European DFI loan facility	October 2022	**195 000**	390 000
Absa Bank Limited – Redeemable preference shares[1]	30 August 2022	**200 000**	220 000
Other[2]	30 July 2022 – 31 December 2026	**104 521**	120 904
Total		**499 521**	730 904

Long-term loans are interest-bearing or interest rate linked, and the interest rates are individually negotiated. The Group has not had any defaults of principal or interest or other breaches with respect to its long-term loans during the year ended 30 June 2022. Refer to Note 48 for events after the reporting date.

[1] *The Group's shareholding in its wholly-owned subsidiary Sasfin Private Equity Investment Holdings (Proprietary) Limited is pledged as security for these redeemable preference shares. For events after the reporting date, refer to Note 48 for more information.*
[2] *SARB Guaranteed loans as described in Note 2.1.*

		2022 R'000	2021 R'000
22.	**Ordinary share capital**		
	Authorised		
	100 000 000 (2021: 100 000 000) ordinary shares with a par value of 1 cent each	**1 000**	1 000
	Issued		
	32 301 441 (2021: 32 301 441) ordinary shares with a par value of 1 cent each		
	Balance at the beginning of the year	**321**	321
	Balance at the end of the year	**321**	321
	Reconciliation of the number of shares issued		
	Total shares in issue (number)	**32 301 441**	32 301 441
	Less: Treasury shares held by the Sasfin Share Incentive Trust (number)	**(1 436 052)**	(1 436 052)
	Less: Treasury shares held by SasSec (number)	**(92 542)**	(92 542)
		30 772 847	30 772 847
23.	**Ordinary share premium**		
	Balance at the beginning of the year	**166 945**	166 945
	Balance at the end of the year	**166 945**	166 945
24.	**Preference share capital**		
	Authorised		
	5 000 000 (2021: 5 000 000) non-redeemable, non-cumulative, non-participating, variable rate preference shares with a par value of 1 cent each	**50**	50
	Issued		
	0 (2021: 1 797 226) non-redeemable, non-cumulative, non-participating, variable rate preference shares with a par value of 1 cent each		
	Balance at the beginning of the year	**18**	18
	Repurchase of shares	**(18)**	–
	Balance at the end of the year	**–**	18

Sasfin entered into a scheme of arrangement in 2021, which was only finalised on 5 July 2021, whereby the entire issued preference share capital class was repurchased and cancelled. Therefore, there are nil preference shares in issue at 30 June 2022. The shares were acquired at a discount and the remaining balance was transferred directly to distributable reserves.

		2022 R'000	2021 R'000
25.	**Preference share premium**		
	Balance at the beginning of the year	**43 313**	188 068
	Repurchase of shares	**(43 313)**	(144 755)
	Balance at the end of the year	**–**	43 313

Sasfin entered into a scheme of arrangement in 2021, which was finalised on 5 July 2021. The shares were acquired at a discount and the remaining balance was transferred directly to distributable reserves.

26. Commitments and contingent liabilities

	2022 R'000	2021 R'000
Letters of credit	**115 806**	117 461
Loan Commitments	**146 290**	51 906
Financial guarantees[1]	**40 454**	43 810
Capital expenditure	**355**	5 189
	302 905	218 366

[1] *Refer to Note 43.1 for the expected credit loss raised.*

Funds to meet these commitments will be provided from internal Group resources or external funding arrangements as deemed necessary. Guarantees have been issued by the Group on behalf of customers.

Legal proceedings

In the ordinary course of business, the Group and Company are involved as both plaintiff and defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of 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 two matters in which the Group is involved which are considered to be "unlikely to succeed but material should they succeed", only one of these matters are not expected to be enrolled for trial in the forthcoming year. The Group and Company are also the defendant in some legal cases for which the Group and 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 Group and Company should not have a material adverse effect on the Group's and Company's consolidated financial position and the directors are satisfied that the Group and Company have 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 Group 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 Group has adequate provisions and/or insurance cover to meet such claims. As such, management is not expecting any of these to have a material adverse effect on the Group.

	2022 R'000	2021 R'000 Restated[1]
27. Interest income		
Interest income calculated using the effective interest method	**1 033 288**	977 200
Interest income	**4 958**	3 640
Deposits with banks	**25 381**	38 633
Negotiable securities	**119 386**	131 603
Equipment finance	**589 636**	584 630
Capital Equipment finance	**172 207**	147 384
Trade and Debtor finance	**47 226**	43 593
Other loans[2]	**74 494**	27 717
Other interest income	**25 764**	47 614
Specialised lending	**20 067**	32 025
Trading assets and other interest income	**(3 940)**	(428)
Fixed income	**9 637**	16 017
Total interest income	**1 059 052**	1 024 814
Total interest income	**1 059 052**	1 024 815
Interest income on items measured at amortised cost	**1 033 288**	977 201
– Performing financial assets	**920 769**	893 529
– Credit impaired financial assets	**112 519**	83 672
Interest income on items measured at fair value through profit or loss	**25 764**	47 614

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *In order to provide more useful information to the users of the financial statements, this Note has been enhanced to disclose amounts by product. Furthermore, term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*

	2022 R'000	2021 R'000
28. Interest expense		
Interest expense calculated using the effective interest method	**469 526**	440 234
Funding under repurchase agreements and interbank	**26 740**	33 988
Call deposits	**50 072**	58 801
Notice deposits	**39 390**	34 440
Fixed deposits	**121 661**	115 949
Lease liabilities	**13 884**	4 893
Bank overdraft	**1 318**	4 640
Debt securities	**157 703**	145 875
Long-term borrowings	**47 559**	32 100
Current accounts	**9 740**	8 247
Other deposits and loan accounts	**1 459**	1 301
Other interest expense	**11 245**	16 847
Trading liabilities and other	**1**	262
Fixed income	**11 244**	16 585
Total interest expense	**480 771**	457 081

29. Net fee and commission income

	2022 R'000	2021 R'000
Fee and commission income	**639 301**	628 388
Brokerage income and asset management fees	**294 421**	277 596
Confirming fees	**38 340**	31 698
Commission income	**18 967**	22 421
Administration fees	**40 041**	48 569
Other fee and commission income[2]	**247 532**	248 104
Fee and commission expense	**199 998**	212 276
Brokerage and asset management expenses	**48 005**	45 231
Commission expense	**141 878**	150 504
Administration fee expense	**5 621**	9 322
Other fee and commission expense	**4 494**	7 219
Net fee and commission income	**439 303**	416 112

30. Gains and losses on financial instruments

	2022 R'000	2021 R'000
Net gains or losses on the derecognition of financial instruments at amortised cost		
Net gains on the derecognition of financial assets measured at amortised cost	**25 847**	37 072
Settlement profits	**25 205**	34 167
Realised foreign exchange gains	**642**	2 905
Other gains or losses on financial instruments	**126 614**	131 773
Dividend income	**20 965**	23 757
Fair value adjustments on financial instruments held at fair value through profit or loss	**49 341**	47 564
Net gains on derivative instruments	**48 630**	63 368
Unrealised foreign exchange gains/(losses)	**7 678**	(2 916)
Total gains and losses on financial instruments	**152 461**	168 845

31. Other income

	2022 R'000	2021 Restated[1] R'000
Income received from rent for use assets	**107 513**	103 679
Rental income from investment property	**12**	80
Profit on disposal of property and equipment	**1 581**	44
Profit on disposal of associates	**–**	21 195
Sundry income[3]	**38 276**	35 845
	147 382	160 843

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *Primarily consists of claim fees, application fees, advisory fees and fixed income.*
[3] *Comprises various individually insignificant line items, including SWIFT charges received, rental recoveries as well as an amount of R22.2m that relates to an insurance claim payout on investment property that was razed to the ground on 9 July 2022.*

		2022 R'000	2021 R'000
32.	**Staff costs**		
	Salaries and wages	**491 449**	471 934
	Executive Directors', Alternate Directors' and Prescribed Officers' remuneration (refer to Note 40.3)	**31 568**	25 378
	Non-Executive Directors' remuneration (refer to Note 40.3)	**5 095**	5 604
	Contributions to defined contribution plans and other	**32 147**	27 568
		560 259	530 484
33.	**Other operating expenses**		
	The following items are included in operating expenses		
	Fees paid to auditors:	**24 758**	17 828
	Audit fees – Current year	**22 137**	12 961
	– Under provision prior year	**2 326**	3 829
	Regulatory	**295**	968
	Other	**–**	70
	Administration and management fees	**4 479**	18 580
	Amortisation of intangible assets	**31 792**	31 701
	Buildings, equipment and consumables	**22 063**	19 508
	Computer costs	**124 558**	104 388
	Consulting fees	**37 125**	33 353
	Depreciation	**55 425**	46 314
	Fair value loss on investment property	**1 162**	3 726
	Loss on disposal of non-financial assets	**434**	31 082
	Loss on disposal of property and equipment	**434**	66
	Loss on loss of control of subsidiary	**–**	31 016
	Marketing costs	**24 608**	20 933
	Market and data provider costs	**11 188**	13 165
	Occupation and accommodation	**12 731**	10 631
	Direct operating expenses arising from investment property that generated rental income	**–**	2 279
	Lease expense – Short term leases (IFRS 16)	**163**	516
	Other occupation and accommodation	**12 568**	7 836

	2022 R'000	2021 R'000
34. Impairments of non-financial assets		
Software		
Internally developed software	**–**	40 584
	–	40 584
35. Income tax expense		
Current tax expense	**23 826**	43 737
Current year	**24 195**	43 545
Under provision in prior years	**(369)**	192
Deferred tax expense	**26 308**	15 210
Current year	**36 897**	13 041
Under/(over) provision in prior years	**(7 155)**	2 169
Under/(over) provision as a result of rate change[1]	**(3 434)**	–
	50 134	58 947

Reconciliation of taxation rate	%	%
South African normal tax rate	**28.00**	28.00
Adjusted for:	**(6.57)**	14.96
Exempt income[2]	**(5.12)**	(11.37)
Over provision in prior years	**(3.22)**	–
Non-deductible expenses	**3.98**	13.96
Additional deductible tax allowances	**(3.04)**	(0.71)
Capital gains	**2.41**	–
Effect of tax rates in foreign entity	**–**	0.53
Underprovision in prior years	**–**	1.72
Fair value adjustments	**(0.11)**	(0.44)
Corporate transactions	**–**	2.02
Other comprehensive income adjustments	**0.01**	–
Tax rate change[1]	**(1.48)**	–
Other	**–**	2.02
Effective rate	**21.43**	42.96
Losses, balances of allowances and credits for which a deferred tax asset has been raised:		
Estimated tax losses available to offset future taxable income	**497 342**[3]	288 827

[1] *During the year, the SA Government announced a decrease in the South African rate of corporation tax from 28% to 27% effective for years of assessment ending on/after 1 March 2023. As a result, the deferred tax balances at 30 June 2022 have been adjusted to reflect this substantively enacted rate change.*
[2] *Exempt income comprises exempt dividends.*
[3] *The tax losses have increased in Banking Group and SASP as direct result of amendments to tax legislation which has lead to additional allowances being claimed in the 2022 financial year.*

	2022 R'000	2021 R'000
36. Securitisation		
In the ordinary course of business, the Group sells financial assets to structured entities. The information below sets out the extent of such transfers and the Group's retained interest in transferred assets.		
Carrying and fair value of transferred assets	**3 473 845**	3 079 587
Carrying and fair value of associated liabilities	**(2 991 426)**	(2 741 583)
Net carrying amount and fair value	**482 419**	338 004

The Group refinanced a further R1.186 billion (2021: R1.619 billion) worth of rental agreements during the year (refer to Note 20).

	2022 R'000	2021 R'000
37. Funds under advisement and management		
The Group administers client funds in a fiduciary capacity which comprise:		
Assets under management	**46 099 300**	43 760 528
Assets under advisement	**13 065 865**	10 138 306
Assets under administration	**56 480 218**	56 795 801
	115 645 383	110 694 635

38. Earnings per share

38.1 Summary of earnings and headline earnings per share

	Gross R'000	Direct tax R'000	Profit attributable to ordinary shareholders R'000
2022			
Basic earnings	**233 994**	**(50 134)**	**183 860**
Headline adjustable items:	**(22 156)**	**5 027**	**(17 129)**
Investment property – fair value loss on continuing operations	**1 162**	**(260)**	**902**
Insurance claim proceeds[1]	**(22 172)**	**4 966**	**(17 206)**
(Profit)/loss on disposal of property and equipment	**(1 146)**	**321**	**(825)**
Headline earnings	**211 838**	**(45 107)**	**166 731**
2021			
Basic earnings	136 591	(58 947)	77 644
Headline adjustable items:	54 130	9 297	63 427
Loss on loss of control of subsidiary	31 016	–	31 016
Investment property – fair value loss	3 726	–	3 726
Intangible impairments	40 583	–	40 583
Profit on disposal of interest in associate	(21 195)	9 297	(11 898)
Headline earnings	190 721	49 650	141 071

[1] *Refer to Note 31 for additional information.*

38. Earnings per share *continued*

38.2 Summary of earnings and headline earnings per share

Per ordinary share	Earnings attributable 2022 R'000	2021 R'000	Weighted average number of shares[1] 2022	2021	Cents per share 2022	2021
Earnings	**183 860**	77 644	**30 772 847**	32 190 579	**597.47**	241.20
Diluted earnings	**183 860**	77 644	**30 772 847**	32 190 579	**597.47**	241.20
Headline earnings	**166 731**	141 071	**30 772 847**	32 190 579	**541.81**	438.24
Diluted headline earnings	**166 731**	141 071	**30 772 847**	32 190 579	**541.81**	438.24

[1] *In 2021 treasury shares were bought during the last month of the financial year (June) and weighted accordingly.*

39. Notes to the statement of cash flows

39.1 Cash inflow from operating activities

	2022 R'000	2021 R'000 Restated[1]
Reconciliation of operating profit to cash flows from operating activities		
Profit before income tax	**233 994**	136 591
Adjusted for:	**(73 862)**	100 166
(Profit) on disposal of property and equipment	**(1 147)**	(44)
Loss on disposal of subsidiary	**–**	804
(Profit) on disposal of associate	**–**	(21 195)
Dividend received	**(20 965)**	(23 757)
Credit impairment charges	**46 608**	180 449
Movement in provisions	**51 903**	47 602
Gains on disposal of financial instruments held at fair value through profit and loss	**(25 847)**	(37 072)
Settlement profits	**(25 205)**	(34 167)
Unrealised foreign exchange gains and losses	**(642)**	(2 905)
Fair value adjustments on financial instruments	**(124 145)**	(120 232)
Share of profit of associate	**(14 146)**	(18 961)
Fair value loss on investment property	**1 162**	3 726
Impairment of goodwill/intangible assets/property, equipment and right-of-use assets	**–**	40 584
Depreciation	**55 425**	46 314
Lease liabilities	**9 754**	–
Amortisation of intangible assets	**31 793**	31 701
Insurance proceeds	**(22 172)**	–
Exchange fluctuations on cash held	**16 781**	–
Adjustment for non-cash interest	**(78 866)**	(29 753)
Cash inflow from operating activities	**160 132**	236 757

39.2 Taxation paid

	2022 R'000	2021 R'000 Restated[1]
Unpaid at the beginning of the year	**21 503**	17 072
Charge to the income statement	**(24 005)**	(43 484)
Unpaid at the end of the year	**(38 402)**	(21 503)
	(40 904)	(47 915)

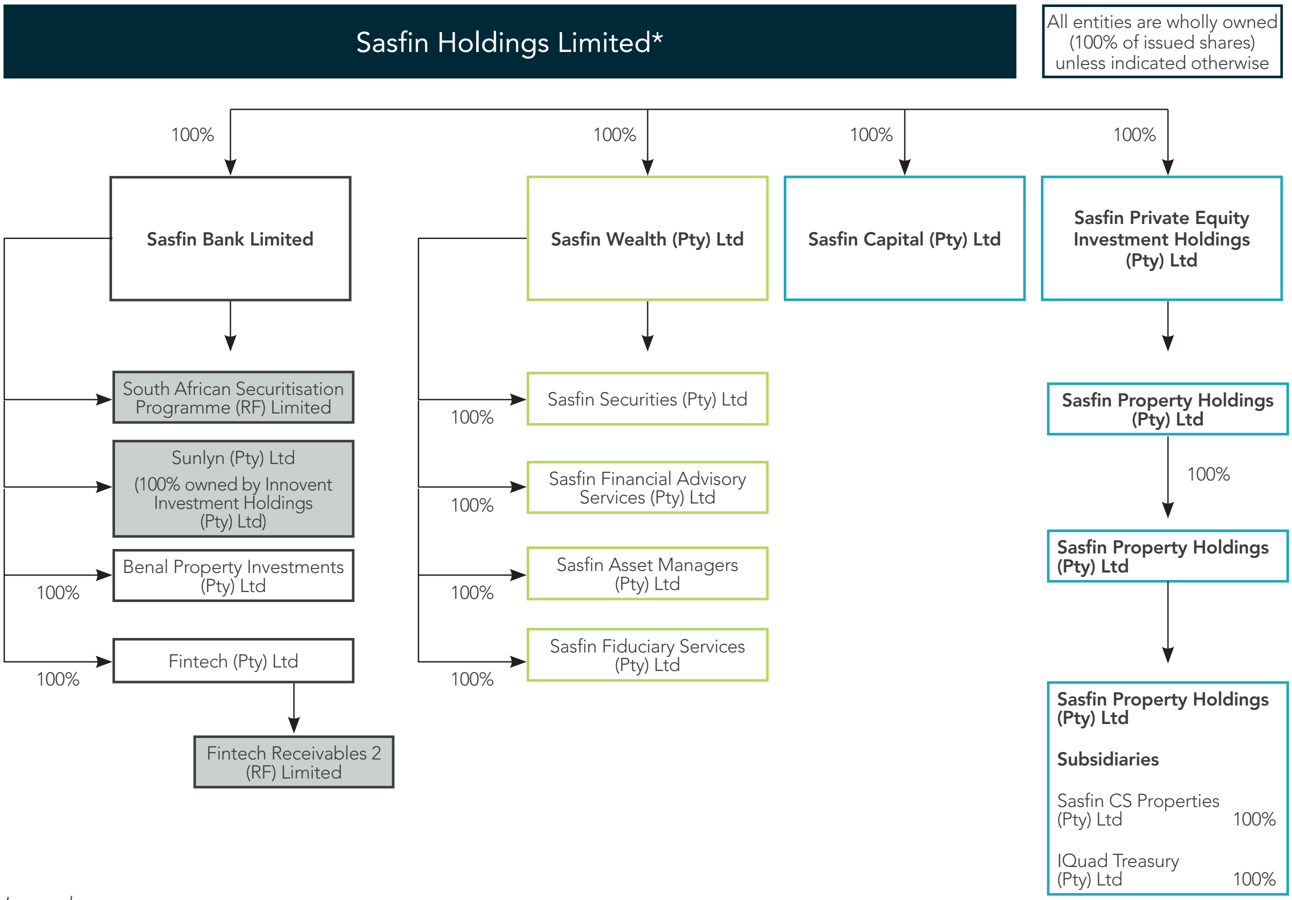
39.3 Dividends paid

	2022 R'000	2021 R'000 Restated[1]
Charge to distributable reserves[2]	**(51 240)**	–
Total dividends paid	**(51 240)**	–

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *Dividends declared and paid.*

40. Related-party transactions

40.1 Subsidiaries and controlled structured entities (Refer to Note 4 of the separate financial statements)



Legend

structured entities see note 1.3.5

Note changes in 2022 financial year:
Sasfin Asia Limited was liquidated and dissolved on 8 May 2022

All entities are incorporated in South Africa.

* *Shareholders of Sasfin Holdings Limited*
Non-Public:

- *Unitas Enterprises Limited (2022: 15,398,174 shares (47.72%); 2021: 15,059,123 shares (46.62%)), a wholly owned company of The Erwin Discretionary Settlement Trust, of which Roland Sassoon and Michael Sassoon are discretionary beneficiaries.*
- *Wipfin Investments (Proprietary) Limited (2022: 8,107,662 shares (25.10%); 2021: 8,107,662 shares (25.10%)), a wholly owned subsidiary of Women Investment Portfolio Holdings Limited (WIPHOLD).*
- *Sasfin Share Incentive Trust (2022: 1,436,052 shares (4.45%)); 2021: 1,432,082 shares (4.45%)).*

Public (2022: 7,249,478 shares (22.73%); 2021: 7,580,675 shares (23.83%)).

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares	Percentage of issued share capital
Unitas Enterprises Limited	15 398 174	47.67%
Wipfin Investment Investments (Proprietary) Limited	8 107 662	25.10%
Capricorn Capital Partners	2 321 079	7.19%

Sasfin Bank has agreed to provide financial support to SASP in the form of subordinated loan funding. The undertaking to support shall not in any way affect the Group's solvency or liquidity.

40. Related-party transactions *continued*

40.2 Balances and transactions with related parties

The Group's key management personnel, and persons connected with them, are considered to be related parties for disclosure purposes. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Sasfin Holdings Limited (directly or indirectly) and comprise of the Board of Directors and the heads of the major business units and functions. Transactions are made on terms equal to those on an arm's-length basis as offered to the Group's clients. Key management personnel and their immediate relatives have balances with the Group at year-end as follows:

	2022 R'000	2021 R'000
Balances		
Deposits	**160 838**	466 841
Funds under management	**23 822**	18 791
Funds under administration	**447 575**	454 519
Transactions		
Management fees paid to WIPHOLD	**6 311**	6 048

40.3 Key management personnel and related remuneration for Group and Company

Directors' and Prescribed Officers' remuneration

	Services as Directors R	Cash package[1] R	Other benefits[2] R	Incentive bonus[3] R	Total 2022 R	Incentive bonus[4] payable in Sept 2022 R
2022*						
Executive Directors						
A Pillay[a]	–	2 556 789	522 002	1 127 500	4 206 291	–
H Heymans[b]	–	764 342	94 528	–	858 870	–
MEE Sassoon	–	3 844 990	691 351	1 567 500	6 103 841	1 800 000
Independent non-executive Directors						
RC Andersen[c]	563 750	–	–	–	563 750	–
RWR Buchholz	702 474	–	–	–	702 474	–
GP de Kock	950 634	–	–	–	950 634	–
GC Dunnington[c]	372 700	–	–	–	372 700	–
TH Njikizana	541 221	–	–	–	541 221	–
MR Thompson	633 810	–	–	–	633 810	–
T van der Mescht[d]	240 656	–	–	–	240 656	–
EA Wilton	686 257	–	–	–	686 257	–
Non-independent, Non-executive Directors						
RDEB Sassoon	404 459	–	–	–	404 459	–
Prescribed officers						
LR Fröhlich	–	3 029 921	417 041	1 403 250	4 850 212	1 600 000
MG Lane	–	2 763 024	707 162	1 207 500	4 677 686	1 400 000
FvD Otto[e]	–	977 797	149 643	5 000	1 132 440	–
S Shabalala[f]	–	1 492 266	257 734	–	1 750 000	–
S Tomlinson	–	1 865 553	622 180	610 500	3 098 233	700 000
E Zeki	–	2 699 484	570 427	1 620 940	4 890 851	1 500 000
	5 095 961	**19 994 166**	**4 032 068**	**7 542 190**	**36 664 385**	**7 000 000**

* *G Dingaan, N Ndhlazi and S Rosenthal receive compensation through a management fee paid to WIPHOLD, refer to Note 40.2.*
[a] *Resigned on 11 January 2022 and served a three-months' notice period until 4 April 2022.*
[b] *Appointed on 4 April 2022.*
[c] *Retired on 25 November 2021.*
[d] *Appointed on 29 November 2021.*
[e] *Resigned on 30 November 2021.*
[f] *Appointed on 2 January 2022.*
[1] *The remuneration of the Executive Directors is paid by subsidiaries of the Company.*
[2] *Other benefits comprise: provident fund, medical aid, group life, company car, cash-settled share options and sign-on bonuses.*
[3] *Relates to the Group's and individual's performance in the 2021 financial year.*
[4] *Relates to the Group's and individual's performance in the 2022 financial year, including a portion from the 2021 bonus payable deferred to 2022.*

40. Related-party transactions *continued*

40.3 Key management personnel and related remuneration *continued*

Directors' and Prescribed Officers' remuneration *continued*

	Services as Directors R	Cash package[1] R	Other benefits[2] R	Incentive bonus[3] R	Total 2021 R	Incentive bonus[4] payable in Sept 2021 R
2021*						
Executive Directors						
AC Pillay	–	2 919 930	865 739	48 750	3 834 419	1 122 500
MEE Sassoon	–	3 701 472	967 090	71 250	4 739 812	1 567 500
Independent non-executive Directors						
RC Andersen	1 100 000	–	–	–	1 100 000	–
RWR Buchholz	748 003	–	–	–	748 003	–
GP de Kock[a]	663 782	–	–	–	663 782	–
GC Dunnington	796 152	–	–	–	796 152	–
TE Magare[b]	441 398	–	–	–	441 398	–
TH Njikizana[c]	89 103	–	–	–	89 103	–
MR Thompson	682 694	–	–	–	682 694	–
EA Wilton	635 181	–	–	–	635 181	–
Non-independent, Non-executive Directors						
RDEB Sassoon	448 206	–	–	–	448 206	–
Prescribed officers						
LR Fröhlich	–	2 838 678	579 829	41 250	3 459 757	1 382 500
MG Lane	–	2 670 425	884 140	41 250	3 595 815	1 207 500
FvD Otto	–	2 353 091	540 399	26 250	2 919 740	–
S Tomlinson	–	1 776 520	650 234	14 250	2 441 004	610 500
E Zeki	–	2 588 642	681 234	1 118 129	4 388 005	1 870 940
	5 604 519	18 848 758	5 168 665	1 361 129	30 983 071	7 761 440

* *G Dingaan, N Ndhlazi and S Rosenthal receive compensation through a management fee paid to WIPHOLD, refer to Note 40.2.*

a *Appointed on 19 August 2020.*

b *Resigned on 21 June 2021.*

c *Appointed on 03 May 2021.*

1 *The remuneration of the Executive Directors is paid by subsidiaries of the Company.*

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

3 *Relates to the Group's and individual's performance in the 2020 financial year.*

4 *Relates to the Group's and individual's performance in the 2021 financial year, including a portion from the 2020 bonus payable deferred to 2021.*

40. Related-party transactions *continued*

40.4 Directors' interest in shares

Directors' interest in the Company's issued ordinary share capital at 30 June 2022 were:

Director	2022 Indirect beneficial	2021 Indirect beneficial
Michael Sassoon and Roland Sassoon (number of shares)	**15 398 174**	15 064 577

No Director dealt in the shares of Sasfin Holdings Limited in the period after the financial year-end until the results were issued to the public.

40.5 Associates

40.5.1 List of associates

Name	Nature of business	% ownership 2022	% ownership 2021
Equity-accounted associates			
Axo Holdings (Pty) Ltd	Developer of trading and investment platforms	**49.00**	49.00
Prism Employee Benefits Holdings Company (Pty) Ltd	Financial services	**30.00**	–
Elevenfifty (Pty) Ltd	Financial services	**20.00**	–
Associates recognised at fair value through profit or loss			
Innovent Investment Holdings (Pty) Ltd	Financial services holding company	**33.60**	33.60
MCG Industries (Pty) Ltd	Rigid and flexible plastic supplier	**45.63**	45.63
Refractory and Metallurgical Solution (Pty) Ltd	Refractory and metallurgical solutions supplier	**49.52**	49.52
Elroflo (Pty) Ltd	Holding company of a corporate clothing manufacturer	**49.10**	49.10
The Smart Idea Company (Pty) Ltd	Office equipment supplier	**25.00**	25.00
Strutfast (Pty) Ltd	Mining services	**49.51**	49.51
Payabill (Pty) Ltd	Digital small business finance	**35.00**	35.00
Goldmead (Pty) Ltd	Investment property holding	**49.90**	49.90
Joytone Trading (Pty) Ltd	Investment property holding	**50.00**	50.00
Kerisys (Pty) Ltd	Investment property holding	**49.90**	49.90
Kygotrix (Pty) Ltd	Investment property holding	**46.25**	46.25
Alvinet (Pty) Ltd	Investment property holding	**45.00**	45.00
HRS Administrators (Pty) Ltd	Short-term insurance broker	**49.90**	49.90

40.5.2 Transactions and balances with associates

The Group provides shareholder loans to some of its associates. The Group further provides Equipment Finance, Capital Equipment Finance as well as Trade and Debtor Finance to some of its associates. These transactions are conducted on the same terms as third-party transactions.

Associates in this context include both those that are equity accounted and those that are designated as at fair value through profit or loss. The collective amounts included in the Group's consolidated financial statements relating to these transactions, are as follows:

	2022 R'000	2021 R'000
Statement of financial position		
Loans and advances	**335 478**	171 831
Gross carrying amount	**335 478**	171 831
Statement of profit or loss and other comprehensive income		
Interest income	**14 307**	391
Non-interest income	**88 577**	105 875
Other operating expenses	**1 120**	77 526

41. Classification of assets and liabilities

Accounting classification and fair values

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

Assets	Fair value through - profit or loss (mandatory) R'000	- profit or loss (held for trading) R'000	Amortised cost R'000	Outside scope of IFRS 9[1] R'000	Total R'000
2022					
Cash and cash equivalents	–	–	884 495	–	884 495
Negotiable securities	–	–	1 790 340	–	1 790 340
Trading assets	56 653	491 195	–	–	547 848
Trade and other receivables	–	–	692 319	53 584	745 903
Non-current assets held for sale	–	–	–	–	–
Loans and advances	377 291	–	7 753 413	–	8 130 704
Current taxation asset	–	–	–	39 766	39 766
Investment securities	529 397	–	–	54 750	584 147
– Investments at fair value through profit or loss	529 397	–	–	–	529 397
– Equity accounted associates	–	–	–	54 750	54 750
Property and equipment and right-of-use assets	–	–	–	183 082	183 082
Investment property	–	–	–	20 138	20 138
Intangible assets and goodwill	–	–	–	144 729	144 729
Deferred tax asset	–	–	–	45 380	45 380
Total assets	**963 341**	**491 195**	**11 120 567**	**541 429**	**13 116 532**

Liabilities	Fair value through - profit or loss (mandatory) R'000	- profit or loss (held for trading) R'000	Amortised cost R'000	Outside scope of IFRS 9[1] R'000	Total R'000
2022					
Funding under repurchase agreements and interbank	–	–	803 976	–	803 976
Trading liabilities	59 459	459 137	–	–	518 596
Current taxation liability	–	–	–	1 364	1 364
Trade and other payables	–	–	942 213	2 807	945 020
Bank overdraft	–	–	68 541	–	68 541
Provisions	–	–	–	69 348	69 348
Lease liabilities	–	–	157 116	–	157 116
Deposits from customers	–	–	5 233 182	–	5 233 182
Debt securities issued	–	–	2 991 426	–	2 991 426
Long-term loans	–	–	499 521	–	499 521
Deferred tax liability	–	–	–	144 696	144 696
Total liabilities	**59 459**	**459 137**	**10 695 975**	**218 215**	**11 432 786**

[1] *Refers to non-financial instruments.*

41. Classification of assets and liabilities *continued*
Accounting classification and fair values *continued*

Assets	Fair value through - profit or loss (mandatory) R'000	Fair value through - profit or loss (held for trading) R'000	Amortised cost R'000	Outside scope of IFRS 9[1] R'000	Total R'000
2021 – Restated[2]					
Cash and cash equivalents[2]	–	–	1 374 857	–	1 374 857
Negotiable securities	–	–	2 085 077	–	2 085 077
Trading assets	42 666	660 767	–	–	703 433
Trade and other receivables[2]	–	–	382 204	56 830	439 034
Non-current assets held for sale	–	–	–	6 700	6 700
Loans and advances[2]	311 717	–	6 411 955	–	6 723 672
Current taxation asset	–	–	–	26 595	26 595
Investment securities	519 756	216	–	20 089	540 061
– Investments at fair value through profit or loss	519 756	216	–	–	519 972
– Equity accounted associates	–	–	–	20 089	20 089
Property and equipment and right-of-use assets	–	–	–	65 068	65 068
Investment property	–	–	–	16 400	16 400
Intangible assets and goodwill	–	–	–	160 856	160 856
Deferred tax asset	–	–	–	37 584	37 584
Total assets	874 139	660 983	10 254 093	390 122	12 179 337

Liabilities	Fair value through - profit or loss (mandatory) R'000	Fair value through - profit or loss (held for trading) R'000	Amortised cost R'000	Outside scope of IFRS 9[1] R'000	Total[2] R'000
2021 – Restated[2]					
Funding under repurchase agreements and interbank	–	–	700 067	–	700 067
Trading liabilities	47 083	611 874	–	–	658 957
Current taxation liability	–	–	–	5 093	5 093
Trade and other payables[2]	–	–	795 405	8 912	804 317
Bank overdraft	–	–	30 392	–	30 392
Provisions	–	–	–	72 714	72 714
Lease liabilities	–	–	43 205	–	43 205
Deposits from customers	–	–	4 732 764	–	4 732 764
Debt securities issued	–	–	2 741 583	–	2 741 583
Long-term loans	–	–	730 904	–	730 904
Deferred tax liability	–	–	–	110 770	110 770
Total liabilities	47 083	611 874	9 774 320	197 489	10 630 766

[1] *Refers to non-financial instruments.*
[2] *Prior periods by restatement, please refer to Note 49 for additional information. Furthermore, the note has been aligned to the order of liquidity of the consolidated statement of financial position.*

41. Classification of assets and liabilities *continued*

41.1 Sensitivity analysis of valuations using unobservable inputs

	2022			2021		
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Recurring fair value measurements						
Financial assets	**527 823**	**196**	**926 517**	660 938	42 666	831 474
Investment securities – excluding equity accounted associates	**275**	**–**	**529 122**	216	–	519 756
Loans and advances at fair value through profit or loss	**–**	**–**	**377 291**	–	–	311 718
Trading assets[1]	**527 548**	**196**	**20 104**	660 767	42 666	–
Trading liabilities	**515 813**	**2 783**	**–**	611 874	47 083	–
Trading liabilities	**515 813**	**2 783**	**–**	611 874	47 083	–
Non-financial assets	**–**	**–**	**20 138**	–	–	23 100
Investment property	**–**	**–**	**20 138**	–	–	16 400
Investment property – non-current assets held for sale	**–**	**–**	**–**	–	–	6 700

[1] *Land Bank notes were transferred, effective as at year-end, from Level 1 to Level 3 due to the notes being delisted from the JSE. As at year-end the value it was transferred at was equal to the fair value.*

41. Classification of assets and liabilities *continued*

41.2 Movement in Level 3 instruments

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	2022				2021			
	Investment securities – excluding equity accounted associates R'000	**Loans and advances at fair value through profit or loss R'000**	**Investment property – non-current assets held for sale R'000**	**Investment property R'000**	Investment securities – excluding equity accounted associates R'000	Loans and advances at fair value through profit or loss[1] R'000	Investment property – non-current assets held for sale R'000	Investment property R'000
Balance at the beginning of the year	**519 756**	**311 718**	**6 700**	**16 400**	528 621	223 011	6 700	13 123
Total gains or losses in profit and loss	**26 127**	**48 145**	**–**	**(1 162)**	11 425	19 638	–	(3 726)
Acquisition of investments	**1 382**	**–**	**–**	**–**	–	–	–	–
Disposal of investments	**–**	**–**	**–**	**(1 800)**	(27 437)	–	–	–
Advances	**10 512**	**99 850**	**–**	**–**	35 401	105 832	–	–
Repayments	**(28 655)**	**(82 422)**	**–**	**–**	(28 254)	(36 763)	–	–
Transfers from non-current assets held for sale	**–**	**–**	**(6 700)**	**6 700**	–	–	–	–
Balance at the end of the year	**529 122**	**377 291**	**–**	**20 138**	519 756	311 718	6 700	16 400

41.3 Gains and losses from fair value measurements

Total unrealised gains and losses for the reporting period on Level 3 positions held at the reporting date are set out below:

	2022 R'000	2021 R'000
Gains/(losses) on level 3 instruments held at the reporting date[1]	**32 951**	(8 698)

[1] *Refer to Note 2.5.*

41. Classification of assets and liabilities *continued*

41.4 Sensitivity analysis of valuations using unobservable inputs

As part of the Group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of possible alternative valuations. The assets that are most impacted by this sensitivity analysis are Level 3 investment securities. The stress tests are applied independently and do not take into account any cross-correlation between separate asset classes that would reduce the overall effect on the valuations.

A significant parameter has been deemed to be one that may result in a change to profit or loss, or a change in the fair value asset of more than 1%.

The following tables reflect how the unobservable parameters were changed in order to evaluate the sensitivities of Level 3 financial assets:

	Unobservable inputs	Range inputs 2022	2021	Relationship of unobservable inputs to fair value
Investment securities: Investment in Property Equity	Vacancy rate	**2% – 10%**	5% – 15%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value.
	Capitalisation rate	**9% – 12%**	10% – 13%	
Investment securities: Investment in Private Equity	Weighted average cost of capital (WACC)	**19% – 23%**	19% – 23%	The higher the WACC, the lower the fair value.
	Marketability and minority discounts	**16% – 24%**	15% – 23%	The higher the discounts, the lower the fair value.
	Revenue growth	**3% – 20%**	3% – 23%	The higher the revenue growth, the higher the fair value.

Financial instrument	Parameter	Positive/ (negative) variance applied to parameters	Equity type	2022 Potential effect recorded in profit or loss favourable R'm	2021 Potential effect recorded in profit or loss favourable R'm	2022 Potential effect recorded in profit or loss (unfavourable) R'm	2021 Potential effect recorded in profit or loss (unfavourable) R'm
Investment securities	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**20.52**	22.69	**(17.86)**	(19.87)
Investment securities	Marketability and minority discounts	100/(100) bps	Private equity	**6.14**	5.61	**(5.94)**	(5.55)
Investment securities	Revenue growth	100/(100) bps	Private equity	**15.59**	24.50	**(17.23)**	(32.24)
Investment securities	Capitalisation rate	50/(50) bps	Property equity	**18.20**	15.67	**(16.61)**	(11.31)
Investment securities	Vacancy rate	100/(100) bps	Property equity	**4.20**	5.02	**(4.32)**	(0.79)

41. Classification of assets and liabilities *continued*

41.5 Market risk sensitivity on investment securities

The table below illustrates the market risk sensitivity for all investment securities held by the Group, assuming a 10% shift in the share price or proxy share price.

	2022			2021		
	10% reduction in fair value R'000	**Fair value R'000**	**10% increase in fair value R'000**	10% reduction in fair value R'000	Fair value R'000	10% increase in fair value R'000
Listed						
Equity securities at fair value	**247**	**275**	**302**	194	216	237
Impact on gains and losses recognised in profit or loss for the year	**53**	**59**	**65**	172	191	210
Unlisted						
Equity securities at fair value	**476 210**	**529 122**	**582 034**	467 780	519 756	571 732
Impact on gains and losses recognised in profit or loss for the year	**23 514**	**26 127**	**28 740**	10 283	11 425	12 568

41.6 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	**–**	**2 674 835**	**8 445 732**	**11 120 567**	**11 120 567**
Cash and cash equivalents	**–**	**884 495**	**–**	**884 495**	**884 495**
Negotiable securities	**–**	**1 790 340**	**–**	**1 790 340**	**1 790 340**
Trade and other receivables	**–**	**–**	**692 319**	**692 319**	**692 319**
Loans and advances[1]	**–**	**–**	**7 753 413**	**7 753 413**	**7 753 413**
Financial liabilities	**2 991 426**	**6 105 699**	**1 441 735**	**10 538 860**	**10 538 860**
Funding under repurchase agreements and interbank	**–**	**803 976**	**–**	**803 976**	**803 976**
Trade and other payables	**–**	**–**	**942 214**	**942 214**	**942 214**
Bank overdraft	**–**	**68 541**	**–**	**68 541**	**68 541**
Deposits from customers	**–**	**5 233 182**	**–**	**5 233 182**	**5 233 182**
Debt securities issued	**2 991 426**	**–**	**–**	**2 991 426**	**2 991 426**
Long-term loans	**–**	**–**	**499 521**	**499 521**	**499 521**

[1] *Only includes Loans and advances measured at amortised cost.*

41. Classification of assets and liabilities *continued*

41.6 Financial assets and financial liabilities not measured at fair value *continued*

	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	–	3 459 934	6 824 228	10 284 162	10 284 162
Cash and cash equivalents[1]	–	1 374 857	–	1 374 857	1 374 857
Negotiable securities	–	2 085 077	–	2 085 077	2 085 077
Trade and other receivables[1]	–	–	412 274	412 274	412 274
Loans and advances[1,2]	–	–	6 411 954	6 411 954	6 411 954
Financial liabilities	2 741 583	5 463 223	1 569 515	9 774 321	9 774 321
Funding under repurchase agreements and interbank	–	700 067	–	700 067	700 067
Trade and other payables[1]	–	–	795 406	795 406	795 406
Bank overdraft	–	30 392	–	30 392	30 392
Deposits from customers	–	4 732 764	–	4 732 764	4 732 764
Debt securities issued	2 741 583	–	–	2 741 583	2 741 583
Long-term loans	–	–	730 904	730 904	730 904

[1] *Prior periods by restatement, please refer to Note 49 for additional information. Furthermore, the note has been aligned to the order of liquidity of the consolidated statement of financial position and removal of lease liabilities and provisions.*
[2] *Only includes Loans and advances measured at amortised cost.*

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.

42. Financial risk management

Risk management is an essential component of value creation and the protection of that value. Implemented effectively, it improves performance, encourages innovation and supports the achievement of the Group's strategic objectives. The Group's well-established integrated risk management philosophy aims to ensure that the diverse risks and opportunities across the Group are identified and proactively addressed within acceptable parameters through appropriate governance structures, processes, policies and frameworks, while supporting business growth. The Group's risk management procedures include, but are not limited to, credit risk, liquidity risk, interest rate risk and market risk. The Group's approach to managing risk and capital is set out in the Group's enterprise risk governance framework approved by the GRCMC.

43. Credit risk

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

Credit risk arises principally from the Group's loans and advances, deposits placed with other banks, negotiable securities, trade and other receivables, financial guarantees issued, carry facilities granted and letters of credit issued. For risk management reporting purposes, the Group 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 Group credit department, which reports to the Group Chief Operating Officer, is responsible for management of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, and the legal department, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, impairments, 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 and credit committees.
- Larger facilities may require approval by the Executive Credit Committee, and/or the CLEC;
- Reviewing and assessing credit risk. Group Credit assesses all credit exposures, prior to facilities being committed to customers by the business unit concerned;
- Managing post-implementation credit risk in line with the Group's credit policies and Board Risk Appetite;
- Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances, deposits with banks and investment securities (refer Note 43.1);
- Developing and maintaining the Group'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 five 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 Group 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 Group Credit on the credit quality of local portfolios, and appropriate corrective action is taken;
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk;
- Managing, together with the relevant business unit and legal department (where appropriate) the underperforming and non-performing exposures; and
- Ensuring that appropriate expected credit losses are raised in line with accounting standards.

Each business unit is required to implement Group 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 Group approval.

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

Securitisation

The Group 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 Group's credit risk policies and procedures.

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

43. Credit risk *continued*

Deposits with other banks and money market funds

The Group 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 tenure, 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 Group does not expect any losses from non-performance by the counterparties for these deposits and money market funds.

Management of credit risk *continued*

Financial assets held for trade facilitation and reverse repurchase agreements

The Group, through its subsidiary SasSec, holds exchange-traded bonds for the purposes of trading with other market participants.

Credit impairment

The Group determines an allowance for credit losses that represents its estimate of expected credit losses in line with IFRS 9. Refer to accounting policy Note 1.13 and Note 2.2 for more information.

Write-off policy

Loans and security balances (and any related allowances for impairment losses) 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 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 Group 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 Group 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	Categorisation of counterparty (IFRS 9)
A Good Book	Stage 1[1] and Stage 2[2]
B Special Mention	Stage 2[3]
C Sub Standard	Stage 3[4]
D Doubtful	Stage 3
E Loss	Stage 3

[1] *Up to date until 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.*
[4] *Refer to Note 1.13, under heading default and curing, for the definition of credit-impaired.*

Collateral for loans and advances

The Group generally holds collateral against loans and advances in order to reduce credit risk. Although collateral is held, the Group's policy is to grant loans and advances on the basis that they 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 assessed for impairment. Collateral includes general and special notarial bonds over the client's stock, cash, cessions of debtors as well as continuous covering mortgage bonds over property. Insurance taken out by the customer on loans and advances is also viewed as collateral.

Concentration risk

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

43. Credit risk *continued*

43.1 Credit risk exposure analysis

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

	Credit risk grading ECL staging Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2022				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents[1]	884 495	884 495	–	–
Negotiable securities[2]	1 790 340	1 914 018	123 678	6.46
Loans and advances[3]	7 753 413	8 228 664	475 251	5.78
Equipment finance	4 530 140	4 910 017	379 877	7.74
Capital equipment finance	2 007 173	2 039 827	32 654	1.60
Trade and debtor finance	700 984	707 601	6 617	0.94
Other loans[4]	516 787	571 219	54 432	9.53
Guarantees[5]	(1 671)	–	1 671	–
Trade and other receivables[6]	745 903	746 396	493	0.07
Net carrying amount	11 174 151	11 773 573	599 422	5.09
2022				
Off-balance sheet exposure to credit risk				
Letters of credit	115 806			
Loan commitments	146 290			
Financial guarantees issued	40 454			
Total exposure to off-balance sheet credit risk	302 550			
Credit loss allowance on off-balance sheet credit risk recognised[5]	–			
2022				
Maximum credit exposures on financial assets at FVTPL				
Loans and advances	377 291			
Trading assets	322 174			
Investment securities	336 531			
	1 035 996			
Total exposure to credit risk	12 512 697			

1 *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it would be immaterial. Refer to Note 4 for significant changes in the balance.*
2 *Refer to Note 5 for significant changes in the balance.*
3 *Refer to Note 9 for significant changes in the balance.*
4 *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Furthermore, term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*
5 *The ECL on off-balance sheet exposures is included as part of the Loans and advances Total ECL. This ECL is included as part of each products ECL charge to which it relates.*
6 *Refer to Note 7 for significant changes in the balance. Includes a VAT receivable balance of R53 584 that is not subject to credit risk exposure.*
7 *A loss allowance based only on arrear information at an individual deal level may not appropriately cater for the level of deterioration that is contained in the performing loans. To cater for this shortfall, a transfer rate can be estimated by the percentage of performing deals that roll to under-performing and non-performing over a 12-month period. Based on these estimates this amounts to c. R465 million exposure for the 2022 financial year. The corresponding ECL is not considered material.*

A			A and B			Default (C, D and E)		
Exposure R'000	Stage 1 12-month ECL[7] R'000	Coverage ratio %	Exposure R'000	Stage 2 Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Stage 3 Lifetime ECL R'000	Coverage ratio %
884 495	–	–	–	–	–	–	–	–
1 643 725	2 085	0.13	–	–	–	270 293	121 593	44.99
7 132 287	92 778	1.30	264 906	23 976	9.05	831 471	358 497	43.12
4 333 595	77 504	1.79	89 727	14 047	15.66	486 695	288 326	59.24
1 871 609	7 023	0.38	60 471	1 838	3.04	107 747	23 793	22.08
615 181	3 371	0.55	62 684	1 228	1.96	29 736	2 018	6.79
311 902	3 209	1.03	52 024	6 863	13.19	207 293	44 360	21.40
–	1 671	–	–	–	–	–	–	–
746 396	493	0.07	–	–	–	–	–	–
10 406 903	95 356	0.92	264 906	23 976	9.05	1 101 764	480 090	43.57
115 806								
146 290								
40 454								
302 550								
–	–							

43. Credit risk *continued*
43.1 Credit risk exposure analysis *continued*

	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2021 – Restated[1]					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1,2]		1 374 857	1 374 857	–	–
Negotiable securities[3]		2 085 077	2 209 170	124 093	5.62
Loans and advances[1,4]		6 411 954	6 947 308	535 354	7.71
Equipment finance		4 215 918	4 659 540	443 622	9.52
Capital equipment finance		1 232 991	1 277 715	44 724	3.50
Trade and debtor finance		615 272	633 499	18 227	2.88
Other loans[5]		347 986	376 554	28 568	7.59
Guarantees[6]		(213)	–	213	–
Trade and other receivables[1,7]		439 034	439 527	493	0.11
Net carrying amount		10 310 922	10 970 862	659 940	6.02
2021					
Off-balance sheet exposure to credit risk					
Letters of credit		117 461			
Loan commitments		51 906			
Financial guarantees issued		43 810			
Total exposure to off-balance sheet credit risk		213 177			
Credit loss allowance on off-balance sheet credit risk recognised[6]		–			
2021					
Maximum credit exposures on financial assets at FVTPL					
Loans and advances		311 718			
Trading assets		371 165			
Investment securities		91 417			
		774 300			
Total exposure to credit risk		11 272 130			

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it is immaterial. Refer to Note 4 for significant changes in the balance.*
[3] *Refer to Note 5 for significant changes in the balance.*
[4] *Refer to Note 9 for significant changes in the balance*
[5] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Furthermore, term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*
[6] *This represents the ECL on the off-balance sheet exposures that specifically relate to the Loans and advances exposures.*
[7] *Refer to Note 7 for significant changes in the balance. Includes a VAT receivable of R26 760 that is not subject to credit risk exposure.*
[8] *A loss allowance based only on arrear information at an individual deal level may not appropriately cater for the level of deterioration that is contained in the performing loans. To cater for this shortfall, a transfer rate can be estimated by the percentage of performing deals that roll to under-performing and non-performing over a 12-month period. Based on these estimates this amounts to c. R300 million exposure for the 2021 financial year. The corresponding ECL is not considered material.*

A Exposure R'000	Stage 1 12-month ECL[7] R'000	Coverage ratio %	A and B Exposure R'000	Stage 2 Lifetime ECL R'000	Coverage ratio %	Default (C, D and E) Exposure R'000	Stage 3 Lifetime ECL R'000	Coverage ratio %
1 374 857	–	–	–	–	–	–	–	–
1 793 190	2 500	0.14	–	–	–	415 979	121 593	29.23
5 905 579	111 888	1.89	430 535	44 443	10.32	611 194	379 023	62.01
4 034 216	78 148	1.94	136 616	21 193	15.51	488 708	344 281	70.45
1 179 616	13 125	1.11	47 317	4 175	8.82	50 782	27 424	54.00
490 741	8 693	1.77	72 932	2 543	3.49	69 826	6 991	10.01
201 006	11 709	5.83	173 670	16 532	9.52	1 878	327	17.4
–	213	–	–	–	–	–	–	–
439 527	493	0.10	–	–	–	–	–	–
9 513 153	114 881	1.21	430 535	44 443	10.32	1 027 173	500 616	48.74
117 461			–			–		
51 906			–			–		
43 810			–			–		
213 177			–			–		
–			–			–		

43. Credit risk *continued*

43.1 Credit risk exposure analysis *continued*

Financial assets attract credit risk in the form of counterparty credit risk and concentration risk.

	2022 R'000	2021 R'000 Restated[1]
Concentration risk of gross advances		
Sectoral analysis		
Agriculture	**309 716**	134 452
Community, social and personal services	**1 963 598**	1 667 794
Construction	**285 625**	321 249
Electricity and water	**51 147**	31 661
Finance, real estate and business services	**1 900 430**	1 556 915
Manufacturing	**1 239 911**	1 031 969
Mining	**247 039**	236 582
Trade, repairs of vehicles and goods as well as hotels and restaurants	**1 796 876**	1 533 795
Transport and communication	**729 441**	611 923
Other activities not adequately defined	**384 722**	345 862
Total[2]	**8 908 505**	7 472 202

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*

[2] *Amount includes loans and advances at amortised cost, fair value loans through profit or loss, loan commitments, financial guarantees and letters of credit.*

Issuer ratings for negotiable securities and trading assets

	2022 R'000	2022 %	2021 R'000	2021 %
Issuer ratings (local scale) relating to the portfolio of bond assets were as follows				
Aaa/AAA/AAA	**852 104**	**41.45**	155 637	6.45
Aa1/AA+/AA+	**10 826**	**0.54**	–	–
Aa2/AA/AA	**–**	**–**	91 759	3.80
Aa3/AA-/AA-	**11 092**	**0.55**	11 608	0.48
A1/A+/A+	**958 845**	**46.64**	26 459	1.10
A2/A/A	**56 275**	**2.74**	–	–
A3/A-/A-	**–**	**–**	–	–
Ba2/BB/BB	**–**	**–**	1 835 584	76.07
Unassigned[1]	**166 719**	**8.10**	291 886	12.10
	2 055 861	**100.00**	2 412 933	100.00

[1] *The unassigned category relates to the Land Bank bills which are not rated in the current year. Refer to Note 5 and Note 6 for more information.*

43.2 Collateral and other security enhancements

43.2.1 Description of collateral for loans and advances

Loans and advances	Security
Equipment finance	The Group retains full ownership of the assets and equipment financed throughout the duration of the contract.
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.
Trade finance	The primary collateral for Trade Finance is the 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.
Debtor finance	The Group's Debtor Finance division does not allow an advance that exceeds the debtors book of the counterparty. The Group has control over the debtors' books and is therefore covered regarding its exposure, using primarily the counterparty's receivables as its security. Depending on the credit rating and the industry, the Group also holds a margin of 15% to 30% of the fundable debtors book of the counterparty as an extra buffer for security. Additional securities may also be held as further collateral against these advances.
Other secured loans	The primary collateral held for commercial property finance comprises first and second covering mortgage bonds and, in some instances, suretyships. The collateral is measured in terms of market-related property valuations.

43. Credit risk *continued*

43.2 Collateral and other security enhancements *continued*

43.2.2 Estimates of the fair value of collateral and other security enhancements held against loans and advances

Estimates of the fair value of collateral and other security enhancements held are shown below:

	Gross exposure R'000	Stock R'000	Fixed assets R'000	Security Receivables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unsecured R'000
2022								
Loans and advances								
Equipment Finance[1]	**4 910 017**	**–**	**4 826 813**	**–**	**–**	**–**	**4 826 813**	**83 204**
Capital Equipment Finance[2]	**2 039 827**	**–**	**1 964 669**	**–**	**–**	**–**	**1 964 669**	**75 158**
Trade and Debtor Finance	**707 601**	**234 077**	**45 862**	**235 655**	**696**	**–**	**516 290**	**191 311**
Other loans[2]	**571 219**	**–**		**68 799**		**2 400**	**71 199**	**500 020**
Specialised lending	**377 291**	**5 771**	**–**	**5 631**	**315 037**	**6 827**	**333 266**	**44 025**
	8 605 955	**239 848**	**6 837 344**	**310 085**	**315 733**	**9 227**	**7 712 237**	**893 718**
2021[1]								
Loans and advances								
Equipment Finance[1]	4 659 374	–	3 784 231	–	–	–	3 784 231	875 306
Capital Equipment Finance[2]	1 277 715	–	1 077 387	–	–	–	1 077 387	200 328
Trade and Debtor Finance	633 499	183 258	33 746	170 642	587	126 093	514 326	119 173
Other loans[3]	376 554	2 451	1 045	105 252	119 368	203	228 319	148 235
Specialised lending	311 718	10 162	–	–	–	–	10 162	301 556
	7 259 023	195 871	4 896 409	275 894	119 955	126 296	5 614 425	1 644 601

1 *Prior periods by restatement, please refer to Note 49 for additional information.*
2 *Given the nature of the finance lease rental agreement, whereby the underlying assets are legally owned by the Group, 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.*
3 *In order to provide more useful information to the current year users of the financial statements, this note has been enhanced to disclose amounts by product. Furthermore, term loans, secured and unsecured where, have been consolidated into a single line item, and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*

43.2.3 Collateral held against individually impaired assets

	Gross exposure R'000	Stock R'000	Fixed assets R'000	Security Receivables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unsecured R'000
2022								
Loans and advances								
Equipment Finance[1]	**486 695**	**–**	**469 497**	**–**	**–**	**–**	**469 497**	**17 198**
Capital Equipment Finance[1]	**107 747**	**–**	**85 049**	**–**	**–**	**–**	**85 049**	**22 698**
Trade and Debtor Finance	**29 736**	**3 428**	**697**	**213**	**–**	**–**	**4 338**	**25 398**
Other loans[2]	**207 293**	**–**	**23 095**	**–**	**120 771**	**–**	**143 866**	**63 427**
	831 471	**3 428**	**578 338**	**213**	**120 771**	**–**	**702 750**	**128 721**
2021								
Loans and advances								
Equipment Finance[1]	488 708	–	479 745	–	–	–	479 745	8 963
Capital Equipment Finance[1]	50 782	–	50 782	–	–	–	50 782	–
Trade and Debtor Finance	69 827	12 730	4 654	817	20 570	30 625	69 396	431
Other loans[2]	1 878	–	–	–	–	1 553	1 553	325
	610 870	12 730	535 181	817	20 570	32 178	601 476	9 394

1 *Given the nature of finance lease rental agreements, whereby the underlying assets are legally owned by the Group, 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.*
2 *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Furthermore, term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*

43. Credit risk *continued*

43.3 Credit loss allowance analysis

43.3.1 Reconciliation of ECL on Loans and Advances at amortised cost

	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	111 888	44 443	379 023	535 354
Transfers between stages[1]	(5 629)	(22 388)	62 561	34 545
Stage 1 from Stage 2	1 815	–	–	1 815
Stage 1 from Stage 3	287	–	–	287
Stage 1 to Stage 2	(4 386)	–	–	(4 386)
Stage 1 to Stage 3	(3 345)	–	–	(3 345)
Stage 2 from Stage 1	–	12 919	–	12 919
Stage 2 from Stage 3	–	100	24 338	24 438
Stage 2 to Stage 1	–	(11 420)	–	(11 420)
Stage 2 to Stage 3	–	(23 987)	–	(23 987)
Stage 3 from Stage 1	–	–	32 696	32 696
Stage 3 from Stage 2	–	–	20 981	20 981
Stage 3 to Stage 1	–	–	(14 926)	(14 926)
Stage 3 to Stage 2	–	–	(528)	(528)
Total Transfers				
ECL on new exposure raised	45 236	7 905	46 745	99 886
Subsequent changes in ECL	(36 230)	(180)	13 309	(23 101)
Change in ECL due to derecognition	(22 487)	(5 804)	(31 275)	(59 566)
Impaired accounts written off[2]	–	–	(111 866)	(111 866)
Credit loss allowance balance end of the year	92 778	23 976	358 497	475 251

[1] *It is the Group'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.*

[2] *The contractual amounts outstanding on loans and advances that were written off during the period and that are still subject to enforcement activities amounts to R183.1 million.*

43. Credit risk *continued*

43.3 Credit loss allowance analysis *continued*

43.3.1 Reconciliation of ECL on Loans and Advances at amortised cost *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	113 580	38 639	400 185	552 404
Transfer between stages 1	(2 098)	(10 164)	70 831	58 569
Stage 1 from Stage 2	904	–	–	904
Stage 1 from Stage 3	356	–	–	356
Stage 1 to Stage 2	(1 319)	–	–	(1 319)
Stage 1 to Stage 3	(2 028)	–	–	(2 028)
Stage 2 from Stage 1	(11)	7 626	–	7 615
Stage 2 from Stage 3	–	221	–	221
Stage 2 to Stage 1	–	(9 075)	–	(9 075)
Stage 2 to Stage 3	–	(8 902)	–	(8 902)
Stage 3 from Stage 1	–	(34)	44 088	44 054
Stage 3 from Stage 2	–	–	46 393	46 393
Stage 3 to Stage 1	–	–	(18 426)	(18 426)
Stage 3 to Stage 2	–	–	(1 224)	(1 224)
Total Transfers				
ECL on new exposures raised	68 542	32 603	39 505	140 650
Subsequent changes in ECL	(26 535)	916	22 433	(3 186)
Change in ECL due to derecognition	(41 601)	(17 551)	(60 294)	(119 446)
Impaired accounts written off[2]	–	–	(93 637)	(93 637)
Credit loss allowance balance end of the year	111 888	44 443	379 023	535 354

[1] *It is the Group'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.*

[2] *The contractual amounts outstanding on loans and advances that were written off during the period and that are still subject to enforcement activities amounts to R52.9 million.*

43. Credit risk *continued*
43.3 Credit loss allowance analysis *continued*
43.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Equipment Finance[1]				
Credit loss allowance balance beginning of the year	78 148	21 193	344 281	443 622
Transfer between stages	(830)	(8 930)	33 234	23 474
Stage 1 from Stage 2	1 446	–	–	1 446
Stage 1 from Stage 3	273	–	–	273
Stage 1 to Stage 2	(993)	–	–	(993)
Stage 1 to Stage 3	(1 556)	–	–	(1 556)
Stage 2 from Stage 1	–	5 781	–	5 781
Stage 2 from Stage 3	–	100	–	100
Stage 2 to Stage 1	–	(8 080)	–	(8 080)
Stage 2 to Stage 3	–	(6 731)	–	(6 731)
Stage 3 from Stage 1	–	–	28 966	28 966
Stage 3 from Stage 2	–	–	17 432	17 432
Stage 3 to Stage 1	–	–	(12 636)	(12 636)
Stage 3 to Stage 2	–	–	(528)	(528)
Total Transfers				
ECL on new exposure raised	36 247	5 611	15 210	57 068
Subsequent changes in ECL	(25 406)	(450)	12 005	(13 851)
Change in ECL due to derecognition	(10 655)	(3 377)	(18 429)	(32 461)
Impaired accounts written off	–	–	(97 975)	(97 975)
Credit loss allowance balance end of the year	77 504	14 047	288 326	379 877
Capital Equipment Finance[2]				
Credit loss allowance balance beginning of the year	13 125	4 175	27 424	44 724
Transfer between stages	(147)	(1 743)	3 256	1 366
Stage 1 from Stage 2	26	–	–	26
Stage 1 from Stage 3	14	–	–	14
Stage 1 to Stage 2	(131)	–	–	(131)
Stage 1 to Stage 3	(56)	–	–	(56)
Stage 2 from Stage 1	–	289	–	289
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	(1 308)	–	(1 308)
Stage 2 to Stage 3	–	(724)	–	(724)
Stage 3 from Stage 1	–	–	1 997	1 997
Stage 3 from Stage 2	–	–	3 549	3 549
Stage 3 to Stage 1	–	–	(2 290)	(2 290)
Stage 3 to Stage 2	–	–	–	–
Total Transfers				
ECL on new exposure raised	4 809	1 532	12 887	19 228
Subsequent changes in ECL	(8 571)	6	(50)	(8 615)
Change in ECL due to derecognition	(2 193)	(2 132)	(7 315)	(11 640)
Impaired accounts written off	–	–	(12 409)	(12 409)
Credit loss allowance balance end of the year	7 023	1 838	23 793	32 654

[1] *Strong portfolio growth resulted in an improved credit profile, with improvements noted across all three stages. Large write-offs during the year impacted the credit impairment charge but improved the NPL ratio.*

[2] *Strong portfolio growth, primarily in stage 1 and improvements noted in stage 2. Stage 3 exposures almost doubled with the inclusion of a large client, offset by several large exposures written off during the year.*

43. Credit risk *continued*

43.3 Credit loss allowance analysis *continued*

43.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Trade and Debtor Finance[1]				
Credit loss allowance balance beginning of the year	**8 693**	**2 543**	**6 991**	**18 227**
Transfer between stages	**343**	**(2 032)**	**–**	**(1 689)**
Stage 1 from Stage 2	**343**	**–**	**–**	**343**
Stage 1 from Stage 3	**–**	**–**	**–**	**–**
Stage 1 to Stage 2	**–**	**–**	**–**	**–**
Stage 1 to Stage 3	**–**	**–**	**–**	**–**
Stage 2 from Stage 1	**–**	**–**	**–**	**–**
Stage 2 from Stage 3	**–**	**–**	**–**	**–**
Stage 2 to Stage 1	**–**	**(2 032)**	**–**	**(2 032)**
Stage 2 to Stage 3	**–**	**–**	**–**	**–**
Stage 3 from Stage 1	**–**	**–**	**–**	**–**
Stage 3 from Stage 2	**–**	**–**	**–**	**–**
Stage 3 to Stage 1	**–**	**–**	**–**	**–**
Stage 3 to Stage 2	**–**	**–**	**–**	**–**
Total Transfers				
ECL on new exposure raised	**627**	**748**	**716**	**2 091**
Subsequent changes in ECL	**369**	**264**	**1 302**	**1 935**
Change in ECL due to derecognition	**(6 661)**	**(295)**	**(5 491)**	**(12 447)**
Impaired accounts written off	**–**	**–**	**(1 500)**	**(1 500)**
Credit loss allowance balance end of the year	**3 371**	**1 228**	**2 018**	**6 617**

[1] *The portfolio has shown healthy growth over the past year, reflecting an overall growth of 19.66%. While there has been some deterioration in the stage 2 portfolio, the stage 3 remains very small at 0.74% of the portfolio. The stage 2 portfolio contain several smaller clients that are experiencing financial stress for various reasons.*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Other loans[1]				
Credit loss allowance balance beginning of the year	**11 709**	**16 532**	**327**	**28 568**
Transfer between stages	**(4 995)**	**(9 683)**	**26 071**	**11 393**
Stage 1 from Stage 2	**–**	**–**	**–**	**–**
Stage 1 from Stage 3	**–**	**–**	**–**	**–**
Stage 1 to Stage 2	**(3 262)**	**–**	**–**	**(3 262)**
Stage 1 to Stage 3	**(1 733)**	**–**	**–**	**(1 733)**
Stage 2 from Stage 1	**–**	**6 849**	**–**	**6 849**
Stage 2 from Stage 3	**–**	**–**	**24 338**	**24 338**
Stage 2 to Stage 1	**–**	**–**	**–**	**–**
Stage 2 to Stage 3	**–**	**(16 532)**	**–**	**(16 532)**
Stage 3 from Stage 1	**–**	**–**	**1 733**	**1 733**
Stage 3 from Stage 2	**–**	**–**	**–**	**–**
Stage 3 to Stage 1	**–**	**–**	**–**	**–**
Stage 3 to Stage 2	**–**	**–**	**–**	**–**
Total Transfers				
ECL on new exposure raised	**1 994**	**14**	**17 932**	**19 940**
Subsequent changes in ECL	**(5 443)**	**–**	**52**	**(5 391)**
Change in ECL due to derecognition	**(56)**	**–**	**(40)**	**(96)**
Impaired accounts written off	**–**	**–**	**18**	**18**
Credit loss allowance balance end of the year	**3 209**	**6 863**	**44 360**	**54 432**

[1] *Other loans includes specialised lending, commercial property lending and unsecured lending. The specialised lending and commercial property lending portfolios marginally increased over the past year and reflects some deterioration. There was a significant increase in stage 3 due to default of one large client. Stage 2 is also showing deterioration due to the property sector struggling with occupancy rates and students unable to afford accommodation. The unsecured lending portfolio has shown material growth over the past 12 months, albeit off a low base. While stage 1 has increased, the stage 3 portfolio has deteriorated significantly and credit granting and processes are currently under review*

43. Credit risk *continued*

43.3 Credit loss allowance analysis *continued*

43.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Guarantees				
Credit loss allowance balance beginning of the year	213	–	–	213
Transfer between stages	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Total Transfers				
ECL on new exposure raised	1 559	–	–	1 559
Subsequent changes in ECL	2 821	–	–	2 821
Change in ECL due to derecognition	(2 922)	–	–	(2 922)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	1 671	–	–	1 671

43. Credit risk *continued*

43.3 Credit loss allowance analysis *continued*

43.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Equipment Finance[1]				
Credit loss allowance balance beginning of the year	85 887	24 361	322 590	432 838
Transfer between stages	(2 093)	(7 146)	64 164	54 925
Stage 1 from Stage 2	767	–	–	767
Stage 1 from Stage 3	262	–	–	262
Stage 1 to Stage 2	(1 229)	–	–	(1 229)
Stage 1 to Stage 3	(1 893)	–	–	(1 893)
Stage 2 from Stage 1	–	7 162	–	7 162
Stage 2 from Stage 3	–	210	–	210
Stage 2 to Stage 1	–	(7 734)	–	(7 734)
Stage 2 to Stage 3	–	(6 784)	–	(6 784)
Stage 3 from Stage 1	–	–	41 201	41 201
Stage 3 from Stage 2	–	–	37 733	37 733
Stage 3 to Stage 1	–	–	(13 616)	(13 616)
Stage 3 to Stage 2	–	–	(1 154)	(1 154)
Total Transfers				
ECL on new exposure raised	43 607	11 707	31 816	87 130
Subsequent changes in ECL	(23 522)	(21)	24 849	1 306
Change in ECL due to derecognition	(25 731)	(7 708)	(51 022)	(84 461)
Impaired accounts written off	–	–	(48 116)	(48 116)
Credit loss allowance balance end of the year	78 148	21 193	344 281	443 622

[1] *Improvement in credit profile resulted in a reduction in stage 3 and stage 2 loans due to improved collections processes.*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Capital Equipment Finance[2]				
Credit loss allowance beginning of the year	15 077	6 216	35 389	56 682
Transfer between stages	(32)	(2 954)	4 614	1 628
Stage 1 from Stage 2	94	–	–	94
Stage 1 from Stage 3	94	–	–	94
Stage 1 to Stage 2	(90)	–	–	(90)
Stage 1 to Stage 3	(130)	–	–	(130)
Stage 2 from Stage 1	–	464	–	464
Stage 2 from Stage 3	–	11	–	11
Stage 2 to Stage 1	–	(1 341)	–	(1 341)
Stage 2 to Stage 3	–	(2 088)	–	(2 088)
Stage 3 from Stage 1	–	–	2 807	2 807
Stage 3 from Stage 2	–	–	8 180	8 180
Stage 3 to Stage 1	–	–	(6 303)	(6 303)
Stage 3 to Stage 2	–	–	(70)	(70)
Total Transfers	7 918	3 291	5 915	17 124
ECL on new exposure raised	(5 234)	(254)	(50)	(5 538)
Subsequent changes in ECL	(4 604)	(2 124)	(5 986)	(12 714)
Change in ECL due to derecognition	–	–	(12 458)	(12 458)
Credit loss allowance balance end of the year	13 125	4 175	27 424	44 724

[1] *Improvement in credit profile resulted in a reduction in stage 3 and stage 2 loans due to improved collections processes.*
[2] *Despite slight growth of 1.21% of the portfolio, the credit profile improved across all three stages with the largest impact in stage 3. The material reduction in stage 3 is due to settlement of a large customer and write-off of smaller clients.*

43. Credit risk *continued*
43.3 Credit loss allowance analysis *continued*
43.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Trade[1] and Debtor Finance[2]				
Credit loss allowance balance beginning of the year	8 902	1 581	21 308	31 791
Transfer between stages	32	(64)	1 973	1 941
Stage 1 from Stage 2	43	–	–	43
Stage 1 to Stage 2	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 2 from Stage 1	(11)	–	–	(11)
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 2 to Stage 3	–	(30)	–	(30)
Stage 3 from Stage 1	–	(34)	–	(34)
Stage 3 from Stage 2	–	–	480	480
Stage 3 to Stage 1	–	–	1 493	1 493
Stage 3 to Stage 2	–	–	–	–
Total Transfers				
ECL on new exposure raised	5 575	1 073	1 567	8 215
Subsequent changes in ECL	2 104	1 191	(4 065)	(771)
Change in ECL due to derecognition	(7 920)	(1 238)	(3 236)	(12 395)
Impaired accounts written off	–	–	(10 556)	(10 556)
Credit loss allowance balance end of the year	8 693	2 543	6 991	18 227

[1] *The portfolio remained reasonably unchanged over the year, but the credit profile improved with substantial reductions in both stage 2 and stage 3. The reduction in stage 3 is due to settlement of one large customer and write-off of one large customer. The reduction in stage 2 is due to exiting of one large exposure and cancellation of facilities for a large customer.*

[2] *The portfolio reduced over the past year due to a reduction in stage 3 exposures as a result of repayments from two large customers. The increase in stage 2 is due to increased utilisation by clients in High Care, mainly from one large customer.*

43. Credit risk *continued*

43.3 Credit loss allowance analysis *continued*

43.3.2 Reconciliation of ECL on Loans and Advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Other loans[1 2]				
Credit loss allowance balance beginning of the year	3 068	6 481	20 898	30 447
Transfer between stages	(5)	–	80	75
Stage 1 from Stage 2	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 1 to Stage 3	(5)	–	–	(5)
Stage 2 from Stage 1	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	80	80
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Total Transfers				
ECL on new exposure raised	11 442	16 532	207	28 181
Subsequent changes in ECL	98	–	1 699	1 791
Change in ECL due to derecognition	(2 894)	(6 481)	(50)	(9 425)
Impaired accounts written off	–	–	(22 507)	(22 507)
Credit loss allowance balance end of the year	11 709	16 532	327	28 568

[1] *Large reduction in stage 3 due to write-off of two large customers. Substantial increase in stage 2 due to COVID-19 loans provided under the SARB COVID Scheme, certain of which are classified as High Care accounts. The portfolio has increased due to new loan book growth.*

[2] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Furthermore, term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Guarantees				
Credit loss allowance beginning of the year	646	–	–	646
Transfer between stages	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Total Transfers				
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL	19	–	–	19
Change in ECL due to derecognition	(452)	–	–	(452)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	213	–	–	213

43. Credit risk *continued*

43.3 Credit loss allowance analysis *continued*

43.3.3 Reconciliation of ECL on negotiable securities

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Credit loss allowance balance beginning of the year	**2 500**	**–**	**121 593**	**124 093**
Net expected credit losses (released)/raised	**(415)**	**–**	**–**	**(415)**
Subsequent changes in ECL	**(415)**	**–**	**–**	**(415)**
Credit loss allowance balance end of the year	**2 085**	**–**	**121 593**	**123 678**

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Credit loss allowance balance beginning of the year	4 503	–	23 481	27 984
Net expected credit losses (released)/raised	(2 003)	–	98 112	96 109
ECL on new exposures raised	897	–	–	897
Subsequent changes in ECL	(2 900)	–	98 112	95 212
Credit loss allowance balance end of the year	2 500	–	121 593	124 093

43.3.4 Reconciliation of ECL on trade and other receivables

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Credit loss allowance balance beginning of the year	**493**	**–**	**–**	**493**
Credit loss allowance balance end of the year	**493**	**–**	**–**	**493**

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2021				
Credit loss allowance balance beginning of the year	(67)	438	–	371
Transfers between stages	–	–	–	–
Transfer from stage 2	–	–	–	–
Net expected credit losses (released)/raised	560	(438)	–	122
ECL on new exposures raised	493	–	–	493
Subsequent changes in ECL	67	(438)	–	(371)
Credit loss allowance balance end of the year	493	–	–	493

43. Credit risk *continued*
43.3 Credit loss allowance analysis *continued*
43.3.5 Credit impairment charges recognised in profit or loss

	2022 R'000	2021 R'000 Restated[1]
Net ECL recognised	**69 896**	196 227
Loans and advances[2]	**70 311**	99 996
Negotiable securities	**(415)**	96 109
Trade and other receivables	**–**	122
Recoveries of loans and advances previously written off	**(23 288)**	(15 778)
	46 608	180 449

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *This includes the impact of ISP and other recoveries.*

44. 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 Group'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 Group'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 Group 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 Group believes that the management of liquidity should encompass an overall Consolidated 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 Group'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 Group and operating subsidiaries. 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 Group for managing liquidity risk are *inter alia:*
- The Liquidity Coverage Ratio (LCR). This to the proportion of high-quality liquid assets to meet the banks' liquidity needs during a 30 calendar day liquidity stress period/scenario;
- Net Stable Funding Ration (NSFR). This refers to the proportion of Available Stable Funding (ASF) via the liabilities over Required Stable Funding (RSF) for the assets;
- Various forward looking liquidity maturity mismatch scenarios; and
- 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 Group'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 Group holds high-quality liquid assets comprising cash and cash equivalents, treasury bills and negotiable certificates of deposit for which there is an active liquid market.

44. Liquidity risk *continued*

44.1 Contractual maturity analysis

	Carrying amount R'000	Gross inflow/ outflows 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[1] R'000	Total R'000
2022									
Discounted maturity									
Assets									
Cash and cash equivalents	884 495	884 495	884 495	–	–	–	–	–	884 495
Negotiable securities	1 790 340	1 643 725	302 196	247 931	886 268	–	207 330	146 615	1 790 340
Trading assets[1]	547 848	547 848	260 821	33 273	13 078	87 465	153 211	–	547 848
Trade and other receivables	745 903	692 319	691 725	2	592	–	–	53 584	745 903
Non-current assets held for sale	–	–	–	–	–	–	–	–	–
Loans and advances	8 130 704	7 772 922	358 101	231 749	1 456 173	5 717 879	9 020	357 782	8 130 704
Current taxation asset	39 766	–	–	–	–	–	–	39 766	39 766
Investment securities	584 147	281 998	–	–	–	281 998	–	302 149	584 147
Investments at fair value through profit or loss	529 397	281 998	–	–	–	281 998	–	247 399	529 397
Equity accounted associates	54 750	–	–	–	–	–	–	54 750	54 740
Property and equipment and right-of-use assets	183 082	–	–	–	–	–	–	183 082	183 082
Investment property	20 138	–	–	–	–	–	–	20 138	20 138
Intangible assets and goodwill	144 729	–	–	–	–	–	–	144 729	144 729
Deferred tax asset	45 380	–	–	–	–	–	–	45 380	45 380
Total assets	13 116 532	11 823 307	2 497 338	512 955	2 356 111	6 087 342	369 561	1 293 225	13 116 532
Undiscounted maturity									
Liabilities									
Funding under repurchase agreements and interbank	803 976	803 976	803 976	–	–	–	–	–	803 976
Trading liabilities[2]	518 596	518 596	273 710	19 610	30 963	86 370	107 943	–	518 596
Current taxation liability	1 364	–	–	–	–	–	–	1 364	1 364
Trade and other payables	945 020	942 213	941 033	924	256	–	–	2 807	945 020
Bank overdraft	68 541	68 541	68 541	–	–	–	–	–	68 541
Provisions	69 348	–	–	–	–	–	–	69 348	69 348
Lease liabilities	157 116	220 669	1 205	6 700	20 242	130 146	62 376	–	220 669
Deposits from customers	5 233 182	5 233 182	2 775 999	962 834	844 412	499 563	150 375	–	5 233 182
Debt securities issued	2 991 426	3 321 349	–	472 328	550 265	2 298 757	–	–	3 321 349
Long-term loans	499 521	522 127	28	310 962	123 016	81 247	6 874	–	522 127
Deferred tax liability	144 696	–	–	–	–	–	–	144 696	144 696
Total liabilities	11 432 786	11 630 653	4 864 491	1 773 358	1 569 154	3 096 082	327 568	218 215	11 848 867
Off-balance sheet liquidity exposures									
Loan commitments	146 290	146 290	146 290	–	–	–	–	–	146 290
Letters of credit	115 806	115 806	115 806	–	–	–	–	–	115 806
Financial guarantees	40 454	40 454	16 355	–	–	24 099	–	–	40 454
Capital expenditure	355	355	355	–	–	–	–	–	355
	302 905	302 905	278 806	–	–	24 099	–	–	302 905

[1] *Non-contractual refers to non-financial instruments, the related ECL on the instrument and Land Bank.*
[2] *Includes derivative instruments. Refer to Note 45.4 for the maturity analysis.*

This table represents the contractual maturities of assets and liabilities, as opposed to their "business as usual" maturity profiles.

44 Liquidity risk *continued*
44.1 Contractual maturity analysis *continued*

	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
2021 – Restated[1]									
Discounted maturity									
Assets									
Cash and cash equivalents[1]	1 374 857	1 374 857	1 183 425	191 432	–	–	–	–	1 374 857
Negotiable securities	2 085 077	2 209 170	2 380	547 450	649 183	794 104	216 054	(124 094)	2 085 077
Trading assets[2]	703 433	703 435	353 929	14 973	28 771	128 353	177 407	–	703 433
Trade and other receivables[1]	439 034	–	–	–	–	–	–	439 034	439 034
Non-current assets held for sale	6 700	–	–	–	–	–	–	6 700	6 700
Loans and advances[1]	6 723 672	6 632 966	478 648	794 652	1 831 409	3 665 866	43 803	(90 706)	6 723 672
Current taxation asset	26 595					–	–	26 595	26 595
Investment securities	540 061	216	216	–	–	–	–	539 845	540 061
Investments at fair value through profit or loss	519 972	216	216	–	–	–	–	519 756	519 972
Equity accounted associates	20 089	–	–	–	–	–	–	20 089	20 089
Property and equipment and right-of-use-assets	65 068	–	–	–	–	–	–	65 068	65 068
Investment property	16 400	–	–	–	–	–	–	16 400	16 400
Intangible assets and goodwill	160 856	–	–	–	–	–	–	160 856	160 856
Deferred tax asset	37 584	–	–	–	–	–	–	37 584	37 584
Total assets	12 179 337	10 920 644	2 018 598	1 548 507	2 509 363	4 588 323	437 264	1 077 282	12 179 337
Undiscounted maturity									
Liabilities									
Funding under repurchase agreements and interbank	700 067	700 067	700 067	–	–	–	–	–	700 067
Trading liabilities[2]	658 957	658 956	308 041	14 908	5 280	198 281	132 447	–	658 957
Current taxation liability	5 093	–	–	–	–	–	–	5 093	5 093
Trade and other payables[1]	804 318	804 318	–	–	–	–	–	804 318	804 318
Bank overdraft	30 392	30 392	30 392	–	–	–	–	–	30 392
Provisions	72 714	–	–	–	–	–	–	72 714	72 714
Lease liabilities	43 205	46 077	2 948	6 728	24 568	11 833	–	–	46 077
Deposits from customers[3]	4 732 764	4 732 764	2 419 662	1 210 805	1 008 444	93 853	–	–	4 732 764
Debt securities issued	2 741 583	3 044 088	–	346 020	329 860	2 368 207	–	–	3 044 088
Long-term loans	730 904	792 426	–	8 433	250 064	533 929	–	–	792 426
Deferred tax liability	110 770	–	–	–	–	–	–	110 770	110 770
Total liabilities	10 630 767	10 809 088	3 461 110	1 586 894	1 618 216	3 206 103	132 447	992 895	10 997 666
Off-balance sheet liquidity exposures									
Loan commitments	51 906	51 906	51 906	–	–	–	–	–	51 906
Letters of credit	117 461	117 461	117 461	–	–	–	–	–	117 461
Financial guarantees	43 810	43 810	43 810	–	–	–	–	–	43 810
Capital expenditure	5 189	5 189	5 189	–	–	–	–	–	5 189
Non-cancellable short-term/ operating lease rentals for premises	–	–	–	–	–	–	–	–	–
	218 366	218 366	218 366	–	–	–	–	–	218 366

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*
[2] *Includes derivative instruments. Refer to Note 45.4 for the maturity analysis.*
[3] *Based on the historical data on the behaviour of our depositors, it is unlikely that they will withdraw all funds with the Group based on contractual maturities.*

This table represents the contractual maturities of assets and liabilities, as opposed to their "business as usual" maturity profiles.

44. Liquidity risk *continued*

44.2 Discounted maturity analysis: Current and non-current

	2022 Current R'000	2022 Non-current R'000	2022 Total R'000	2021 Restated[1] Current R'000	2021 Restated[1] Non-current R'000	2021 Restated[1] Total R'000
Assets						
Cash and cash equivalents[1]	**884 495**	**–**	**884 495**	1 374 857	–	1 374 857
Negotiable securities	**1 583 010**	**207 330**	**1 790 340**	1 074 919	1 010 158	2 085 077
Trading assets	**307 172**	**240 676**	**547 848**	397 673	305 760	703 433
Trade and other receivables[1]	**745 903**	**–**	**745 903**	439 034	–	439 034
Non-current assets held for sale	**–**	**–**	**–**	6 700	–	6 700
Loans and advances[1]	**1 570 772**	**6 559 932**	**8 130 704**	3 014 003	3 709 669	6 723 672
Current taxation asset	**39 766**	**–**	**39 766**	26 595	–	26 595
Investment securities	**–**	**584 147**	**584 147**	216	539 845	540 061
Investments at fair value through profit or loss	**–**	**529 397**	**529 397**	216	519 756	519 972
Equity accounted associates	**–**	**54 750**	**54 750**	–	20 089	20 089
Property, equipment and right-of-use assets	**–**	**183 082**	**183 082**	–	65 068	65 068
Investment property	**–**	**20 138**	**20 138**	–	16 400	16 400
Intangible assets and goodwill	**–**	**144 729**	**144 729**	–	160 856	160 856
Deferred tax asset	**–**	**45 380**	**45 380**	–	37 584	37 584
Total assets	**5 131 118**	**7 985 414**	**13 116 532**	6 333 997	5 845 340	12 179 337
Liabilities						
Funding under repurchase agreements and interbank	**803 976**	**–**	**803 976**	700 067	–	700 067
Trading liabilities	**324 283**	**194 313**	**518 596**	328 728	330 229	658 957
Current taxation liability	**1 364**	**–**	**1 364**	5 093	–	5 093
Trade and other payables[1]	**945 020**	**–**	**945 020**	804 318	–	804 318
Bank overdraft	**68 541**	**–**	**68 541**	30 392	–	30 392
Provisions	**69 348**	**–**	**69 348**	72 714	–	72 714
Lease liabilities[2]	**27 487**	**129 629**	**157 116**	33 712	9 493	43 205
Deposits from customers	**4 583 245**	**649 938**	**5 233 182**	4 638 912	93 853	4 732 764
Debt securities issued	**1 013 522**	**1 977 904**	**2 991 426**	544 796	2 196 787	2 741 583
Long-term loans	**395 000**	**104 521**	**499 521**	97 500	633 404	730 904
Deferred tax liability	**–**	**144 696**	**144 696**	–	110 770	110 770
Total liabilities	**8 231 785**	**3 201 001**	**11 432 786**	7 255 732	3 375 035	10 630 767

[1] *Prior periods by restatement, please refer to Note 49 for additional information. Furthermore, the note has been aligned to the order of liquidity of the Consolidated statement of financial position.*

[2] *The amounts reflected as current will be settled in less than 12 months and the amounts reflected in non-current are expected to be settled in greater than 12 months.*

45. 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 Group'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 Group's principal market risks are:

- Interest rate risk – the risk of difference in the repricing characteristics of assets and liabilities; and
- Equity risk – the risk of an adverse change in the fair value of an investment in listed or unlisted equities.

Settlement risk

The Group is exposed to market price risk through its stockbroker trading activities on behalf of clients and credit risk if counterparties fail to perform as contracted.

These risks are mitigated by the fact that the broker's client base comprises controlled clients (i.e. cash and/or scrip held before trading).

Management of market risk

The Group separates its exposures to market risks between trading and non-trading portfolios.

- Trading portfolios
  The Group applies a Value-at-Risk model using the previous five years' historical data as an input to monitor market risk, as we regard this as being one of the soundest and most intuitive methods.

  Two confidence intervals have been selected to analyse. Both scenarios use daily historical closing prices from 15 May 2017 to 29 June 2022 inclusive, and the R186 government bond as the benchmark. ZJS is used as the risk-free rate.

  The Value-at-Risk model measures the amount of maximum loss which will not be exceeded with 99% probability as a result of normal but adverse market price movements over a 10-day holding period.

  For multiple currencies, all historical prices of securities are first converted back to the base currency of the portfolio (ZAR) at the historical reigning cross-rate on that day, after which the VAR is then calculated.

- 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 Group has exposure to interest rate risk and currency risk in respect of non-trading portfolios.

Overall authority for market risk is vested with ALCO. Group 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 Group as approved by GRCMC and ALCO, respectively.

Exposure to interest rate risk

- Trading portfolios
  Trading portfolios consist of exchange-traded bonds that bear fixed interest rates.

- 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 an executive management monitoring committee for compliance with these limits and is assisted by Group Risk in its day-to-day monitoring activities.

Market risk on equity investments

The Group enters into Private Equity and Property Equity investments in unlisted entities in accordance with delegated authority limits as defined by the CLEC. Market risk on these investments is managed in terms of the investment's purpose and strategic benefits to the Group and not only on investment returns and mark-to-market considerations. Periodic reviews and assessments are undertaken on the performance of these investments.

Currency risk

The Group incurs currency risk as a result of trade finance and foreign exchange businesses, as well as services and supplies acquired from foreign suppliers. The currencies in which the Group primarily deals are US Dollars, Pound Sterling and Euros. The Group is therefore exposed to volatility in the exchange rate of the Rand relative to these foreign currencies.

45. Market risk *continued*

45.1 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 Group in derivative contracts and not its exposure to market or credit risks arising from such contracts.

Exchange rate contracts

The Group utilises forward-exchange contracts from time to time to limit the exposure to movements in the exchange rate on foreign currency liabilities.

Interest rate swaps

Interest rate swaps are used to hedge the Group'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.

45. Market risk *continued*

45.2 Market risk

The tables summarise the Group'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 and 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	**304 057**	**–**	**–**	**–**	**–**	**304 057**
Negotiable securities	**270 293**	**–**	**–**	**–**	**–**	**270 293**
Loans and advances	**7 666 988**	**1 338**	**10 167**	**78 973**	**–**	**7 757 466**
Total assets	**8 241 338**	**1 338**	**10 167**	**78 973**	**–**	**8 331 816**
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	**803 976**	**–**	**–**	**–**	**–**	**803 976**
Bank overdraft	**68 160**	**–**	**–**	**–**	**–**	**68 160**
Deposits from customers	**2 858 475**	**286 293**	**–**	**–**	**–**	**3 144 768**
Debt securities issued	**–**	**2 991 426**	**–**	**–**	**–**	**2 991 426**
Long-term loans	**494 021**	**5 500**	**–**	**–**	**–**	**499 521**
Total liabilities	**4 224 632**	**3 283 219**	**–**	**–**	**–**	**7 507 851**
Net pricing gap	**4 016 706**	**(3 281 881)**	**10 167**	**78 973**	**–**	**823 965**
Cumulative repricing gap	**4 016 706**	**734 825**	**744 992**	**823 965**	**823 965**	**823 965**
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	**1 850**	**(10 896)**	**102**	**1 003**	**–**	**(7 941)**
200 bp parallel shock interest rate decrease	**2 362**	**10 896**	**(102)**	**(1 003)**	**–**	**12 153**
2021						
Assets						
Non-trading portfolios						
Cash and cash equivalents	1 125 587	159 206	–	–	–	1 284 793
Negotiable securities	2 380	547 450	649 183	794 103	216 054	2 209 170
Loans and advances	6 042 788	284 671	250 364	617 760	23 104	7 218 687
Total assets	7 170 755	991 327	899 547	1 411 863	239 158	10 712 650
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	700 067	–	–	–	–	700 067
Bank overdraft	30 379	–	–	–	–	30 379
Deposits from customers	2 815 188	815 279	1 008 444	93 853	–	4 732 764
Lease liabilities	–	831	2 558	–	4 709	8 098
Debt securities issued	–	2 741 583	–	–	–	2 741 583
Long-term loans	–	5 338	97 500	612 866	15 199	730 903
Total liabilities	3 545 634	3 563 031	1 108 502	706 719	19 908	8 943 794
Net pricing gap	3 625 121	(2 571 704)	(208 955)	705 144	219 250	1 768 856
Cumulative repricing gap	3 625 121	1 053 417	844 462	1 549 606	1 768 856	1 768 856
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	6 490	(1 024)	–	–	–	5 466
200 bp parallel shock interest rate decrease	(5 509)	1 024	–	–	–	(4 485)

45. Market risk *continued*

45.3 Currency risk

The Group principally incurs currency risk as a result of services and supplies acquired from foreign suppliers. The currencies in which the Company primarily deals are United States Dollars, Pound Sterling and Euro. The Group utilises forward-exchange contracts to economically hedge its estimated future foreign currency exposure arising from purchases.

Foreign currency risk sensitivity analysis

	US Dollar R'000	Euro R'000	Japanese Yen R'000	British Pound R'000	Other R'000	Total R'000
2022						
Forward-exchange contracts	**64 433**	**2 723**	**10**	**735**	**1 203**	**69 104**
Import Bills	**209 812**	**12 254**	**1 139**	**11 986**	**–**	**235 191**
Bank balances	**42 023**	**57 138**	**30**	**8 513**	**2 247**	**109 951**
Bank overdrafts	**–**	**–**	**–**	**–**	**–**	**–**
Import suppliers	**(3 107)**	**–**	**–**	**(992)**	**–**	**(4 099)**
Usance creditors	**(36 531)**	**(788)**	**–**	**–**	**–**	**(37 319)**
Other payables	**424 600**	**3 236**	**6 106**	**(127)**	**(1 335)**	**432 480**
Total net (short)/ long position	**701 230**	**74 563**	**7 285**	**20 115**	**2 115**	**805 308**
Sensitivity – 5%[1]	**35 061**	**3 728**	**364**	**1 006**	**106**	**40 265**
2021						
Forward-exchange contracts	4 370	65	25	314	64	4 838
Import Bills	202 369	16 691	–	16 067	–	235 127
Bank balances	6 566	53 116	310	12 688	1 446	74 126
Bank overdrafts	(109 840)	–	–	–	(1)	(109 841)
Import suppliers	(1 554)	–	–	(3 878)	–	(5 432)
Usance creditors	(18 191)	(211)	–	–	–	(18 402)
Other payables	(27 459)	(41 439)	580	(64 258)	868	(131 708)
Total net (short)/ long position	56 261	28 222	915	(39 067)	2 377	48 708
Sensitivity – 5%[1]	2 813	1 411	46	(1 953)	119	2 435

[1] *This indicates the impact on profit or loss and equity that a 5% increase in foreign currency will have. A decrease will have the opposite effect.*

45. Market risk *continued*

45.3 Currency risk *continued*

Analysis of assets and liabilities by currency

	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2022						
Assets						
Cash and cash equivalents	42 023	57 138	8 513	774 544	2 277	884 495
Negotiable securities	–	–	–	1 790 340	–	1 790 340
Trading assets	–	–	–	547 848	–	547 848
Trade and other receivables	40 782	–	–	705 121	–	745 903
Non-current assets held for sale	–	–	–	–	–	–
Loans and advances	209 811	12 254	11 986	7 895 514	1 139	8 130 704
Taxation	–	–	–	39 766	–	39 766
Investment securities	–	703	–	583 444	–	584 147
– Investments at fair value through profit or loss	–	703	–	528 694	–	529 397
– Equity accounted associates	–	–	–	54 750	–	54 750
Property, equipment and right-of-use assets	–	–	–	183 082	–	183 082
Investment property	–	–	–	20 138	–	20 138
Intangible assets and goodwill	–	–	–	144 729	–	144 729
Deferred tax asset	–	–	–	45 380	–	45 380
Total assets	292 616	70 095	20 499	12 729 906	3 416	13 116 532
Liabilities						
Funding under repurchase agreements and interbank	–	–	–	803 976	–	803 976
Trading liabilities	22 942	12 206	3 668	478 696	1 084	518 596
Current taxation liabilities	–	–	–	1 364	–	1 364
Trade and other payables	(424 600)	(3 236)	127	1 377 500	(4 771)	945 020
Bank overdraft	–	–	–	68 541	–	68 541
Provisions	–	–	–	69 348	–	69 348
Lease liabilities	–	–	–	157 116	–	157 116
Deposits from customers	–	–	–	5 233 182	–	5 233 182
Debt securities issued	–	–	–	2 991 426	–	2 991 426
Long-term loans	–	–	–	499 521	–	499 521
Deferred tax liability	–	–	–	144 696	–	144 696
Total liabilities	(401 658)	8 970	3 795	11 825 366	(3 687)	11 432 786

45. Market risk *continued*

45.3 Currency risk *continued*

Analysis of assets and liabilities by currency *continued*

	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2021 – Restated[1]						
Assets						
Cash and cash equivalents[1]	6 566	53 116	12 688	1 300 731	1 756	1 374 857
Trading assets	38 023	3 579	1 006	660 542	283	703 433
Negotiable securities	–	–	–	2 085 077	–	2 085 077
Trade and other receivables[1]	–	–	–	439 034	–	439 034
Non-current assets held for sale	–	–	–	6 700	–	6 700
Loans and advances[1]	202 369	16 691	16 067	6 488 545	–	6 723 672
Taxation	–	–	–	26 595	–	26 595
Investment securities	–	–	–	540 061	–	540 061
– Investments at fair value through profit or loss	–	–	–	519 972	–	519 972
– Equity accounted associates	–	–	–	20 089	–	20 089
Loans to entities in the Group	–	–	–	–	–	–
Deferred tax asset	–	–	–	37 584	–	37 584
Property, equipment and right-of-use assets	–	–	–	65 068	–	65 068
Investment property	–	–	–	16 400	–	16 400
Intangible assets and goodwill	–	–	–	160 856	–	160 856
Investments in subsidiaries and structured entities	–	–	–	–	–	–
Total assets	246 958	73 386	29 761	11 826 194	2 039	12 179 337
Liabilities						
Funding under repurchase agreements and interbank	109 840	–	–	590 226	1	700 067
Trading liabilities	33 653	3 515	692	620 903	194	658 957
Current taxation liabilities	–	–	–	5 093	–	5 093
Trade and other payables[1]	47 204	41 649	68 136	648 778	(1 449)	804 318
Bank overdraft	–	–	–	30 392	–	30 392
Provisions	–	–	–	72 714	–	72 714
Lease liabilities	–	–	–	43 205	–	43 205
Deposits from customers	–	–	–	4 732 764	–	4 732 764
Debt securities issued	–	–	–	2 741 583	–	2 741 583
Long-term loans	–	–	–	730 904	–	730 904
Deferred tax liability	–	–	–	110 770	–	110 770
Total liabilities	190 697	45 164	68 828	10 327 332	(1 254)	10 630 767

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*

45. Market risk *continued*

45.4 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	**(2 151)**	**(2 151)**	**2 406**	**(4 557)**	**(121 026)**
Exchange rate contracts	**(655)**	**(655)**	**54 247**	**(54 902)**	**–**[1]
Total derivatives	**(2 806)**	**(2 806)**	**56 653**	**(59 459)**	**(121 026)**
2021					
Interest rate swaps	(9 517)	(9 518)	(577)	(8 941)	(126 737)
Exchange rate contracts	4 838	4 838	43 884	(39 046)	358 368
Total derivatives	(4 679)	(4 680)	43 307	(47 987)	231 631

[1] *During 2021 Sasfin Asia Limited was liquidated. Therefore, no further notional principal was required to be hedged for the current year.*

46. Capital management

The Group's capital management function is designed to ensure that regulatory requirements are met at all times and that the Group entities are capitalised in line with the Group's risk appetite and target ranges, both of which are approved by the board. Capital adequacy is actively managed and forms a key component of the budget and forecasting process. The capital plan is tested under a range of stress scenarios and takes into consideration the Group's Internal Capital Adequacy Assessment Process (ICAAP) model. The capital management function is governed primarily by management level subcommittees that oversee the risks associated with capital management, as well as the GRCMC, which is a Board committee.

The Group 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 Group's capital management policy are to ensure that the Group 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 Group.

Key objectives of capital management are to:

- Ensure that the Group has sufficient qualifying capital resources to meet the minimum regulatory capital requirements as set by the SARB in accordance with the Basel III Accord and the Group's Board Risk Appetite;
- Ensure that the available capital resources of the Group are sufficient to support the economic capital requirements of the Group;
- 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 Group;
- Allocate capital to businesses to support the strategic and growth objectives of the Group; and
- Ensure that the Group 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 Group'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 Group 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 Group. The capital adequacy of the Group is reported to the Board on a quarterly basis.

46. Capital management *continued*

Capital adequacy (unaudited)

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

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

The Group has adopted the aggregation approach for consolidation in terms of the Basel III regulations where the capital resources and requirements of the banking and financial entities within the Group are consolidated.

Regulatory capital (unaudited)

In terms of the requirements of the Banks Act, the Group has complied with the minimum capital requirements for the year under review.

The Group's regulatory capital is split into two tiers:

- Tier 1 capital is split into Common Equity Tier 1 capital and Additional Tier 1 capital, which includes ordinary share capital, share premium, appropriated earnings and qualifying preference share capital; and
- Tier 2 capital, which includes subordinated term debt after regulatory adjustments.

The minimum capital requirements are defined by two ratios and amount to:

- Tier 1 capital as a percentage of risk-weighted assets; and
- Total qualifying capital as a percentage of risk-weighted assets.

	2022 % Unaudited	2021 Restated[1] % Audited	2021 % Audited – previously reported
Common Equity Tier 1 Capital	**15.229**	16.416	17.047
Additional Tier 1 Capital	**0.000**	0.061	0.060
Total Tier 1 Capital	**15.229**	16.477	17.107
Tier 2 Capital	**0.810**	0.813	0.816
Total qualifying capital	**16.039**	17.290	17.923
Stakeholder capital adequacy ratio minimum requirements			
Regulator:			
– Notional Common Equity Tier 1	**8.000**	8.000	8.000
– Notional Total Tier 1	**11.000**	10.000	10.000
– Total capital	**13.500**	12.500	12.500

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*

47. Segment reporting

For the prior financial year ended 30 June 2021, management reported on four operating segments: Asset Finance, B\\yond Business Banking, Capital and Wealth. With effect from 1 July 2021, Sasfin Capital merged with Business Banking to create one pillar committed to supporting the growth of businesses. This combined Pillar is better placed to provide a holistic client experience and to extract efficiencies where appropriate. Management now reports on three segments (excluding the Group and inter-segment eliminations segment). These segments are Asset Finance, Business and Commercial Banking and Wealth. Accordingly, the segment information for prior periods has been restated.

	Asset Finance[1] R'000	Business and Commercial Banking[2] R'000	Wealth[3] R'000	Group and Treasury Eliminations R'000	Total R'000
Business segments					
2022					
Interest income	782 557	164 695	15 965	95 835	1 059 052
Interest expense	(342 065)	(76 184)	(15 590)	(46 932)	(480 771)
Net interest income	440 492	88 511	375	48 903	578 281
Non-interest income	164 033	214 935	348 092	12 086	739 146
Total income	604 525	303 446	348 467	60 989	1 317 427
Credit impairment charges	(32 939)	(26 355)	(18)	12 704	(46 608)
Net income after impairments	571 586	277 091	348 449	73 693	1 270 819
Operating costs	(316 775)	(314 037)	(304 595)	(115 564)	(1 050 971)
Employee costs	(107 413)	(109 065)	(128 220)	(215 561)	(560 259)
Depreciation	(690)	(173)	(3 700)	(50 862)	(55 425)
Amortisation	(5 297)	-	(2 401)	(24 094)	(31 792)
Other operating expenses	(203 375)	(204 799)	(170 274)	174 953	(403 495)
Goodwill and intangible asset impairments	–	–	–	–	–
Profit/(loss) from operations	254 811	(36 946)	43 854	(41 871)	219 848
Share of associate income	–	–	14 146	–	14 146
Profit/(loss) before income tax	254 811	(36 946)	58 000	(41 871)	233 994
Income tax expense	(67 721)	12 868	(12 773)	17 492	(50 134)
Profit/(loss) for the year	187 090	(24 078)	45 227	(24 379)	183 860
Segment assets	7 829 017	2 123 231	1 108 173	2 056 111	13 116 532
Segment liabilities	7 340 902	2 074 982	931 484	1 085 418	11 432 787

1 *Asset Finance provides finance contracts for equipment via instalment sales, lease facilities or rental finance.*
2 *Business and Commercial Banking offers a range of banking options for businesses and individuals which includes Transactional banking (business accounts, investment accounts and personal accounts), forex and forex risk solutions, unsecured lending and Commercial Banking (specialised lending, commercial property lending, trade finance and debtor finance).*
3 *Incorporates all divisions related to wealth management, including Asset Management, Portfolio Management, Stockbroking, Fiduciary Services, Financial Planning as well as Wealth Advisory and Asset Consulting.*

47. Segment reporting *continued*

	Asset Finance R'000	Business and Commercial Banking R'000	Wealth R'000	Group and Treasury Eliminations R'000	Total R'000
Business segments					
2021 – Restated[1]					
Interest income	748 614	119 246	20 443	136 511	1 024 814
Interest expense	(331 173)	(58 449)	(20 661)	(46 798)	(457 081)
Net interest income	417 441	60 797	(218)	89 713	567 733
Non-interest income	191 756	206 739	326 630	20 675	745 800
Total income	609 197	267 536	326 412	110 388	1 313 533
Credit impairment charges	(65 836)	(13 480)	–	(101 133)	(180 449)
Net income after impairments	543 361	254 056	326 412	9 255	1 133 084
Operating costs	(254 088)	(303 030)	(267 898)	(190 439)	(1 015 455)
Employee costs	(88 169)	(117 025)	(131 190)	(194 100)	(530 484)
Depreciation	(794)	(304)	(6 154)	(39 062)	(46 314)
Amortisation	(5 297)	(591)	(3 151)	(22 662)	(31 701)
Other operating expenses	(159 828)	(185 110)	(127 403)	105 969	(366 372)
Goodwill and intangible asset impairments	–	–	–	(40 584)	(40 584)
Profit/(loss) from operations	289 273	(48 974)	58 514	(181 184)	117 629
Share of associate income	–	–	18 962	–	18 962
Profit/(loss) before income tax	289 273	(48 974)	77 476	(181 184)	136 591
Income tax expense	(86 393)	11 411	(24 947)	40 982	(58 947)
Profit/(loss) for the year	202 880	(37 563)	52 529	(140 202)	77 644
Segment assets	6 998 078	1 926 412	984 589	2 270 258	12 179 337
Segment liabilities	6 562 320	1 836 254	833 222	1 398 971	10 630 767

[1] *Prior periods by restatement, please refer to Note 49 for additional information.*

48. Events after the reporting date

48.1 Refinancing of Absa preference shares

SPEIH, a wholly owned subsidiary, entered into a preference share subscription agreement dated 5 September 2013 with Absa Bank Limited. The redemption date of the ABSA preference shares was 30 August 2022. On 29 August 2022 SPEIH refinanced the preference shares with a new scheduled redemption date of 30 August 2025.

48.2 SASP notes

SASP successfully re-financed notes with a value of R511 million in August 2022 and placed an additional R250 million of notes of which matures 3-5 years.

48.3 Investigation into suspected financial misconduct

On 26 of August 2022, the South African Revenue Services (SARS) issued a statement related to its actions against Gold Leaf Tobacco and its associates who were former clients of our foreign exchange unit in 2016 and 2017. In accordance with our Anti Money Laundering (AML) / Countering the Financing of Terrorism (CFT) policies and our risk appetite, management closed the accounts of these clients in 2017 and has cooperated fully with the relevant authorities in their investigation. Sasfin has also commissioned an independent investigation which is ongoing. Sasfin will take any necessary action flowing from these investigations.

49. Correction of prior year errors, 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 following 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.

Reconciliations in Business and Commercial Banking (BCB)

It was identified that certain reconciling items were processed to the incorrect financial statement line items in prior years which resulted in a misstatement of cash and cash equivalents, trade and other payables and trade and other receivables. These misstatements did not affect earnings.

Reconciliations in Treasury

At 30 June 2021, timing differences existed between the SAMOS account and the general ledger, which resulted in cash and cash equivalents and trade and other payables being misstated. These misstatements did not affect earnings.

Cash flow statement reclassification

In the prior year, the net movement on investment securities was presented as (repayments)/advances of investment securities in investing activities. In the current year, the gross amounts were presented as separate line items for advances and repayments of investment securities and net trading and other income received, as they reflect the movements more accurately.

Restatement:

Cash book reconciliations

It was identified that certain reconciling items were recognised in incorrect line items in the statement of financial position and statement of profit or loss and other comprehensive income. These misclassifications related to transactions occurring in financial periods prior to 2021, consequently the restatement has impacted the retained earnings for 2021.

49. Correction of prior year errors, restatements and reclassifications *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 Group's consolidated financial statements.

	As previously reported R'000	Interest in suspense reclassification R'000	Reconciliations in BCB reclassification R'000	Reconciliations in Treasury reclassification R'000	Cash flow statement reclassification R'000	Cash book reconciliations restatement R'000	Restated R'000
30 June 2021							
Consolidated statement of financial position							
ASSETS							
Cash and Cash equivalents	1 285 578	–	62 708	16 821	–	9 750	1 374 857
Trade and other receivables	511 941	–	14 916	–	–	(87 821)	439 034
Loans and advances	6 715 951	–	–	–	–	7 721	6 723 672
Total Assets	12 155 244	–	77 624	16 821	–	(70 351)	12 179 337
LIABILITIES							
Trade and other payables	722 531	–	77 624	16 821	–	(12 658)	804 318
Total Liabilities	10 548 980	–	77 624	16 821	–	(12 658)	10 630 767
EQUITY							
Reserves	1 395 667	–	–	–	–	(57 694)	1 377 973
Total Equity	1 606 264	–	–	–	–	(57 694)	1 548 570
Total Liabilities and Equity	12 155 244	–	77 624	16 821	–	(70 352)	12 179 337

49. Correction of prior year errors, restatements and reclassifications *continued*

	As previously reported R'000	Interest in suspense reclassification R'000	Reconciliations in BCB reclassification R'000	Reconciliations in Treasury reclassification R'000	Cash flow statement reclassification R'000	Cash book reconciliations restatement R'000	Restated R'000
30 June 2021							
Consolidated statement of profit and loss and other comprehensive income							
Interest income	995 061	29 753	–	–	–	–	1 024 814
Interest income calculated using the effective interest method	947 447	29 753	–	–	–	–	977 200
Net interest income	537 980	29 753	–	–	–	–	567 733
Total Income	1 283 780	29 753	–	–	–	–	1 313 533
Credit impairment charges	(150 696)	(29 753)	–	–	–	–	(180 449)
Net income after impairments	1 133 084	–	–	–	–	–	1 133 084
Earnings per share:							
Basic and diluted earnings per share (Cents)[1]	241.20	–	–	–	–	–	241.20

[1] *There was no impact on the Basic, Diluted and Headline earnings per share.*

	As previously reported R'000	Interest in suspense reclassification R'000	Reconciliations in BCB reclassification R'000	Reconciliations in Treasury reclassification R'000	Cash flow statement reclassification R'000	Cash book reconciliations restatement R'000	Restated R'000
30 June 2021							
Consolidated statement of cash flows							
Cash flows from operating activities							
Net trading and other income received	138 880	–	–	–	(11 492)	–	127 388
Cash inflow from operating activities	248 249	–	–	–	(11 492)	–	236 757
Cash flows from operating activities before changes in operating assets and liabilities	232 491	–	–	–	(11 492)	–	220 999
Changes in operating assets and liabilities	(591 926)	–	30 156	16 821	–	–	(544 949)
(Decrease) in trade and other payables	(206 011)	–	45 072	16 821	–	–	(144 118)
Increase in trade and other receivables	(83 821)	–	(14 915)	–	–	–	(98 736)
(Repayments)/Advances of investment securities	(18 637)	–	–	–	18 637	–	–
Advances of investment securities	–	–	–	–	(35 401)	–	(35 401)
Repayments of investment securities	–	–	–	–	28 254	–	28 254
Net cashflows from investing activities	117 827	–	–	–	11 491	–	129 318
Net (decrease)/ increase in cash and cash equivalents	(314 964)	–	30 157	16 821	–	–	(267 986)
Cash and cash equivalents at the beginning of the year	1 579 781	–	32 551	–	–	9 750	1 622 081
Cash and cash equivalents at the end of the year	1 255 186	–	62 708	16 821	–	9 750	1 344 465

49. Correction of prior year errors, restatements and reclassifications *continued*

	As previously reported R'000	Interest in suspense reclassification R'000	Reconciliations in BCB reclassification R'000	Reconciliations in Treasury reclassification R'000	Cash flow statement reclassification R'000	Cash book reconciliations restatement R'000	Restated R'000
1 July 2020							
Consolidated statement of financial position							
ASSETS							
Cash and Cash equivalents	1 731 243	–	32 551	–	–	9 750	1 773 544
Trade and other receivables	436 644	–	–	–	–	(87 823)	348 821
Loans and advances	6 609 328	–	–	–	–	7 721	6 617 049
Total Assets	14 005 540	–	32 551	–	–	(70 352)	13 967 739
LIABILITIES							
Trade and other payables	783 786	–	32 551	–	–	(12 658)	803 679
Total Liabilities	12 282 535	–	32 551	–	–	(12 658)	12 302 428
EQUITY							
Reserves	1 367 653	–	–	–	–	(57 694)	1 309 959
Total Equity	1 723 005	–	–	–	–	(57 694)	1 665 311
Total Liabilities and Equity	14 005 540	–	32 551	–	–	(70 352)	13 967 739

50. Going concern

Over the last twelve months, the South African economy performed better than anticipated. This was due to the strong performance in the commodity sector coupled by some of the early interventions by the government, including the increase in interest rates. Against this backdrop, Sasfin has produced an improved set of results, while taking active steps to support our stakeholders, including society at large. Sasfin posted headline earnings of R166.731 million (2021: earnings of R141.071 million) for the year ended 30 June 2022. This improvement was mainly driven by improved credit performance. Total income (including income from associate) was flat at R1.332 billion (2021: R1.333 billion). Given the overall improved performance, as well as the stable financial, liquidity and capital position, the directors are of the view that the Group is a going concern. The directors believe that the Group has adequate financial resources to continue for the foreseeable future, which further supports that the financial statements be prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and, together with measures taken to strengthen the capital and liquidity base, is well-positioned to take advantage of growth opportunities. The Group's CAR and LCR are above the required regulatory minimums. The directors are not aware of any material factors that may adversely impact the Group.

Separate statement of financial position

At 30 June 2022

	Accounting policy	Note	2022 R'000	2021 R'000
Assets				
Cash and cash equivalents	1.11	1	**26 376**	198 106
Trade and other receivables	1.13	2	**10 755**	11 230
Current taxation asset	1.16.1		**363**	–
Deferred tax asset	1.16.2	3	**1 865**	1 779
Investments in subsidiaries and structured entities	1.3	4	**552 239**	552 146
Total assets			**591 598**	763 261
Liabilities				
Current taxation liability	1.16.1		**–**	387
Trade and other payables	1.13	5	**13 574**	152 860
Loans from entities in the Group		20.1.1	**–**	36 564
Total liabilities			**13 574**	189 811
Equity				
Ordinary share capital	1.10.1	6	**323**	323
Ordinary share premium	1.10.1	7	**163 363**	163 363
Distributable reserves			**414 338**	366 433
Preference share capital	1.10.2	8	**–**	18
Preference share premium	1.10.2	9	**–**	43 313
Total equity			**578 024**	573 450
Total liabilities and equity			**591 598**	763 261

Separate statement of profit or loss and other comprehensive income

for the year ended 30 June 2022

	Accounting policy	Note	2022 R'000	2021 R'000
Interest income	1.14.1	11	**186**	1 129
Interest income calculated using the effective interest method			**186**	1 129
Interest expense	1.14.1	12	**–**	(29)
Interest expense calculated using the effective interest method			**–**	(29)
Net interest income			**186**	1 100
Non-interest income			**65 465**	199 488
Net fee and commission income	1.14.2	13	**8 465**	19 488
Fee and commission income			**14 776**	25 537
Fee and commission expense			**(6 311)**	(6 049)
Dividend income		14	**57 000**	180 000
Total income			**65 651**	200 588
Credit impairment charges	1.13 & 2.2	23.2.2	**(932)**	1 477
Net income after impairments			**64 719**	202 065
Total operating costs			**(9 745)**	(19 119)
Staff costs	1.15	16	**(5 203)**	(5 775)
Other operating expenses		17	**(4 542)**	(13 344)
Profit before income tax			**54 974**	182 946
Income tax expense	1.16	18	**1**	(2 402)
Total comprehensive income for the year			**54 975**	180 544
Profit attributable to:			**54 975**	180 544
Equity holders			**54 975**	180 544

Separate statement of changes in equity

for the year ended 30 June 2022

	Ordinary share capital R'000	Ordinary share premium R'000	Distri-butable reserves R'000	Total ordinary share-holders' equity R'000	Preference share capital R'000	Preference share premium R'000	Total share-holders' equity R'000
2022							
Opening balance at the beginning of the year	**323**	**163 363**	**366 433**	**530 119**	**18**	**43 313**	**573 450**
Total comprehensive income for the year	**–**	**–**	**54 975**	**54 975**	**–**	**–**	**54 975**
Profit for the year	**–**	**–**	**54 975**	**54 975**	**–**	**–**	**54 975**
Changes in ownership interest							
Preference share buy-back and cancellation	**–**	**–**	**43 331**	**43 331**	**(18)**	**(43 313)**	**–**
Transactions directly in equity	**–**	**–**	**2 887**	**2 887**	**–**	**–**	**2 887**
Dividends to Ordinary shareholders	**–**	**–**	**(53 288)**	**(53 288)**	**–**	**–**	**(53 288)**
Balance at the end of the year	**323**	**163 363**	**414 338**	**578 024**	**–**	**–**	**578 024**
2021							
Opening balance at the beginning of the year	323	163 363	185 889	349 575	18	188 068	537 661
Total comprehensive income for the year	–	–	180 544	180 544	–	–	180 544
Profit for the year	–	–	180 544	180 544	–	–	180 544
Changes in ownership interest							
Preference share buy-back and cancellation	–	–	–	–	–	(144 755)	(144 755)
Balance at the end of the year	323	163 363	366 433	530 119	18	43 313	573 450

Separate statement of cash flows

for the year ended 30 June 2022

	Note	2022 R'000	2021 R'000
Cash flows from operating activities			
Interest received	11	**186**	1 129
Interest paid	12	**–**	(29)
Fee and commission income received	13	**14 776**	25 537
Fee and commission expense paid	13	**(6 311)**	(6 049)
Cash payments to employees and suppliers		**(9 745)**	(19 119)
Cash inflow from operating activities	19.1	**(1 094)**	1 469
Dividends received	14	**57 000**	180 000
Taxation paid	19.2	**(836)**	(1 407)
Dividends paid	19.3	**(53 288)**	–
Cash flows from operating activities before changes in operating assets and liabilities		**1 782**	180 062
Changes in operating assets and liabilities		**(136 855)**	12 379
Decrease in trade and other receivables		**211**	12 663
Decrease in trade and other payables		**(137 066)**	(284)
Net cash from operating activities		**(135 073)**	192 441
Cash flows from investing activities			
Further investment in the Share Incentive Trust		**(93)**	(82)
(Repayments) made to entities in the group		**(36 564)**	–
Net cash flows from investing activities		**(36 657)**	(82)
Net (decrease)/increase in cash and cash equivalents		**(171 730)**	192 359
Cash and cash equivalents at beginning of the year	1	**198 106**	5 747
Cash and cash equivalents at the end of the year	1	**26 376**	198 106

Notes to the separate financial statements

For the year ended 30 June 2022

	2022 R'000	2021 R'000
1. Cash and cash equivalents		
Funds on call[1]	**26 376**	198 106
	26 376	198 106

[1] *The decrease in cash is due to the payment of the preference share buy-back.*

	2022 R'000	2021 R'000
2. Trade and other receivables		
Value added taxation	**309**	694
Prepaid expenses	**298**	378
Receivables from companies in the Group	**10 441**	10 187
Other receivables before impairments	**11 048**	11 259
Credit loss allowance[1]	**(293)**	(29)
Net other receivables	**10 755**	11 230

[1] *The credit loss allowance has been disclosed separately for this financial year.*

	2022 R'000	2021 R'000
3. Deferred tax assets and liabilities		
Deferred tax assets	**1 865**	1 779

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022 Assets R'000	2022 Net R'000	2021 Assets R'000	2021 Net R'000
Tax Losses	**473**	**473**	–	–
Prepayments	**(67)**	**(67)**	(82)	(82)
Provisions	**1 459**	**1 459**	1 861	1 861
Net tax assets/(liabilities)	**1 865**	**1 865**	1 779	1 779

Movements in temporary differences during the year	Balance at 1 July R'000	Recognised in profit or loss R'000	Closing balance at 28%	Tax rate change effect	Balance at 30 June R'000
2022					
Tax Losses	**–**	**491**	**491**	**(18)**	**473**
Prepayments	**(82)**	**12**	**(70)**	**3**	**(67)**
Provisions	**1 861**	**(347)**	**1 513**	**(54)**	**1 459**
	1 779	**156**	**1 934**	**(69)**	**1 865**
2021					
Prepayments	(74)	(8)	(82)	–	(82)
Provisions	2 354	(493)	1 861	–	1 861
	2 280	(501)	1 779	–	1 779

	2022 R'000	2021 R'000
4. Investments in subsidiaries and structured entities		
Unlisted investments		
Ordinary Shares at carrying amount at the beginning of the year[1, 3]	**514 548**	514 548
Share Incentive Trust	**37 598**	952
	552 146	515 500
Further investment in the Share Incentive Trust	**93**	36 646
Further investment in Sasfin Private Equity Investment Holdings (Pty) Ltd[2]	**–**	79 269
Less: Disposal of Sasfin Property Holdings (Pty) Ltd[2]	**–**	(79 269)
	552 239	552 146

[1] *The ordinary shares in SPEIH have been ceded to Absa, with Sasfin Holdings Ltd providing a guarantee over these preference shares with certain negative undertakings put in place as usual for transactions of this nature.*

[2] *During the previous year, as part of the rationalisation of the Group, Sasfin Holdings Ltd sold its 100% share in Sasfin Property Holdings (Pty) Ltd to Sasfin Private Equity Investment Holdings (Pty) Ltd in exchange for additional shares in Sasfin Private Equity Investment Holdings (Pty) Ltd.*

[3] *Refer to Note 40.1 in the notes to the Consolidated Financial Statements for the Group structure.*

		2022 R'000	2021 R'000
5.	**Trade and other payables**[1]		
	Audit fees and other services	**1 231**	3 470
	Accounts payable	**–**	137 755
	Other payables	**4 248**	3 575
	Accruals	**45**	10
	Payables to entities in the Group	**8 050**	8 050
		13 574	152 860
	[1] *The decrease in trade and other payables is due to the payment of the preference share buy-back.*		
6.	**Ordinary share capital**		
	Authorised		
	100 000 000 (2021: 100 000 000) ordinary shares with a par value of 1 cent each	**1 000**	1 000
	Issued		
	32 301 441 (2021: 32 301 441) ordinary shares with a par value of 1 cent each	**323**	323
	Balance at the end of the year	**323**	323
7.	**Ordinary share premium**		
	Balance at the beginning of the year	**163 363**	163 363
	Balance at the end of the year	**163 363**	163 363
8.	**Preference share capital**		
	Authorised preference share capital		
	5 000 000 (2021: 5 000 000) non-redeemable, non-cumulative, non-participating variable rate preference shares with a par value of 1 cent each	**50**	50
	Issued preference share capital		
	0 (2021: 1 797 226) non-redeemable, non-cumulative, non-participating variable rate preference shares with a par value of 1 cent each	**–**	18
	Balance at the beginning of the year	**18**	18
	Repurchase of shares	**(18)**	–
	Balance at the end of the year	**–**	18
	Preference shares were listed under the 'Specialist Securities – Preference Shares' sector of the JSE. Dividends were paid semi-annually at a rate of 82.5% of the ruling prime rate when declared.		
9.	**Preference share premium**		
	Balance at the beginning of the year	**43 313**	188 068
	Repurchase of shares	**(43 313)**	(144 755)
	Balance at the end of the year	**–**	43 313
10.	**Commitments and contingent liabilities**		
	Guarantees (refer to Note 20.4)	**262 195**	350 000
		262 195	350 000

		2022 R'000	2021 R'000
11.	**Interest income**		
	Interest income calculated using the effective interest method		
	Deposits with banks	**186**	1 129
	Total interest income	**186**	1 129
	Interest income on items measured at amortised cost	**186**	1 129
	– Performing financial assets	**186**	1 129
12.	**Interest expense**		
	Interest expense calculated using the effective interest method		
	Other deposits and loan accounts	**–**	29
		–	29
13.	**Net fee and commission income**		
	Fee and commission income	**14 776**	25 537
	Administration fees	**14 776**	25 537
	Fee and commission expense	**(6 311)**	(6 049)
	Administration fee expenses	**6 311**	(6 049)
	Net fee and commission income	**8 465**	19 488
14.	**Dividend Income**		
	Dividend income	**57 000**	180 000
		57 000	180 000
15.	**Credit impairment allowance**		
	Net ECL recognised		
	Financial guarantees	**669**	3 260
	Trade and other receivables	**257**	–
	Intercompany receivables	**6**	29
		932	3 289
16.	**Staff costs**		
	Non-Executive Directors' remuneration[1]	**5 095**	5 775
	Salaries and wages	**108**	–
		5 203	5 775

[1] *Refer to Note 40.3 in the Consolidated Financial Statements for the directors' and prescribed officers' remuneration disclosure.*

		2022 R'000	2021 R'000
17.	**Other operating expenses**		
	The following items are included in operating expenses		
	Fees paid to auditors	**(470)**	3 957
	Audit fees – Current year	**(470)**	3 887
	Other	**–**	70
	Bank charges	**2**	1
	Consulting fees	**673**	5 972
	Marketing costs	**1 908**	2 123
	Other charges	**1 089**	1 265
	Tax related expenses	**1 340**	26
	Other operating expenses	**4 542**	13 344

		2022 R'000	2021 R'000
18.	**Income tax expense**		
	Current tax expense	**86**	1 901
	Current year	**–**	1 901
	Under provision in prior years	**86**	–
	Deferred tax expense	**(87)**	501
	Current year	**(156)**	501
	Under provision as a result of rate change	**69**	–
		(1)	2 402
	Reconciliation of taxation rate	**%**	%
	South African normal tax rate	**28.00**	28.00
	Adjusted for:	**(28.00)**	(26.69)
	Exempt income	**(29.07)**	(27.55)
	Non-deductible expenses	**0.78**	0.86
	Under provision in prior year	**0.16**	–
	Tax Rate change	**0.13**	–
	Effective rate	**–**	1.31
19.	**Notes to the statement of cash flows**		
19.1	**Cash inflow from operating activities**		
	Reconciliation of operating profit to cash flows from operating activities		
	Profit before income tax	**54 974**	182 946
	Dividend received	**(57 000)**	(180 000)
	Credit impairment charges on financial guarantees	**669**	–
	Credit impairment charges on intercompany receivables	**6**	(1 477)
	Credit impairment charges on trade and other receivables	**257**	–
		(1 094)	1 469
19.2	**Taxation paid**		
	Unpaid at the beginning of the year	**(387)**	107
	Charge to the income statement	**(86)**	(1 901)
	Unpaid at the end of the year	**(363)**	387
		(836)	(1 407)
19.3	**Dividends paid**		
	Charge to distributable reserves	**(53 288)**	–
	Total dividends paid	**(53 288)**	–

		2022 R'000	2021 R'000
20.	**Related-party transactions**		
20.1	**Intercompany receivables/(payables) with entities in the Group**		
	Sasfin Capital (Pty) Ltd	**8 353**	–
	Sasfin Capital (Pty) Ltd	**(8 050)**	(1 290)
	Sasfin Bank Limited	**1 764**	3 163
	Sasfin Wealth (Pty) Ltd	**324**	266
	Total intercompany receivables/(payables) with entities in the Group[1]	**2 391**	2 139
	[1] The intercompany receivables balances relate to transactions with related parties for admin charges and are payable within 30 days. An amount of R6 000 was raised as an expected credit loss against the intercompany receivables balances.		
20.1.1	**Loans from entities in the Group**		
	Loans from subsidiaries		
	Share Incentive Trust[1]	**–**	(36 564)
	Total loans from entities in the Group	**–**	(36 564)
	[1] An amount of R36.6 million was contributed to the Sasfin Share Incentive Trust in the prior year, to acquire shares in Sasfin Holdings Limited. The shares were acquired before year-end; however, the funds only flowed after year-end.		
20.1.2	**Transactions with subsidiaries**		
	Subsidiaries		
	Sasfin Bank Ltd	**24 962**	26 666
	The Sasfin Share Incentive Trust	**1 895**	–
	Sasfin Private Equity Investment Holdings (Pty) Ltd	**27 000**	–
	Sasfin Wealth (Pty) Ltd	**20 000**	180 000
20.2	**Transactions with subsidiaries**		
	Interest received Sasfin Bank Ltd	**186**	1 129
	Dividends paid to The Sasfin Share Incentive Trust	**1 895**	–
	Dividends received Sasfin Private Equity Investment Holdings (Pty) Ltd	**27 000**	–
	Dividends received Sasfin Bank Ltd	**10 000**	–
	Dividends received Sasfin Wealth (Pty) Ltd	**20 000**	180 000
	Management fee income Sasfin Bank Ltd	**14 776**	25 537
		73 857	206 666
20.3	**Funds on call and deposits with subsidiaries**		
	Sasfin Bank Ltd	**26 376**	198 106
		26 376	198 106
20.4	**Financial guarantees issued in respect of subsidiaries**		
	The Company has guaranteed the debt exposures of certain of its subsidiaries, as set out below.		
	Sasfin Securities (Pty) Ltd[1]	**62 195**	100 000
	Sasfin Private Equity Investment Holdings (Pty) Ltd[2]	**200 000**	250 000
		262 195	350 000
	[1] Guarantee with Nedbank as the beneficiary. *[2] Guarantee on the ABSA preference shares issued by Sasfin Private Equity Investment Holdings (Pty) Ltd.*		
20.5	**Transactions with other related parties**		
	Management fees paid to WIPHOLD	**6 311**	6 048

21. 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	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
2022			
Cash and cash equivalents	**26 376**	**–**	**26 376**
Trade and other receivables	**10 755**	**–**	**10 755**
Current taxation asset	**–**	**363**	**363**
Deferred tax asset	**–**	**1 865**	**1 865**
Investments in subsidiaries and structured entities	**–**	**552 239**	**552 239**
Total assets	**37 131**	**554 467**	**591 598**

Liabilities	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
2022			
Trade and other payables	**13 574**	**–**	**13 574**
Total liabilities	**13 574**	**–**	**13 574**

Assets	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
2021			
Cash and cash equivalents	198 106	–	198 106
Trade and other receivables	10 158	1 072	11 230
Deferred tax asset	–	1 779	1 779
Investments in subsidiaries and structured entities	–	552 146	552 146
Total assets	208 264	554 997	763 261

Liabilities	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
2021			
Current taxation liability	–	387	387
Trade and other payables	152 860	–	152 860
Loans from entities in the Group	36 564	–	36 564
Total liabilities	189 424	387	189 811

22. 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	**–**	**26 376**	**10 755**	**37 131**	**37 131**
Cash and cash equivalents	–	26 376	–	26 376	26 376
Trade and other receivables	–	–	10 755	10 755	10 755
Financial liabilities	**–**	**–**	**13 574**	**13 574**	**13 574**
Trade and other payables	–	–	13 574	13 574	13 574
Loans from entities in the Group	–	–	–	–	–

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.

2021				
Fair value				
Level 1 R'000	Level 2 R'000	Level 3 R'000	Total fair value R'000	Amortised cost R'000
–	198 106	10 158	208 264	208 264
–	198 106	–	198 106	198 106
–	–	10 158	10 158	10 158
–	–	189 424	189 424	189 424
–	–	152 860	152 860	152 860
–	–	36 564	36 564	36 564

23. Credit risk

23.1 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.

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
2022					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1]	**26 376**	**26 376**	**–**	**–**	**26 376**
Trade and other receivables	**10 755**	**11 048**	**(293)**	**2.65**	**11 048**
Net carrying amount	**37 131**	**37 424**	**(293)**	**2.65**	**37 424**
2022					
Off-balance sheet exposure to credit risk					
Financial guarantees issued	**262 195**	**–**	**–**	**–**	**262 195**
Total exposure to off-balance sheet credit risk	**262 195**	**–**	**–**	**–**	**262 195**
Credit loss allowance on off-balance sheet credit risk recognised	**3 928**	**–**	**–**	**–**	**3 928**
Total exposure to credit risk	**266 123**	**–**	**–**	**–**	**266 123**

[1] *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these.*

		A and B			Default (C, D and E)		
ECL R'000	Coverage ratio R'000	Stage 2 Lifetime Exposure R'000	ECL R'000	Coverage ratio R'000	Stage 3 Lifetime Exposure R'000	ECL R'000	Coverage Ratio %
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–

23. Credit risk *continued*

23.1 Credit risk exposure analysis *continued*

	Credit risk grading					A
	ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %	Stage 1 12-month Exposure R'000
2021						
Maximum credit exposures of financial assets at amortised cost						
Cash and cash equivalents[1]		198 106	198 106	–	–	198 106
Trade and other receivables		11 230	11 259	29	0.26	11 259
Net carrying amount		209 336	209 365	29	0.01	209 365
2021						
Off-balance sheet exposure to credit risk						
Financial guarantees issued		350 000	–	–	–	–
Total exposure to off-balance sheet credit risk		350 000	–	–	–	–
Credit loss allowance on off-balance sheet credit risk recognised		3 260	–	–	–	–
Total exposure to credit risk		556 076	–	–	–	–

[1] *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it is immaterial.*

		A and B			Default (C, D and E)		
ECL R'000	Coverage ratio R'000	Stage 2 Lifetime Exposure R'000	ECL R'000	Coverage ratio R'000	Stage 3 Lifetime Exposure R'000	ECL R'000	Coverage Ratio %
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–

23. Credit risk *continued*

23.2 Credit loss allowance analysis

23.2.1 Reconciliation of ECL on trade and other receivables

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Credit loss allowance on 1 July 2021	**29**	–	–	**29**
Transfers between stages	–	–	–	–
Transfer to stage 1	–	–	–	–
Transfer from stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer from stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Transfer from stage 3	–	–	–	–
Net expected credit losses (released)/raised	**264**	–	–	**264**
ECL on new exposure raised	**293**	–	–	**293**
Subsequent changes in ECL	**(29)**	–	–	**(29)**
Change in ECL due to derecognition	–	–	–	–
Impaired accounts written off	–	–	–	–
Credit loss allowance on 30 June 2022	**293**	–	–	**293**

23. Credit risk *continued*

23.2 Credit loss allowance analysis *continued*

23.2.2 Credit impairment charges recognised in profit or loss

	2022 R'000	2021 R'000
Net ECL recognised	**(932)**	1 477
Letters of credit, carry facilities, loan commitments and financial guarantees issued	**(669)**	1 068
Trade and other receivables	**(257)**	438
Intercompany receivables	**(6)**	(29)
	(932)	1 477

24. Liquidity risk
24.1 Contractual maturity analysis

	Carrying amount R'000	Gross outflow R'000	Less than 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Non-contractual[1] R'000	Total R'000
Discounted maturity									
Assets									
Cash and cash equivalents	26 376	26 376	26 376	–	–	–	–	–	26 376
Trade and other receivables	10 755	10 441	10 441	–	–	–	–	314	10 755
Current Taxation Asset	363	–	–	–	–	–	–	363	363
Deferred tax asset	1 865	–	–	–	–	–	–	1 865	1 865
Investments in subsidiaries and structured entities	552 239	–	–	–	–	–	–	552 239	552 239
Total assets	591 598	36 817	36 817	–	–	–	–	554 781	591 598
Undiscounted maturity									
Liabilities									
Current taxation liability	–	–	–	–	–	–	–	–	–
Trade and other payables	13 574	9 645	1 595	–	8 050	–	–	3 929	13 574
Loans from entities in the group	–	–	–	–	–	–	–	–	–
Total liabilities	13 574	9 645	1 595	–	8 050	–	–	3 929	13 574
Off-statement of financial position									
Guarantees	262 195	262 195	–	–	–	–	–	–	262 195
2021									
Discounted maturity									
Assets									
Cash and cash equivalents	198 106	198 106	198 106	–	–	–	–	–	198 106
Trade and other receivables	11 230	–	–	–	–	–	–	11 230	11 230
Deferred tax asset	1 779	–	–	–	–	–	–	1 779	1 779
Investments in subsidiaries and structured entities	552 146	–	–	–	–	–	–	552 146	552 146
Total assets	763 261	198 106	198 106	–	–	–	–	565 155	763 261
Undiscounted maturity									
Liabilities									
Current taxation liability	387	–	387	–	–	–	–	–	387
Trade and other payables	152 860	–	–	–	–	–	–	152 860	152 860
Loans from entities in the group	36 564	–	36 564	–	–	–	–	–	36 564
Total liabilities	189 811	–	36 951	–	–	–	–	152 860	189 811
Off-statement of financial position									
Guarantees	350 000	350 000	350 000	–	–	–	–	–	350 000

[1] *Non-contractual refers to non-financial instruments and the related ECL on the instrument.*

24. Liquidity risk *continued*

24.2 Discounted maturity analysis: Current and non-current

	2022			2021		
	Current R'000	**Non-current R'000**	**Total R'000**	Current R'000	Non-current R'000	Total R'000
Assets						
Cash and cash equivalents	**26 376**	**–**	**26 376**	198 106	–	198 106
Trade and other receivables	**10 755**	**–**	**10 755**	11 230	–	11 230
Current taxation asset	**363**	**–**	**363**	–	–	–
Deferred tax asset	**–**	**1 865**	**1 865**	–	1 779	1 779
Investments in subsidiaries and structured entities	**–**	**552 239**	**552 239**	–	552 146	552 146
Total assets	**37 494**	**554 104**	**591 598**	209 336	553 925	763 261
Liabilities						
Current taxation liability	**–**	**–**	**–**	387	–	387
Trade and other payables	**13 574**	**–**	**13 574**	152 860	–	152 860
Loans from entities in the Group	**–**	**–**	**–**	36 564	–	36 564
Total liabilities	**13 574**	**–**	**13 574**	189 811	–	189 811

The amounts reflected as current will be settled in less than 12 months, and the amounts reflected in non-current are expected to be settled after 12 months.

25. 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:

- 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.

25. Capital management *continued*

	2022 R'000	2021 R'000
Ordinary share capital	**323**	323
Ordinary share premium	**163 363**	163 363
Preference share capital	**–**	18
Preference share premium	**–**	43 313
Distributable reserves	**414 338**	366 433
	578 024	573 450

26. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient cash resources and borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

27. Events after the reporting date

There were no material events that occurred after the reporting date and up to the date of this report.

Notes

Notes

Notes

Glossary of terms

Term	Definition
AGM	Annual General Meeting
ALCO	Asset, Liability, and Investment Committee
Basel III	Set of reform measures, in addition to Basel II, to strengthen the regulation, supervision and risk management of the banking sector
Benal	Benal Property Investments (Proprietary) Limited
CAR	Capital Adequacy Ratio
CGU	Cash-generating unit
CLEC	Credit and Large Exposures Committee
Companies Act	Companies Act No. 71 of 2008, as amended
DFI	Development Finance Institutions
EAD	Exposure at Default
ECL	Expected Credit Loss/Losses
Efficient	Efficient Group Limited
FCTR	Foreign Currency Translation Reserve
Fintech	Fintech (Proprietary) Limited
FMO	Dutch Entrepreneurial Development Bank
FVTPL	Fair Value Through Profit or Loss
GAC	Group Audit Committee
GIA	Group Internal Audit
GRCMC	Group Risk and Capital Management Committee
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rates
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board for Auditors
ISAs	International Standards on Auditing
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange Limited
LGD	Loss Given Default
Libor	London Interbank Offered Rate
OCI	Other Comprehensive Income
PA	Prudential Authority
PD	Probability of Default
PwC	PricewaterhouseCoopers Inc.
REMCO	HR and Remuneration Committee
Reporting date	21 September 2022
SAICA	South African Institute of Chartered Accountants
SAM	Sasfin Asset Managers (Proprietary) Limited
SAMOS	South African Multiple Option Settlement
SARB	South African Reserve Bank
SasCred	SasCred Financial Services Limited
Sasfin	Sasfin Holdings Limited
SASP	South African Securitisation Programme (RF) Limited
SasSec	Sasfin Securities (Proprietary) Limited
SCS	Sasfin Commercial Solutions (Proprietary) Limited
SENS	Stock Exchange News Service
SICR	Significant Increase in Credit Risk
SPAS	Share Price Appreciation Scheme
SPEIH	Sasfin Private Equity Investment Holdings (Proprietary) Limited
SPPI	Solely Payments of Principal and Interest
The Bank	Sasfin Bank Limited
The Banking Group	Sasfin Bank Limited and its subsidiaries
The Company	Sasfin Holdings Limited
The Group	Sasfin Holdings Limited and its subsidiaries
TTD	Time to Default
TVM	Time Value of Money
USD	United States Dollar
WACC	Weighted Average Cost of Capital
WIPHOLD	Women Investment Portfolio Holdings Limited
ZAR	South African Rand
ZJS	Funding Curve Variation

Corporate details

Country of incorporation and domicile	South Africa
Independent Non-executive Chair	Deon de Kock
Executive Directors	Michael Sassoon (Chief Executive Officer) Angela Pillay (Group Financial Director)[1] Harriet Heymans (Group Financial Director)[2]
Independent Non-executive Directors	Richard Buchholz (Lead) Tapiwa Njikizana Mark Thompson Tienie van der Mescht Eileen Wilton
Non-independent, Non-executive Directors	Gugu Dingaan Nontobeko Ndhlazi Roland Sassoon Shaun Rosenthal (Alternate)
Group Company Secretary	Charissa de Jager
Transfer secretaries	Computershare Investor Services (Proprietary) Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg 2196
Independent sponsor	Questco Corporate Advisory (Proprietary) Limited
Auditors	PwC Inc.
Registered office	140 West Street, Sandown, Sandton, Johannesburg, Gauteng, 2196 Tel: +27 11 809 7500 Fax: +27 11 887 6167/2489
Postal address	PO Box 95104 Grant Park Johannesburg 2051
Website	www.sasfin.com
Email	investorrelations@sasfin.com
Company registration number	1987/002097/06
Tax reference number	9300/204/71/7

[1] *Resigned 11 January 2022 and served a three months' notice period until 4 April 2022.*
[2] *Appointed 4 April 2022.*

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