sasfin Bank

Annual Financial Statements

for the year ended 30 June 2024

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Annual Financial Statements

Indicates additional information available online or from the Company Secretary.

OUR REPORTS

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

Integrated Report 2024

This is Sasfin's primary report, offering insight into the value that Sasfin creates for itself and its stakeholders. This was published on 31 October 2024.

Legal entity terminology used in this report

Group/Sasfin: Sasfin Holdings Limited and its subsidiaries

Company: Sasfin Bank Limited

Banking Group: Sasfin Bank Limited and its subsidiaries

Bank: Sasfin Bank 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 and Bank 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 Banking 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 of Directors (the Board) based on its current estimates, projections, expectations, beliefs and assumptions regarding the Bank's future performance, and no assurance can be given to this effect. The forward-looking statements in this document are not reviewed and reported on by the Bank Group's external assurance providers.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to, changes to International Financial Reporting Standards (IFRS® Accounting Standards) 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 Bank 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 Bank Limited, the Company and the Banking Group, is responsible for the preparation and fair presentation of the Directors' Report and the Consolidated and Separate Annual Financial Statements of the Banking Group and 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 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 the shareholders and Companies and Intellectual Property Commission. The examination of controls over the maintenance and integrity of the website is beyond the scope of the audit of the financial statements. However, 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, and the Group Risk, Compliance and Internal Audit functions, the Board is of the view that the internal financial control environment supports the integrity of the Consolidated and Separate Annual Financial Statements. The Board has a reasonable expectation that the Banking Group and 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 2024 were approved by the Board on 21 November 2024 and are signed on its behalf by:

Richard Buchholz
Chair

Michael Sassoon
Chief Executive Officer

Harriet Heymans
Group and Bank Financial Director

21 November 2024

Company Secretary's certification

I hereby certify that, in terms of section 88(2)(e) of the Companies Act, for the financial year ended 30 June 2024, Sasfin Bank Limited has filed all returns and notices required by the Companies Act with the Companies and Intellectual Property Commission, and that all such returns and notices as are required of a public company are true, correct and up to date.

Howard Brown
Acting Company Secretary

21 November 2024

Group Audit Committee report

Introductory comments

The Group Audit Committee (GAC/the Committee) is pleased to present its report in respect of the 2024 Annual Financial Statements of Sasfin Bank Limited (the Bank) and its subsidiaries (the Banking Group), in compliance with section 94(7) of the Companies Act. The Committee's functions are further informed by the Companies Act 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.

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[2]		**7 March 2018**	18 March 2024
Anton van Wyk		**23 August 2024**	

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

[2] *Resigned from the GAC due to his appointment as Chair of Sasfin Holdings Limited and Sasfin Bank Limited Boards.*

The Committee holds private meetings with the External Auditor, the Head of Internal Audit and the Group and Bank Financial Director. The Chair of the Board, Executive directors, executive management and representatives of the External Auditor 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, compliance, 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 Annual Financial Statements, dividend declarations and trading updates of the Banking Group, and recommended those to the Board for approval;
- Reviewed the Group Financial Director's quarterly financial analysis of the Group's performance;
- Considered quarterly status updates from the Group Financial Director on internal financial controls and balance sheet substantiation;
- Assessed the appropriateness of the going concern basis for the preparation of the Annual Financial Statements as well as 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 Annual Financial Statements including compliance with IFRS; and
- Considered the annual JSE Proactive Monitoring Report to enhance the integrity of the financial information in the Annual Financial Statements and noted management's response relating to the 2023 calendar year and additional reports issued by the JSE applicable for the 2024 financial year.

Group Audit Committee report *continued*

- Evaluated the adequacy and effectiveness of the internal financial controls and reporting processes, supported by the work of the Internal Audit function and other assurance providers. Where weaknesses were identified, specifically on system-related controls and processes, the adequacy and design of compensating controls instituted by management were considered. The Committee satisfied itself as to the overall adequacy and operating effectiveness of the internal financial control environment. During the prior year, management initiated a remediation programme to address compliance and internal financial control related gaps identified. The Board subsequently constituted a sub-committee (Board Remediation Oversight Committee) to oversee the adequate and effective implementation of the remediation plans, progress of was be reported to the Committee on an ongoing basis.

The Banking Group continued to enhance its internal financial control framework during the year and focussed its efforts on the following areas:

- First line controls over routinely produced numbers embedded in operations, risk and finance;
- The formalised process to deal with technical assessments and judgements through detailed business and technical memos. This process applies to significant accounting matters (such as complex accounting, non-business as usual transactions, areas where significant judgement applies and new accounting standards/interpretations are involved);
- Various controls and review processes over the consolidations process of group results;
- A range of high-level review procedures designed to ensure the adequacy of disclosures in the Annual Financial Statements in terms of IFRS. This also included procedures to identify and deal with accounting disclosure requirements, particularly where these were not readily apparent from the accounting records – such as going concern considerations, covenant compliance, post balance sheet events, related party transactions and contingent liabilities;
- Compliance with IFRS 9 as it relates to the credit impairments and risk disclosures. Ensuring adequate review and independent assessment of the accuracy and robustness of the IFRS 9 model; and
- Effective and robust balance sheet substantiation.

At year-end, the committee, with input from the Financial Director, reviewed the operating effectiveness of the internal financial control framework, and the Committee noted improvements made during the year and progress made against remedial actions.

Based on this work, the committee's overall assessment of the Banking Group's internal controls over financial reporting is that:

- The Banking Group's financial reporting framework, although not fully matured, is comprehensive and entails a robust methodology to effectively assess the control environment;
- Ownership, effective design, documentation, and embedding of controls remained a key focus during the reporting period;
- Given that the Banking Group's control environment could mature further, adequate compensating control measures have been implemented and, where required, gave comfort that the financial reporting of the Banking Group fairly represents in all material respects the financial position and performance of the Banking Group and Bank, in accordance with the accounting standards.

External Audit

- In considering the re-appointment of the External Auditors, the Committee reviewed the reports related to the latest inspection performed by the Independent Regulatory Board for Auditors (IRBA) on the External Auditors, including the decision letter, findings report and the proposed remedial actions to address the findings. The Committee was satisfied that there were no material concerns and was comfortable to recommend the re-appointment of PricewaterhouseCoopers Inc (PwC) as the external audit firm. The Committee considered and recommended to the Board and shareholders for approval the re-appointment of Mr. Costa Natsas as the designated audit partner, which was subsequently approved;
- The Committee monitored the extent of non-audit engagements provided by the Banking Group's external audit firm, in accordance with approved internal policies and limits, and was satisfied that non-audit related services carried out by the External Auditors were in accordance with the Board-approved non-audit services policy;
- In consultation with executive management, the Committee noted the audit plan and approved the engagement letter and budgeted audit fees for the 2024 financial year;
- The Committee enabled effective communication between the External Auditors and Internal Audit; and
- The Board and management, through the GAC, approved the audit plan which included a largely substantive approach to the audit.

The Committee has satisfied itself that PwC is independent of the Banking Group, and that the partner who is responsible for signing the Banking 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 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 Banking Group Internal Audit Charter, the annual audit plan and periodic amendments thereto, staffing, and the Internal Audit budget for the financial year;
- Reviewed reports issued by Internal Audit, including considering any weaknesses in controls that were identified and the corrective actions proposed by management;
- On a quarterly basis, the Committee reviewed the status of the audit plan and approved changes made, to ensure it was appropriate in its response to the changing risk landscape;
- Considered quarterly status update reports on the progress made towards addressing the internal and external audit findings;
- Evaluated the independence and performance of the Group Internal Audit function and the persons heading the internal audit function. The Committee concluded that the Head, and, subsequently, the Acting Head of Internal Audit and the function were independent and effective for the period under review;
- Tracked progress on high and moderate risk findings, and monitored related management actions; and
- Met with the Head of Internal Audit and Acting Head of Internal Audit as needed, without management being present.

The former Head of Internal Audit, Ingrid Ravenscroft, was appointed Executive Head: Combined Assurance on 1 June 2024 and, on the same day, Marlize Carstens was appointed Acting Head of Internal Audit. Mrs. Ravenscroft and Carstens reported regularly to the Committee and had unrestricted access to the Committee Chair.

Compliance

- Monitored the appropriateness of the Banking Group's actions to manage compliance risks and compliance with applicable laws and regulations, rules, codes, and standards;
- Considered quarterly status update reports from the Head of Group Compliance on all matters related to the Banking Group's compliance, including that remediation plans are in place to address any concerns or non-compliance. The Committee noted improvements and progress made during the year under review to mitigate the Banking Group's risks in relation to non-compliance, along with the remedial actions planned for the year ahead under the oversight of the Board Remediation Oversight Committee.

In accordance with Regulation 49(2)(a)(ii) of the Banks Act, the Head of Group Compliance is mandated to, of her own initiative, communicate directly and freely with members of the Committee in respect of any relevant matter, including decisions made by management that might be in conflict with legal or regulatory requirements.

Combined Assurance

Having considered the appropriateness of the Group's Combined Assurance Programme and identified a need for it to be matured, the Board and GAC recommended the appointment of the Executive Head: Combined Assurance to align the control and validation/assurance efforts of the first-, second-, and third lines of assurance across the Banking Group. The key focus of the Programme is coordinating the efforts of assurance providers to help the Banking Group, and its employees manage the organisational risk universe in a manner that is aligned with the Banking Group's commitment to ethical behaviour, is compliant with relevant laws and regulations, and is both fit-for purpose and sustainable.

Finance Function

- Received regular reports from the Group Financial Director regarding the financial performance of the Banking Group, the tracking and monitoring of key performance indicators and regulatory ratios, and details of budgets, forecasts and long-term plans;
- Received regular updates on the capital and liquidity position of the Banking Group and, in particular, the Bank as the Banking Group navigated various risks;
- Considered updates and relevant remedial plans 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 senior management responsible for the Finance function;
- Considered the experience, effectiveness and expertise of the Group Financial Director; and
- Concluded that these were appropriate.

Going concern assessment

The Committee, on behalf of the Board, evaluated the Banking Group's going concern assessment and recommended that the financial statements be prepared on this basis (refer to Note 46). In its review, the Committee considered reports on the Banking Group's latest budget, profitability, capital, liquidity, solvency, regulatory compliance, and the impact of corporate actions and legal proceedings.

In conclusion, the Committee is satisfied that it has fulfilled its mandate, complying with all legal, regulatory and governance responsibilities.

Tapiwa Njikizana CA(SA)
Chair – Group Audit Committee

21 November 2024

Directors' report

Nature of business

Sasfin Bank Limited is a wholly-owned subsidiary of Sasfin Holdings Limited, a bank-controlling company listed on the JSE Limited (JSE). The Bank and the Banking Group provide equipment finance, capital equipment finance and 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.

Since March 2023 when Sasfin announced a strategic reset, it has made meaningful progress in this regard including:

- disposing of its Specialised Finance and Commercial Solutions businesses;
- concluding the disposal of its Commercial Property Finance and Capital Equipment Finance businesses to African Bank Limited post year end;
- closing its Foreign Exchange (Forex) business and providing its core clients with alternative Forex solutions, while exiting all direct Forex-only clients;
- progressing the exit of non-strategic private equity investments; and
- the Group announcing its intended delisting from the JSE, subject to relevant approvals, which the Group aims to conclude during December 2024.

The Bank is one of the last remaining independent Tier 2 banks in South Africa. Increased regulatory complexity, compliance requirements and associated costs, along with competitive dynamics and economic conditions have made it particularly difficult for Tier 2 banks to generate an appropriate risk-adjusted return on equity. The absence of a tiered banking regulatory framework and increasingly complex industry requirements needing specialised skills, advanced IT capabilities, and ongoing investment, continues to reshape the financial services industry. Considering these challenges and its strategic reset, Sasfin intends to exit its banking business by the end of 2025, subject to relevant regulatory requirements and approvals, while ensuring that it appropriately balances all stakeholder interests.

The Banking Group has continued to build its Equipment Finance, a business with strong competitive positions, scale, and differentiation. Sasfin has maintained its position as market leader in the equipment finance industry for many years, with a deep understanding of asset supplier business models, providing holistic solutions to these suppliers in serving their clients.

Sasfin's core businesses, Equipment Finance and Wealth, continue to demonstrate good growth prospects, healthy income and earnings, delivering value to clients. As a result, the Group's strategic reset has been focused on decisions that support the sustainable long-term growth of these businesses, while exiting non-core activities in order to simplify its business model.

The strategic reset is expected to be concluded by the end of 2025 and will bring about significant changes to the nature of Sasfin's business. Its Equipment Finance business (comprising c. R5 billion of loans to SA businesses – the bulk of Sasfin's loans and advances), which is substantially funded by securitisation, will transition to being non-bank funded, remaining focused on asset suppliers and addressing the needs of small and medium businesses. The Wealth business will continue to focus on delivering relevant products and services to institutional and private clients.

Sasfin intends to emerge as an unlisted entity, with its Equipment Finance and Wealth businesses at the core and a portfolio of non-strategic direct investments.

Financial results and business update

The strategic reset, together with the various risks faced by the Banking Group, has resulted in increased once-off costs and lost revenue opportunities in the short-term. We have monitored the execution of this strategy to ensure that the Banking Group maintains a healthy balance sheet to help navigate the risks faced and deliver on the strategic reset.

High-level extract from the statement of financial position: Consolidated

	Jun-24 R'm	Jun-23 R'm	YoY movement %
Total assets	**12 041**	12 507	(3.7%)
Total liabilities	**10 601**	11 099	(4.5%)
Total equity	**1 440**	1 408	2.3%
Deposits from customers	**5 597**	5 889	(5.0%)

High-level extract from the statement of financial position: Separate

	Jun-24 R'm	Jun-23 R'm	YoY movement %
Total assets	**12 417**	12 834	(3.4%)
Total liabilities	**11 297**	11 722	(3.8%)
Total equity	**1 120**	1 112	0.7%
Deposits from customers	**6 100**	6 350	(4.1%)

In terms of the strategic reset, the Banking Group announced the sale of its Capital Equipment Finance and Commercial Property Finance businesses to African Bank Limited for circa R3.14 billion, which sale will be fully implemented in the 2025 financial year, and closed its Forex business.

After due consideration and applying significant judgement, these businesses were classified as discontinued operations for IFRS presentation and disclosure purposes. The presentation of a discontinued operation does not change the Banking Group's aggregate income earned, expenses incurred or the profit for the year; rather it requires the categorisation of these items between continuing and discontinued operations. In terms of the IFRS requirements, only directly attributable income (before the associated cost of funding), related expenses and related taxes are considered as part of the discontinued operations.

From a business and commercial perspective, this treatment does not represent the true contribution of either the discontinued or continuing operations in future periods, as no funding costs (except for the interest on Series 2 securitised notes) were allocated to the discontinued operations and there is no assumed return considered from the future cash that will be realised from the sale of these operations. In other words, the disclosures relating to continuing operations (in terms of IFRS) shows only the interest expenses associated with the R0.5 billion worth of securitised notes directly linked to the sale, and do not consider that Sasfin, in future periods, will receive R3.14 billion (before tax) and earn a return on the balance of R2.64 billion (before tax) if it was assumed to settle only the securitised notes and no other liabilities.

Therefore, this treatment, when considered in commercial terms, significantly overstates the profit from discontinued operations and overstates the loss of continuing operations.

As such, we prepared the following view to enable stakeholders to consider the aggregate profit and loss position (i.e. continuing operations plus discontinued operations) of the Banking Group for the year under review.

Consolidated

	Jun-24 R'000	Jun-23 R'000	YoY movement %
STATEMENT OF PROFIT OR LOSS			
Interest income	**1 608 463**	1 441 789	11.6%
Interest expense	**(946 612)**	(761 583)	24.3%
Net interest income	**661 851**	680 206	(2.7%)
Non-interest income	**188 625**	306 740	(38.5%)
Net fee and commission income	**33 718**	38 947	(13.4%)
Gains and losses on financial instruments	**22 819**	116 525	(80.4%)
Other income on non-financial assets	**132 088**	151 268	(12.7%)
Total income	**850 476**	986 946	(13.8%)
Credit impairment charges	**(105 221)**	(56 722)	85.5%
Net income after impairments	**745 255**	930 224	(19.9%)
Total operating costs	**(879 973)**	(886 991)	(0.8%)
Staff costs	**(425 495)**	(459 932)	(7.5%)
Depreciation	**(33 494)**	(35 559)	(5.8%)
Amortisation	**(30 368)**	(35 068)	(13.4%)
Other operating expenses	**(390 616)**	(352 269)	10.9%
Goodwill and intangible asset impairments	**–**	(4 163)	(100%)
(Loss)/Profit from operations	**(134 718)**	43 233	(411.6%)
(Loss)/Profit for the year	**(134 718)**	43 233	(411.6%)
Income tax expense	**16 622**	8 064	106.1%
(Loss)/Profit for the year	**(118 096)**	51 297	(330.2%)

Separate

	Jun-24 R'000	Jun-23 R'000	YoY movement %
STATEMENT OF PROFIT OR LOSS			
Interest income	**1 645 183**	1 466 351	12.2%
Interest expense	**(1 259 913)**	(1 067 554)	18.0%
Net interest income	**385 270**	398 797	(3.4%)
Non-interest income	**407 372**	613 316	(33.6%)
Net fee and commission income	**285 598**	349 711	(18.3%)
Gains and losses on financial instruments	**100 379**	223 693	(55.1%)
Other income on non-financial assets	**21 395**	39 912	(46.4%)
Total income	**792 642**	1 012 113	(21.7%)
Credit impairment charges	**(106 629)**	(60 005)	(77.7%)
Net income after impairments	**686 013**	952 108	(27.9%)
Total operating costs	**(874 960)**	(877 226)	0.3%
Staff costs	**(358 965)**	(392 890)	8.6%
Depreciation	**(32 906)**	(34 944)	5.8%
Amortisation	**(25 071)**	(29 771)	15.8%
Other operating expenses	**(458 018)**	(415 458)	(10.2%)
Goodwill and intangible asset impairments	**–**	(4 163)	100%
(Loss)/Profit from operations	**(188 947)**	74 882	(352.3%)
(Loss)/Profit for the year	**(188 947)**	74 882	(352.3%)
Income tax expense	**47 598**	16 660	185.7%
(Loss)/Profit for the year	**(141 349)**	91 542	(254.4%)

The loss of both the Banking Group and Bank are largely due to an increase in expected credit losses and a decline in non-interest income, driven by negative fair value adjustments in the Private Equity portfolio, largely due to the impact of the challenging economic environment and a provision raised in respect of the administrative sanctions received, as set out in Note 18. The exiting of non-core activities also negatively impacted total income, while core operating costs remained flat. In due course, in terms of the strategic reset, costs are expected to reduce materially.

The Banking Group's core business, Equipment Finance, continued to perform well, while increased losses were incurred in the Business and Commercial Banking business, which the Banking Group intends exiting. While growth in earnings is likely to remain challenging in the coming financial year, the expectation is that by the end of 2025, the Banking Group will be better positioned to generate healthy returns, supported by the fundamental strengths of its core businesses.

The Banking Group's balance sheet is healthy and, post the finalisation of the disposal to African Bank Limited, which is expected to be fully concluded post year-end, the Banking Group will have significant additional excess liquidity and capital.

As a result of the loss, the Board has resolved not to declare a dividend for 2024.

Legal and Regulatory Actions

As previously communicated, on 1 August 2024, the South African Reserve Bank's Prudential Authority (PA) issued Sasfin Bank with notices of administrative sanctions in terms of the Banks Act, Financial Sector Regulation Act, and the Financial Intelligence Centre Act. Sasfin Bank received further notice of a potential action from the SARB in relation to alleged contraventions by former staff of and clients of the discontinued Forex business and, on 9 January 2024, was served a civil summons for R4.9 billion, plus interest and costs, in the form of a damages claim instituted by the South African Revenue Services (SARS).

Administrative sanctions

The total net administrative sanctions by the PA amount to R160.64 million (total of R209.69 million of which R49.05 million has been suspended). These primarily relate to the activities of a criminal syndicate of former clients and staff, working outside of their scope of employment, of the now closed-down Forex business of Sasfin Bank. Since discovering this syndicate, the Banking Group took significant steps, which included:

- identifying the extent of the syndicate's operations;
- commissioning of a forensic report by a leading independent audit firm, at considerable cost;
- proactively sharing the information with the relevant regulators and authorities;
- closing all relevant accounts;
- reporting suspicious transactions where required;
- laying criminal charges against the implicated employees;
- responsibly exiting the Forex business at a considerable cost, while ensuring that all clients were either provided with alternate solutions or given adequate notice; and
- taking all relevant steps to further strengthen its compliance and control environments.

The outcomes of the extensive internal, independent and regulatory investigations confirmed that there was no involvement by any board members or senior management in the fraudulent activity. Despite the sophisticated nature of the collusion, senior management identified suspicious activity which triggered the proactive reporting of the relevant transactions and the closure of the implicated accounts. Most of these accounts were closed prior to December 2017 and prior to any regulatory investigations.

The Banking Group, its Board and management deeply regret that this fraudulent activity took place in our organisation. We are acutely aware of the devastating impact of financial crime in South Africa, of which the Banking Group has also been a direct victim.

The Banking Group continues to actively and transparently engage with the regulators to ensure a reasonable and proportionate outcome. To the degree that such an outcome cannot be attained, based on the strength of the opinions received from external legal counsel, the Banking Group will likely defend and appeal the matters. Notwithstanding these ongoing engagements with regulators and the uncertainty regarding the final outcomes of such matters, based on the input received from counsel and after applying judgment in considering a range of possible outcomes, a provision of R55 million has been recognised.

(Refer to Note 18 and 25 for more information).

Civil summons

In relation to the SARS summons, Sasfin Bank obtained a legal opinion from ENS, authored by Professor Dale Hutchinson, Professor Michael Katz and Aslam Moosajee, and endorsed by Adv. Wim Trengove S.C (Legal Opinion). The Legal Opinion unequivocally concludes that the claim falls outside the recognised parameters of applicable law and has a remote likelihood of success.

(Refer to Note 47 for more information).

Strengthening the control environment

The Board remains committed to its detailed remediation programme, on which significant progress has been made. The Board monitors progress of this critical area and anticipates, that through this initiative, the control environment will be further significantly strengthened. Sasfin is confident it will return to business-as-usual operations in the coming months.

Prospects

Throughout the challenges faced by Sasfin, the Banking Group has maintained its integrity and transparency, ensuring that its core values remain intact. The leadership team, combined with the depth and breadth of management, and guidance from the SARB's PA, has been pivotal in navigating through these times. The unwavering support of the Banking Group's key stakeholders - employees, clients, shareholders and the Board – is testament to the Banking Group's credibility.

The Banking Group remains focused on delivering sustainable value to stakeholders. The Group continues to develop its core Wealth and Equipment Finance businesses to ensure sustainable and scalable returns. Simultaneously, the Group intends to responsibly exit non-core activities, prioritising the optimisation of value for stakeholders, safeguarding its depositors and looking after its people. The Group is committed to right-sizing its cost base to align with the new business structure, ensuring efficiency and sustainability.

As the Group (and Banking Group) undergoes this transformation, it will remain dedicated to the principles that have made Sasfin successful and will be well positioned for future growth and long-term resilience.

Directors and company secretary

Independent Non-executive Directors		Appointed	Resigned
Richard Buchholz	Chair[1]	**7 March 2018**	
Deon de Kock	Chair[2]	**19 August 2020**	15 March 2024
Mark Thompson	Lead[3]	**21 June 2019**	
Eileen Wilton		**6 August 2019**	
Tapiwa Njikizana		**3 May 2021**	
Tienie van der Mescht		**29 November 2021**	
Anton van Wyk		**23 August 2024**	
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[4]	**23 October 2015**	
Harriet Heymans	Group Financial Director	**4 April 2022**	
Company Secretary			
Charissa de Jager[5]		**13 December 2019**	1 May 2024
Acting Company Secretary			
Howard Brown[6]		**1 August 2024**	

1 *Appointed Chair of the Board with effect from 19 March 2024.*
2 *Retired as the Chair of the Board on 15 March 2024.*
3 *Appointed Lead Independent Non-executive Director 19 March 2024.*
4 *Appointed Group Chief Executive Officer 1 January 2018.*
5 *Resigned effective 31 July 2024.*
6 *Appointed as Acting Company Secretary with effect from 1 August 2024.*

Share capital

Ordinary share capital

There were no changes in the current year to the authorised ordinary share capital. In the current year, issued ordinary shares increased with 150 million shares. This resulted in the issued ordinary shares increasing from 360 million shares to 510 million shares.

Special resolutions passed

Special resolutions passed during the year are available for inspection at the registered offices of the Company.

Analysis of shareholders

Refer to Note 37.1 for an analysis of shareholder interests. A full analysis of ordinary shareholders is provided in the Shareholders and Administrative Information Booklet included as part of the 2024 Integrated Report.

Statement on compliance

The directors confirm that the Banking Group and Bank comply 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 45 to the Consolidated and Separate Annual Financial Statements.

Independent auditor's report

To the Shareholder of Sasfin Bank 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 Bank Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasfin Bank Limited's consolidated and separate financial statements set out on pages 14 to 173 comprise:

- the consolidated and separate statements of financial position as at 30 June 2024;
- the consolidated and separate statements of profit or loss and 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 financial statements, including material accounting policy information, excluding the sections marked as "unaudited" in Note 44 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).*

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasfin Bank Limited Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report, the Group Audit Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the 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 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, 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.

Emphasis of matter

We draw attention to Note 43 of the consolidated financial statements, which describes the prospective correction of a possible prior period error.

As disclosed, a cumulative adjustment has been processed to the current period taxation and deferred taxation elements included within the income tax expense in the consolidated statement of profit or loss and other comprehensive income to correct for various historical errors in the calculation of the current and deferred taxation assets/liabilities. As also disclosed, due to the inability to determine the impact on prior periods, if any, the comparative information has not been restated retrospectively. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the consolidated and separate financial statements[1]

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting 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 financis1al 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.

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 Bank Limited for seven years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei View, 2090, South Africa

21 November 2024

[1] *The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*

Consolidated and separate statements of financial position

at 30 June 2024

	Accounting policy	Note	Consolidated 2024 R'000	Consolidated 2023 R'000 Restated[1]	Separate 2024 R'000	Separate 2023 R'000 Restated[1]
Assets						
Cash and cash equivalents[1]	1.11	4	**543 865**	790 093	**539 487**	771 987
Negotiable securities	1.13	5	**1 896 183**	1 293 411	**1 896 183**	1 293 411
Trading assets	1.13	6	**30**	32 798	**425**	29 576
Trade and other receivables	1.13	7	**418 444**	512 772	**404 426**	469 907
Non-current assets held for sale	1.4	8.1	**3 135 380**	–	**3 135 273**	–
Loans and advances[1]	1.13	9	**5 196 194**	9 027 568	**1 481 573**	4 864 281
Securitised assets		9.1	**–**	–	**3 596 303**	4 073 075
Current taxation asset	1.16		**22 855**	47 826	**2 064**	2 400
Investment securities at fair value through profit and loss	1.13	10	**299 634**	324 316	**299 634**	324 316
Long-term receivable[2]	1.13	11	**47 086**	–	**47 086**	–
Loans to entities in the Group	1.13	37.6	**195 157**	194 197	**588 827**	587 842
Property, equipment and right-of-use assets	1.6, 1.9.2	12	**136 201**	156 242	**134 927**	154 381
Intangible assets and goodwill	1.5	13	**79 414**	107 155	**46 248**	68 692
Deferred tax asset	1.16	14	**70 357**	20 255	**67 531**	17 027
Investments in subsidiaries and structured entities	1.3	15	**–**	–	**177 058**	177 058
Total assets			**12 040 800**	12 506 633	**12 417 045**	12 833 953
Liabilities						
Funding under repurchase agreements	1.13	16	**551 205**	351 885	**551 205**	351 885
Trading liabilities	1.13	6	**2 285**	27 683	**–**	27 683
Current taxation liability	1.16		**5 205**	–	**–**	–
Trade and other payables	1.13	17	**314 787**	596 058	**283 030**	670 068
Liabilities directly associated with assets classified as held for sale	1.4	8.1	**173**	–	**173**	–
Intercompany loans for securitised assets		9.2	**–**	–	**4 124 153**	4 073 075
Bank overdraft	1.11		**69 081**	113 081	**–**	–
Provisions	1.8	18	**86 107**	32 752	**83 189**	29 930
Lease liabilities	1.9	19	**141 871**	145 353	**140 326**	143 245
Deposits from customers[1]	1.13	20	**5 597 337**	5 889 291	**6 100 426**	6 349 779
Debt securities issued	1.13	21	**3 685 800**	3 720 138	**–**	–
Long-term loans	1.13	22	**14 150**	76 488	**14 150**	76 488
Deferred tax liability	1.16	14	**133 046**	146 055	**–**	–
Loans from entities in the Group	1.13		**–**	–	**–**	58
Total liabilities			**10 601 047**	11 098 784	**11 296 652**	11 722 211
Equity						
Ordinary share capital	1.10	23	**5 100**	3 600	**5 100**	3 600
Ordinary share premium		24	**608 376**	459 876	**608 376**	459 876
Distributable reserves			**826 277**	944 373	**506 917**	648 266
Total equity			**1 439 753**	1 407 849	**1 120 393**	1 111 742
Total liabilities and equity			**12 040 800**	12 506 633	**12 417 045**	12 833 953

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*
[2] *The Corporation of Deposit Insurance (CODI) is South Africa's Deposit Insurance Scheme (DIS) which requires, by law, that banks maintain funds with CODI. Effective from 1 April 2024, therefore there is no comparative balance.*

Consolidated and separate statements of profit or loss and other comprehensive income

for the year ended 30 June 2024

	Accounting policy	Note	Consolidated 2024 R'000	Consolidated 2023 R'000 Restated[1] Re-presented[2]	Separate 2024 R'000	Separate 2023 R'000 Restated[1] Re-presented[2]
Continuing operations						
Interest income			**1 122 245**	1 051 795	**1 158 965**	1 076 357
Interest income calculated using the effective interest method[1]	1.14	26	**1 085 538**	1 028 338	**1 117 203**	1 052 514
Other interest income[1]	1.14	26	**36 707**	23 457	**41 762**	23 843
Interest expense	1.14	27	**(891 497)**	(727 124)	**(1 159 862)**	(978 212)
Interest expense calculated using the effective interest method	1.14	27	**(869 292)**	(727 124)	**(1 147 284)**	(978 416)
Other interest expense	1.14	27	**(22 205)**	–	**(12 578)**	204
Net interest income			**230 748**	324 671	**(897)**	98 145
Non-interest income			**161 745**	266 209	**350 134**	532 456
Net fee and commission income	1.14	28	**44 830**	53 666	**267 925**	324 896
Fee and commission income	1.14	28	**111 623**	145 794	**314 254**	402 040
Fee and commission expense	1.14	28	**(66 793)**	(92 128)	**(46 329)**	(77 144)
Gains or losses on financial instruments	1.14	29	**(8 915)**	69 610	**64 092**	173 470
Net gains or losses on the derecognition of financial instruments at amortised cost	1.14	29	**16 654**	12 123	**2 139**	2 334
Other gains or losses on financial instruments	1.14	29	**(25 569)**	57 487	**61 953**	171 136
Other income on non-financial assets	1.14	30	**125 830**	142 933	**18 117**	34 090
Total income			**392 493**	590 880	**349 237**	630 601
Credit impairment charges[1]	1.13 & 2.2	40.3.5	**(94 899)**	(51 851)	**(96 307)**	(55 134)
Net income after impairments			**297 594**	539 029	**252 930**	575 467
Total operating costs			**(774 637)**	(787 060)	**(763 598)**	(769 007)
Staff costs	1.15	31	**(393 592)**	(410 715)	**(349 043)**	(363 696)
Other operating expenses		32	**(381 045)**	(372 182)	**(414 555)**	(401 148)
Impairment of non-financial assets	1.12	33	**–**	(4 163)	**–**	(4 163)
Loss for the year from continuing operations before income tax			**(477 043)**	(248 031)	**(510 668)**	(193 540)
Income tax expense	1.16	34	**123 031**	94 803	**147 352**	97 231
Loss for the year from continuing operations			**(354 012)**	(153 228)	**(363 316)**	(96 309)
Profit for the year from discontinued operations			**235 916**	204 525	**221 967**	187 851
(Loss)/Profit for the year			**(118 096)**	51 297	**(141 349)**	91 542
Total comprehensive income for the year			**(118 096)**	51 297	**(141 349)**	91 542

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*
[2] *Prior year re-presented due to discontinued operations. Refer to Note 8 for additional information.*

Consolidated and separate statements of changes in equity

for the year ended 30 June 2024

Consolidated	Ordinary share capital/ stated capital R'000	Ordinary share premium R'000	Distri-butable reserves R'000	Total ordinary share-holders' equity R'000	Total share-holders' equity R'000
2024					
Balance at the beginning of the year	**3 600**	**459 876**	**944 373**	**1 407 849**	**1 407 849**
Total comprehensive income for the year	**–**	**–**	**(118 096)**	**(118 096)**	**(118 096)**
Loss for the year	**–**	**–**	**(118 096)**	**(118 096)**	**(118 096)**
Transactions with owners recorded directly in equity	**1 500**	**148 500**	**–**	**150 000**	**150 000**
Issue of ordinary shares	**1 500**	**148 500**	**–**	**150 000**	**150 000**
Balance at 30 June 2024	**5 100**	**608 376**	**826 277**	**1 439 753**	**1 439 753**
2023					
Balance at the beginning of the year	3 600	459 876	893 076	1 356 552	1 356 552
Total comprehensive income for the year	–	–	51 297	51 297	51 297
Profit for the year	–	–	51 297	51 297	51 297
Balance at 30 June 2023	3 600	459 876	944 373	1 407 849	1 407 849

No interim or final dividend was declared or paid by the Banking Group for the current or prior year.

Consolidated and separate statements of changes in equity *continued*

for the year ended 30 June 2023

Separate	Ordinary share capital/ stated capital R'000	Ordinary share premium R'000	Distri-butable reserves R'000	Total ordinary share-holders' equity R'000	Total share-holders' equity R'000
2024					
Opening balance at the beginning of the year	**3 600**	**459 876**	**648 266**	**1 111 742**	**1 111 742**
Total comprehensive income for the year	**–**	**–**	**(141 349)**	**(141 349)**	**(141 349)**
Loss for the year	**–**	**–**	**(141 349)**	**(141 349)**	**(141 349)**
Transactions with owners recorded directly in equity	**1 500**	**148 500**	**–**	**150 000**	**150 000**
Issue of ordinary shares	**1 500**	**148 500**	**–**	**150 000**	**150 000**
Balance at 30 June 2024	**5 100**	**608 376**	**506 917**	**1 120 393**	**1 120 393**
2023					
Opening balance at the beginning of the year	3 600	459 876	556 724	1 020 200	1 020 200
Total comprehensive income for the year	–	–	91 542	91 542	91 542
Profit for the year	–	–	91 542	91 542	91 542
Balance at 30 June 2023	3 600	459 876	648 266	1 111 742	1 111 742

No interim or final dividend was declared or paid by the Bank for the current or prior year.

Consolidated and separate statements of cash flows

for the year ended 30 June 2024

	Note	Consolidated 2024 R'000	Consolidated 2023 R'000 Restated[1]	Separate 2024 R'000	Separate 2023 R'000 Restated[1]
Cash flows from operating activities					
Interest received[1]		**1 471 087**	1 313 778	**847 569**	792 251
Interest paid		**(909 841)**	(772 736)	**(546 203)**	(498 357)
Fee and commission income received		**116 560**	155 236	**341 583**	436 256
Fee and commission expense paid		**(82 842)**	(116 289)	**(55 985)**	(86 545)
Net trading and other income[1]		**167 800**	223 208	**49 235**	120 606
Cash payments to employees and suppliers		**(740 518)**	(783 299)	**(743 605)**	(782 818)
Cash (outflow)/inflow from operating activities	36.1	**22 246**	19 898	**(107 406)**	(18 607)
Dividends received	29	**13 440**	17 633	**67 198**	82 628
Taxation paid	36.2	**(21 518)**	(7 675)	**(2 480)**	(2 438)
Cash flows from operating activities before changes in operating assets and liabilities		**(14 168)**	29 856	**(42 688)**	61 583
Changes in operating assets and liabilities		**(326 117)**	(702 381)	**(334 234)**	148 468
Decrease/(Increase) in loans and advances[1]		**616 307**	(878 296)	**698 550**	(61 050)
Decrease in trading assets		**28 786**	39 532	**25 167**	42 559
(Increase)/Decrease in negotiable securities		**(562 539)**	551 875	**(562 539)**	551 875
Increase in long-term receivables		**(47 086)**	–	**(47 086)**	–
Decrease in trade and other receivables		**100 192**	56 695	**70 043**	190 256
(Decrease)/Increase in deposits from customers[1]		**(306 125)**	418 526	**(263 525)**	332 796
Decrease in trade and other payables		**(298 268)**	(153 015)	**(402 074)**	(178 016)
Decrease in provisions		**(21 669)**	(41 485)	**(19 551)**	(42 022)
Decrease in long-term loans		**(4 502)**	(223 033)	**(4 502)**	(217 533)
Increase/(Decrease) in funding under repurchase agreements		**199 320**	(441 405)	**199 320**	(441 405)
Decrease in trading liabilities		**(30 533)**	(31 775)	**(28 038)**	(28 992)
Net cash (outflow)/inflow from operating activities		**(311 949)**	(672 525)	**(376 922)**	210 051
Cash flows from investing activities					
Proceeds from the disposal of property and equipment		**421**	360	**421**	360
Proceeds from the disposal of investment securities		**–**	–	**–**	–
Proceeds on disposal of subsidiary		**–**	80	**–**	80
Acquisition of property and equipment		**(2 887)**	(8 563)	**(2 887)**	(8 563)
Acquisition of intangible assets		**(3 022)**	(6 256)	**(3 022)**	(6 256)
Acquisition of investment securities		**–**	(15)	**–**	(15)
Advances made to loans to entities in the Group		**–**	–	**(1 855)**	(65 337)
Payments received from loans to entities in the Group		**14 093**	11 958	**16 086**	15 152
Repayments of investment securities		**–**	–	**–**	–
Net cash inflow/(outflow) from investing activities		**8 605**	(2 436)	**8 743**	(64 579)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		**150 000**	–	**150 000**	–
Proceeds from issuance of debt securities	21	**642 000**	1 711 000	**–**	–
Settlement of debt securities	21	**(676 000)**	(983 310)	**–**	–
Repayment of lease liabilities	19	**(14 270)**	(12 812)	**(13 707)**	(12 534)
Increase in bank overdraft[2]		**(44 000)**	113 081	**–**	–
Repayments made to loans from entities in the Group		**–**	–	**–**	(3 221)
Net cash inflow/(outflow) from financing activities		**57 730**	827 959	**136 293**	(15 755)
Net (decrease)/increase in cash and cash equivalents		**(245 614)**	152 998	**(231 886)**	129 718
Cash and cash equivalents at beginning of the year	4	**790 093**	654 324	**771 987**	659 499
Effect of exchange rate movements on cash and cash equivalents		**(614)**	(17 229)	**(614)**	(17 229)
Cash and cash equivalents at the end of the year[1]	4	**543 865**	790 093	**539 487**	771 987
Cash flows of discontinued operations	8				

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*

[2] *Refer to accounting policy Note 1.11 for the treatment of the bank overdraft.*

Notes to the consolidated and separate financial statements

For the year ended 30 June 2024

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 Bank Limited is a company domiciled in South Africa. The Company's registered office is at 140 West Street, Sandton, Gauteng, 2196. Sasfin Bank Limited or the Company is a wholly-owned subsidiary of Sasfin Holdings Limited, a bank controlling company listed on the JSE Limited (JSE). These Consolidated financial statements comprise Sasfin Bank Limited and its subsidiaries (collectively, the Banking Group). Sasfin Bank 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 IFRS Accounting Standards 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, and the requirements of the Companies Act No. 71, of 2008 as amended.

The Consolidated and Separate Annual Financial Statements were authorised for issue by the Board of directors on 21 November 2024.

The directors assess the Banking Group's and Company's future performance and financial position on a continuous basis and have no reason to believe that the Banking 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 a going concern basis.

The Banking 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 statement of profit or loss and other comprehensive income or the statement of financial position 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 Banking Group's previously reported financial results, disclosures or accounting policies. The items mentioned below are confirmed not to have had an impact on the Banking Group's financial statements for the 2024 financial year-end.

Insurance Contracts (IFRS 17)

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.

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*

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.

Deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12)

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.

International tax reform – pillar two model rules (Amendment to IAS 12)

These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development (OECDs) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

1.2.2 Interest rate benchmarks and reference interest rate reform

The Financial Stability Board initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments.

On 6 May 2024, the SARB published their transition plan. The transition plan defines the trajectory of the transition away from JIBAR, having considered the best practice recommendations that have emerged through similar offshore transitions and taking into account the structure of the South African financial markets. The transition plan can be defined in three key pillars:

- Pillar 1: Adoption in derivatives markets (new contracts/positions);
- Pillar 2: Adoption in cash markets (new contracts/positions); and
- Pillar 3: Transition of legacy positions

The transition away from JIBAR is subject to a formal announcement of the cessation of JIBAR and the production of the benchmark. The SARB indicted that a formal announcement of the cessation of JIBAR is to be made during 2025 and the producing of the benchmark should be discontinued before the end of 2026. The SARB is yet to determine the exact dates for the JIBAR cessation announcement and the actual cessation of the benchmark.

Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Banking Group. Based on the Banking Group's assessment, it is expected that debt securities will be most likely impacted by the transition to ZARONIA. The Group is exposed to a re-pricing risk on transition to ZARONIA. The Banking Group will monitor the transition plan to ensure readiness.

1.2.3 Accounting policy elections

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

Asset/liability	Options	Election and implication	Accounting policy
Property and equipment, including right-of-use assets	Cost/revaluation model	*Banking 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
Investments in subsidiaries	Cost/financial instrument	*Company* • Cost less accumulated impairments *Banking Group* • Subsidiaries are consolidated	1.3

1. Accounting policies *continued*

1.3 Basis of consolidation

1.3.1 Business combinations

The Banking 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 Banking Group. In determining whether a particular set of activities and assets is a business, the Banking 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 Banking 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 Banking Group accounts for business combinations at the acquisition date – the date at which control over an investee transfers to the Banking 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 Banking 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 Banking 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 Banking 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 Note 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 (refer to Note 1.5.1). 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 13), 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 Company. The financial statements of subsidiaries are consolidated into the Banking Group Annual Financial Statements from the date of control until the date on which control ceases.

The Banking 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.

The Banking Group has consolidated the following subsidiaries:

- Fintech (Proprietary) Limited (Fintech)

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

- controls the activities of the structured entity according to the Banking 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.

1. Accounting policies *continued*

1.3 Basis of consolidation *continued*

1.3.5 Structured entities *continued*

The assessment of whether the Banking 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 Banking Group and the structured entity;
- there are additional transactions between the Banking Group and the structured entity;
- changes in market conditions alter the substance of the relationship between the Banking Group and the structured entity; and
- the Banking 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 Banking Group and the structured entity.

The Banking 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.

1.3.6 Associates

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

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

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 Banking Group are classified at fair value through profit or loss (FVTPL) 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 Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations

The Banking Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 8.

1. Accounting policies *continued*

1.5 Intangible assets and goodwill

1.5.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries in the Banking 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 Banking 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 Banking 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 Banking 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 operating expenses in profit or loss.

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

1.6 Property, equipment and right-of-use assets

1.6.1 Owned assets

Property and equipment in the Banking 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 operating expenses 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 Banking Group.

1.6.2 Right-of-use assets

Refer to Note 1.9.2.

1. Accounting policies *continued*

1.6 Property, 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: two to five years
- Furniture and fittings: six to ten years
- Motor vehicles: five years
- Buildings and leasehold improvements: five to ten years
- Right-of-use assets: shorter of the lease term and the asset's useful life

1.6.4 Profit or loss on disposal

A profit or loss on the 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 the 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 Banking Group operate in the Republic of South Africa with a functional currency of ZAR.

1.7.2 Transactions and balances

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

Foreign exchange gains or 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 Banking 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.9 Leases

At inception of a contract, the Banking 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 Banking Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. For a contract that is, or contains, a lease, the Banking 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*

1.9.1 Banking 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.

1.9.2 Banking Group as the lessee

The Banking 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 (i.e. the date on which a lessor makes the underlying asset available for use to the lessee), 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. 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, 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 Banking 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 Banking 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 Banking Group is reasonably certain to exercise, lease payments in an optional renewal period if the Banking Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Banking 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 Banking Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Banking 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 a number of property leases across the Banking Group. These are used to maximise operational flexibility in terms of managing the assets used in the Banking Group's operations. In most instances, the extension and termination options held are exercisable only by the Banking Group and not by the respective lessor. The Banking Group assesses whether these options are reasonably certain to be exercised in determining the lease term and lease payments.

The Banking 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 Banking 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 Banking Group regards items such as tablets, personal computers, mobile phones, and small items of office furniture to be low-value assets. The Banking 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 the equity in the period in which they are payable to shareholders.

1.11 Cash and cash equivalents

Cash and cash equivalents, as reflected on the consolidated and separate statement of financial position, comprises of funds on call, balances with the SARB and money market funds and highly liquid deposits that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value and are used in the management of short-term commitments.

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

- cash and cash equivalents as reflected on the statement of financial position; and
- bank overdrafts repayable on demand. Bank overdrafts are included as a component of cash and cash equivalents when the use of these overdrafts form an integral part of the Banking Group's cash management. Evidence supporting such an assertion would be that the bank balance often fluctuates from being positive to overdrawn. Where overdrafts do not often fluctuate from being negative to positive, then the arrangement does not form part of the Banking Group's cash management and, instead, represents a form of financing.

Cash and cash equivalents are available for use by the Banking Group, unless otherwise stated, and are accounted for at amortised cost in the Annual Financial Statements. Money market funds classified as cash equivalents are measured at FVTPL.

1.12 Impairment of non-financial assets

The Banking Group annually assesses all non-financial assets for impairment. Impairment occurs when there is evidence that 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.

1.12.1 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.

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

1.13.1 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.

1.13.2 Financial instruments at FVTPL

The Banking Group has designated financial assets and financial liabilities at FVTPL, where they eliminate or significantly reduce an accounting mismatch that would otherwise arise. The Banking Group further classifies financial assets and financial liabilities at FVTPL 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 FVTPL are measured at fair value, with fair value gains and losses reported in non-interest income, apart from those related to interest rate swaps which are reported as part of other gains or losses on financial instruments.

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 FVTPL are reported as such in the statement of profit or loss and comprehensive income.

1.13.3 Classification and measurement of financial assets

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

Financial assets held by the Banking 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 Banking 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 FVTPL.

1.13.4 Business model assessment

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

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

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.5 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 Banking 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 Banking 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 Banking 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) 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.

1.13.6 Reclassifications

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

1.13.7 Impairments

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

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

The Banking 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 (refer to Note 40).

For lease receivables, the Banking 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.

1.13.8 Measurement of ECL (Refer to Note 40)

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 Banking 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 Banking Group expects to recover.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.8 Measurement of ECL (Refer to Note 40) *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 ECL is 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.
- Lifetime ECL is 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 a 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 Equipment Finance, 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 by 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 the 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 Banking 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.

1.13.9 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*

1.13.10 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; or
  - 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;
- Deterioration in collateral value as a reduction in the value of collateral securing the financial instrument might suggest an increased risk of loss in the event of default; 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*

1.13.11 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.

1.13.12 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 of 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 Prudential Authority 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
- 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.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.12 Default and curing *continued*

Qualitative criteria *continued*

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 the 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.

If the credit risk of the debtor improves to the extent that there is no longer a SICR since initial recognition, then the debtor can cure from Stage 2 to Stage 1 and a 12-month ECL is recognised. This is distinguished between the qualitative and quantitative triggers for the debtor being in Stage 2. A debtor that is in Stage 2 due to quantitative factors (for example based on the day count on an outstanding balance) will cure to Stage 1 once the quantitative factors are resolved. A debtor that is in Stage 2 due to qualitative reasons (for example "High Care") will cure to Stage 1 only once the qualitative triggers have improved to such an extent that the High Care status is resolved.

1.13.13 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. This is generally the case when the Banking 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 Banking Group's procedures for recovery of amounts due.

1.13.14 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 presented in other payables; and
- where a financial instrument includes both a drawn and an undrawn component, the Banking 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.

1.13.15 Derecognition of financial assets

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

The Banking 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 Notes 29 and 35 for more details.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.16 Classification and measurement of financial liabilities

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

1.13.17 Derecognition of financial liabilities

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

1.13.18 Repurchase agreements

The Banking 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 Banking Group's Fixed Income trading assets or to obtain short-term liquidity for the Banking 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 Banking 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.

1.13.19 Reverse repurchase agreements

The Banking 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 Banking 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 Banking 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.

1.13.20 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 or 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 Banking 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 calculated on the amortised cost of credit impaired financial assets that have been cured is recognised as a reduction of the credit impairment charges on loans and advances.

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

Interest income and expense on financial assets and financial liabilities at FVTPL are presented in other interest income and other interest expense respectively.

1. Accounting policies *continued*

1.14 Total income *continued*

1.14.2 Non-interest income

Non-interest income comprises fees and commissions, fair value gains or losses (apart from those fair value gains or losses on derivative instruments that are recognised as part of net interest income), dividend income, foreign exchange gains or losses, and other income on non-financial assets.

Fee and commission income

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

The Banking Group provides banking services to retail and corporate customers. The Banking Group earns fees and commissions from a range of services it provides to clients. Income earned on the execution of a distinct performance obligation is recognised when the distinct performance obligations has been performed. Revenue is recognised at a point in time.

Income earned from the provision of services is recognised over time as the performance obligation is fulfilled. Categories of these fees are accounted for as follows:

- Confirming fees are transaction-based fees that are recognised at a point in time.
- Commission income includes fees received from clients for refinancing and factoring and is recognised at a point in time.
- Administration fees include fees received from clients with an investment, fees received from billing and fixed monthly fees on clients with shareholdings in the private client business. Fees are charged over time through a monthly service fee.
- Other fee and commission are income earned during the normal course of business from the Asset Finance segment and the Business and Commercial Banking (BCB) segment. These are recognised at a point in time.
- Revenue share income is a contractual term defined in the legal agreements between Bank, SASP and the holders of the debt securities within SASP. The revenue share is recognised as an income for Bank and the recognition and measurement of the income is dependent on SASP's profit generating ability above a pre-set hurdle determined by a formula, and only to the extent that this is achieved does the income become receivable. This is recognised over time.

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

Fee and commission expense

Fee and commission expenses are expenses which are direct and incremental to the generation of fee and commission income.

Gains or losses on financial instruments

Dividend income is received from equity investments in entities that the Banking 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 Banking Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Banking Group, and the amount of the dividend can be measured reliably.

For financial instruments measured at FVTPL the fair value gains and losses are recognised as part of 'gains and losses on financial instruments'.

Other income on non-financial assets

Included in other income is rental income earned on leases that have reached their end of term and the customer continues to pay for the use of the asset as well as income from non-financial assets.

1. Accounting policies *continued*

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 Banking 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 Banking Group has a present legal or constructive obligation to make such payments to the employee.

1.15.2 Defined contribution plan

The Banking 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 Banking Group has no further legal or constructive obligation in terms of the defined contribution benefit plan beyond these contributions.

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

1.16 Taxation

Income and capital gains tax comprise of 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.

Deferred tax resulting on items accounted for directly in the statement of changes in equity or 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 Banking 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 Commitments, contingent assets and contingent liabilities

Commitments represent the Banking Group's commitment to future transactions.

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Banking Group.

Contingent assets are not recognised but disclosed. When realisation of a contingent asset is virtually certain, it is no longer considered contingent and is recognised as an asset. The asset is recognised in the period in which this change from contingent asset to asset occurs.

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 economic conditions

Given continued inflationary pressures, central banks in both advanced economies and emerging market and developing economies (EMDE's) will likely remain cautious in easing monetary policy. As such, average benchmark policy interest rates over the next few years are expected to remain about double the 2000 to 2019 average and with delays in monetary easing.

Various macro-economic factors have been considered as part of our credit impairments and are reflected in the use of a 77% weighting in our weighted probability scenario approach referred to in Note 2.2.1 and fair value measurements in Note 2.5.

2.2 Credit impairment

2.2.1 Credit impairment of loans and advances (refer to Notes 9 and 40)

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

The Banking 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 and Stage 2, with the driver for Stage 3 being default. The 'three-stage model' for ECL is:

- Stage 1: 12-month ECL for those financial assets where there has not been a SICR 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 Banking Group further applies judgement in determining the inputs used in the Expected Credit Loss (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 ECL requires forward-looking macroeconomic factors to be incorporated into the calculated loan book ECL to ensure the timely recognition of future expected credit losses. To capture the effect of economic changes accurately and forecast the required levels of impairment provisions expected to be held, the Banking Group uses statistical modelling.

Various macro-economic factors were statistically tested for the current financial year, to identify key drivers in the context of power shortages, weak economic outlook, high inflation, and interest rates that have remained elevated for an extended period. GDP, Prime overdraft, Producer Price Index (PPI) of electricity, ZAR/USD exchange rate and investment to GDP were identified as the most significant drivers of the loan book and were used in the model. The average GDP, Prime overdraft %, PPI of electricity, ZAR/USD exchange rate and investment to GDP over the remaining forecast period, from 2024 to 2026, were used in the statistical modelling.

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 40) *continued*

A weighted probability scenario approach was applied to determine the model derived scalar as per the table below. Given the inherent risk in economic conditions that have been stressed for a prolonged period, a management overlay to account for this risk was applied to determine the final scalar.

	Best		Expected		Worst		Blended[1]	
	12 Months average (%)	Lifetime average (%)	12 Months average (%)	Lifetime average (%)	12 Months average (%)	Lifetime average (%)	12 Months average (%)	Lifetime average (%)
2024								
Factors								
GDP(%)	**2.92**	**2.39**	**1.29**	**1.39**	**-2.96**	**-2.94**	**0.61**	**0.66**
Prime Overdraft(%)	**10.58**	**9.60**	**11.39**	**10.69**	**12.44**	**12.69**	**11.54**	**11.00**
PPI of electricity	**180.60**	**195.18**	**191.96**	**216.01**	**204.35**	**250.92**	**193.62**	**221.25**
Rand/USD exchange rate	**16.80**	**16.82**	**18.24**	**19.15**	**22.87**	**25.45**	**19.00**	**20.17**
Investment to GDP (%)	**15.62**	**16.35**	**15.52**	**16.03**	**14.74**	**14.46**	**15.39**	**15.77**
Scenario probability (%)	**5%**		**77%**		**18%**		**Combination**	
Scalar	**1.12**		**1.22**		**1.41**		**1.25**	
Consolidated	**R'000**		**R'000**		**R'000**		**R'000**	
Impact on ECL – (Decrease)/Increase[2]	**(5 673)**		**(1 309)**		**6 982**		**Base**	
Separate	**R'000**		**R'000**		**R'000**		**R'000**	
Impact on ECL – (Decrease)/Increase[3]	**(2 385)**		**(550)**		**2 935**		**Base**	

[1] *The blended scenario is the probability-weighted scenario made up of the following scenarios – best case (5%), expected case (77%) and a worst case (18%).*

[2] *The impact of forward-looking information on the IFRS 9 ECL provision is an increase of R20.87 million. This is depicted as the zero-base case in the blended column in the above table as the impact is already included in the ECL for the current period. The percentage change of the total IFRS 9 provision is a 1.1% downward adjustment should a 100% best case scenario be assumed, a 0.2% downward adjustment should a 100% expected scenario be assumed and a 1.3% upward adjustment should a 100% worst-case scenario be assumed.*

[3] *The impact of forward-looking information on the IFRS 9 ECL provision is an increase of R10.12 million. This is depicted as the zero base case in the blended column in the above table as the impact is already included in the ECL for the current period. The percentage change of the total IFRS 9 provision is a 0.8% downward adjustment should a 100% best case scenario be assumed, a 0.2% downward adjustment should a 100% expected scenario be assumed and a 1.0% 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 40) *continued*

	Expected		Expected		Worst		Blended[1]	
	12 months %	Lifetime average %	12 months %	Lifetime average %	12 months %	Lifetime average %	12 months %	Lifetime average %
2023								
Factors								
PPI of electricity	155.95	168.16	170.84	193.69	177.14	220.73	171.23	197.28
Rand/USD exchange rate	15.03	15.39	17.78	18.50	19.87	22.77	18.02	19.11
Investment to GDP (%)	16.06	16.6	15.38	15.88	14.33	14.72	15.22	15.71
Scenario probability	5%		77%		18%		Combination[1]	
	1.2		1.4		1.64		1.44	
Consolidated	R'000		R'000		R'000		R'000	
Impact on ECL – (Decrease)/Increase[2 3 4]	(10 300)		(1 717)		8 583		Base	
Separate	R'000		R'000		R'000		R'000	
Impact on ECL – (Decrease)/Increase[2 5 6]	(4 557)		(759)		3 797		Base	

[1] *The blended scenario is the probability-weighted scenario made up of the following scenarios – best case (5%), expected case (77%) and a worst case (18%).*

[2] *The impact of forward-looking information on the IFRS 9 ECL provision is an increase of R31.25 million. This is depicted as the zero-base case in the blended column in the above table as the impact is already included in the ECL for the current period. The percentage change of the total IFRS 9 provision is a 2.0% downward adjustment should a 100% best case scenario be assumed, a 0.3% downward adjustment should a 100% expected scenario be assumed and a 1.6% upward adjustment should a 100% worst-case scenario be assumed.*

[3] *For enhanced disclosure purposes and to understand the impact on ECL, (Decrease)/Increase was added.*

[4] *The numbers for the best, expected and worst case scenario were incorrectly shown and presented as R'000 in the prior year. These numbers have been rounded down to thousands in the current year. The best, expected and worst case scenario was therefore corrected from R10 299 581 million to R10 300 million, R1 716 597 million to R1 717 million and R8 582 984 million to R8 583 million respectively in the current year, as it relates to the comparative period. No impact is noted on the primary financial statements.*

[5] *In the prior year the 'Blended' column incorrectly included R272.2 million rather than the word 'Base'. This has been corrected in the current year. No impact is noted on the primary financial statements.*

[6] *In the prior year, the impact of the forward-looking information for Separates was not disclosed. This has been corrected in the current year to be included, as it relates to the comparative period. The impact of forward-looking information on the IFRS 9 ECL provision is an increase of R8.3 million. This is depicted as the zero-base case in the blended column in the above table as the impact is already included in the ECL for the current period. The percentage change of the total IFRS 9 provision is a 1.7% downward adjustment should a 100% best case scenario be assumed, a 0.3% downward adjustment should a 100% expected scenario be assumed and a 1.4% upward adjustment should a 100% worst-case scenario be assumed.*

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

2. Critical estimates, judgements and assumptions *continued*

2.2 Credit impairment *continued*

2.2.2 Credit impairment of negotiable securities (refer to Notes 5 and 40)

Similar to the credit impairment on loans and advances, the Banking 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 and Stage 2, with the driver for Stage 3 being default. The 'three-stage model' for ECL is:

- 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 Banking Group further applies judgement in determining the inputs used in the ECL model, i.e. the PD, LGD and EAD that are used to determine the ECL for each of Stage 1, Stage 2 and Stage 3. The Rating Scale is used to determine the PD's of government bonds and treasury bills, aligned to ratings as published by the government that are obtained from external rating agencies. Similar to the credit impairment on loans and advances, the Banking 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 and 2. 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 R5.1 million (2023: R3.5 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 2024. 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 deterioration in economic conditions. To calculate a net present value (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 2024 was done on an NPV basis similar to what was done for the June 2023 year end, using the expected cash inflows from the 3.5-year term loan as set out in the proposed Liability Solution 5 (LS5). As at year-end, the LS5 had not been legally implemented, but funders had approved the term sheet and the legal documentation. 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. The range between best case and worst case was R21.4 million (2023: R38.9 million) to R59.2 million (2023: R110.6 million) with a blended ECL of R34.3 million (2023: R59.9 million). Refer to Note 45 for the finalization of LS5 which occurred post year end.

2.3 Private Equity investment valuations (refer to Note 10)

The Banking 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. Critical estimates, judgements and assumptions *continued*

2.4 Prescription

Assets and liabilities are regularly assessed to determine whether they may be subject to a claim where the claim may be defeated due to prescription. Prescription occurs when the legal right to enforce a claim or obligation has expired, typically as defined by applicable laws and regulations. The Company relies on legal counsel and expert advice to assess prescription. Prescription periods are interrupted by an admission of indebtedness or by institution of judicial process whereby, the creditor institutes legal action to recover the debt. Upon meeting the prescription requirements, the assets or liabilities are derecognised and a corresponding entry is recognised in profit or loss.

2.5 Fair value (refer to Note 38)

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, terminal growth rate, 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 Banking 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 Banking 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.

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 Banking Group on demand, discounted from the first date on which the amount could be required to be paid.

2. Critical estimates, judgements and assumptions *continued*

2.5 Fair value (refer to Note 38) *continued*

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 Banking Group.

The Banking 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 Banking Group believes an independent market participant would take into account when pricing a valuation.

Fair value hierarchy

Valuation models

The Banking 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. Critical estimates, judgements and assumptions *continued*

2.6 Intangible assets and goodwill (refer to Note 13)

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 Banking Group is committed to complete the software for use;
- it will be possible to use the software, and the Banking 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.

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

On an annual basis, the Banking Group assesses impairment indicators relating to internally 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 (Refer to Note 1.5).

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 (CGU), where applicable, as well as the impairment assessment requires management judgement.

2.6.2 Goodwill

On an annual basis, the Banking 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 (VIU). If the carrying amount is less than the VIU 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 VIU requires management judgement of future performance. The assumptions applied in determining the value-in-use match those applied in the preparation of the Banking 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 Banking Group's historical long-term cost of funding rate.

2. Critical estimates, judgements and assumptions *continued*

2.7 Current and deferred taxation (refer to Notes 14 and 34)

The Banking 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 assets should be recognised is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Banking Group to utilise the deferred tax assets in the medium term.

2.8 Assessment of significant influence and control of entities (refer to notes 1.3 and 37.1)

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

The Banking Group controls and consolidates an entity after having regard to whether the Banking 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 Banking Group assesses each entity's core activities and exercises judgement to determine whether the Banking 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 Banking Group, (i.e. granting funding to clients), and which relates to funding the financing activities of the Banking Group.

2.10 Discontinued operations (refer to Note 8)

Significant judgement was applied in the assessment of discontinued operations and in the presentation of discontinued and continuing operations.

2.11 Provisions (refer to Note 18)

Significant judgement and estimation were applied in the assessment of the administrative sanctions.

2.12 Application of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (refer to Note 43)

Critical estimates, judgments and assumptions were applied in the IAS 8 treatment relating to the new model implementation used for calculating current and deferred taxation balances in respect of certain leased assets.

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 2024 and have not been applied in preparing these Consolidated and Separate Annual Financial Statements. The Banking 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 Banking Group:

Pronouncement	Title and details	Effective date
Amendments to IAS 1 Presentation of Financial Statement	*Classification of liabilities as current or non-current and non-current liabilities with covenants* 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. The amendments clarified that a company has a right to defer settlement of a liability if the company complies with those conditions at that date. As part of the amendment it specified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. For liabilities that a company is only required to assess compliance with covenants within twelve months after the reporting date (or further), it would have no effect on the classification of a liability. However, for such liabilities the amendment requires separate disclosure of the information about the covenants, the carrying amount of the related liabilities and the facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants in the annual financial statements. It also clarified that an entity does not have a right to defer settlement (and therefore classify it as current), if the liability could become repayable within twelve months at the discretion of the counterparty or third party or depending on an uncertain future event or outcome that is unaffected by the company's future actions. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2024.
Amendments to IFRS 16 Leases	*Lease liability in a sale-and-leaseback* The amendment clarifies how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. The amendment is to be applied retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2024.

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

Pronouncement	Title and details	Effective date
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	*Supplier finance arrangements* The amendments made to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures is to enhance the usefulness of information provided by entities in relation to supplier finance arrangements. The amendments are intended to assist the users of the financial statements to better understand the effect of such arrangements on the entity's liabilities, cash flows and exposure to liquidity risk. As part of the amendment, the amendment clarifies the characteristics of supplier finance arrangements and disclosure requirements. The disclosure requirements includes the requirement for an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2024.
Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates	*Lack of exchangeability* The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates aims to clarify how an entity should assess whether a currency is exchangeable, how to determine the spot exchange rate when exchangeability is lacking and disclosure in the financial statements to enable the financial users to understand the impact of a currency not being exchangeable. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2025.
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	*Amendments to the classification and measurement of financial instruments* The amendments: • Clarify that a financial liability is derecognised on the 'settlement date'. The 'settlement date' is the date when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. The new exception permits companies to elect to derecognise certain financial liabilities settled via electronic payment systems earlier than the settlement date subject to meeting certain conditions. • Clarify how to assess the contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features • Clarify the treatment of non-recourse assets and contractually linked instruments. • Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference to contingent events (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income. The Banking Group is still assessing the impact of this amendment.	Annual periods beginning on or after 1 January 2026.

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

Pronouncement	Title and details	Effective date
IFRS 18 Presentation and Disclosure in Financial Statement	*Presentation and disclosure in financial statements* IFRS 18 is set to replace IAS 1. The new Standard will assist companies to provide more useful information about their financial performance through their financial statements. Investors will benefit from greater consistency of presentation in the income and cash flow statements, and more disaggregated information. It also requires making certain 'non-GAAP' measures part of the audited financial statements as this will bring more creditability to management's key performance indicators. Companies' net profit will not change rather how results are presented on the face of the income statement and information disclosed in the notes is expected to change. The Banking Group is still assessing the impact of the newly published standard.	Annual periods beginning on or after 1 January 2027.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	*Subsidiaries without public accountability: disclosures* The newly issued Standard allows for eligible entities to elect to apply IFRS 19's reduced disclosure requirements while still applying the recognition, measurement, and presentation requirements in other IFRS accounting Standards. The application of the Standard is optional for eligible entities. The criteria for eligible entities to apply the Standard is if, at the end of the reporting period: • it is a subsidiary a defined in IFRS 10 Consolidated Financial Statements; • it does not have public accountability; and • it has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting Standards. An entity has public accountability if *'its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market' or 'holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.'* An entity that meets the requirements to apply IFRS 19, may apply the Standard on a voluntary basis. An entity may revoke its election to apply IFRS 19 at any time, in which case, it would be required to prepare financial statements providing the disclosures set out in the other IFRS accounting Standards. The Banking Group is still assessing the impact of the newly published standard	Annual periods beginning on or after 1 January 2027.

4. Cash and cash equivalents

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
At amortised cost	**443 861**	538 663	**439 483**	520 557
Funds on call[1]	**297 104**	382 787	**292 726**	365 338
Balance with the SARB[2]	**146 757**	155 219	**146 757**	155 219
Fixed deposits[3]	**–**	657	**–**	–
At fair value	**100 004**	251 430	**100 004**	251 430
Money market funds at fair value through profit or loss	**100 004**	251 430	**100 004**	251 430
Total per statement of financial position and statement of cash flows	**543 865**	790 093	**539 487**	771 987

1 *Prior periods by restatement, please refer to Note 43 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 Banking Group.*

5. Negotiable securities

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Treasury bills[1, 2]	**1 507 175**	934 853	**1 507 175**	934 853
Government bonds[1, 2]	**220 740**	216 610	**220 740**	216 610
Land Bank bills	**203 436**	203 478	**203 436**	203 478
Negotiable securities before impairments	**1 931 351**	1 354 941	**1 931 351**	1 354 941
Credit loss allowance[3]	**(35 168)**	(61 530)	**(35 168)**	(61 530)
Net negotiable securities	**1 896 183**	1 293 411	**1 896 183**	1 293 411

1 *Treasury bills with a carrying value of R458 million (2023: R204 million[4]) and Government bonds with a carrying value of R151.0 million (2023: R232 million[4]) have been pledged for the SARB refinancing auction. The fair value is R456.1 million (2023: R203.1 million) and R125.7 million (2023: R189.6 million) respectively for Treasury bills and Government bonds. The associated liabilities (refer to Note 16) carrying values equal fair value and are R450.0 million (2023: R200.1 million) and R100.7 million (2023: R151.8 million) respectively for Treasury bills and Government bonds. This results in a net fair value of R6.1 million (2023: R3.0 million) and net fair value R25.0 million (2023: R37.8 million) for Treasury bills and Government bonds respectively.*
2 *In the prior year the balance presented for Treasury bills balance of R1.2 billion incorrectly included Government bonds of R216.6 million. This has been corrected to separately present Treasury bills and Government bonds.*
3 *For key management inputs and assumptions around ECL refer to Note 40.*
4 *In the prior year, for both the Consolidated and Separate results the amount pledged for Treasury bills for the SARB refinancing auction was incorrectly disclosed as R393 million. The amount pledged was therefore corrected from R393 million to R204 million in the current year, as it relates to the comparative period.*
5 *In the prior year, for both the Consolidated and Separate results the amount pledged for Government bonds for the SARB refinancing auction was incorrectly disclosed as R100 million. The amount pledged was therefore corrected from R100 million to R189 million in the current year, as it relates to the comparative period.*

6. Trading assets and liabilities

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Financial assets	**30**	32 798	**425**	29 576
Derivatives	**30**	32 798	**425**	29 576
Financial liabilities	**2 285**	27 683	**–**	27 683
Derivatives	**2 285**	27 683	**–**	27 683

Financial assets and liabilities are held for trade facilitation and relate to the Foreign Exchange Contracts trading. Financial assets held for trade facilitation are economically hedged by financial liabilities held for trade facilitation, minimising the Banking Group's exposure to foreign exchange risk. A significant decrease is noted in the trading assets and liabilities due to the closure of the foreign exchange business unit, refer to Note 8 for additional information.

7. Trade and other receivables

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Financial assets	**246 252**	356 135	**383 983**	452 975
Trade receivables[1]	**82 014**	155 376	**81 975**	149 516
Sundry receivables[1]	**17 276**	52 725	**14 732**	51 498
Receivables from companies in the Group	**146 962**	148 034	**287 276**	251 961
Non-financial assets	**182 255**	176 942	**31 212**	37 584
Value Added Tax	**151 043**	139 358	**–**	–
Prepaid expenses	**30 874**	30 023	**30 874**	30 023
Other receivables	**338**	7 561	**338**	7 561
Trade and other receivables before impairments	**428 507**	533 077	**415 195**	490 559
Credit loss allowance[2]	**(10 063)**	(20 305)	**(10 769)**	(20 652)
Net trade and other receivables	**418 444**	512 772	**404 426**	469 907

[1] *In the current year, the decrease is primarily due to the write-offs of the duplicate and excess client balances in foreign exchange (forex) on closure of the forex business (Refer to Note 8 for additional information). In the prior year the footnote describing what the sundry receivable balances compromised of should have referred to trade receivables. This has been corrected in the current year, therefore in the prior year, trade receivables are primarily representative of recoveries from duplicate and excess client balances in forex and Visa deposit of R49.2 million.*

[2] *For key management inputs and assumptions around ECL refer to Note 40.*

8. Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations

Disposal of Capital Equipment Finance and Commercial Property Finance businesses to African Bank Limited

The Banking Group, through its wholly owned subsidiary Sasfin Bank entered into agreements, in terms of which, subject to certain suspensive conditions, it would, as one indivisible transaction, dispose of its Capital Equipment Finance business (CEF Business) and its Commercial Property Finance business (CPF Business) as going concerns to African Bank Limited (the Purchaser, African Bank) (the Disposal).

The agreements relating to the Disposal were concluded on 16 February 2024 for the CEF Business and 22 February 2024 for the CPF Business. The only suspensive condition remaining as at 30 June 2024 was the approval from the Prudential Authority (PA).

On 1 August 2024 approval was received from the PA setting out conditions to be met pre and post the Disposal. On 21 August 2024, the CPF Business was successfully disposed to African Bank (refer to Note 45), in line with management's expectation of three months after year-end. The disposal of the CEF Business is in the process of being finalised, with phase 1 successfully disposed of to African Bank on 1 November 2024. It is expected that phase 2 and phase 3 should be finalised in the fourth quarter of the calendar year (refer to Note 45).

Closure of the foreign exchange business unit

During the current year, as part of its previously reported strategic reset, the Banking Group ceased operations of its foreign exchange business unit. During May 2024, trading ceased. As this was a closure, the held for sale classification was not applicable.

Classification as held for sale

As at 30 June 2024, for both the Consolidated and Separate results, it was assessed that the Disposal meets the criteria for non-current assets held for sale. Therefore, the related loans and advances ('Capital Equipment Finance' forming part of the CEF Business, 'Other loans' and 'Specialised lending' forming part of the CPF Business), and provisions ('Leave provision') were reclassified to non-current assets and liabilities directly associated with assets classified as held for sale.

On 9 April 2024, SASP notified the noteholders of Series 2 of its intention of early settlement of these notes subject to the Disposal to African Bank being unconditional. For the Consolidated results, in applying judgement, management has concluded that the intention to early settle these notes (and consequently, the interest expense on these notes) is directly attributable to the discontinued operation of CEF business. No portion of debt securities was classified as held for sale at balance sheet date as the intention to early settle these notes did not meet the criteria to be classified as held for sale due to the carrying amount not principally realising through a sale.

8. Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations *continued*

Classification as held for sale *continued*

For the Separate results, the portion of securitised assets relating to the CEF business was classified as held for sale. The intercompany loan for securitised assets was not classified as held for sale due to African Bank not assuming any debt incurred by Sasfin Bank with respect to the securitised assets. In applying judgement, the related income and expenses were assessed as directly attributable to the discontinued operation of CEF Business and presented as such. Refer to Note 9.1 for more information on the failed derecognition by Sasfin Bank upon securitising to SASP.

Significant judgements – determination of discontinued operations and related presentation

Significant judgment was applied in assessing whether the disposal of the CEF Business and the CPF Business as going concerns to African Bank and the closure of the foreign exchange business unit constituted discontinued operations. Further significant judgement was applied in the presentation of discontinued and continuing operations. The key significant judgements are summarised below.

Assessment of the definition of discontinued operations

The determination of whether the CEF Business, CPF Business, and the foreign exchange business unit are discontinued operations required management to determine if they represent separate major lines of business. The concept of a "separate major line of business" is not accompanied by any application criteria or guidance in IFRS 5. The IASB and IFRS Interpretations Committee (IFRIC) are aware of this gap, however it remains unaddressed.

Under such circumstances, management followed the process required in terms of IAS 8 which requires it to develop policies to address such gaps.

In line with the policy developed to address the above-mentioned gap, management considered both qualitative and quantitative factors (including assessing normalised and pre-normalised profit contribution of these businesses to the aggregate profit of the entity). Ultimately, after applying significant judgement, management determined that, under the circumstances, the CEF Business, CPF Business, and the foreign exchange business unit constitute discontinued operations.

Presentation of the discontinued and continuing operations

In terms of IFRS 5, it is required to present and disclose the post-tax profit from discontinued operations in the statement of profit or loss. The presentation of a discontinued operation does not change the Banking Group's income earned, expenses incurred or the profit for the year, rather it requires the categorisation of these items between continuing operations and discontinued operations.

In presenting discontinued operations, only directly attributable income and expenses, and the taxes thereon can be considered. In other words, only income and expenses that will cease on disposal or closure of the business unit, and the related tax thereon are considered as part of the discontinued operations. To meet this requirement, management was required to assess all income, expenses, cash flows and tax adjustments, related to the discontinued operation. Given that these businesses are not separate legal entities, are not reported separately for statutory or internal reporting purposes and that there are typically shared costs between these business units and others, the process to determine the appropriate presentation required significant analysis.

In terms of calculating the income tax and cash flows directly attributable to the discontinued operations, complexity arose as these discontinued operations are not legal entities and there is no clear guidance on how tax and cash flows should be determined in such a case. Management applied significant judgement as follows:

- For tax purposes, these businesses are not separate tax paying entities and have therefore not filed separate tax returns in South Africa. In calculating the income tax expense, management started with the profit before tax for the respective businesses after analysing the discontinued and continuing profit for the year as noted above. Management then analysed the legal entity tax and identified adjustments that could be considered directly attributable to the business unit based on the information available (for example adding back operational losses incurred when directly attributable to a business unit as non-deductible for tax purposes). In terms of the CEF Business, the interest income earned for the rentals on leases were not considered for deferred tax purposes as the information was not readily available. Therefore, management applied the approach of taxing these amounts in full at the corporate tax rate of 27%.

8. Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations *continued*

8.1 Non-current assets held for sale and liabilities directly associated with assets classified as held for sale

	2024 R'000		
Consolidated	**CEF Business**	**CPF Business**	**Total**
Non-current assets held for sale			
Loans and advances			
Balance at the beginning of the year	–	–	–
Transfer from loans and advances	2 683 475	451 905	3 135 380
Measured at amortised cost	2 683 475	67 068	2 750 543
Measured at FVTPL	–	384 837	384 837
Total loans and advances held for sale	2 683 475	451 905	3 135 380
Total non-current assets held for sale	2 683 475	451 905	3 135 380
Liabilities directly associated with assets classified as held for sale			
Provisions			
Balance at the beginning of the year	–	–	–
Transfer from provisions	108	65	173
Total provisions held for sale	108	65	173
Total liabilities directly associated with assets classified as held for sale	108	65	173

Please note that the comparative year is not presented as no asset or liability met the criteria to be classified as held for sale at the prior year reporting date.

	2024 R'000		
Separate	**CEF Business**	**CPF Business**	**Total**
Non-current assets held for sale			
Loans and advances			
Balance at the beginning of the year	–	–	–
Transfer from loans and advances	2 155 518	451 905	2 607 423
Measured at amortised cost	2 155 518	67 068	2 222 586
Measured at FVTPL	–	384 837	384 837
Total loans and advances held for sale	2 155 518	451 905	2 607 423
Securitised assets			
Balance at the beginning of the year	–	–	–
Transfer from securitised assets	527 850	–	527 850
Measured at amortised cost	527 850	–	527 850
Total securitised assets held for sale	527 850	–	527 850
Total non-current assets held for sale	2 683 368	451 905	3 135 273
Liabilities directly associated with assets classified as held for sale			
Provisions			
Balance at the beginning of the year	–	–	–
Transfer from provisions	108	65	173
Total provisions held for sale	108	65	173
Total liabilities directly associated with assets classified as held for sale	108	65	173

Please note that the comparative year is not presented as no asset or liability met the criteria to be classified as held for sale at the prior year reporting date.

8. Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations *continued*

8.2 Discontinued operations

Consolidated	2024 R'000 CEF Business	CPF Business	Foreign exchange business	Total
Analysis of the post-tax profit of discontinued operation:				
Interest income	**412 188**	**69 356**	**4 674**	**486 218**
Interest income calculated using the effective interest method	412 188	11 005	4 674	427 867
Other interest income	–	58 351	–	58 351
Interest expense	**(51 562)**	**–**	**(3 553)**	**(55 115)**
Interest expense calculated using the effective interest method	(51 562)	–	(3 553)	(55 115)
Net interest income	**360 626**	**69 356**	**1 121**	**431 103**
Non-interest income	**(1 520)**	**12 740**	**15 660**	**26 880**
Net fee and commission income	(11 503)	3 736	(3 345)	(11 112)
Fee and commission income	368	3 736	833	4 937
Fee and commission expense	(11 871)	–	(4 178)	(16 049)
Gains and losses on financial instruments	6 147	9 004	16 583	31 734
Net gains on the derecognition of financial instruments at amortised cost	6 147	–	–	6 147
Other gains or losses on financial instruments	–	9 004	16 583	25 587
Other income on non-financial assets	3 836	–	2 422	6 258
Total income	**359 106**	**82 096**	**16 781**	**457 983**
Credit impairment charges	(11 783)	(535)	1 996	(10 322)
Net income after impairments	**347 323**	**81 561**	**18 777**	**447 661**
Total operating costs	**(29 771)**	**(5 138)**	**(70 427)**	**(105 336)**
Staff costs	(26 829)	(3 449)	(1 625)	(31 903)
Other operating expenses	(2 942)	(1 689)	(68 802)	(73 433)
Profit/(Loss) for the year before income tax	**317 552**	**76 423**	**(51 650)**	**342 325**
Income tax expense	(92 620)	(13 789)	–	(106 409)
Profit/(Loss) for the year from discontinued operations	**224 932**	**62 634**	**(51 650)**	**235 916**
Cash flows from discontinued operations are as follows:				
Net cash inflow/(outflow) from Operating Activities	126 512	242 016	(213 881)	154 647
Net cash outflow from Investing Activities	–	–	–	–
Net cash outflow from Financing Activities	–	–	–	–
Net cash inflow/(outflow)	**126 512**	**242 016**	**(213 881)**	**154 647**

All the assets and liabilities classified as held for sale is outside of the measurement scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations therefore, there is no remeasurement to fair value less costs to sell.

8. Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations *continued*

8.2 Discontinued operations *continued*

	2023 R'000			
Consolidated	CEF Business	CPF Business	Foreign exchange business	Total
Analysis of the post-tax profit of discontinued operation:				
Interest income	323 091	60 817	6 086	389 994
Interest income calculated using the effective interest method	323 091	11 295	6 086	340 472
Other interest income	–	49 522	–	49 522
Interest expense	(27 950)	–	(6 509)	(34 459)
Interest expense calculated using the effective interest method	(27 950)	–	(6 509)	(34 459)
Net interest income	295 141	60 817	(423)	355 535
Non-interest income	(4 183)	11 601	33 113	40 531
Net fee and commission income	(14 490)	6 573	(6 802)	(14 719)
Fee and commission income	354	6 573	2 515	9 442
Fee and commission expense	(14 844)	–	(9 317)	(24 161)
Gains and losses on financial instruments	5 045	5 028	36 842	46 915
Net gains on the derecognition of financial instruments at amortised cost	5 045	–	–	5 045
Other gains or losses on financial instruments	–	5 028	36 842	41 870
Other income on non-financial assets	5 262	–	3 073	8 335
Total income	290 958	72 418	32 690	396 066
Credit impairment charges	13 702	(1 917)	(16 656)	(4 871)
Net income after impairments	304 660	70 501	16 034	391 195
Total operating costs	(27 488)	(13 657)	(58 786)	(99 931)
Staff costs	(26 379)	(11 363)	(11 475)	(49 217)
Other operating expenses	(1 109)	(2 294)	(47 311)	(50 714)
Profit/(Loss) for the year before income tax	277 172	56 844	(42 752)	291 264
Income tax expense	(71 137)	(14 656)	(946)	(86 739)
Profit/(Loss) for the year from discontinued operations	206 035	42 188	(43 698)	204 525
Cash flows from discontinued operations are as follows:				
Net cash inflow/(outflow) from Operating Activities	(252 767)	(220 679)	(105 945)	(579 391)
Net cash outflow from Investing Activities	–	–	–	–
Net cash outflow from Financing Activities	–	–	–	–
Net cash inflow/(outflow)	(252 767)	(220 679)	(105 945)	(579 391)

All the assets and liabilities classified as held for sale is outside of the measurement scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations therefore, there is no remeasurement to fair value less costs to sell.

8. Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations *continued*

8.2 Discontinued operations *continued*

	2024 R'000			
Separate	**CEF Business**	**CPF Business**	**Foreign exchange business**	**Total**
Analysis of the post-tax profit of discontinued operation:				
Interest income	**412 188**	**69 356**	**4 674**	**486 218**
Interest income calculated using the effective interest method	412 188	11 005	4 674	427 867
Other interest income	–	58 351	–	58 351
Interest expense	**(96 498)**	**–**	**(3 553)**	**(100 051)**
Interest expense calculated using the effective interest method	(96 498)	–	(3 553)	(100 051)
Net interest income	**315 690**	**69 356**	**1 121**	**386 167**
Non-interest income	**28 838**	**12 740**	**15 660**	**57 238**
Net fee and commission income	17 282	3 736	(3 345)	17 673
Fee and commission income	22 760	3 736	833	27 329
Fee and commission expense	(5 478)	–	(4 178)	(9 656)
Gains and losses on financial instruments	10 700	9 004	16 583	36 287
Net gains on the derecognition of financial instruments at amortised cost	6 571	–	–	6 571
Other gains or losses on financial instruments	4 129	9 004	16 583	29 716
Other income on non-financial assets	856	–	2 422	3 278
Total income	**344 528**	**82 096**	**16 781**	**443 405**
Credit impairment charges	(11 783)	(535)	1 996	(10 322)
Net income after impairments	**332 745**	**81 561**	**18 777**	**433 083**
Total operating costs	**(35 797)**	**(5 138)**	**(70 427)**	**(111 362)**
Staff costs	(4 848)	(3 449)	(1 625)	(9 922)
Other operating expenses	(30 949)	(1 689)	(68 802)	(101 440)
Profit/(Loss) for the year before income tax	**296 948**	**76 423**	**(51 650)**	**321 721**
Income tax expense	(85 965)	(13 789)	–	(99 754)
Profit/(Loss) for the year from discontinued operations	**210 983**	**62 634**	**(51 650)**	**221 967**
Cash flows from discontinued operations are as follows:				
Net cash inflow/(outflow) from Operating Activities	(91 807)	242 016	(213 881)	(63 672)
Net cash outflow from Investing Activities	–	–	–	–
Net cash outflow from Financing Activities	–	–	–	–
Net cash inflow/(outflow)	**(91 807)**	**242 016**	**(213 881)**	**(63 672)**

All the assets and liabilities classified as held for sale is outside of the measurement scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations therefore, there is no remeasurement to fair value less costs to sell.

8. Non-current assets held for sale, liabilities directly associated with assets classified as held for sale and discontinued operations *continued*

8.2 Discontinued operations *continued*

	2023 R'000			
Separate	CEF Business	CPF Business	Foreign exchange business	Total
Analysis of the post-tax profit of discontinued operation:				
Interest income	323 091	60 817	6 086	389 994
Interest income calculated using the effective interest method	323 091	11 295	6 086	340 472
Other interest income	–	49 522	–	49 522
Interest expense	(82 833)	–	(6 509)	(89 342)
Interest expense calculated using the effective interest method	(82 833)	–	(6 509)	(89 342)
Net interest income	240 258	60 817	(423)	300 652
Non-interest income	36 146	11 601	33 113	80 860
Net fee and commission income	25 044	6 573	(6 802)	24 815
Fee and commission income	25 128	6 573	2 515	34 216
Fee and commission expense	(84)	–	(9 317)	(9 401)
Gains and losses on financial instruments	8 353	5 028	36 842	50 223
Net gains on the derecognition of financial instruments at amortised cost	4 313	–	–	4 313
Other gains or losses on financial instruments	4 040	5 028	36 842	45 910
Other income on non-financial assets	2 749	–	3 073	5 822
Total income	276 404	72 418	32 690	381 512
Credit impairment charges	13 702	(1 917)	(16 656)	(4 871)
Net income after impairments	290 106	70 501	16 034	376 641
Total operating costs	(35 776)	(13 657)	(58 786)	(108 219)
Staff costs	(6 356)	(11 363)	(11 475)	(29 194)
Other operating expenses	(29 420)	(2 294)	(47 311)	(79 025)
Profit/(Loss) for the year before income tax	254 330	56 844	(42 752)	268 422
Income tax expense	(64 969)	(14 656)	(946)	(80 571)
Profit/(Loss) for the year from discontinued operations	189 361	42 188	(43 698)	187 851
Cash flows from discontinued operations are as follows:				
Net cash inflow/(outflow) from Operating Activities	68 568	(220 679)	(105 945)	(258 056)
Net cash outflow from Investing Activities	–	–	–	–
Net cash outflow from Financing Activities	–	–	–	–
Net cash inflow/(outflow)	68 568	(220 679)	(105 945)	(258 056)

All the assets and liabilities classified as held for sale is outside of the measurement scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations therefore, there is no remeasurement to fair value less costs to sell.

9. Loans and advances

Consolidated	Total R'000	Less than 1 year R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2024							
Loans and advances at amortised cost							
Gross investment in leases	**9 773 605**	**3 907 738**	**2 817 799**	**1 844 795**	**892 430**	**299 999**	**10 844**
Equipment finance	**6 319 217**	**2 613 745**	**1 825 749**	**1 167 983**	**539 240**	**171 691**	**809**
Capital equipment finance[2]	**3 454 388**	**1 293 993**	**992 050**	**676 812**	**353 190**	**128 308**	**10 035**
Less: Unearned finance income	**(2 021 101)**	**(968 576)**	**(616 566)**	**(303 520)**	**(110 312)**	**(21 461)**	**(666)**
Equipment finance	**(1 308 864)**	**(653 920)**	**(393 621)**	**(186 561)**	**(64 225)**	**(10 502)**	**(35)**
Capital equipment finance[2]	**(712 237)**	**(314 656)**	**(222 945)**	**(116 959)**	**(46 087)**	**(10 959)**	**(631)**
Net investment in leases[1]	**7 752 504**	**2 939 162**	**2 201 233**	**1 541 275**	**782 118**	**278 538**	**10 178**
Equipment finance	**5 010 353**	**1 959 825**	**1 432 128**	**981 422**	**475 015**	**161 189**	**774**
Capital equipment finance[2]	**2 742 151**	**979 337**	**769 105**	**559 853**	**307 103**	**117 349**	**9 404**
Trade and Debtor finance	**319 810**						
Other loans[2]	**388 660**						
Loans and advances before expected credit losses	**8 460 974**						
Credit loss allowance[1, 2]	**(536 171)**						
Total loans and advances before transfers	**7 924 803**						
Loans and advances at fair value	**406 771**						
Specialised lending[2]	**406 771**						
Total loans and advances before transfers	**8 331 574**						
Transfer to non-current assets held for sale[2]	**(3 135 380)**						
Total loans and advances[3, 4]	**5 196 194**						

1 *For key management inputs and assumptions around ECL refer to Note 40.*
2 *Gross exposure of Capital Equipment Finance of R2.7 billion, Other Loans of R67.1 million, and Specialised lending of R384.8 million will be disposed to African Bank Limited. The credit loss allowance of R58.8 million and R2.6 million for Capital Equipment Finance and Other Loans respectively will also be transferred on disposal. Refer to Note 8 for additional information and the expected timing of the sale.*
3 *Loans and advances with a carrying amount of R4.1 billion (2023: R4.1 billion) have been ceded as security for the debt securities issued in SASP, refer to Note 21.*
4 *The loans and advances have been bucketed as per their contractual cash flow.*

9. Loans and advances *continued*

Separate	Total R'000	Less than 1 year R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2024							
Loans and advances at amortised cost							
Gross investment in leases	**4 132 229**	**1 602 003**	**1 168 742**	**787 588**	**392 824**	**171 428**	**9 644**
Equipment finance	**1 356 894**	**571 423**	**377 544**	**242 982**	**100 110**	**64 283**	**552**
Capital equipment finance[2]	**2 775 335**	**1 030 580**	**791 198**	**544 606**	**292 714**	**107 145**	**9 092**
Less: Unearned finance income	**(855 577)**	**(383 776)**	**(263 857)**	**(136 622)**	**(55 901)**	**(14 780)**	**(641)**
Equipment finance	**(279 537)**	**(135 056)**	**(83 085)**	**(39 978)**	**(16 565)**	**(4 824)**	**(29)**
Capital equipment finance[2]	**(576 040)**	**(248 720)**	**(180 772)**	**(96 644)**	**(39 336)**	**(9 956)**	**(612)**
Net investment in leases[1]	**3 276 652**	**1 218 227**	**904 885**	**650 966**	**336 923**	**156 648**	**9 003**
Equipment finance	**1 077 358**	**436 368**	**294 459**	**203 004**	**83 545**	**59 459**	**523**
Capital equipment finance[2]	**2 199 294**	**781 859**	**610 426**	**447 962**	**253 378**	**97 189**	**8 480**
Trade and Debtor finance	**319 810**						
Other loans[2]	**396 103**						
Loans and advances before expected credit losses	**3 992 565**						
Credit loss allowance[1, 2]	**(310 340)**						
Total loans and advances at amortised cost	**3 682 225**						
Loans and advances at fair value	**406 771**						
Specialised lending[2]	**406 771**						
Total loans and advances before transfers	**4 088 996**						
Transfer to non-current assets held for sale[2]	**(2 607 423)**						
Total loans and advances[3]	**1 481 573**						

[1] *For key management inputs and assumptions around ECL refer to Note 40.*

[2] *Gross exposure of Capital Equipment Finance of R2.2 billion, Other Loans of R67.1 million, and Specialised lending of R384.8 million will be disposed to African Bank Limited. The credit loss allowance of R43.8 million and R2.6 million for Capital Equipment Finance and Other Loans respectively will also be transferred on disposal. Refer to Note 8 for additional information and the expected timing of the sale.*

[3] *The loans and advances have been bucketed as per their contractual cash flow.*

9. Loans and advances *continued*

Consolidated	Total R'000	Less than 1 year R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2023							
Loans and advances at amortised cost							
Gross investment in leases	9 947 213	3 772 946	2 758 167	1 922 327	1 098 123	363 465	32 185
Equipment finance	6 682 661	2 627 583	1 856 371	1 283 607	701 073	207 898	6 129
Capital equipment finance	3 264 552	1 145 363	901 796	638 720	397 050	155 567	26 056
Less: Unearned finance income	(2 137 913)	(968 388)	(651 901)	(347 443)	(138 848)	(28 944)	(2 389)
Equipment finance	(1 431 208)	(676 820)	(433 115)	(223 927)	(83 534)	(13 342)	(470)
Capital equipment finance	(706 705)	(291 568)	(218 786)	(123 516)	(55 314)	(15 602)	(1 919)
Net investment in leases[1]	7 809 300	2 804 558	2 106 266	1 574 884	959 275	334 521	29 796
Equipment finance	5 251 453	1 950 763	1 423 256	1 059 680	617 539	194 556	5 659
Capital equipment finance	2 557 847	853 795	683 010	515 204	341 736	139 965	24 137
Trade and Debtor finance	690 213						
Other loans	480 506						
Loans and advances before expected credit losses	8 980 019						
Credit loss allowance[2]	(523 806)						
Total loans and advances at amortised cost	8 456 213						
Loans and advances at fair value	571 355						
Specialised lending[3]	571 355						
Total loans and advances[1 4]	9 027 568						

[1] *Loans and advances with a carrying amount of R4.1 billion (2022: R3.247 billion) have been ceded as security for the debt securities issued, refer to Note 21.*
[2] *For key management inputs and assumptions around ECL refer to Note 40.*
[3] *During the year, a strategic decision was taken to transfer certain outstanding loans and advances to a third party (for which substantially all the risk and rewards of ownership were transferred) resulting in derecognition of these loans and advances. Further, there was also the transfer of a profit participation (in terms of which the Banking Group retained all the risks and rewards of ownership), as such this was not derecognised. No associated liabilities were linked to the transferred financial assets for which risks and rewards were retained. For the transferred profit participation, the Banking Group is still exposed to the variability of the amounts to be received. The carrying amount for profit participation is R24 million.*
[4] *The loans and advances have been bucketed as per their contractual cash flow.*

9. Loans and advances *continued*

Separate	Total R'000	Less than 1 year R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2023							
Loans and advances at amortised cost							
Gross investment in leases	4 338 896	1 538 119	1 170 444	853 404	526 141	220 987	29 801
Equipment finance	2 003 041	731 623	536 981	397 338	236 307	94 663	6 129
Capital equipment finance	2 335 855	806 496	633 463	456 066	289 834	126 324	23 672
Less: Unearned finance income	(953 440)	(394 479)	(293 465)	(166 763)	(75 322)	(21 186)	(2 225)
Equipment finance	(442 075)	(192 981)	(134 623)	(74 801)	(31 863)	(7 337)	(470)
Capital equipment finance	(511 365)	(201 498)	(158 842)	(91 962)	(43 459)	(13 849)	(1 755)
Net investment in leases[2]	3 385 456	1 143 640	876 979	686 641	450 819	199 801	27 576
Equipment finance	1 560 966	538 642	402 358	322 537	204 444	87 326	5 659
Capital equipment finance	1 824 490	604 998	474 621	364 104	246 375	112 475	21 917
Trade and Debtor finance	690 213						
Other loans[1]	489 498						
Loans and advances before expected credit losses	4 565 167						
Credit loss allowance[3]	(272 241)						
Total loans and advances at amortised cost	4 292 926						
Loans and advances at fair value	571 355						
Specialised lending[4]	571 355						
Total loans and advances[1 5]	4 864 281						

1 *Prior periods by restatement, please refer to Note 43 for additional information.*
2 *Loans and advances with a carrying amount of R4.1 billion (2022: R3.247 billion) have been ceded as security for the debt securities issued, refer to Note 21.*
3 *For key management inputs and assumptions around ECL refer to Note 40.*
4 *During the year, a strategic decision was taken to transfer certain outstanding loans and advances to a third party (for which substantially all the risk and rewards of ownership were transferred) resulting in derecognition of these loans and advances. Further, there was also the transfer of a profit participation (in terms of which the Banking Group retained all the risks and rewards of ownership), as such this was not derecognised. No associated liabilities were linked to the transferred financial assets for which risks and rewards were retained. For the transferred profit participation, the Banking Group is still exposed to the variability of the amounts to be received. The carrying amount for profit participation is R24 million.*
5 *The loans and advances have been bucketed as per their contractual cash flow.*

9. Loans and advances *continued*

9.1 Securitised assets

Bank sells a portion of capital equipment finance and equipment finance assets (recognised as part of loans and advances) to South African Securitisation Programme (RF) Limited (SASP). The sale of these loans and advances is regarded as a true sale from a legal perspective, however it does not meet the derecognition principles as set out in IFRS 9 Financial Instruments, from an accounting perspective. This is due to the fact that Sasfin Bank retains rights to remaining cash due to it through the securitisation structure and not only the financial assets transferred (i.e. Sasfin Bank is entitled to dividend payments, interest income from the subordinated loan, revenue share and settlement profits).

Due to this, in terms of IFRS 9, Sasfin Bank retains substantially all the risks and rewards of ownership and continues to control the underlying assets. As a result, the securitised assets continue to be recognised as securitised assets, with the consideration received for these securitised assets being recognised as a liability, namely intercompany loans for securitised assets. The cash flows arising from this liability (intercompany loans for securitised assets) are directly attributable to the transferred loans and advances. Accordingly, the disclosure below has been made, to recognise that the carrying amount of the liability will fluctuate in line with the loans and advances balance. This does not impact the balances or any of the underlying loans and advances key performance indicators.

Separate	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
Securitised assets							
2024							
Gross investment in leases	**5 473 018**	**2 235 720**	**1 597 518**	**1 019 086**	**493 786**	**125 739**	**1 169**
Equipment finance	**4 794 067**	**1 972 410**	**1 396 666**	**886 880**	**433 309**	**104 576**	**226**
Capital Equipment finance[1]	**678 951**	**263 310**	**200 852**	**132 206**	**60 477**	**21 163**	**943**
Less: Unearned finance income	**(1 132 992)**	**(567 855)**	**(342 234)**	**(162 857)**	**(53 584)**	**(6 439)**	**(23)**
Equipment finance	**(996 793)**	**(501 916)**	**(300 061)**	**(142 542)**	**(46 833)**	**(5 436)**	**(5)**
Capital Equipment finance[1]	**(136 199)**	**(65 939)**	**(42 173)**	**(20 315)**	**(6 751)**	**(1 003)**	**(18)**
Net investment in leases	**4 340 026**	**1 667 865**	**1 255 284**	**856 229**	**440 202**	**119 300**	**1 146**
Equipment finance	**3 797 274**	**1 470 494**	**1 096 605**	**744 338**	**386 476**	**99 140**	**221**
Capital Equipment finance[1]	**542 752**	**197 371**	**158 679**	**111 891**	**53 726**	**20 160**	**925**
Securitised assets before expected credit losses	**4 340 026**						
Credit loss allowance (Refer note 40.3.1)[1]	**(215 873)**						
Total securitised assets at amortised cost	**4 124 153**						
Transfer to non-current assets held for sale[1]	**(527 850)**						
Total securitised assets[2]	**3 596 303**						

[1] *Gross exposure of Capital Equipment Finance of R542.7 million will be disposed to African Bank Limited. The credit loss allowance of R14.9 million Capital Equipment Finance will also be transferred on disposal. Refer to Note 8 for additional information and the expected timing of the sale.*
[2] *The loans and advances have been bucketed as per their contractual cash flow.*

9. Loans and advances *continued*
9.1 Securitised assets *continued*

Separate	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
Securitised assets							
2023							
Gross investment in leases	5 466 013	2 186 148	1 545 846	1 037 083	557 513	137 038	2 385
Equipment finance	4 537 425	1 847 351	1 277 543	854 439	450 297	107 795	–
Capital Equipment finance	928 588	338 797	268 303	182 644	107 216	29 243	2 385
Less: Unearned finance income	(1 152 916)	(560 139)	(348 180)	(175 507)	(61 482)	(7 443)	(165)
Equipment finance	(957 573)	(470 062)	(288 240)	(143 954)	(49 627)	(5 690)	–
Capital Equipment finance	(195 343)	(90 077)	(59 940)	(31 553)	(11 855)	(1 753)	(165)
Net investment in leases	4 313 097	1 626 009	1 197 666	861 576	496 031	129 595	2 220
Equipment finance	3 579 852	1 377 289	989 303	710 485	400 670	102 105	–
Capital Equipment finance	733 245	248 720	208 363	151 091	95 361	27 490	2 220
Securitised assets before expected credit losses	4 313 097						
Credit loss allowance (Refer note 40.3.1)	(240 022)						
Total securitised assets at amortised cost	4 073 075						
Total securitised assets[1]	4 073 075						

[1] *The loans and advances have been bucketed as per their contractual cash flow.*

9.2 Intercompany loans for securitised assets

	2024 R'000	2023 R'000
Intercompany loans for securitised assets – liability represented by transfers to:		
SASP	**4 124 153**	4 073 075
Total	**4 124 153**	4 073 075

10. Investment securities

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Investments at fair value through profit or loss	**299 634**	324 316	**299 634**	324 316
Private Equity investments	**193 867**	219 352	**193 867**	219 352
Multi-asset fund	**105 767**	104 964	**105 767**	104 964
	299 634	324 316	**299 634**	324 316

Innovent Investment Holdings (Pty) Ltd is the only associate of the Banking Group and is classified and measured at fair value through profit or loss. (Refer to note 1.3.6 and 37.4.1). Innovent is incorporated in South Africa.

Material associate

	Innovent Investment Holdings (Pty) Limited[1]	
	2024 R'000	2023 R'000
	Fair value through profit or loss	
Dividends received	**13 440**	–
Summarised financial information:		
Current assets	**393 114**	340 202
Non-current assets	**321 988**	423 190
Current liabilities	**107 962**	288 211
Non-current liabilities	**182 435**	164 933
Total equity	**424 705**	310 248
Revenue	**578 239**	624 589
Profit or loss from continuing operations	**36 284**	60 958
Total comprehensive income	**36 284**	60 958

[1] *The amounts presented are before group eliminations due to information not being readily available. The carrying amount is R193.1 million (2023: R218.6 million).*

11. Long-term receivable

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
CODI receivable	**47 086**	–	**47 086**	–

The Corporation of Deposit Insurance (CODI) is South Africa's Deposit Insurance Scheme (DIS) which requires, by law (effective 1 April 2024), that banks maintain funds with CODI. CODI is required to pay interest thereon based on the repo rate. Interest is recognised when earned and is paid monthly from May 2024.

The amount that banks are required to maintain in the account of the DIS is determined with reference to their Fund Liquidity Contribution (which is based on a percentage of the eligible deposit book). This amount is adjusted and rolled over each month. There is no set repayment date.

The monthly premium of R0.8 million and annual levy of R0.2 million paid to date to CODI are recorded as operating expenses.

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

	Computer equipment[1] R'000	Furniture and fittings[1] R'000	Motor vehicles R'000	Land and buildings R'000	Right-of-use asset R'000	Total R'000
Consolidated						
2024						
Cost at the beginning of the year	**120 629**	**14 454**	**2 587**	**44 657**	**211 736**	**394 063**
Additions	**2 806**	**81**	**–**	**–**	**10 788**	**13 675**
Disposals	**(28 516)**	**(5 849)**	**(655)**	**–**	**(9 841)**	**(44 861)**
Cost at the end of the year	**94 919**	**8 686**	**1 932**	**44 657**	**212 683**	**362 877**
Accumulated depreciation and impairment at the beginning of the year	**(97 749)**	**(9 045)**	**(2 509)**	**(30 385)**	**(98 133)**	**(237 821)**
Depreciation charge for the year	**(10 561)**	**(1 305)**	**(55)**	**(2 824)**	**(18 749)**	**(33 494)**
Disposals	**28 461**	**5 681**	**655**	**–**	**9 842**	**44 639**
Accumulated depreciation and impairment at the end of the year	**(79 849)**	**(4 669)**	**(1 909)**	**(33 209)**	**(107 040)**	**(226 676)**
Carrying amount at the beginning of the year	**22 880**	**5 409**	**78**	**14 272**	**113 603**	**156 242**
Carrying amount at the end of the year	**15 070**	**4 017**	**23**	**11 448**	**105 643**	**136 201**
2023						
Cost at the beginning of the year	114 921	14 238	2 587	43 661	206 698	382 105
Additions	7 350	216	–	996	7 097	15 659
Disposals	(1 642)	–	–	–	(2 059)	(3 701)
Cost at the end of the year	120 629	14 454	2 587	44 657	211 736	394 063
Accumulated depreciation and impairment at the beginning of the year	(86 918)	(7 718)	(2 454)	(27 181)	(81 657)	(205 928)
Depreciation charge for the year	(12 438)	(1 327)	(55)	(3 204)	(18 535)	(35 559)
Disposals	1 607	–	–	–	2 059	3 666
Accumulated depreciation and impairment at the end of the year	(97 749)	(9 045)	(2 509)	(30 385)	(98 133)	(237 821)
Carrying amount at the beginning of the year	28 003	6 520	133	16 480	125 041	176 177
Carrying amount at the end of the year	22 880	5 409	78	14 272	113 603	156 242

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

	Computer equipment[1] R'000	Furniture and fittings R'000	Motor vehicles R'000	Land and buildings[1] R'000	Right-of-use asset R'000	Total R'000
Separate						
2024						
Cost at the beginning of the year	**119 514**	**13 491**	**2 472**	**44 448**	**208 717**	**388 643**
Additions	**2 806**	**81**	**–**	**–**	**10 788**	**13 675**
Disposals	**(28 516)**	**(5 849)**	**(655)**	**–**	**(9 841)**	**(44 861)**
Cost at the end of the year	**93 804**	**7 723**	**1 817**	**44 448**	**209 664**	**357 457**
Accumulated depreciation and impairment at the beginning of the year	**(96 634)**	**(8 084)**	**(2 394)**	**(30 177)**	**(96 973)**	**(234 262)**
Depreciation charge for the year	**(10 561)**	**(1 305)**	**(55)**	**(2 824)**	**(18 162)**	**(32 907)**
Disposals	**28 462**	**5 680**	**655**	**–**	**9 842**	**44 639**
Accumulated depreciation and impairment at the end of the year	**(78 733)**	**(3 709)**	**(1 794)**	**(33 001)**	**(105 293)**	**(222 530)**
Carrying amount at the beginning of the year	**22 880**	**5 407**	**78**	**14 272**	**111 744**	**154 381**
Carrying amount at the end of the year	**15 070**	**4 014**	**23**	**11 447**	**104 371**	**134 927**
2023						
Cost at the beginning of the year	113 806	13 275	2 472	43 452	203 679	376 684
Additions	7 351	216	–	996	7 097	15 660
Disposals	(1 642)	–	–	–	(2 059)	(3 701)
Cost at the end of the year	119 514	13 491	2 472	44 448	208 717	388 643
Accumulated depreciation and impairment at the beginning of the year	(85 804)	(6 757)	(2 339)	(27 007)	(81 085)	(202 992)
Depreciation charge for the year	(12 437)	(1 335)	(55)	(3 170)	(17 947)	(34 944)
Disposals	1 607	8	–	–	2 059	3 674
Accumulated depreciation and impairment at the end of the year	(96 634)	(8 084)	(2 394)	(30 177)	(96 973)	(234 262)
Carrying amount at the beginning of the year	28 002	6 518	133	16 445	122 594	173 692
Carrying amount at the end of the year	22 880	5 407	78	14 272	111 744	154 381

13. Intangible assets and goodwill

	Distributor relation-ships R'000	Internally generated intangible assets[1] R'000	Goodwill[2] R'000	Total R'000
Consolidated				
2024				
As at 1 July 2023				
Cost	**50 938**	**229 742**	**31 353**	**312 033**
Accumulated amortisation and impairment	**(42 992)**	**(161 051)**	**(835)**	**(204 878)**
Carrying amount at the beginning of the year	**7 946**	**68 691**	**30 518**	**107 155**
Additions	**–**	**3 022**	**–**	**3 022**
Disposals	**–**	**(395)**	**–**	**(395)**
Amortisation	**(5 297)**	**(25 071)**	**–**	**(30 368)**
Impairment	**–**	**–**	**–**	**–**
Carrying amount at the end of the year	**2 649**	**46 247**	**30 518**	**79 414**
2023				
As at 1 July 2022				
Cost	50 938	223 486	31 353	305 777
Accumulated amortisation and impairment	(37 695)	(127 117)	(835)	(165 647)
Carrying amount at the beginning of the year	13 243	96 369	30 518	140 130
Additions	–	6 256	–	6 256
Amortisation	(5 297)	(29 771)	–	(35 068)
Impairment	–	(4 163)	–	(4 163)
Carrying amount at the end of the year	7 946	68 691	30 518	107 155

[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 (VIU), where applicable. Treasury's WACC of 12.65% (2023: 11.11%), a terminal growth rate of 1% (2023: 1%) (South African GDP-based growth rate) and a three-year pre-tax budgeted cash flow forecast[3] was used to discount expected future cash flows.[4] There was no impairment required for software-related intangible assets.*

[2] *The Banking Group assesses the recoverable amount based on VIU of the CGU, which is R266.603 million (2023: R260.128 million[5]) for Fintech 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. A WACC of 15.93% (2023: 15.19%[5]) for Fintech, a terminal growth rate of 1% (2023: 1%) (South African GDP-based growth rate) and a three-year budgeted cash flow forecast[3] is used to discount expected future cash flows.*

[3] *The three-year budgeted cash flow forecast is based on pre-tax budgeted inputs which were adjusted for macro-economic drivers including GDP, inflation, credit risk, exchange rates, and other cost drivers for a three-year period from 2025 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] *In the prior year, the VIU of the CGU and the WACC percentage was incorrectly disclosed as R51.624 million and 11.11% respectively. The VIU of the CGU and the WACC percentage were therefore corrected from R51.624 million to R260.128 million and 11.11% to 15.19% respectively in the current year, as it relates to the comparative period. No impacted is noted on the primary financial statements.*

13. Intangible assets and goodwill *continued*

	Internally generated intangible assets[1] R'000	Goodwill R'000	Total R'000
Separate			
2024			
As at 1 July 2023			
Cost	**229 742**	**835**	**230 577**
Accumulated amortisation and impairment	**(161 050)**	**(835)**	**(161 885)**
Carrying amount at the beginning of the year	**68 692**	**–**	**68 692**
Additions	**3 022**		**3 022**
Disposal	**(395)**	**–**	**(395)**
Amortisation	**(25 071)**	**–**	**(25 071)**
Impairment	**–**	**–**	**–**
Carrying amount at the end of the year	**46 248**	**–**	**46 248**
2023			
As at 1 July 2022			
Cost	223 486	835	224 321
Accumulated amortisation and impairment	(127 117)	(835)	(127 952)
Carrying amount at the beginning of the year	96 369	–	96 369
Additions	6 257	–	6 257
Amortisation	(29 771)	–	(29 771)
Impairment	(4 163)	–	(4 163)
Carrying amount at the end of the year	68 692	–	68 692

[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 (VIU), where applicable. Treasury's WACC of 12.65% (2023: 11.11%), a terminal growth rate of 1% (2023: 1%) (South African GDP-based growth rate) and a three-year pre-tax budgeted cash flow forecast[2] was used to discount expected future cash flows[3]. There were no impairments required for software-related intangible assets.*

[2] *The three-year budgeted cash flow forecast is based on pre-tax budgeted inputs which were adjusted for macro-economic drivers including GDP, inflation, credit risk, exchange rates, and other cost drivers for a three-year period from 2025 to 2027.*

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

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
14. Deferred tax assets and liabilities				
Deferred tax assets	**70 357**	20 255	**67 531**	17 027
Deferred tax liabilities	**(133 046)**	(146 055)	**–**	–

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2024			2023		
	Assets R'000	**Liabilities R'000**	**Net R'000**	Assets R'000	Liabilities R'000	Net R'000
Consolidated						
Equipment finance	**(58 533)**	**(142 967)**	**(201 500)**	(96 151)	(158 771)	(254 922)
Tax losses[1]	**101 548**	**–**	**101 548**	114 473	3 248	117 721
Fair value adjustment	**(41 720)**	**–**	**(41 720)**	(47 215)	–	(47 215)
Prepayments	**(3 909)**	**–**	**(3 909)**	(4 023)	–	(4 023)
Impairments	**2 160**	**–**	**2 160**	2 160	–	2 160
Provisions	**63 490**	**10 174**	**73 664**	45 053	11 151	56 204
Investment property	**–**	**–**	**–**	–	–	–
Intangible assets	**–**	**(253)**	**(253)**	–	(1 683)	(1 683)
Property, equipment and right-of-use assets	**(28 197)**	**–**	**(28 197)**	(30 581)	–	(30 581)
Lease liabilities	**37 695**	**–**	**37 695**	38 499	–	38 499
Other temporary differences	**(2 177)**	**–**	**(2 177)**	(1 960)	–	(1 960)
Net tax assets/(liabilities)	**70 357**	**(133 046)**	**(62 689)**	20 255	(146 055)	(125 800)
Separate						
Equipment finance	**(58 533)**	**–**	**(58 533)**	(96 150)	–	(96 150)
Tax losses[1]	**101 549**	**–**	**101 549**	114 473	–	114 473
Fair value adjustment	**(41 720)**	**–**	**(41 720)**	(47 215)	–	(47 215)
Prepayments	**(3 909)**	**–**	**(3 909)**	(4 023)	–	(4 023)
Impairments	**2 160**	**–**	**2 160**	2 160	–	2 160
Provisions	**60 664**	**–**	**60 664**	41 824	–	41 824
Property and equipment	**(28 197)**	**–**	**(28 197)**	(30 581)	–	(30 581)
Lease liabilities	**37 694**	**–**	**37 694**	38 499	–	38 499
Other temporary differences	**(2 177)**	**–**	**(2 177)**	(1 960)	–	(1 960)
Net tax assets/(liabilities)	**67 531**	**–**	**67 531**	17 027	–	17 027

[1] *These tax losses have arisen from the Banking 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 Banking Group has assessed losses of R388.819 million (2023: R436.158 million), while the Bank has assessed losses of R388.807 million (2023: R423.973 million) that have been recognised.*

Refer to Note 43 for the IAS 8 treatment relating to the new model implementation used for calculating current and deferred taxation balances in respect of certain leased assets.

14. Deferred tax assets and liabilities *continued*

Movements in temporary differences during the year

	Balance at 1 July R'000	Recognised in profit or loss R'000	Balance at 30 June R'000
Consolidated			
2024			
Equipment finance	(254 922)	53 422	(201 500)
Tax losses	117 721	(16 173)	101 548
Fair value adjustment	(47 215)	5 495	(41 720)
Prepayments	(4 023)	114	(3 909)
Impairments	2 160	–	2 160
Provisions	56 204	17 460	73 664
Intangible assets	(1 683)	1 430	(253)
Property, equipment and right-of-use assets	(30 581)	2 384	(28 197)
Lease liabilities	38 499	(804)	37 695
Other temporary differences	(1 960)	(217)	(2 177)
	(125 800)	63 111	(62 689)
Separate			
2024			
Equipment finance	(96 150)	37 617	(58 533)
Tax losses	114 473	(12 924)	101 549
Fair value adjustment	(47 215)	5 495	(41 720)
Prepayments	(4 023)	113	(3 910)
Impairments	2 160	–	2 160
Provisions	41 824	18 840	60 664
Property and equipment	(30 581)	2 384	(28 197)
Lease liabilities	38 499	(804)	37 695
Other temporary differences	(1 960)	(217)	(2 177)
	17 027	50 504	67 531

14. Deferred tax assets and liabilities *continued*

Movements in temporary differences during the year *continued*

	Balance at 1 July R'000	Restated balance at 1 July R'000	Recognised in profit or loss R'000	Balance at 30 June R'000
Consolidated				
2023				
Equipment finance	(245 881)	(245 881)	(9 041)	(254 922)
Tax losses	94 367	94 367	23 354	117 721
Fair value adjustment	(55 625)	(55 625)	8 410	(47 215)
Prepayments	(3 018)	(3 018)	(1 005)	(4 023)
Impairments	19 002	19 002	(16 842)	2 160
Provisions	56 897	56 897	(693)	56 204
Intangible assets	(3 113)	(3 113)	1 430	(1 683)
Property, equipment and right-of-use assets	(34 077)	(34 077)	3 496	(30 581)
Lease liabilities	40 077	40 077	(1 578)	38 499
Other temporary differences	(2 051)	(2 051)	91	(1 960)
	(133 422)	(133 422)	7 622	(125 800)
Separate				
2023				
Equipment finance	(96 811)	(96 811)	661	(96 150)
Tax losses	90 157	90 157	24 316	114 473
Fair value adjustment	(55 602)	(55 602)	8 387	(47 215)
Prepayments	(3 018)	(3 018)	(1 005)	(4 023)
Impairments	19 002	19 002	(16 842)	2 160
Provisions	42 651	42 651	(827)	41 824
Property and equipment	(34 077)	(34 077)	3 496	(30 581)
Lease liabilities	40 077	40 077	(1 578)	38 499
Other temporary differences	(2 051)	(2 051)	91	(1 960)
	328	328	16 699	17 027

15. Investments in subsidiaries and structured entities

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Unlisted investments[1]				
Investment into ordinary shares	**–**	–	**176 958**	176 958
Fintech (Pty) Limited	**–**	–	**176 958**	176 958
Opening Balance	**–**	–	**176 958**	176 958
Benal Property Investments (Pty) Limited[2]	**–**	–	**–**	–
Opening Balance	**–**	–	**–**	9 086
Impairments	**–**	–	**–**	(9 086)
Investment into preference shares	**–**	–	**100**	100
South African Securitisation Programme (RF) Limited[3]	**–**	–	**100**	100
IFRS 10 Control	**–**	–	**–**	–
Sunlyn (Pty) Limited[3]	**–**	–	**–**	–
Carrying amount at the end of the year	**–**	–	**177 058**	177 058

[1] *For disclosure enhancement purposes the underlying entities invested into were disclosed. Prior year disclosure was amended accordingly. No impact is noted on the primary financial statements.*
[2] *Benal was impaired during the prior year to its recoverable amount of R9.1 million.*
[3] *For the purpose of IFRS, SASP and Sunlyn are controlled and administered by Sasfin Bank Limited. SASP is wholly owned by the South African Securitisation Issuer Owner Trust.*

16. Funding under repurchase agreements

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Funding under repurchase agreements	**551 205**	351 885	**551 205**	351 885
	551 205	351 885	**551 205**	351 885

The Bank participates in the SARB repurchase auction by tendering for cash against eligible collateral, refer to Note 5. Cash received from the tender is borrowed for one week at the repo rate.

17. Trade and other payables

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Financial Liabilities	**154 215**	484 071	**127 231**	560 923
Payables to entities in the Group	**456**	27 478	**1 791**	124 630
Other payables[1]	**62 560**	110 087	**41 626**	94 440
Accounts payable	**91 199**	346 506	**83 814**	341 853
Non-financial liabilities	**160 572**	111 987	**155 799**	109 145
Audit fees and other services	**19 692**	10 886	**15 521**	8 300
Accruals	**6 417**	3 434	**6 417**	3 434
Value-Added Taxation	**134 463**	97 667	**133 861**	97 411
	314 787	596 058	**283 030**	670 068

[1] *In the current period, this primarily comprises of accruals for commission payable to suppliers (Consolidated R16.3 million and Separate R6.1 million), Hello Paisa accruals (Consolidated and Separate R22.0 million) and overpaid debtors (Consolidated R17.6 million and Separate R13.4 million). Prior period primarily comprises of accruals for commission payable (Consolidated R17.1 and Separate R7.5 million) and Hello Paisa accruals (Consolidated and Separate R25.7 million).*

18. Provisions

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Provisions – Employee Benefits:	**30 707**	32 752	**27 789**	29 930
Leave pay provision	**14 408**	13 518	**11 500**	10 696
Bonus provision	**16 299**	19 234	**16 289**	19 234
Provisions – other:	**55 400**	–	**55 400**	–
Administrative sanctions provision	**55 400**	–	**55 400**	–
	86 107	32 752	**83 189**	29 930

Movements in each class of provision

	Bonus provision R'000	Leave pay provision R'000	Administrative sanctions provision R'000	Total R'000
Consolidated				
2024				
Carrying amount at the beginning of the year	**19 234**	**13 518**	**–**	**32 752**
Movement recognised in profit or loss:	**16 774**	**3 023**	**55 400**	**75 197**
Additional provisions recognised	**19 506**	**3 023**	**–**	**22 529**
Provision raised in the current year	**–**	**–**	**55 400**	**55 400**
Unused amounts reversed	**(2 732)**	**–**	**–**	**(2 732)**
Amounts used during the year	**(19 709)**	**(1 960)**	**–**	**(21 669)**
Transfer to liabilities directly associated with assets classified as held for sale[1]	**–**	**(173)**	**–**	**(173)**
Carrying amount at the end of the year	**16 299**	**14 408**	**55 400**	**86 107**
Separate				
2024				
Carrying amount at the beginning of the year	**19 234**	**10 696**	**–**	**29 930**
Movement recognised in profit or loss:	**14 711**	**2 872**	**55 400**	**72 983**
Additional provisions recognised	**17 443**	**2 872**	**–**	**20 315**
Provision raised in the current year	**–**	**–**	**55 400**	**55 400**
Unused amounts reversed	**(2 732)**	**–**	**–**	**(2 732)**
Amounts used during the year	**(17 656)**	**(1 895)**	**–**	**(19 551)**
Transfer to liabilities directly associated with assets classified as held for sale[1]	**–**	**(173)**	**–**	**(173)**
Carrying amount at the end of the year	**16 289**	**11 500**	**55 400**	**83 189**

[1] *Refer to Note 8 for additional information.*

18. Provisions *continued*

Movements in each class of provision *continued*

	Bonus provision R'000	Leave pay provision R'000	Total R'000
Consolidated			
2023			
Carrying amount at the beginning of the year	30 000	15 028	45 028
Movement recognised in profit or loss:	26 169	3 039	29 208
Additional provisions recognised	26 169	3 039	29 208
Unused amounts reversed	–	–	–
Amounts used during the year	(36 960)	(4 575)	(41 535)
Other movements	25	26	51
Carrying amount at the end of the year	19 234	13 518	32 752
Separate			
2023			
Carrying amount at the beginning of the year	34 000	12 420	46 420
Movement recognised in profit or loss:	22 966	2 565	25 531
Additional provisions recognised	22 966	2 565	25 531
Unused amounts reversed	–	–	–
Amounts used during the year	(37 757)	(4 315)	(42 072)
Other movements	25	26	51
Carrying amount at the end of the year	19 234	10 696	29 930

Leave pay provision

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. Therefore, the annual leave pay provision accumulates to a maximum of twice an employees' annual leave cycle entitlement, whereafter no additional leave will accrue.

Bonus provision

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

Update on administrative sanctions

As reported last year, Sasfin Bank received notifications from the SARB ("Regulator") of its intention to impose administrative sanctions for alleged contraventions of certain provisions of the Financial Intelligence Centre Act 38 of 2001 ("FICA") read with the Money Laundering and Terrorist Financing Control Regulations, and provisions of the Exchange Control Regulations and the Banks Act 94 of 1990, read with the Financial Sector Regulation Act 9 of 2017 ("FSRA"). These sanctions mainly relate to allegations of historic non-compliance within Sasfin Bank's now discontinued foreign exchange (Forex) business.

On 1 December 2023, Sasfin Bank submitted its representations to the Regulator responding to the notices. On 1 August 2024, Sasfin Bank received notices of administrative sanctions from the Regulator amounting to R160.64 million in net sanctions, being total sanctions of R209.69 million of which R49.05 million has been suspended. The payment obligation has been suspended following Sasfin Bank's submission of its reconsideration application on 13 November 2024 which is now being assessed by the Regulator. Sasfin Bank also received further correspondence from the SARB which is dealt with in the note on Commitments and Contingent Liabilities (refer to Note 25).

The Banking Group continues to proactively engage with the relevant regulators, while following its legal rights in terms of these administrative actions. The process of engaging with the various regulators is ongoing and sensitive and, based on external legal advice, it has been determined that the disclosure of further details regarding these matters and engagements with regulators would be prejudicial to the interests of the Banking Group.

Notwithstanding the ongoing engagement with regulators and the uncertainty regarding the final outcomes of such matters, IFRS requires that a provision should be measured at the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Accordingly, management applied its judgement and recognised a provision after considering a range of possible outcomes. As part of this process, management has considered the assessments of legal experts and determined that a provision of R55 million should be raised, of which R52.40 million is directly attributable to the discontinued Forex business (refer to Note 8).

However, when considering the complex nature of estimating the final outcomes of the amounts required to settle the obligations arising from the administrative sanctions, there is significant estimation risk inherent in its measurement. Therefore, the provision amount represents management's best estimate based on the information available at reporting date.

19. Lease liabilities

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Reconciliation of lease liabilities				
Opening lease liabilities	**145 353**	150 818	**143 245**	148 432
Finance costs (refer to Note 27)	**12 833**	13 670	**12 671**	13 461
Additions[1]	**10 788**	7 097	**10 788**	7 097
Capital repayments	**(14 270)**	(12 812)	**(13 707)**	(12 534)
Interest repayments	**(12 833)**	(13 420)	**(12 671)**	(13 211)
Total capitalised lease liabilities	**141 871**	145 353	**140 326**	143 245

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

The total cash outflow for leases included in the lease liability in 2024 was R27.103 million (2023: R26.232 million) for the Banking Group and R26.378 million (2023: R25.745 million) for the Company. Refer to Note 41 for the maturity analysis of the undiscounted contractual cash flows.

The Banking Group leases various office buildings in which to conduct its operations. These 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 Banking Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

20. Deposits from customers

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Current deposits	**1 029 302**	923 184	**1 048 313**	923 184
Call deposits[1]	**1 663 995**	1 844 592	**1 759 138**	2 012 318
Notice deposits	**1 472 114**	1 510 783	**1 580 713**	1 527 600
Fixed deposits	**1 367 004**	1 517 341	**1 647 340**	1 793 286
Negotiable certificates of deposits	**64 922**	93 391	**64 922**	93 391
	5 597 337	5 889 291	**6 100 426**	6 349 779

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*

21. Debt securities issued

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Category analysis				
Rated	**3 685 800**	3 720 138	**–**	–
Debt securities movement reconciliation for the consolidated statement of cash flows[1]				
Opening balance	**3 720 138**	2 991 429	**–**	–
Proceeds from issuance of debt securities	**642 000**	1 711 000	**–**	–
Settlement of debt securities	**(676 000)**	(983 310)	**–**	–
Accrued interest[2]	**(338)**	1 019	**–**	–
Closing balance	**3 685 800**	3 720 138	**–**	–

[1] *The disclosure has been added in the current period for enhancement purposes to enable the financial users to understand the movement in the debt securities. No impact is noted on the primary financial statements.*
[2] *The interest expense (refer to Note 27) was R377.3 million (2023: R286.9 million) whilst interest payments were R377.7 million (2023: R285.9 million).*

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 R1 million each. The Group has not had any defaults or other breaches with respect to its debt securities issued during the year ended 30 June 2024.

The notes bear interest at between three-month JIBAR+ 1.300% and three-month JIBAR+ 2.900%, with various maturity dates (refer to Note 41).

Refer to Notes 35 and 41 for more information and Note 45 for events after the reporting date.

21. Debt securities issued *continued*

SASP has various unsubordinated, compulsory redeemable, asset-backed notes which have varying debt covenant triggers for each of the notes per series issued. The triggers per series at year-end, namely net default rate and yield tests and value of debt securities in issue are disclosed below:

- Series 1:
  - The net default trigger level is between 2.625% and 4% and the 2.625% trigger noted in 2023 has fallen away as the specific notes have matured (2023: net default trigger level same as 2024). At June 2024 the average net default rate was at 2.285% (2023: 1.362%).
  - The average yield of 24.590% (2023: 27.204%) remains above the required yield test of prime rate plus 5.000% (2023: prime plus 5.000%).
  - The debt securities issued as at 30 June 2024 amount to R1 679 103 442 (2023: R1 679 080 935).
- Series 2:
  - The net default trigger level is 4.000% (2023: Same as 2024). At June 2024 the average net default rate was at 1.633% (2023: 0.125%).
  - The average yield of 19.860% (2023: 20.458%) remains above the required yield test of prime rate plus 3.000% (2023: prime plus 3.000%).
  - The debt securities issued as at 30 June 2024 amount to R505 921 261 (2023: R505 897 460).
- Series 3:
  - The net default trigger level is 4.500% (2023: Same as 2024). At June 2024 the average net default rate was 1.175% (2023: 1.161%).
  - The average yield of 20.520% (2023: 20.838%) remains above the required yield test of prime plus 4.000% (2023: prime plus 4.000%).
  - The debt securities issued as at 30 June 2024 amount to R1 500 775 668 (2023: R1 535 159 387).

22. Long-term loans

		Consolidated		Separate	
		2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Represented by:	**Repayment date:**				
Other[1]	5 August 2021[2] – 31 December 2026	**14 150**	76 488	**14 150**	76 488
Total		**14 150**	76 488	**14 150**	76 488

[1] *This refers to a special-purpose loan provided to the group by the SARB with a partial credit guarantee during COVID to assist businesses. The loan is repaid from receipts on client loans.*

[2] *In the prior year, the starting date was incorrectly disclosed as July 2022. This has been corrected in the year to 5 August 2021, as it relates to the comparative period.*

Long-term loans are interest-bearing, and the interest rates are individually negotiated.

The Banking 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 2024.

23. Ordinary share capital

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Authorised				
710 000 000 (2023: 710 000 000) ordinary shares of 1 cent each	**7 100**	7 100	**7 100**	7 100
Reconciliation of the number of shares issued				
510 000 000 (2023: 360 000 000) ordinary shares of 1 cent each				
Balance at the beginning of the year	**3 600**	3 600	**3 600**	3 600
Issued shares	**1 500**	–	**1 500**	–
Balance at the end of the year	**5 100**	3 600	**5 100**	3 600
Issued				
Total shares in issue (number)	**510 000 000**	360 000 000	**510 000 000**	360 000 000
	510 000 000	360 000 000	**510 000 000**	360 000 000

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
24. Ordinary share premium				
Balance at the beginning of the year	**459 876**	459 876	**459 876**	459 876
Issued shares	**148 500**	–	**148 500**	–
Balance at the end of the year	**608 376**	459 876	**608 376**	459 876

25. Commitments and contingent liabilities

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Letters of credit[1, 2]	**–**	37 125	**–**	37 125
Financial guarantees[1]	**42 782**	29 779	**43 463**	29 779
Loan commitments[1]	**49 543**	104 911	**49 543**	104 911
Capital expenditure	**120**	11	**120**	11
	92 445	171 826	**93 126**	171 826

1 *Refer to Note 40.1 for the expected credit loss amount raised.*

2 *The decrease in letters of credit for both the Consolidated and Separate results are due to the closure of the foreign exchange business. Refer to Note 8 for additional information.*

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

Legal proceedings

In the ordinary course of business, the Banking 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 both internal and external legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being "likely to succeed and material" other than the sanctions matter referred to below. There are three matters in which the Banking Group is involved which are considered to be "unlikely to succeed but material should they succeed", one of these matters has been heard but judgment has been reserved. The others are not expected to be enrolled for trial in the forthcoming year. Management is accordingly satisfied that the legal proceedings currently pending against the Banking Group and Company should not have a material adverse effect on the Banking Group's and Company's consolidated financial position.

The Banking Group and Company are also exposed to certain actual and potential claims in the ordinary course of its business, none of which are individually material. The directors are not expecting any of these to have a material adverse effect on the Banking Group and Company.

Update on administrative sanctions

On or about 17 July 2024, the SARB ("Regulator") issued the Company an invitation to make representations in terms of the audit alterem partum principles requiring that the Company be entitled to respond to allegations against it to answer why it should not attach or block funds standing to the credit of the Company. This notice is separate to the other notices received in respect of the administrative sanctions but arise from the same set of facts (refer to Note 18).

On 16 September 2024, the Company submitted detailed representations to the Regulator, in answer to these notices which addressed the factual allegations as well as legal considerations of rationality and proportionality. In arriving at a final decision on the form and extent of action, the Regulator is required to consider all submissions received from the Company. Furthermore, the process prior to the issue of any final action is confidential.

The Company's engagements with the SARB in respect of this action is at an early stage. It is therefore not yet possible to reliably estimate the timing, form of resolution, or quantum of any potential action, as there are numerous considerations and factors that may affect any outcome or final determination by the SARB. Based on external legal opinion obtained, no further statements have been made concerning the financial effects of the contingent liability, so as not to compromise the results of the proceedings or the interests of the Company. However, the resulting financial impact, based on the SARB's current audit process, could be material. Sasfin Bank is therefore of the view that this matter should be disclosed as a contingent liability.

Financial support

Should the need arise the Company has agreed to provide financial support to fellow subsidiaries, Sasfin Securities (Pty) Limited and South African Securitisation Programme (RF) Limited, to enable the continuation of their businesses as going concerns. The undertakings to support are not expected to affect the Company's solvency or liquidity.

26. Interest income

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Interest income calculated using the effective interest method				
Interest income	**9 158**	10 630	**8 077**	9 534
Deposits with banks	**34 073**	15 425	**21 913**	4 393
Long term receivable[2]	**339**	–	**339**	–
Negotiable securities[1]	**125 794**	111 032	**125 794**	111 032
Equipment finance	**804 356**	739 609	**199 576**	227 294
Capital equipment finance	**413 471**	326 371	**316 973**	243 538
Trade and Debtor finance	**63 156**	74 173	**63 156**	74 173
Securitised assets	**–**	–	**683 503**	581 371
Loans to entities in the group	**17 491**	13 583	**80 172**	63 664
Other secured loans[1,3]	**33 771**	52 811	**33 771**	52 811
Unsecured loans[1]	**11 796**	25 176	**11 796**	25 176
Total interest income calculated using the effective interest method	**1 513 405**	1 368 810	**1 545 070**	1 392 986
From continuing operations	**1 085 538**	1 028 338	**1 117 203**	1 052 514
From discontinued operations[4]	**427 867**	340 472	**427 867**	340 472
Other interest income				
Specialised lending[1]	**58 351**	51 206	**58 351**	51 207
Trading assets and other interest income	**(5 055)**	(383)	**–**	2
Money market fund	**41 762**	22 156	**41 762**	22 156
Total other interest income	**95 058**	72 979	**100 113**	73 365
From continuing operations	**36 707**	23 457	**41 762**	23 843
From discontinued operations[4]	**58 351**	49 522	**58 351**	49 522
Total interest income	**1 608 463**	1 441 789	**1 645 183**	1 466 351
From continuing operations	**1 122 245**	1 051 795	**1 158 965**	1 076 357
From discontinued operations[4]	**486 218**	389 994	**486 218**	389 994
Interest income on items measured at amortised cost	**1 513 405**	1 368 810	**1 545 070**	1 392 986
Performing financial assets	**1 475 476**	1 317 772	**1 518 252**	1 370 299
Credit impaired financial assets	**37 929**	51 038	**26 818**	22 687
Interest income on items measured at fair value through profit or loss	**95 058**	72 979	**100 113**	73 365

1 *Prior periods by restatement, please refer to Note 43 for additional information*
2 *This refers to the interest income earned on the funds with CODI. This is effective from 1 April 2024, therefore there is no comparative balance. Refer to Note 11 for additional information.*
3 *Other loans consist of revolving credit facilities, overdrafts and term loans.*
4 *Refer to Note 8 for additional information.*

27. Interest expense

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Interest expense calculated using the effective interest method				
Funding under repurchase agreements	**35 336**	43 950	**35 336**	43 950
Call deposits	**147 964**	115 424	**159 695**	127 872
Notice deposits	**142 639**	109 651	**145 331**	109 837
Fixed deposits	**157 169**	142 337	**167 824**	150 396
Lease liabilities	**12 833**	13 671	**12 671**	13 461
Bank overdraft	**10 077**	9 486	**1 466**	1 491
Debt securities	**377 318**	286 943	**–**	–
Intercompany loans for securitised assets	**–**	–	**683 503**	581 371
Long-term borrowings	**613**	9 818	**659**	9 077
Current accounts	**36 720**	21 456	**37 112**	21 456
Other deposits and loan accounts	**3 738**	8 847	**3 738**	8 847
	924 407	761 583	**1 247 335**	1 067 758
From continuing operations	**869 292**	727 124	**1 147 284**	978 416
From discontinued operations[1]	**55 115**	34 459	**100 051**	89 342
Other interest expense – all from continuing operations	**22 205**	–	**12 578**	(204)
Trading liabilities and other[2]	**22 205**	–	**12 578**	(204)
Total interest expense	**946 612**	761 583	**1 259 913**	1 067 554
From continuing operations	**891 497**	727 124	**1 159 862**	978 212
From discontinued operations[1]	**55 115**	34 459	**100 051**	89 342

1 *Refer to Note 8 for additional information.*
2 *This amount relates to interest payable to SARS.*

28. Net fee and commission income

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Fee and commission income				
Confirming fees	**30 678**	43 031	**30 678**	43 031
Commission income	**7 494**	26 287	**7 494**	26 287
Administration fees	**27 290**	29 371	**94 938**	91 736
Revenue share income	**–**	–	**159 262**	223 887
Other fee and commission income[1]	**51 098**	56 547	**49 211**	51 315
	116 560	155 236	**341 583**	436 256
From continuing operations	**111 623**	145 794	**314 254**	402 040
From discontinued operations[2]	**4 937**	9 442	**27 329**	34 216
Fee and commission expense				
Other fee and commission expense	**(5 018)**	(4 368)	**(5 018)**	(4 367)
Commission expense	**(40 096)**	(60 835)	**(13 240)**	(31 100)
Commission paid to suppliers	**(37 728)**	(51 086)	**(37 727)**	(51 078)
	(82 842)	(116 289)	**(55 985)**	(86 545)
From continuing operations	**(66 793)**	(92 128)	**(46 329)**	(77 144)
From discontinued operations[2]	**(16 049)**	(24 161)	**(9 656)**	(9 401)
Net fee and commission income	**33 718**	38 947	**285 598**	349 711
From continuing operations	**44 830**	53 666	**267 925**	324 896
From discontinued operations[2]	**(11 112)**	(14 719)	**17 673**	24 815

1 *Refer to accounting policy Note 1.14.2 for additional information. For current year purposes, this amount includes R20.5 million of other fees earned from the Asset Finance segment (R17.3 million relating to a service fee earned on managing leases) and the BCB segment (R19.4 million relating to other fees earned on banking transactions) in the normal course of business. For prior year purposes, no amount in this balance was individually material.*
2 *Refer to Note 8 for additional information.*

29. Gains or losses on financial instruments

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Net gains or losses on the derecognition of financial instruments at amortised cost				
Settlement profits[1]	**22 925**	15 671	**8 834**	5 149
Realised foreign exchange gains	**(124)**	1 497	**(124)**	1 498
	22 801	17 168	**8 710**	6 647
From continuing operations	**16 654**	12 123	**2 139**	2 334
From discontinued operations[2]	**6 147**	5 045	**6 571**	4 313
Other gains or losses on financial instruments				
Dividend income	**13 440**	17 633	**67 198**	82 628
Fair value adjustments on financial instruments held at fair value through profit or loss	**(27 870)**	34 075	**(27 870)**	34 054
Gain on intercompany loan for securitised assets	**–**	–	**37 893**	52 715
Unrealised (losses)/gains	**(3 983)**	15 678	**(3 983)**	15 678
Realised gains on derivative instruments	**10 101**	15 372	**10 101**	15 372
Realised gains on foreign exchange	**8 330**	16 599	**8 330**	16 599
	18	99 357	**91 669**	217 046
From continuing operations	**(25 569)**	57 487	**61 953**	171 136
From discontinued operations[2]	**25 587**	41 870	**29 716**	45 910
Total gains or losses on financial instruments	**22 819**	116 525	**100 379**	223 693
From continuing operations	**(8 915)**	69 610	**64 092**	173 470
From discontinued operations[2]	**31 734**	46 915	**36 287**	50 223

[1] *Settlement profits represent the gain earned or loss incurred on the settlement of a deal as a result of termination or upgrade. This gain or loss is calculated as the difference between the settlement received from the client and any remaining rentals due by the client as well as any unearned finance income.*
[2] *Refer to Note 8 for additional information.*

30. Other income on non-financial assets

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Income received from rent for use assets	**123 304**	125 536	**13 354**	17 287
Profit on disposal of property and equipment	**199**	333	**199**	333
Profit on loss of control of subsidiary[1]	**–**	2 640	**–**	1 344
Sundry income[3]	**8 585**	22 759	**7 842**	20 948
	132 088	151 268	**21 395**	39 912
From continuing operations	**125 830**	142 933	**18 117**	34 090
From discontinued operations[2]	**6 258**	8 335	**3 278**	5 822

[1] *In the prior year Benal (Pty) Limited was sold and deconsolidated.*
[2] *Refer to Note 8 for additional information.*
[3] *In the prior year a significant part of this balance comprises of the write back of creditors past their prescription period, rental recoveries, insurance premium refunds and interest receivable on overpayments to SARS.*

31. Staff costs

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Salaries and wages	**361 440**	387 099	**300 740**	325 774
Executive Directors', Alternate Directors' and Prescribed Officers' remuneration (refer to Note 37.3)	**23 590**	30 186	**23 590**	30 186
Contributions to defined contribution plans	**40 465**	42 647	**34 635**	37 346
	425 495	459 932	**358 965**	392 890
From continuing operations	**393 592**	410 715	**349 043**	363 696
From discontinued operations[1]	**31 903**	49 217	**9 922**	29 194

[1] *Refer to Note 8 for more information*

32. Other operating expenses

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
The following items are included in operating expenses:				
Total fees paid to auditors[1]	**26 134**	11 549	**22 145**	9 881
Fees paid to PwC	**23 514**	11 244	**22 145**	9 881
Audit fees – Current year	**14 262**	11 798	**12 928**	10 496
Audit fees – (Over)/Under provision prior year	**8 560**	(554)	**8 525**	(615)
Regulatory fees	**692**	–	**692**	–
Fees paid to other auditors	**2 620**	305	**–**	–
Audit fees – Current year	**2 620**	305	**–**	–
Administration and management fees	**21 954**	32 808	**114 401**	131 820
Amortisation of intangible assets	**30 368**	35 068	**25 071**	29 771
Computer costs	**157 891**	147 535	**157 891**	147 529
Consulting fees	**34 798**	47 823	**34 380**	47 289
Depreciation	**33 494**	35 559	**32 906**	34 944
Legal costs[4]	**41 128**	33 688	**33 682**	29 527
Operational loss	**9 039**	41 851	**9 023**	35 308
Marketing costs	**10 278**	13 759	**9 865**	13 261
Occupation and accommodation	**13 923**	12 758	**12 620**	10 508
Fines and penalties[2]	**55 472**	164	**55 405**	164
Categorisation of total other operating expenses	**454 478**	422 896	**515 995**	480 173
Continuing operations	**381 045**	372 182	**414 555**	401 148
Discontinued operations[3]	**73 433**	50 714	**101 440**	79 025

[1] *In the current year, the disclosures were enhanced. As a result, the audit fees were disaggregated between the amount paid to PwC and other auditors. No impact is noted on the primary financial statements.*
[2] *Of this amount R55.4 million relates to the administrative sanctions provision raised. Refer to Note 18 for additional information.*
[3] *Refer to Note 8 for more information.*
[4] *In the current year, legal costs were disclosed due to the increase from prior year.*

33. Impairments of non-financial assets

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Software	–	4 163	–	4 163
Internally developed software	–	4 163	–	4 163
	–	4 163	–	4 163

34. Income tax expense

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Current tax expense	**46 489**	(442)	**2 906**	–
Current year	**46 489**	–	**2 906**	–
Over provision in prior years	–	(442)	–	–
Deferred tax expense/(credit)	**(63 111)**	(7 622)	**(50 504)**	(16 660)
Current year	**(64 162)**	(7 075)	**(51 555)**	(16 596)
Under/(over) provision in prior years	**1 051**	(547)	**1 051**	(64)
	(16 622)	(8 064)	**(47 598)**	(16 660)
From continuing operations	**(123 031)**	(94 803)	**(147 352)**	(97 231)
From discontinued operations[1]	**106 409**	86 739	**99 754**	80 571

[1] *Refer to Note 8 for additional information.*

34. Income tax expense *continued*

Reconciliation of taxation rate	**%**	%	**%**	%
South African normal tax rate	**27.00**	27.00	**27.00**	27.00
Adjusted for:	**(14.66)**	(45.65)	**(1.81)**	(49.25)
Exempt income[1]	**2.69**	(41.92)	**9.60**	(47.64)
Non-deductible expenses[2]	**(18.10)**	7.36	**(11.73)**	3.63
Additional deductible tax allowances	**1.31**	(2.27)	**0.93**	(1.31)
(Over)/Under provision in prior years	**(0.59)**	(2.29)	**(0.56)**	(1.54)
Fair value adjustments	**(0.11)**	(4.14)	**(0.05)**	(2.39)
Other	**0.14**	(2.40)	**–**	–
Effective rate	**12.34**	(18.65)	**25.19**	(22.25)
Losses, balances of allowances and credits for which deferred tax assets have been raised:				
Estimated tax losses available to offset future taxable income	**388 819**	436 158	**388 807**	423 973

[1] *Exempt income comprises exempt dividends.*

[2] *Non-deductible expenses consist of amortisation of intangible assets, leasehold improvements, interest, penalties and fines, legal fees, consulting fees, donations and operational losses.*

Refer to Note 43 for the IAS 8 treatment relating to the new model implementation used for calculating current and deferred taxation balances in respect of certain leased assets.

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
35. Securitisation				
In the ordinary course of business, the Banking Group sells financial assets to structured entities. The information below sets out the extent of such transfers and the Banking Group's retained interest in transferred assets.				
Carrying and fair value of transferred assets	**4 124 153**	4 073 075	**–**	–
Carrying and fair value of associated liabilities[1]	**(3 685 800)**	(3 720 138)	**–**	–
Net carrying amount and fair value	**438 353**	352 937	**–**	–

[1] *The Banking Group refinanced a further R642 million (2023: R861 million) worth of rental agreements during the year (refer to Note 21).*

36. Notes to the statement of cash flows

36.1 Cash inflow from operating activities

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Reconciliation of operating profit to cash flows from operating activities				
(Loss)/Profit before income tax	**(134 718)**	43 233	**(188 947)**	74 882
Adjusted for:	**156 964**	(23 335)	**81 541**	(93 489)
Profit on disposal of property and equipment	**(199)**	(333)	**(199)**	(333)
Non-cash interest received[1]	**(137 375)**	(106 676)	**(797 612)**	(652 776)
Non-cash interest paid	**36 771**	(11 404)	**713 709**	568 946
Non-cash fee and commission income	**–**	–	**–**	–
Dividend received	**(13 440)**	(17 633)	**(67 198)**	(82 628)
Net credit impairment charges	**122 211**	56 722	**115 803**	60 005
Credit impairment charges[1]	**122 211**	56 722	**77 910**	7 290
Credit impairment charges on securitised assets	**–**	–	**37 893**	52 715
Gain on intercompany loans for securitised assets	**–**	–	**(37 893)**	(52 715)
Gains on disposal of financial instruments held at fair value through profit or loss	**(18 942)**	(31 349)	**(4 851)**	(20 827)
Settlement profits	**(22 925)**	(15 671)	**(8 834)**	(5 149)
Unrealised foreign exchange gains	**3 983**	(15 678)	**3 983**	(15 678)
Fair value adjustments on financial instruments	**27 870**	(34 047)	**27 870**	(34 057)
Movement in provisions	**75 197**	29 208	**72 983**	25 532
Impairment of goodwill/intangible assets/property, equipment and right-of-use assets	**–**	4 163	**–**	4 163
Impairment of subsidiary	**–**	–	**–**	9 006
Depreciation	**33 494**	35 559	**32 907**	34 944
Amortisation of intangible assets	**30 368**	35 068	**25 071**	29 771
Disposal of intangible assets	**395**	–	**395**	–
Exchange rate fluctuations on cash held	**614**	17 229	**614**	17 229
Loans to entities in the group	**–**	–	**(58)**	–
Non-cash interest on lease liabilities	**–**	238	**–**	251
Disposal of subsidiary	**–**	(80)	**–**	–
	22 246	19 898	**(107 406)**	(18 607)

36.2 Taxation paid

	Consolidated 2024	Consolidated 2023	Separate 2024	Separate 2023
Unpaid at the beginning of the year	**47 826**	39 709	**2 400**	–
Charge to the income statement	**(46 489)**	442	**(2 906)**	–
Non-cash adjustment	**(5 205)**	–	**90**	–
Unpaid at the end of the year	**(17 650)**	(47 826)	**(2 064)**	(2 400)
	(21 518)	(7 675)	**(2 480)**	(2 400)

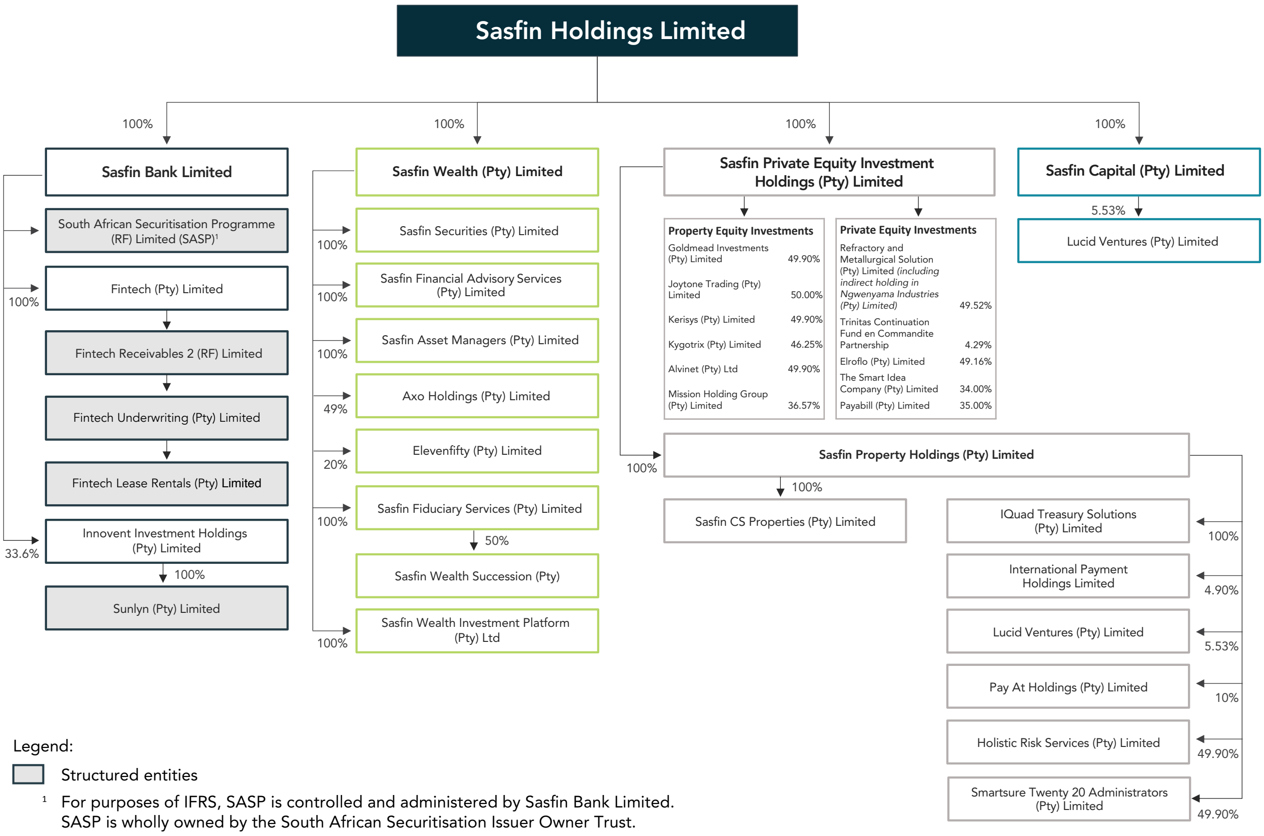
[1] *Prior periods by restatement, refer to Note 43 for additional information.*

Notes to the consolidated and separate financial statements *continued*

For the year ended 30 June 2024

37. Related-party transactions

37.1 Subsidiaries and controlled structured entities



Legend:

Structured entities

[1] For purposes of IFRS, SASP is controlled and administered by Sasfin Bank Limited. SASP is wholly owned by the South African Securitisation Issuer Owner Trust.

Shareholders of Sasfin Holdings Limited

Non-Public:

- *Unitas Enterprises Limited (2024: 15 398 174 shares (47.67%); 2023: 15 398 174 shares (47.67%)), a company owned by trusts, of which Roland Sassoon and Michael Sassoon are discretionary beneficiaries.*
- *Sasfin Share Incentive Trust (2024: 1 453 651 (4.50%)); (2023: 1 436 052 (4.45%))*
- *Sasfin Securities Proprietary Limited (2024: 177 280 (0.55%); (2023: 92 542 (0.29%))*
- *Rolbase Investments Proprietary Limited, which is 100% owned by the Sassoon Children's Trust (2024: 6 123 shares (0.02%); 2023: 6 123 shares (0.02%))*
- *RDEB Sassoon (2024: 5 328 shares (0.02%); 2023: 5 328 shares (0.02%))*
- *Directors of major subsidiaries, prescribed officers and their associates (2024: 24 080 shares (0.07%); 2023: 22 480 shares (0.07%))*

Public

- *2024: 15 414 085 shares (47.72%); (2023: 7 238 722 shares (22.41%)).*[1]

During the year, Wiphold Investments Proprietary Limited, who are shareholders of Sasfin Holdings Limited, and Rolbase Investments Proprietary Limited provided guarantees of R22 million and R41 million respectively to bolster the capital adequacy of Sasfin Bank. These guarantees have expired post year end.

Sasfin Bank has agreed to provide financial support to SASP in the form of subordinated loan funding in an amount of R394 million (2023: R394 million). The subordinated loan funding accrues interest at a 3-month Jibar plus 5.50% (Series 1 and 2) or 7.50% (Series 3) and is payable on a quarterly basis. The capital is repayable once the underlying notes are redeemed. The undertaking by Sasfin Bank to support SASP does not adversely affect the Company or Banking Group's solvency and liquidity.

[1] *The increase in the number of public shares is due to a change in the JSE definition of public shareholders versus non-public shareholders. It was erroneously stated that Alvinet (Pty) Limited was disposed of in the prior year. This is incorrect as the Group still holds the investment.*

37. Related-party transactions *continued*

37.2 Balances with related parties

The Banking 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 (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:

	2024 R'000	2023 R'000
Balances		
Deposits[1, 2]	775 801	589 008
Loans[3]	115 014	124 374
Transactions		
Interest income[4]	31 818	26 364
Interest expense[5]	6 029	4 210
Fee and Commission Income[6]	1 718	1 053

1 *Several business bank accounts are held by related party entities with the Group (refer to note 37.1). Directors of the company also hold transactional and other deposit accounts with the Group which are entered into on an arm's length basis.*
2 *In the prior year the deposit balance was incorrectly disclosed as R122.9 million. The related deposit balance was therefore corrected from R122.9 million to R589.0 million in the current year, as it relates to the comparative period.*
3 *In the prior year loans of R124.4 million was incorrectly omitted from the related parties note. The related party loans was therefore corrected from Rnil to R124.4 million in the current year, as it relates to the comparative period.*
4 *In the prior year interest income of R26.4 million was incorrectly omitted from the related parties note. The related party interest income was therefore corrected from Rnil to R26.4 million in the current year, as it relates to the comparative period.*
5 *In the prior year interest expense of R4.2 million was incorrectly omitted from the related parties note. The related party interest expense was therefore corrected from Rnil to R4.2 million in the current year, as it relates to the comparative period.*
6 *In the prior year fee and commission income of R1.1 million was incorrectly omitted from the related parties note. The related party fee and commission was therefore corrected from Rnil to R1.1 million in the current year, as it relates to the comparative period.*

37.3 Key management personnel and related remuneration

Directors' and Prescribed Officers' remuneration

	Services as Directors R	Cash package[1] R	Other benefits[2] R	Incentive bonus[3] R	Total 2023 R
2024					
Executive Directors					
H Heymans	–	3 459 712	450 977	800 000	4 710 689
MEE Sassoon	–	4 309 430	804 466	1 225 000	6 338 896
Alternate Executive Directors					
LR Fröhlich	–	3 326 363	504 527	800 000	4 630 890
MG Lane	–	3 027 309	813 782	841 667	4 682 758
Independent Non-Executive Directors[6]					
RWR Buchholz	1 020 119	–	–	–	1 020 119
GP de Kock[4]	949 231	–	–	–	949 231
T van der Mescht	594 129	–	–	–	594 129
TH Njikizana	726 194	–	–	–	726 194
MR Thompson	738 887	–	–	–	738 887
EA Wilton	758 698	–	–	–	758 698
Non-independent, Non-Executive Directors[6]					
RDEB Sassoon	446 077	–	–	–	446 077
Prescribed officers					
S Tomlinson[5]	–	2 156 359	728 205	342 833	3 227 397
	5 233 335	16 279 173	3 301 957	4 009 500	28 823 965

1 *The remuneration of the Executive directors and Prescribed Officers is paid by the Banking Group.*
2 *Other benefits comprise: provident fund, medical aid, group life, company car and sign-on bonuses.*
3 *Relates to the Group's and individual's performance in the 2023 financial year.*
4 *Resigned effective 15 March 2024.*
5 *Resigned 1 August 2024 and is serving a three months' notice period until 31 October 2024.*
6 *The non-executive directors are paid by Sasfin Holdings Limited, the parent company of the Banking Group.*

37. Related-party transactions *continued*

37.3 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 2022[5] R
2023					
Executive Directors					
H Heymans	–	3 200 421	425 984	500	3 626 905
MEE Sassoon	–	4 079 842	749 389	1 441 667	6 270 898
Alternate Executive Directors					
LR Fröhlich	–	3 130 964	440 984	2 655 000	6 226 948
MG Lane	–	2 883 432	760 988	1 142 167	4 786 587
Independent Non-Executive Directors[4]					
RWR Buchholz	911 584	–	–	–	911 584
GP de Kock	1 280 884	–	–	–	1 280 884
T van der Mescht	937 998	–	–	–	937 998
TH Njikizana	664 963	–	–	–	664 963
MR Thompson	712 710	–	–	–	712 710
EA Wilton	726 988	–	–	–	726 988
Non-independent, Non-Executive Directors[4]					
RDEB Sassoon	465 840	–	–	–	465 840
Prescribed officers					
S Shabalala[5]	–	3 042 405	606 345	2 250 000	5 898 750
S Tomlinson	–	2 073 420	686 879	615 666	3 375 965
	5 700 967	18 410 484	3 670 569	8 105 000	35 887 020

1 *The remuneration of the Executive directors and Prescribed Officers is paid by the Banking Group.*
2 *Other benefits comprise: provident fund, medical aid, group life, company car and sign-on bonuses.*
3 *Relates to the Group's and individual's performance in the 2022 financial year.*
4 *The non-executive directors are paid by Sasfin Holdings Limited, the parent company of the Banking Group.*
5 *Resigned effective 30 June 2023.*

37. Related-party transactions *continued*

37.4 Associates

37.4.1 List of associates

Name	Nature of business	Consolidated % ownership 2024	Consolidated % ownership 2023	Separate % ownership 2024	Separate % ownership 2023
Associates recognised at fair value through profit or loss					
Innovent Investment Holdings (Pty) Ltd	Financial services holding company	**33.60**	33.60	**33.60**	33.60

37.5 Transactions and balances with associates

The Banking Group provides shareholder loans to some of its associates. The Banking Group further provides Equipment Finance, Capital Equipment Finance, Transactional banking capabilities 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 the Banking Group are designated as at fair value through profit or loss. The collective amounts included in the Banking Group's consolidated financial statements relating to these transactions are as follows:

	Consolidated[1] 2024 R'000	Consolidated[1] 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
Statement of Financial Position				
Deposits from customer	**534**	559	**534**	559
Statement Profit or Loss and Other Comprehensive Income				
Interest expense	**3**	3	**3**	3
Other operating expenses	**1 096**	–	**–**	–

[1] *In the current year, for enhanced disclosure purposes, the transactions and balances with associates is presented separately for Consolidated and Separate results. No impact is noted on the primary financial statements.*

37. Related-party transactions *continued*

37.6 Transactions and balances with entities in the Group

		Consolidated		Separate	
		2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
37.6.1	**Loans to/(from) entities in the Group**				
	Loans to/(from) subsidiaries	**–**	–	**393 670**	393 645
	South African Securitisation Programme (RF) Ltd	**–**	–	**393 670**	393 645
	SASP (Series 1)[1]	**–**	–	**211 461**	211 391
	SASP (Series 2)[1]	**–**	–	**50 796**	50 746
	SASP (Series 3)[1]	**–**	–	**131 413**	131 508
	Loans to fellow subsidiaries	**195 157**	194 197	**195 157**	194 197
	Sasfin Securities (Pty) Ltd	**56 507**	54 193	**56 507**	54 193
	Sasfin Private Equity Investment Holdings (Pty) Ltd	**138 650**	140 004	**138 650**	140 004
	Total loans to entities in the Group	**195 157**	194 197	**588 827**	587 842

[1] *The loans are subordinated, secured and bear interest at rates three-month JIBAR plus a percentage agreed upon. These loans are repayable on demand.*

		Consolidated		Separate	
		2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
37.6.2	**Guarantees, commitments and contingencies to/(from) entities in the Group**				
	Sasfin Securities (Pty) Ltd	**10 174**	10 000	**10 174**	10 000
	Sunlyn (Pty) Ltd	**–**	–	**681**	–
	Total guarantees with entities in the Group	**10 174**	10 000	**10 855**	10 000

An amount of R10 million of the above guarantee is in favour of the JSE to assist with the daily capital requirements of Sasfin Securities (Pty) Ltd.

37. Related-party transactions *continued*

37.6 Transactions and balances with entities in the Group *continued*

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
37.6.3 Intercompany (payables)/receivable with entities in the Group				
Receivables from Holding Company	**69 216**	8 157	**69 216**	8 157
Sasfin Holdings Ltd	**69 216**	8 157	**69 216**	8 157
(Payables to)/receivables from subsidiaries	**–**	–	**138 979**	6 775
Sunlyn (Pty) Ltd	**–**	–	**(1 328)**	306
South African Securitisation Programme (RF) Ltd	**–**	–	**100 005**	123 351
SASP (Series 1)	**–**	–	**(12 218)**	18 406
SASP (Series 2)	**–**	–	**98 977**	78 395
SASP (Series 3)	**–**	–	**13 246**	26 550
Fintech Underwriting Pty Ltd	**–**	–	**39 531**	(98 463)
Fintech Lease Rentals Pty Ltd	**–**	–	**(7)**	506
Fintech (Pty) Ltd	**–**	–	**778**	(18 925)
(Payables to)/receivables from fellow subsidiaries	**77 289**	112 399	**77 289**	112 399
Sasfin Securities (Pty) Ltd	**1 063**	6 940	**1 063**	6 940
Sasfin Financial Advisory Services (Pty) Ltd	**(140)**	940	**(140)**	940
Sasfin Private Equity Investment Holdings (Pty) Ltd	**24 167**	18 018	**24 167**	18 018
Sasfin Capital (Pty) Ltd	**48 604**	85 544	**48 604**	85 544
Sasfin Property Holdings (Pty) Ltd	**3 618**	509	**3 618**	509
Sasfin Asset Managers (Pty) Ltd	**(23)**	448	**(23)**	448
Total intercompany receivables with entities in the Group	**146 505**	120 556	**285 484**	127 331
Intercompany loans for securitised assets	**–**	–	**4 124 153**	4 073 075
Represented by transfers to SASP	**–**	–	**4 124 153**	4 073 075
Total intercompany loan for securitised assets	**–**	–	**4 124 153**	4 073 075

37. Related-party transactions *continued*

37.6 Transactions and balances with entities in the Group *continued*

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
37.6.4 Funds on call and deposits with entities in the Group				
Funds on call and deposits with Holding Company	**(18 879)**	(28 340)	**(18 879)**	(28 340)
Sasfin Holdings Ltd	**(18 879)**	(28 340)	**(18 879)**	(28 340)
Funds on call and deposits from subsidiaries	**–**	–	**(503 088)**	(421 078)
Sunlyn (Pty) Ltd	**–**	–	**(16 111)**	(1 090)
South African Securitisation Programme (RF) Ltd	**–**	–	**(378 058)**	(371 497)
Fintech (Pty) Ltd	**–**	–	**(108 599)**	(16 818)
Fintech Underwriting (Pty) Ltd	**–**	–	**(320)**	(22 687)
Fintech Lease Rentals (Pty) Ltd[1]	**–**	–	**–**	(8 986)
Funds on call and deposits from fellow subsidiaries	**(211 264)**	(213 040)	**(211 264)**	(213 040)
Iquad Treasury Solutions (Pty) Ltd	**(18)**	(13)	**(18)**	(13)
Sasfin Wealth (Pty) Ltd	**(26 789)**	(8 876)	**(26 789)**	(8 876)
Sasfin Securities (Pty) Ltd	**(80 285)**	(49 152)	**(80 285)**	(49 152)
Sasfin Financial Advisory Services (Pty) Ltd	**(8 787)**	(17 967)	**(8 787)**	(17 967)
Sasfin Asset Managers (Pty) Ltd	**(14 796)**	(40 537)	**(14 796)**	(40 537)
Sasfin Wealth Investment Platform (Pty) Ltd	**(632)**	(74)	**(632)**	(74)
Sasfin Private Equity Investment Holdings (Pty) Ltd	**(22 568)**	(53 663)	**(22 568)**	(53 663)
Sasfin Capital (Pty) Ltd	**(28 082)**	(29 869)	**(28 082)**	(29 869)
Sasfin Property Holdings (Pty) Ltd	**(20 346)**	(5 713)	**(20 346)**	(5 713)
Sasfin Wealth Succession (Pty) Ltd	**(96)**	(14)	**(96)**	(14)
Sasfin Fiduciary Services (Pty) Ltd	**(200)**	(112)	**(200)**	(112)
Sasfin SC Properties (Pty) Ltd (previously SCS Properties (Pty) Ltd)	**(8 665)**	(7 050)	**(8 665)**	(7 050)
Total funds on call and deposits with entities in the Group	**(230 143)**	(241 380)	**(733 231)**	(662 458)
37.6.5 Trading assets/(liabilities) with entities in the Group				
Trading assets/(liabilities) with subsidiaries	**–**	–	**425**	(67)
South African Securitisation Programme (RF) Ltd	**–**	–	**425**	(67)
Total trading assets/(liabilities) with entities in the Group	**–**	–	**425**	(67)

[1] *Prior periods by restatements, please refer to Note 43 for additional information.*

The South African Securitisation Programme (RF) Ltd has a prime/3-month JIBAR interest rate swap with Sasfin Bank Limited measured at arm's length and outstanding balances at year-end are settled in cash.

37. Related-party transactions *continued*

37.6 Transactions and balances with entities in the Group *continued*

	Consolidated 2024 R'000	Consolidated 2023 R'000	Separate 2024 R'000	Separate 2023 R'000
37.6.6 Transactions with holding companies, subsidiaries and fellow subsidiaries				
Holding company				
Sasfin Holdings Limited	**(21 161)**	(39 078)	**(21 161)**	(39 078)
Interest paid	**(576)**	(378)	**(576)**	(378)
Administration fees expense	**(20 585)**	(38 700)	**(20 585)**	(38 700)
Subsidiaries				
Sunlyn (Pty) Ltd	**–**	–	**(93 897)**	(100 258)
Administration fees paid	**–**	–	**(93 816)**	(100 258)
Interest Paid			**(81)**	–
South African Securitisation Programme (RF) Ltd	**–**	–	**(364 515)**	(201 647)
Interest received	**–**	–	**62 680**	50 081
Interest paid[1, 2]	**–**	–	**(717 275)**	(610 703)
Administration fees received	**–**	–	**65 392**	59 994
Dividend received	**–**	–	**25 000**	20 000
Management fees received	**–**	–	**2 533**	2 432
Revenue share income	**–**	–	**159 262**	223 887
Gain on intercompany loan for securitised assets[3]	**–**	–	**37 893**	52 662
Fintech (Pty) Ltd	**–**	–	**26 065**	(185)
Interest paid	**–**	–	**(2 693)**	(185)
Dividend received	**–**	–	**28 758**	–
Fintech Underwriting (Pty) Ltd	**–**	–	**(25)**	(27)
Interest paid	**–**	–	**(25)**	(27)
Fintech Lease Rentals (Pty) Ltd	**–**	–	**(398)**	(412)
Interest paid	**–**	–	**(398)**	(412)
Fellow subsidiaries				
Sasfin Wealth (Pty) Ltd	**(1 007)**	(293)	**(1 007)**	(293)
Interest paid	**(1 007)**	(293)	**(1 007)**	(293)
Sasfin Financial Advisory Services (Pty) Ltd	**(1 015)**	(976)	**(1 015)**	(976)
Interest paid	**(1 015)**	(976)	**(1 015)**	(976)
Sasfin Asset Managers (Pty) Ltd	**(2 607)**	(1 429)	**(2 607)**	(1 429)
Interest paid	**(2 607)**	(1 429)	**(2 607)**	(1 429)
Sasfin Securities (Pty) Ltd	**(8 201)**	(1 268)	**(8 201)**	(1 268)
Interest received	**4 780**	3 659	**4 780**	3 659
Interest paid	**(9 314)**	(1 917)	**(9 314)**	(1 917)
Administration fees paid	**(1 147)**	(1 212)	**(1 147)**	(1 212)
Fee and commission expense	**(2 520)**	(1 798)	**(2 520)**	(1 798)
Sasfin Private Equity Investment Holdings (Pty) Ltd	**16 609**	14 859	**16 609**	14 859
Interest received	**12 711**	9 924	**12 711**	9 924
Administration fees income	**5 348**	6 045	**5 348**	6 045
Interest paid	**(1 450)**	(1 110)	**(1 450)**	(1 110)
Sasfin Capital (Pty) Ltd	**(1 081)**	(433)	**(1 081)**	(433)
Administration fees income	**1 281**	1 122	**1 281**	1 122
Interest paid	**(2 362)**	(1 555)	**(2 362)**	(1 555)
Sasfin Property Holdings (Pty) Ltd	**2 141**	1 992	**2 141**	1 992
Administration fees income	**2 704**	2 421	**2 704**	2 421
Interest paid	**(563)**	(429)	**(563)**	(429)
Total transactions with entities in the Group	**(16 322)**	(26 626)	**(449 092)**	(329 155)

1 *In the prior year interest paid to the intercompany loans for securitised assets of R581.4 million was incorrectly omitted from the related parties note. The related party interest paid was therefore corrected from R29.3 million to R610.7 million in the current year, as it relates to the comparative period.*

2 *Interest paid consists of R683.5 million (2023: R581.4 million) and R33.8 million (2023: R29.3 million) related to the interest on the intercompany loans for securitised assets and interest paid on cash held with the Company respectively.*

3 *In the prior year gain on intercompany loan for securitised assets amounting to R52.7 million related to the intercompany loans of securitised assets was incorrectly omitted from the related parties note. The gain on intercompany loan for securitised assets was therefore corrected from Rnil million to R52.7 million in the current year, as it relates to the comparative period. Refer to Note 9.1 as to how the gain on intercompany loan for securitised assets arises.*

38. Classification of assets and liabilities

Accounting classification and fair values

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

	Fair value through profit or loss 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
Consolidated					
2024					
Assets					
Cash and cash equivalents	100 004	–	443 861	–	543 865
Negotiable securities	–	–	1 896 183	–	1 896 183
Trading assets	30	–	–	–	30
Trade and other receivables	–	–	236 189	182 255	418 444
Non-current assets held for sale	384 837	–	2 750 543	–	3 135 380
Loans and advances	21 934	–	5 174 260	–	5 196 194
Securitised assets	–	–	–	–	–
Current taxation assets	–	–	–	22 855	22 855
Investment securities	299 634	–	–	–	299 634
Long-term receivable	–	–	47 086	–	47 086
Loans to entities in the Group	–	–	195 157	–	195 157
Property, equipment and right-of-use assets	–	–	–	136 201	136 201
Intangible assets and goodwill	–	–	–	79 414	79 414
Deferred tax asset	–	–	–	70 357	70 357
Total assets	**806 439**	**–**	**10 743 279**	**491 082**	**12 040 800**
Liabilities					
Funding under repurchase agreements	–	–	551 205	–	551 205
Trading liabilities	2 285	–	–	–	2 285
Current taxation liability	–	–	–	5 205	5 205
Trade and other payables	–	–	154 215	160 572	314 787
Liabilities directly associated with assets classified as held for sale	–	–	–	173	173
Bank overdraft	–	–	69 081	–	69 081
Provisions	–	–	–	86 107	86 107
Lease liabilities	–	–	–	141 871	141 871
Deposits from customers	–	–	5 597 337	–	5 597 337
Debt securities issued	–	–	3 685 800	–	3 685 800
Long-term loans	–	–	14 150	–	14 150
Deferred tax liabilities	–	–	–	133 046	133 046
Total liabilities	**2 285**	**–**	**10 071 788**	**526 974**	**10 601 047**

[1] *Refers to non-financial instruments as well as lease liabilities (which is a financial liability but out of the measurement scope of IFRS 9).*

38. Classification of assets and liabilities *continued*

Accounting classification and fair values *continued*

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

	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
Separate					
2024					
Assets					
Cash and cash equivalents	100 004	–	439 483	–	539 487
Negotiable securities	–	–	1 896 183	–	1 896 183
Trading assets	425	–	–	–	425
Trade and other receivables	–	–	373 213	31 213	404 426
Non-current assets held for sale	384 837		2 750 436	–	3 135 273
Loans and advances	21 934	–	1 459 639	–	1 481 573
Securitised assets	–	–	3 596 303	–	3 596 303
Current taxation assets	–	–	–	2 064	2 064
Investment securities	299 634	–	–	–	299 634
Long-term receivable	–	–	47 086	–	47 086
Loans to entities in the Group	–	–	588 827	–	588 827
Property, equipment and right-of-use assets	–	–	–	134 927	134 927
Intangible assets and goodwill	–	–	–	46 248	46 248
Deferred tax assets	–	–	–	67 531	67 531
Investments in subsidiaries and structured entities	–	–	–	177 058	177 058
Total assets	**806 834**	**–**	**11 151 170**	**459 041**	**12 417 045**
Liabilities					
Funding under repurchase agreements	–	–	551 205	–	551 205
Trading liabilities	–	–	–	–	–
Trade and other payables	–	–	127 231	155 799	283 030
Liabilities directly associated with assets classified as held for sale	–	–	–	173	173
Intercompany loans for securitised assets	–	–	4 124 153	–	4 124 153
Provisions	–	–	–	83 189	83 189
Lease liabilities	–	–	–	140 326	140 326
Deposits from customers	–	–	6 100 426	–	6 100 426
Long-term loans	–	–	14 150	–	14 150
Total liabilities	**–**	**–**	**10 917 165**	**379 487**	**11 296 652**

[1] *Refers to non-financial instruments as well as lease liabilities (which is a financial liability but out of the measurement scope of IFRS 9).*

38. Classification of assets and liabilities *continued*

Accounting classification and fair values *continued*

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

	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
Consolidated					
2023					
Assets					
Cash and cash equivalents[2]	251 430	–	538 663	–	790 093
Negotiable securities	–	–	1 293 411	–	1 293 411
Trading assets	32 798	–	–	–	32 798
Trade and other receivables	–	–	335 830	176 942	512 772
Loans and advances	571 355	–	8 456 213	–	9 027 568
Current taxation assets	–	–	–	47 826	47 826
Investment securities	324 316	–	–	–	324 316
Investments at fair value through profit or loss	324 316	–	–	–	324 316
Loans to entities in the Group	–	–	194 197	–	194 197
Deferred tax asset	–	–	–	20 255	20 255
Property, equipment and right-of-use assets	–	–	–	156 242	156 242
Intangible assets and goodwill	–	–	–	107 155	107 155
Total assets	1 179 899	–	10 818 314	508 420	12 506 633
Liabilities					
Funding under repurchase agreements	–	–	351 885	–	351 885
Trading liabilities	27 683	–	–	–	27 683
Current taxation liability	–	–	–	–	–
Trade and other payables	–	–	484 071	111 987	596 058
Bank overdraft	–	–	113 081	–	113 081
Provisions	–	–	–	32 752	32 752
Deposits from customers[2]	–	–	5 889 291	–	5 889 291
Lease liabilities[3]	–	–	–	145 353	145 353
Debt securities issued	–	–	3 720 138	–	3 720 138
Long-term loans	–	–	76 488	–	76 488
Deferred tax liabilities	–	–	–	146 055	146 055
Total liabilities	27 683	–	10 634 954	436 147	11 098 784

[1] *Refers to non-financial instruments as well as lease liabilities (which is a financial liability but out of the measurement scope of IFRS 9).*
[2] *Prior periods by restatement, please refer to Note 43 for additional information.*
[3] *Lease liabilities were incorrectly classified as amortised cost instead of outside scope of IFRS 9. This has been corrected and no impact is noted on the primary financial statements.*

38. Classification of assets and liabilities *continued*

Accounting classification and fair values *continued*

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

	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
Separate					
2023					
Assets					
Cash and cash equivalents[2]	251 430	–	520 557	–	771 987
Trading assets	29 576	–	–	–	29 576
Negotiable securities	–	–	1 293 411	–	1 293 411
Trade and other receivables	–	–	432 323	37 584	469 907
Loans and advances[2]	571 355	–	4 292 926	–	4 864 281
Securitised assets	–	–	4 073 075	–	4 073 075
Current taxation assets	–	–	–	2 400	2 400
Deferred tax assets	–	–	–	17 027	17 027
Investment securities	324 316	–	–	–	324 316
Investments at fair value through profit or loss	324 316	–	–	–	324 316
Loans to entities in the Group	–	–	587 842	–	587 842
Property, equipment and right-of-use assets	–	–	–	154 381	154 381
Intangible assets and goodwill	–	–	–	68 692	68 692
Investments in subsidiaries and structured entities	–	–	–	177 058	177 058
Total assets	1 176 677	–	11 200 134	457 142	12 833 953
Liabilities					
Funding under repurchase agreements	–	–	351 885	–	351 885
Trading liabilities	27 683	–	–	–	27 683
Trade and other payables	–	–	560 923	109 145	670 068
Intercompany loans for securitised assets	–	–	4 073 075	–	4 073 075
Provisions	–	–	–	29 930	29 930
Deposits from customers[2]	–	–	6 349 779	–	6 349 779
Lease liabilities[3]	–	–	–	143 245	143 245
Debt securities issued	–	–	–	–	–
Long-term loans	–	–	76 488	–	76 488
Deferred tax liabilities	–	–	–	–	–
Loans from entities in the Group	–	–	58	–	58
Total liabilities	27 683	–	11 412 208	282 320	11 722 211

1 *Refers to non-financial instruments as well as lease liabilities (which is a financial liability but out of the measurement scope of IFRS 9).*
2 *Prior periods by restatement, please refer to Note 43 for additional information.*
3 *Lease liabilities were incorrectly classified as amortised cost instead of outside scope of IFRS 9. This has been corrected and no impact is noted on the primary financial statements.*

38. Classification of assets and liabilities *continued*

38.1 Financial assets and liabilities measured at fair value

	2024				2023			
	Level 1 R'000	**Level 2 R'000**	**Level 3 R'000**	**Fair value R'000**	Level 1 R'000	Level 2 R'000	Level 3 R'000	Fair value R'000
Recurring fair value measurements								
Consolidated								
Financial assets	**–**	**205 801**	**600 638**	**806 439**	–	389 192	790 707	1 179 899
Cash and cash equivalents[1]	**–**	**100 004**	**–**	**100 004**	–	251 430	–	251 430
Non-current assets held for sale	**–**	**–**	**384 837**	**384 837**	–	–	–	–
Investment securities[1]	**–**	**105 767**	**193 867**	**299 634**	–	104 964	219 352	324 316
Loans and advances at fair value through profit or loss	**–**	**–**	**21 934**	**21 934**	–	–	571 355	571 355
Trading assets[2]	**–**	**30**	**–**	**30**	–	32 798	–	32 798
Financial liabilities	**–**	**2 285**	**–**	**2 285**	–	27 683	–	27 683
Trading liabilities[4]	**–**	**2 285**	**–**	**2 285**	–	27 683	–	27 683
Separate								
Financial assets	**–**	**206 196**	**600 637**	**806 833**	–	385 970	790 707	1 176 677
Cash and cash equivalents[1]	**–**	**100 004**	**–**	**100 004**	–	251 430	–	251 430
Non-current assets held for sale	**–**	**–**	**384 837**	**384 837**	–	–	–	–
Investment securities	**–**	**105 767**	**193 867**	**299 634**	–	104 964	219 352	324 316
Loans and advances at fair value through profit or loss	**–**	**–**	**21 933**	**21 933**	–	–	571 355	571 355
Trading assets[3]	**–**	**425**	**–**	**425**	–	29 576	–	29 576
Financial liabilities	**–**	**–**	**–**	**–**	–	27 683	–	27 683
Trading liabilities[4]	**–**	**–**	**–**	**–**	–	27 683	–	27 683

1 *This has been valued at the underlying investment funds market value.*
2 *Prior year fair value measurement classification for Level 1 was incorrectly disclosed as R29.1 million and has now been corrected to Rnil whilst Level 2 was incorrectly disclosed as R3.7 million and has now been corrected to R32.8 million. The change was due to the incorrect classification of derivatives of R29.1 million. No impact is noted on the primary financial statements.*
3 *Prior year fair value measurement classification for Level 1 was incorrectly disclosed as R29.1 million and has now been corrected to Rnil whilst Level 2 was incorrectly disclosed as R0.5 million and has now been corrected to R29.6 million. The change was due to the incorrect classification of derivatives of R29.1 million. No impact is noted on the primary financial statements.*
4 *Prior year fair value measurement classification for both Consolidated and Separate was incorrectly disclosed, Level 1 was incorrectly disclosed as R27.4 million and has now been corrected to Rnil whilst Level 2 was incorrectly disclosed as R0.3 million and has now been corrected to R27.7 million. The change was due to the incorrect classification of derivatives of R27.4 million. No impact is noted on the primary financial statements.*

38. Classification of assets and liabilities *continued*

38.2 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.

	2024			2023	
	Investment securities R'000	**Non-current assets held for sale[1] R'000**	**Loans and advances at fair value through profit or loss R'000**	Investment securities R'000	Loans and advances at fair value through profit or loss R'000
Consolidated					
Balance at the beginning of the year	**219 352**	**–**	**571 355**	192 865	377 291
Additions	**–**	**–**	**–**	15	–
Total gains or losses in profit or loss	**(25 439)**	**–**	**60 191**	26 700	59 845
Disposal of investments	**(46)**	**–**	**–**	–	–
Advances	**–**	**–**	**166 911**	–	199 886
Repayments	**–**	**–**	**(391 686)**	(228)	(65 667)
Transfer to Non-current assets held for sale	**–**	**384 837**	**(384 837)**	–	–
Balance at the end of the year	**193 867**	**384 837**	**21 934**	219 352	571 355
Separate					
Balance at the beginning of the year	**219 352**	**–**	**571 355**	192 865	377 291
Total gains or losses in profit or loss	**(25 439)**	**–**	**60 191**	26 700	59 845
Disposal of investments	**(46)**	**–**	**–**	–	–
Advances			**166 911**	–	199 886
Additions	**–**	**–**	**–**	15	–
Repayments	**–**	**–**	**(391 686)**	(228)	(65 667)
Transfer to Non-current assets held for sale	**–**	**384 837**	**(384 837)**	–	–
Balance at the end of the year	**193 867**	**384 837**	**21 934**	219 352	571 355

[1] *The comparative period is not provided as no asset or liability met the criteria to be classified as held for sale in the prior year. Refer to Note 8 for additional information.*

38. Classification of assets and liabilities *continued*

38.3 Gains or losses from fair value measurements

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

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Gains on level 3 instruments held at the reporting date[1]	**34 752**	26 700	**34 752**	26 700

[1] *Refer to Note 2.5.*

38.4 Sensitivity analysis of valuations using unobservable inputs

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

	Unobservable inputs	Range inputs **2024 R'000**	Range inputs 2023 R'000	Relationship of unobservable inputs to fair value
Loans and advances at FVTPL[1]	Vacancy rate	**7%-8% (weighted average 8%)**	7%-8% (weighted average 8%)	The higher the vacancy rate, capitalisation rate and discount rate, the lower the fair value
	Capitalisation rate	**11.5%-12.5% (weighted average 12.4%)**	11.5%-12.5% (weighted average 12%)	The higher the capitalisation rate, vacancy rate and discount rate, the lower the fair value
	Discount rate[2]	**13% – 17.5% (weighted average 14.8%)**	–	The higher the discount rate, vacancy rate and capitalisation rate, the lower the fair value
Investment securities: Investment in Private Equity	Weighted average cost of capital (WACC)	**21.3%**	20.5%	The higher the WACC, the lower the fair value.
	Marketability and minority discounts	**24.3%**	24.3%	The higher the discount, the lower the fair value.
	Revenue	**8.0%**	7.3%	The higher the revenue growth, the higher the fair value.

[1] *This equally applies to the loans and advances at FVTPL that are classified as held for sale at the end of the current reporting period.*

[2] *The discount rate is not an unobservable input for the prior year loans and advances at FVTPL. This is due to the valuation of this not requiring discounting of the forecast profit either due to repayment being imminent or the underlying project funding was provided for was in the early stages.*

38. Classification of assets and liabilities *continued*

38.4 Sensitivity analysis of valuations using unobservable inputs *continued*

Financial instrument	Parameter	Positive/ (negative) variance applied to parameters	Equity type	**2024 Potential effect recorded in profit or loss favourable R'm**	2023 Potential effect recorded in profit or loss favourable R'm	**2024 Potential effect recorded in profit or loss (unfavourable) R'm**	2023 Potential effect recorded in profit or loss (unfavourable) R'm
Consolidated							
Loans and advances at FVTPL[1]	Vacancy rate	100/(100) bps	N/A	**0.30**	0.72	**(0.30)**	(0.48)
	Capitalisation rate	50/(50) bps	N/A	**0.95**	2.02	**(0.85)**	(1.58)
	Discount Rate[2]	100/(100) bps	N/A	**3.52**	–	**(3.44)**	–
Investment securities: Private Equity	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**12.36**	13.07	**(10.57)**	(11.20)
	Marketability and minority discounts	100/(100) bps	Private equity	**5.34**	5.01	**(5.26)**	(4.95)
	Revenue growth	100/(100) bps	Private equity	**17.24**	15.09	**(16.70)**	(14.62)
Separate							
Loans and advances at FVTPL[1]	Vacancy rate	100/(100) bps	N/A	**0.30**	0.72	**(0.30)**	(0.48)
	Capitalisation rate	50/(50) bps	N/A	**0.95**	2.02	**(0.85)**	(1.58)
	Discount Rate[2]	100/(100) bps	N/A	**3.52**	–	**(3.44)**	–
Investment securities: Private Equity	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**12.36**	13.07	**(10.57)**	(11.20)
	Marketability and minority discounts	100/(100) bps	Private equity	**5.34**	5.01	**(5.26)**	(4.95)
	Revenue growth	100/(100) bps	Private equity	**17.24**	15.09	**(16.70)**	(14.62)

[1] *In the prior year this was incorrectly named as 'Investments Securities: Property Equity' instead of 'Loans and advances at FVTPL'. This is corrected in the current year and no impact is noted on the primary financial statements.*

[2] *The discount rate is not an unobservable input for the prior year loans and advances at FVTPL. This is due to the valuation of this not requiring discounting of the forecast profit either due to repayment being imminent or the underlying project funding was provided for was in the early stages.*

38. Classification of assets and liabilities *continued*

38.5 Market risk sensitivity on investment securities

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

	2024			2023		
	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
Consolidated						
Listed						
Equity securities at fair value	**174 480**	**193 867**	**213 253**	197 417	219 352	241 287
Impact on (losses) or gains recognised in profit or loss for the year	**(22 937)**	**(25 486)**	**(28 034)**	23 838	26 487	29 135
Separate						
Unlisted						
Equity securities at fair value	**174 480**	**193 867**	**213 253**	197 417	219 352	241 287
Impact on (losses) or gains recognised in profit or loss for the year	**(22 937)**	**(25 486)**	**(28 034)**	23 838	26 487	29 135

38. Classification of assets and liabilities *continued*

38.6 Financial assets and financial liabilities not measured at fair value

	2024				
		Fair value		Total fair value	Amortised Cost
	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	R'000
Consolidated					
Financial assets	**181 051**	**1 996 833**	**8 528 813**	**10 706 697**	**10 743 278**
Cash and cash equivalents[3]	–	443 861	–	443 861	443 861
Negotiable securities[2]	181 051	1 505 886	169 137	1 856 074	1 896 183
Trade and other receivables[3]	–	–	236 188	236 188	236 188
Non-current assets held for sale[1,2]	–	–	2 752 313	2 752 313	2 750 543
Loans and advances[1, 2]	–	–	5 176 018	5 176 018	5 174 260
Long-term receivable[3]	–	47 086	–	47 086	47 086
Loans to entities in the Group[3]	–	–	195 157	195 157	195 157
Financial liabilities	**3 687 862**	**6 148 542**	**237 446**	**10 073 850**	**10 071 788**
Funding under repurchase agreements[3]	–	551 205	–	551 205	551 205
Trade and other payables[3]	–	–	154 215	154 215	154 215
Bank overdraft[3]	–	–	69 081	69 081	69 081
Deposits from customers[3]	–	5 597 337	–	5 597 337	5 597 337
Debt securities issued[2]	3 687 862	–	–	3 687 862	3 685 800
Long-term loans[3]	–	–	14 150	14 150	14 150
Separate					
Financial assets	**181 051**	**1 992 453**	**8 956 759**	**11 130 265**	**11 151 136**
Cash and cash equivalents[3]	–	439 483	–	439 483	439 483
Negotiable securities[2]	181 051	1 505 886	169 137	1 856 074	1 896 183
Trade and other receivables[3]	–	–	373 213	373 213	373 213
Non-current assets held for sale[1, 2]	–	–	2 752 313	2 752 313	2 750 436
Loans and advances[1]	–	–	1 461 147	1 461 147	1 459 639
Securitised assets[2]	–	–	3 612 122	3 612 122	3 596 269
Long-term receivable[3]	–	47 086	–	47 086	47 086
Loans to entities in the Group[3]	–	–	588 827	588 827	588 827
Financial liabilities	**–**	**6 651 631**	**4 279 712**	**10 931 343**	**10 917 165**
Funding under repurchase agreements[3]	–	551 205	–	551 205	551 205
Trade and other payables[3]	–	–	127 231	127 231	127 231
Intercompany loans for securitised assets[2]	–	–	4 138 331	4 138 331	4 124 153
Deposits from customers[3]	–	6 100 426	–	6 100 426	6 100 426
Long-term loans[3]	–	–	14 150	14 150	14 150

1 *Only includes loans and advances measured at amortised cost.*
2 *The fair values of the respective items have been calculated using either quoted prices, observable inputs or unobservable inputs through a discounted cash flow which has been classified as level 1, level 2 and level 3 respectively.*
3 *The fair value approximates the carrying value.*

38. Classification of assets and liabilities *continued*

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

	2023				
	Fair value			Total fair value	Amortised Cost
	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	R'000
Consolidated					
Financial assets	173 363	1 529 261	9 080 383	10 783 007	10 818 314
Cash and cash equivalents[1]	–	538 663	–	538 663	538 663
Negotiable securities[2,3,4]	173 363	990 598	143 597	1 307 558	1 293 411
Trade and other receivables	–	–	335 830	335 830	335 830
Loans and advances[2,5]	–	–	8 406 759	8 406 759	8 456 213
Loans to entities in the Group	–	–	194 197	194 197	194 197
Financial liabilities	3 720 138	6 354 257	560 559	10 634 954	10 634 954
Funding under repurchase agreements	–	351 885	–	351 885	351 885
Trade and other payables	–	–	484 071	484 071	484 071
Bank overdraft	–	113 081	–	113 081	113 081
Deposits from customers[1,2]	–	5 889 291	–	5 889 291	5 889 291
Debt securities issued[2]	3 720 138	–	–	3 720 138	3 720 138
Long-term loans	–	–	76 488	76 488	76 488
Separate					
Financial assets	173 363	1 511 155	10 036 770	11 721 288	11 771 489
Cash and cash equivalents[1]	–	520 557	–	520 557	520 557
Negotiable securities[2,3,4]	173 363	990 598	143 597	1 307 558	1 293 411
Trade and other receivables	–	–	432 323	432 323	432 323
Loans and advances[1,2,5]	–	–	4 824 587	4 824 587	4 864 281
Securitised assets[2]			4 048 421	4 048 421	4 073 075
Loans to entities in the Group	–	–	587 842	587 842	587 842
Financial liabilities		6 701 664	5 462 056	12 163 720	11 412 208
Funding under repurchase agreements	–	351 885	–	351 885	351 885
Trade and other payables	–	–	560 923	560 923	560 923
Intercompany loans for securitised assets	–	–	4 824 587	4 824 587	4 073 075
Bank overdraft	–	–	–	–	–
Deposits from customers[1]	–	6 349 779	–	6 349 779	6 349 779
Long-term loans	–	–	76 488	76 488	76 488
Loans from entities in the Group	–	–	58	58	58

1 *Prior periods by restatement, please refer to Note 43 for additional information.*
2 *The fair values of the respective items have been calculated using either quoted prices, observable inputs or unobservable inputs through a discounted cash flow which has been classified as level 1, level 2 and level 3 respectively.*
3 *For the Land Bank (R143.6 million) exposure, prior year for both Consolidated and Separate was incorrectly reflected as Level 2 and has now been corrected to reflect Level 3 due to the significant judgement applied in calculating the ECL. No impact is noted on the primary financial statements.*
4 *The investment into a listed Government bond (R173.4 million) was incorrectly reflected for both Consolidated and Separate as Level 2 and has now been corrected to reflect Level 1. No impact is noted on the primary financial statements.*
5 *Only includes loans and advances measured at amortised cost.*

39. 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 Banking Group's strategic objectives. The Banking Group's well-established integrated risk management philosophy aims to ensure that the diverse risks and opportunities across the Banking Group are identified and proactively addressed within acceptable parameters through appropriate governance structures, processes, policies and frameworks, while supporting business growth. The Banking Group's risk management procedures are set out in the Group's enterprise risk governance framework approved by the GRCMC.

40. 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 Banking Group's loans and advances, deposits placed with other banks, Government bonds, negotiable securities, trade and other receivables, securitised assets, loans to entities in the group, financial guarantees issued, carry facilities granted and letters of credit issued. For risk management reporting purposes, the Banking 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 to Note 40.1);
- 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 Banking 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 Banking 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.

40. Credit risk *continued*

Management of credit risk *continued*

Securitisation

The Banking 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 Banking 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.

Deposits with other banks and money market funds

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

Credit impairment

The Banking 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 when there is no reasonable expectation of recovering a financial asset in its entirety. 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 Banking 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 Banking 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 Substandard	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. These accounts show signs of SICR.*
[3] *More than 30 days overdue up to 90 days overdue. These accounts show signs of SICR.*
[4] *Refer to Note 1.13, under heading default and curing, for the definition of credit impaired.*

Collateral for loans and advances

The Banking 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, cession of debtors as well as continuous covering mortgage bonds over property. Insurance taken out by the lender on loans and advances is also viewed as collateral.

Concentration risk

This is the risk of a material exposure by the Banking Group to a small number of depositors, lenders, financial instruments, individuals, corporates, institutions or geographies. Credit risk is managed through large exposures guidelines in accordance with regulatory requirements and mandates to the following segments: Equipment Finance, Capital Equipment Finance, Government and State-owned entities exposures, Trade & Debtor Finance, Property Lending, Private Equity Lending and Specialised Lending.

40. Credit risk *continued*

40.1 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 Banking Group's maximum exposure to credit risk on these assets by credit quality.

Consolidated	Credit risk grading ECL staging Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2024				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents[1]	**443 861**	**443 861**	**–**	**–**
Negotiable securities[2]	**1 896 183**	**1 931 351**	**35 168**	**1.82**
Loans and advances[3,6,7,8]	**7 924 803**	**8 460 974**	**536 171**	**6.34**
Equipment finance	**4 677 151**	**5 010 353**	**333 202**	**6.65**
Capital equipment finance	**2 683 512**	**2 742 151**	**58 639**	**2.14**
Trade and Debtor finance	**306 396**	**319 810**	**13 414**	**4.19**
Other loans	**258 499**	**388 660**	**130 161**	**33.49**
Guarantees[4]	**(755)**	**–**	**755**	**–**
Trade and other receivables[5]	**418 444**	**428 507**	**10 063**	**2.35**
Long-term receivable[1]	**47 086**	**47 086**	**–**	**–**
Loans to entities in the Group	**195 157**	**195 157**	**–**	**–**
Gross carrying amount	**10 925 534**	**11 506 936**	**581 402**	**5.05**
Off-balance sheet exposure to credit risk				
Loan commitments	**49 543**	**49 543**	**–**	**–**
Financial guarantees issued	**42 782**	**42 782**	**–**	**–**
Total exposure to off-balance sheet credit risk	**92 325**	**92 325**	**–**	**–**
Credit loss allowance on off-balance sheet credit risk recognised[4]	**–**	**–**	**–**	**–**
Maximum credit exposures on financial assets at FVTPL				
Cash and cash equivalents	**100 004**			
Loans and advances	**406 771**			
Trading assets	**30**			
Investment securities	**299 634**			
	806 439			
Total net amount of exposure to credit risk	**11 824 298**			

[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. Refer to Note 4 and Note 11 respectively for cash and cash equivalents and long-term receivable.*
[2] *Refer to Note 5 for significant changes in the balance.*
[3] *Refer to Note 9 for significant changes in the balance.*
[4] *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 product's ECL charge to which it relates.*
[5] *Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R182.2 million that are not subject to credit risk exposure.*
[6] *This includes the loans and advances classified as held for sale measured at amortised cost. This is due to the credit risk management not changing for these loans and advances on transfer to being classified as held for sale. Refer to Note 8 for additional information.*
[7] *Loans and advances in Stage 1 with a Gross carrying amount of R203.554 million and ECL of R7.097 million have been transferred from Stage 1 to Stage 2 due to SICR based on forward-looking information and using management transfer rate methodology. The impact on the coverage ratio for Stage 1 is minimal and there is an decrease in Stage 2 coverage of 16.38%.*
[8] *Loans and advances with a Gross carrying amount of R102.5 million that relate to Stage 2 exposures are included in Stage 1 above.*

A Stage 1			A and B Stage 2[6]			Default (C, D and E) Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
443 861	–	–	–	–	–	–	–	–
1 727 850	868	0.05	–	–	–	203 501	34 300	16.85
6 977 386	51 393	0.74	542 277	29 936	5.52	941 311	454 842	48.32
4 288 014	38 292	0.89	231 197	13 572	5.87	491 142	281 338	57.28
2 328 650	10 652	0.46	258 262	13 199	5.11	155 239	34 788	22.41
224 493	1 422	0.63	43 234	1 084	2.51	52 083	10 908	20.94
136 229	272	0.20	9 584	2 081	21.71	242 847	127 808	52.63
–	755	–	–	–	–	–	–	–
428 507	10 063	2.35				–	–	–
47 086	–	–	–	–	–	–	–	–
195 157	–	–	–	–	–	–	–	–
9 819 847	62 324	0.63	542 277	29 936	5.52	1 144 812	489 142	42.73
49 543	–	–	–	–	–	–	–	–
42 782	–	–	–	–	–	–	–	–
92 325	–	–		–	–	–	–	–
–	–	–	–	–	–	–	–	–

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

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 Banking Group's maximum exposure to credit risk on these assets by credit quality.

Consolidated	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2023					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1]		538 663	538 663	–	–
Negotiable securities[2]		1 293 411	1 354 941	61 530	4.54
Loans and advances[3,6]		8 456 213	8 980 019	523 806	5.83
Equipment finance		4 854 523	5 251 453	396 930	7.56
Capital equipment finance		2 514 913	2 557 847	42 934	1.68
Trade and Debtor finance		682 851	690 213	7 362	1.07
Other loans		404 816	480 506	75 690	15.75
Guarantees[4]		(890)	–	890	–
Trade and other receivables[5]		512 772	533 077	20 305	3.81
Loans to entities in the Group		194 197	194 201	4	–
		10 995 256	11 600 901	605 645	5.22
Off-balance sheet exposure to credit risk					
Letters of credit		37 125	37 125		
Loan commitments		104 911	104 911		
Financial guarantees issued		29 779	29 779		
Total exposure to off-balance sheet credit risk		171 815	171 815		
Credit loss allowance on off-balance sheet credit risk recognised[4]		–			
Maximum credit exposures on financial assets at FVTPL		1 179 899			
Cash and cash equivalents		251 430			
Loans and advances		571 355			
Trading assets		32 798			
Investment securities		324 316			
Total net amount of exposure to credit risk		12 346 970			

[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. Refer to Note 4 for significant changes in the balance. Further, prior periods by restatement, please refer to Note 43 for additional information.*

[2] *Refer to Note 5 for significant changes in the balance.*

[3] *Refer to Note 9 for significant changes in the balance.*

[4] *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 product's ECL charge to which it relates.*

[5] *Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R176.9 million that are not subject to credit risk exposure.*

[6] *Loans and advances in Stage 1 with a Gross carrying amount of R460 682 million and ECL of R3 928 million have been transferred from Stage 1 to Stage 2 due to SICR based on forward-looking information. The impact on the coverage ratio for Stage 1 is minimal and there is a decrease in Stage 2 coverage of 61.44%.*

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
538 663	–	–	–	–	–	–	–	–
1 151 463	1 649	0.14	–	–	–	203 478	59 881	29.43
7 823 512	68 428	0.87	220 972	20 728	9.38	935 535	434 650	46.46
4 647 150	50 513	1.09	95 470	13 923	14.58	508 833	332 494	65.34
2 404 558	8 934	0.37	24 946	1 171	4.69	128 343	32 829	25.58
561 247	1 834	0.33	63 721	1 427	2.24	65 245	4 101	6.29
210 557	6 257	2.97	36 835	4 207	11.42	233 114	65 226	27.98
–	890	–	–	–	–	–	–	–
517 719	6 253	1.21	2 612	1 306	50.00	12 746	12 746	100.00
194 201	4	–	–	–	–	–	–	–
10 225 558	76 334	0.75	223 584	22 034	9.85	1 151 759	507 277	44.04
37 125								
104 911								
29 779								
171 815								

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

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 Banking Group's maximum exposure to credit risk on these assets by credit quality.

Separate	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2024					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1]		439 483	439 483	–	–
Negotiable securities[2]		1 896 183	1 931 351	35 168	1.82
Loans and advances[3 6 7 8]		3 682 225	3 992 565	310 340	7.77
Equipment finance		955 122	1 077 358	122 236	11.35
Capital equipment finance		2 155 520	2 199 294	43 774	1.99
Trade and Debtor finance		306 396	319 810	13 414	4.19
Other loans		265 942	396 103	130 161	32.86
Guarantees[4]		(755)	–	755	–
Securitised assets		4 124 153	4 340 026	215 873	4.97
Trade and other receivables[5]		404 426	415 195	10 769	2.59
Long-term receivable[1]		47 086	47 086	–	–
Loans to entities in the Group		588 827	588 827	–	–
Net carrying amount		11 182 383	11 754 533	572 150	4.87
Off-balance sheet exposure to credit risk					
Loan commitments		49 543	49 543	–	–
Financial guarantees issued		43 463	43 463	–	–
Total exposure to off-balance sheet credit risk		93 006	93 006	–	–
Credit loss allowance on off-balance sheet credit risk recognised[4]		–	–	–	–
Maximum credit exposures on financial assets at FVTPL					
Cash and cash equivalents		100 004			
Loans and advances		406 771			
Trading assets		425			
Investment securities		299 634			
		806 834			
Total net amount of exposure to credit risk		12 082 223			

[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. Refer to Note 4 and Note 11 respectively for cash and cash equivalents and long-term receivable.*
[2] *Refer to Note 5 for significant changes in the balance.*
[3] *Refer to Note 9 for significant changes in the balance.*
[4] *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 product's ECL charge to which it relates.*
[5] *Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R31.2 million that is not subject to credit risk exposure.*
[6] *This includes the loans and advances classified as held for sale measured at amortised cost. This is due to the credit risk management not changing for these loans and advances on transfer to being classified as held for sale. Refer to Note 8 for additional information.*
[7] *Loans and advances in Stage 1 with a Gross carrying amount of R59.6 million and ECL of R1.9 million has been transferred from Stage 1 to Stage 2 due to SICR based on forward-looking information and using management transfer rate methodology. The impact on the coverage ratio for Stage 1 is minimal and there is an decrease in Stage 2 coverage of 5.57%.*
[8] *Loans and advances with a Gross carrying amount of R66.9 million that relate to Stage 2 exposures are included in Stage 1 above.*

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
439 483	–	–	–	–	–	–	–	–
1 727 850	868	0.05	–	–	–	203 501	34 300	16.85
3 057 683	18 030	0.59	331 072	17 107	5.17	603 810	275 203	45.58
839 455	7 758	0.92	51 886	3 558	6.86	186 017	110 920	59.63
1 850 063	7 823	0.42	226 368	10 384	4.59	122 863	25 567	20.81
224 493	1 422	0.63	43 234	1 084	2.51	52 083	10 908	20.94
143 672	272	0.19	9 584	2 081	21.71	242 847	127 808	52.63
–	755	–	–	–	–	–	–	–
3 810 401	32 325	0.85	205 895	9 550	4.64	323 730	173 998	53.75
415 195	10 769	2.59	–	–	–	–	–	–
47 086	–	–	–	–	–	–	–	–
588 827	–	–	–	–	–	–	–	–
10 086 525	61 992	0.61	536 967	26 657	4.96	1 131 041	483 501	42.75
49 543	–	–	–	–	–	–	–	–
43 463	–	–	–	–	–	–	–	–
93 006	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

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 Banking Group's maximum exposure to credit risk on these assets by credit quality.

Separate	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2023					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents		520 557	520 557	–	–
Negotiable securities[2]		1 293 411	1 354 941	61 530	4.54
Loans and advances[1,3]		4 292 926	4 565 167	272 241	5.96
Equipment finance		1 407 506	1 560 966	153 460	9.83
Capital equipment finance		1 789 651	1 824 490	34 839	1.91
Trade and Debtor finance		682 851	690 213	7 362	1.07
Other loans[3]		413 808	489 498	75 690	15.46
Guarantees[4]		(890)	–	890	–
Securitised assets		4 073 075	4 313 097	240 023	5.56
Trade and other receivables[5]		469 907	490 559	20 652	4.21
Loans to entities in the Group		587 842	587 842	–	–
Net carrying amount		11 237 718	11 832 163	594 446	5.04
Off-balance sheet exposure to credit risk					
Letters of credit		37 125	37 125	–	–
Loan commitments		104 911	104 911	–	–
Financial guarantees issued		29 779	29 779	–	–
Total exposure to off-balance sheet credit risk		171 815	171 815	–	–
Credit loss allowance on off-balance sheet credit risk recognised[4]		–			
Maximum credit exposures on financial assets at FVTPL					
Cash and cash equivalents		251 430			
Loans and advances		571 355			
Trading assets		29 576			
Investment securities		324 316			
		1 176 677			
Total net amount of exposure to credit risk		12 586 210			

[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. Refer to Note 4 for significant changes in the balance. Further, prior periods by restatement, please refer to Note 43 for additional information.*
[2] *Refer to Note 5 for significant changes in the balance.*
[3] *Refer to Note 9 for significant changes in the balance. Further, prior periods by restatement, please refer to Note 43 for additional information.*
[4] *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 product's ECL charge to which it relates.*
[5] *Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R37 584 that is not subject to credit risk exposure.*
[6] *Loans and advances in Stage 1 with a Gross carrying amount of R203 283 million and ECL of R1 416 million has been transferred from Stage 1 to Stage 2 due to SICR based on forward-looking information. The impact on the coverage ratio for Stage 1 is minimal and there is a decrease in Stage 2 coverage of 52.03%.*

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
520 557	–	–	–	–	–	–	–	–
1 151 463	1 649	0.14	–	–	–	203 478	59 881	29.43
3 791 062	29 904	0.79	152 059	11 703	7.70	622 046	230 634	37.08
1 312 048	14 615	1.11	37 606	5 447	14.48	211 312	133 398	63.13
1 698 218	6 308	0.37	13 897	622	4.48	112 375	27 909	24.84
561 247	1 834	0.33	63 721	1 427	2.24	65 245	4 101	6.29
219 549	6 257	2.97	36 835	4 207	11.42	233 114	65 226	27.98
–	890	–	–	–	–	–	–	–
3 947 193	37 478	0.95	67 403	8 812	13.07	298 501	193 733	64.90
475 201	6 600	1.39	2 612	1 306	50.00	12 746	12 746	100.00
587 842	–	–	–	–	–	–	–	–
10 473 318	75 631	0.72	222 074	21 821	9.83	1 136 771	496 994	43.72
37 125	–	–	–	–	–	–	–	–
104 911	–	–	–	–	–	–	–	–
29 779	–	–	–	–	–	–	–	–
171 815	–	–	–	–	–	–	–	–

40. Credit risk *continued*
40.1 Credit risk exposure analysis *continued*

	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
Separate				
2024				
Maximum credit exposures of financial assets at amortised cost				
Securitised assets				
Equipment finance	**3 596 266**	**3 797 275**	**201 009**	**5.29**
Capital equipment finance	**527 887**	**542 751**	**14 684**	**2.74**
Net carrying amount	**4 124 153**	**4 340 026**	**215 873**	**4.97**
2023				
Securitised assets				
Equipment finance	3 347 925	3 579 852	231 927	6.48
Capital equipment finance	725 149	733 245	8 096	1.10
Net carrying amount	4 073 075	4 313 097	240 023	5.56

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

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Concentration risk of gross advances[2]				
Sectoral analysis				
Agriculture	**650 721**	558 559	**509 218**	429 211
Community, social and personal services	**2 014 523**	2 135 538	**543 026**	724 076
Construction	**331 977**	309 170	**184 717**	165 314
Electricity and water	**48 504**	72 586	**26 340**	42 657
Finance, real estate and business services[1]	**2 005 720**	1 789 902	**1 174 760**	1 015 928
Manufacturing	**1 069 561**	1 257 551	**530 608**	714 331
Mining	**272 223**	304 301	**199 366**	192 059
Trade, repairs of vehicles and goods as well as hotels and restaurants	**1 439 595**	1 674 776	**611 028**	847 912
Transport and communication	**1 112 892**	948 202	**710 531**	532 106
Other activities	**14 354**	672 604	**2 748**	644 743
Total	**8 960 070**	9 723 189	**4 492 342**	5 308 337

[1] *Prior periods have been restated, please refer to Note 43 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.*

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Total exposure R'000	Total ECL R'000	Coverage ratio %	Total exposure R'000	Total ECL R'000	Coverage ratio %	Lifetime exposure R'000	Total ECL R'000	Coverage ratio %
3 331 920	**29 498**	**0.89**	**174 000**	**9 734**	**5.59**	**291 355**	**161 777**	**55.53**
478 481	**2 827**	**0.59**	**31 895**	**2 816**	**8.83**	**32 375**	**9 221**	**28.48**
3 810 401	**33 325**	**0.85**	**205 895**	**12 550**	**6.10**	**323 730**	**170 998**	**52.82**
3 240 966	34 853	1.08	56 354	8 261	14.66	282 532	188 813	66.83
706 227	2 625	0.37	11 049	551	4.99	15 969	4 920	30.81
3 947 193	37 478	1.45	67 403	8 812	13.07	298 501	193 733	64.90

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

Securitised assets – Credit risk exposure analysis

Concentration risk of advances	2024 R'000	2023 R'000
Sectorial analysis		
Agriculture	**140 897**	128 635
Community, social and personal services	**1 451 086**	1 386 889
Construction	**144 805**	141 279
Electricity and water	**22 050**	29 752
Finance, real estate and business services	**818 930**	767 397
Manufacturing	**534 937**	537 581
Mining	**64 121**	99 364
Trade and accommodation	**761 437**	790 293
Transport and communication	**390 530**	401 253
Other activities	**11 233**	30 654
Total	**4 340 026**	4 313 097

Issuer ratings for negotiable securities

Issuer ratings (international scale) relating to the portfolio of bond assets were as follows:

	Consolidated				Separate			
	2024 R'000	2024 %	2023 R'000	2023 %	2024 R'000	2024 %	2023 R'000	2023 %
Aaa/AAA/AAA	**220 740**	**11.43**	216 610	15.99	**220 740**	**11.43**	216 610	15.99
A1/A+/A+	**1 507 175**	**78.04**	934 853	68.99	**1 507 175**	**78.04**	934 853	68.99
Unassigned[1]	**203 436**	**10.53**	203 478	15.02	**203 436**	**10.53**	203 478	15.02
	1 931 351	**100.00**	1 354 941	100.00	**1 931 351**	**100.00**	1 354 941	100.00

[1] *The unassigned category relates to Land Bank bills which is not rated in the current year, refer to Note 5 for more information.*

40.2 Collateral and other security enhancements

40.2.1 Description of collateral for loans and advances

Loans and advances	Security
Equipment finance	While the Banking Group retains full ownership of the assets and equipment financed throughout the duration of the contract, it generally does not take the value of the asset and equipment for collateral purposes.
Capital equipment finance	The primary collateral for Capital Equipment Finance is the plant/equipment being financed. However, other security such as general notarial bonds over other assets and continuous covering mortgage bonds over property are sometimes taken to increase the collateral cover.
Trade finance	The primary collateral for Trade Finance is the stock being financed. However, other security such as general notarial bonds over other assets, cession over trade receivable, and continuous covering mortgage bonds over property are sometimes taken to increase the collateral cover.
Debtor finance	The Banking Group's Debtor Finance division does not allow an advance that exceeds the debtors book of the counterparty. The Banking 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 at hand, the Banking 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 are also held as further collateral against customers such as General Notarial Bonds over other assets, and Continuous Covering Mortgage Bonds over property may be taken to secure the exposure.
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.

40. Credit risk *continued*

40.2 Collateral and other security enhancements *continued*

40.2.1 Description of collateral for loans and advances *continued*

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

40.2.2 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:

		Security						
	Gross exposure R'000	Stock R'000	Fixed assets R'000	Receivables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unsecured R'000
Consolidated								
2024								
Loans and advances								
Equipment finance[1]	**5 010 352**	**–**	**4 120 768**	**–**	**–**	**–**	**4 120 768**	**889 584**
Capital equipment finance[1]	**2 742 152**	**–**	**1 939 140**	**–**	**–**	**–**	**1 939 140**	**803 012**
Trade and Debtor finance	**319 810**	**163 727**	**25 664**	**97 734**	**–**	**31 218**	**318 343**	**1 467**
Other loans[2]	**388 660**	**13 265**	**2 014**	**37 817**	**212 303**	**14 797**	**280 196**	**108 464**
Specialised lending	**406 771**	**–**	**–**	**–**	**380 180**	**–**	**380 180**	**26 591**
	8 867 745	**176 992**	**6 087 586**	**135 551**	**592 483**	**46 015**	**7 038 627**	**1 829 118**
2023								
Loans and advances								
Equipment finance[1]	5 251 453	–	5 172 559	–	–	–	5 172 559	78 894
Capital equipment finance[1]	2 557 847	–	2 483 470	–	–	–	2 483 470	74 377
Trade and Debtor finance	690 213	236 358	42 896	208 896	1 352	143 481	632 983	57 230
Other loans[2]	480 506	8 389	6 148	38 552	159 882	172 529	385 500	95 006
Specialised lending[3]	571 355	–	–	–	541 349	–	541 349	30 006
	9 551 374	244 747	7 705 073	247 448	702 583	316 010	9 215 861	335 513

1 *Given the nature of the finance lease rental agreements, whereby the underlying assets are legally owned by the Banking 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. Other loans are a total of terms loans, secured and unsecured loans.*

3 *The prior period amounts did not reflect the fair value of collateral held, amounting to R541 million which has now been included as part of Property. The amount was previously incorrectly included as part of the Unsecured balance. No impact is noted on the primary financial statements.*

40. Credit risk *continued*

40.2 Collateral and other security enhancements *continued*

40.2.2 Estimates of the fair value of collateral and other security enhancements held against loans and advances *continued*

	Gross exposure R'000	Security Stock R'000	Fixed assets R'000	Receiv-ables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unse-cured R'000
Separate								
2024								
Loans and advances								
Equipment finance[1]	**1 077 358**	**–**	**826 835**	**–**	**–**	**–**	**826 835**	**250 523**
Capital equipment finance[1]	**2 199 294**	**–**	**1 519 400**	**–**	**–**	**–**	**1 519 400**	**679 894**
Securitised assets	**4 340 026**		**3 595 511**	**–**	**–**	**–**	**3 595 511**	**744 515**
Trade and Debtor finance	**319 810**	**163 727**	**25 664**	**97 734**	**–**	**31 218**	**318 343**	**1 467**
Other loans[2]	**396 103**	**13 265**	**2 014**	**37 817**	**212 303**	**14 797**	**280 196**	**115 907**
Specialised lending	**406 771**	**–**	**–**	**–**	**380 180**	**–**	**380 180**	**26 591**
	8 739 362	**176 992**	**5 969 424**	**135 551**	**592 483**	**46 015**	**6 920 465**	**1 818 897**
2023								
Loans and advances								
Equipment finance[1]	1 560 966	–	1 497 427	–	–	–	1 497 427	63 539
Capital equipment finance[1]	1 824 490	–	1 750 225	–	–	–	1 750 225	74 265
Securitised assets	4 313 097	–	4 313 097	–	–	–	4 313 097	–
Trade and Debtor finance	690 213	236 358	42 896	208 896	1 352	143 481	632 983	57 230
Other loans[2]	489 498	8 389	6 148	38 552	159 882	172 529	385 500	103 998
Specialised lending[3]	571 355	–	–	–	541 349	–	541 349	30 006
	9 449 619	244 747	7 609 793	247 448	702 583	316 010	9 120 581	329 038

[1] *Given the nature of the finance lease rental agreements, whereby the underlying assets are legally owned by the Banking 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. Other loans are a total of term loans, secured and unsecured loans.*

[3] *The prior period amounts did not reflect the fair value of collateral held, amounting to R541 million which has now been included as part of Property. The amount was previously incorrectly included as part of the Unsecured balance. No impact is noted on the primary financial statements.*

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

Collateral for securitised assets	Gross exposure R'000	Fixed assets R'000	Total R'000	Unsecured R'000
2024				
Securitised assets				
Equipment finance	**3 797 275**	**3 175 771**	**3 175 771**	**621 504**
Capital equipment finance	**542 751**	**419 740**	**419 740**	**123 011**
	4 340 026	**3 595 511**	**3 595 511**	**744 515**
2023				
Securitised assets				
Equipment finance	3 579 852	3 579 852	3 579 852	–
Capital equipment finance	733 245	733 245	733 245	–
	4 313 097	4 313 097	4 313 097	–

40. Credit risk *continued*
40.2 Collateral and other security enhancements *continued*
40.2.3 Collateral held against individually impaired assets

	Gross exposure R'000	Security Stock R'000	Fixed assets R'000	Receiv-ables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unse-cured R'000
Consolidated								
2024								
Loans and advances								
Equipment finance[1]	**491 142**	**–**	**173 644**	**–**	**–**	**–**	**173 644**	**317 498**
Capital equipment finance[1]	**155 239**	**–**	**123 425**	**–**	**–**	**–**	**123 425**	**31 814**
Trade and Debtor finance	**52 083**	**11 210**	**5 355**	**3 913**	**–**	**3 218**	**23 696**	**28 387**
Other loans[2]	**242 847**	**–**	**–**	**–**	**173 400**	**12 302**	**185 702**	**57 145**
	941 311	**11 210**	**302 424**	**3 913**	**173 400**	**15 520**	**506 467**	**434 844**
2023								
Loans and advances								
Equipment finance[1]	508 833	–	497 804	–	–	–	497 804	11 029
Capital equipment finance[1]	128 343	–	85 585	–	–	–	85 585	42 758
Trade and Debtor finance	65 245	230	8 684	49 661	–	4 037	62 612	2 633
Other loans[2]	233 114	–	–	–	145 444	20 898	166 342	66 772
	935 535	230	592 073	49 661	145 444	24 935	812 343	123 192
Separate								
2024								
Loans and advances								
Equipment finance[1]	**186 017**	**–**	**60 565**	**–**	**–**	**–**	**60 565**	**125 452**
Capital equipment finance[1]	**122 863**	**–**	**100 861**	**–**	**–**	**–**	**100 861**	**22 002**
Securitised assets[3]	**323 730**	**–**	**132 744**	**–**	**–**	**–**	**132 744**	**190 986**
Trade and Debtor finance	**52 083**	**11 210**	**5 355**	**3 913**	**–**	**3 218**	**23 696**	**28 387**
Other loans[2]	**242 847**	**–**	**–**	**–**	**173 400**	**12 302**	**185 702**	**57 145**
	927 540	**11 210**	**299 525**	**3 913**	**173 400**	**15 520**	**503 568**	**423 972**
2023								
Loans and advances								
Equipment finance[1]	211 312	–	202 711	–	–	–	202 711	8 601
Capital equipment finance[1]	112 375	–	80 080	–	–	–	80 080	32 295
Securitised assets	298 501	–	288 037	–	–	–	288 037	10 464
Trade and Debtor finance	65 245	230	8 684	49 661	–	4 037	62 612	2 633
Other loans[2]	233 114	–	–	–	145 444	20 898	166 342	66 772
	920 547	230	579 512	49 661	145 444	24 935	799 782	120 765

[1] *Given the nature of the finance lease rental agreements, whereby the underlying assets are legally owned by the Banking 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 "Other loans" to better reflect their nature and to align with Sasfin's products.*

40. Credit risk *continued*

40.2 Collateral and other security enhancements *continued*

40.2.3 Collateral held against individually impaired assets *continued*

Collateral held against individually impaired assets	Gross exposure R'000	Fixed assets R'000	Total R'000	Unsecured R'000
2024				
Securitised assets				
Equipment finance	**291 355**	**110 180**	**110 180**	**181 175**
Capital equipment finance	**32 375**	**22 564**	**22 564**	**9 811**
	323 730	**132 744**	**132 744**	**190 986**
2023				
Securitised assets				
Equipment finance	282 532	282 532	282 532	–
Capital equipment finance	15 969	5 505	5 505	10 464
	298 501	288 037	288 037	10 464

40.3 Credit loss allowance analysis

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Total loans and advances				
Credit loss allowance balance beginning of the year	**68 428**	**20 728**	**434 650**	**523 806**
Transfer between stages[1]	**(7 329)**	**14 750**	**84 062**	**91 483**
Stage 1 to Stage 2	**(1 880)**	**–**	**–**	**(1 880)**
Stage 2 from Stage 1	**–**	**31 939**	**–**	**31 939**
Stage 1 to Stage 3	**(6 031)**	**–**	**–**	**(6 031)**
Stage 3 from Stage 1	**–**	**–**	**69 954**	**69 954**
Stage 2 to Stage 1	**–**	**(9 072)**	**–**	**(9 072)**
Stage 1 from Stage 2	**444**	**–**	**–**	**444**
Stage 2 to Stage 3	**–**	**(8 247)**	**–**	**(8 247)**
Stage 3 from Stage 2	**–**	**–**	**24 346**	**24 346**
Stage 3 to Stage 1	**–**	**–**	**(9 761)**	**(9 761)**
Stage 1 from Stage 3	**138**	**–**	**–**	**138**
Stage 3 to Stage 2	**–**	**–**	**(477)**	**(477)**
Stage 2 from Stage 3	**–**	**130**	**–**	**130**
Net expected credit losses (released)/raised	**(9 706)**	**(5 542)**	**(63 870)**	**(79 118)**
ECL on new exposure raised	**21 771**	**4 058**	**8 957**	**34 786**
Subsequent changes in ECL[3]	**(22 842)**	**(7 224)**	**102 128**	**72 062**
Change in ECL due to derecognition	**(8 635)**	**(2 376)**	**(16 627)**	**(27 638)**
Impaired accounts written off[2]	**–**	**–**	**(158 328)**	**(158 328)**
Credit loss allowance balance end of the year	**51 393**	**29 936**	**454 842**	**536 171**

[1] *It is the Banking 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 R150.6 million.*

[3] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Equipment finance[1]				
Credit loss allowance balance beginning of the year	**50 513**	**13 923**	**332 494**	**396 930**
Transfer between stages	**(1 575)**	**(3 322)**	**52 402**	**47 505**
Stage 1 to Stage 2	**(480)**	**–**	**–**	**(480)**
Stage 2 from Stage 1	**–**	**8 212**	**–**	**8 212**
Stage 1 to Stage 3	**(1 489)**	**–**	**–**	**(1 489)**
Stage 3 from Stage 1	**–**	**–**	**47 823**	**47 823**
Stage 2 to Stage 1	**–**	**(6 678)**	**–**	**(6 678)**
Stage 1 from Stage 2	**280**	**–**	**–**	**280**
Stage 2 to Stage 3	**–**	**(4 986)**	**–**	**(4 986)**
Stage 3 from Stage 2	**–**	**–**	**13 516**	**13 516**
Stage 3 to Stage 1	**–**	**–**	**(8 460)**	**(8 460)**
Stage 1 from Stage 3	**114**	**–**	**–**	**114**
Stage 3 to Stage 2	**–**	**–**	**(477)**	**(477)**
Stage 2 from Stage 3	**–**	**130**	**–**	**130**
Net expected credit losses (released)/raised	**(10 646)**	**2 971**	**(103 558)**	**(111 233)**
ECL on new exposure raised	**15 287**	**2 321**	**5 883**	**23 491**
Subsequent changes in ECL	**(20 074)**	**1 924**	**40 640**	**22 490**
Change in ECL due to derecognition	**(5 859)**	**(1 274)**	**(11 058)**	**(18 191)**
Impaired accounts written off	**–**	**–**	**(139 023)**	**(139 023)**
Credit loss allowance balance end of the year	**38 292**	**13 572**	**281 338**	**333 202**

[1] *The gross carrying amount of Equipment Finance changed as follows in relation to the ECL:*
- *Gross Equipment Finance increased by R1.7 billion due to new business. This resulted in an increase in the expected credit loss allowance of R23.5 million;*
- *The gross carrying amount of impaired accounts written off amounted to R167 million;*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil;*
- *No Equipment Finance was disposed of during the year; and*
- *Gross carrying amount Equipment Finance that were transferred were as follows:*
  - o *R44.6 million from Stage 1 to Stage 2;*
  - o *R138.5 million from Stage 1 to Stage 3;*
  - o *R46.2 million from Stage 2 to Stage 1;*
  - o *R33.7 million from Stage 2 to Stage 3;*
  - o *R22.3 million from Stage 3 to Stage 1; and*
  - o *R1.4 million from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure, however, this disclosure was not available for the prior year. No impact is noted on the primary financial statements.*

40. Credit risk *continued*
40.3 Credit loss allowance analysis *continued*
40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Capital equipment finance[1]				
Credit loss allowance balance beginning of the year	8 934	1 171	32 829	42 934
Transfer between stages	(1 012)	20 339	17 349	36 676
Stage 1 to Stage 2	(824)	–	–	(824)
Stage 2 from Stage 1	–	21 094	–	21 094
Stage 1 to Stage 3	(243)	–	–	(243)
Stage 3 from Stage 1	–	–	17 064	17 064
Stage 2 to Stage 1	–	(368)	–	(368)
Stage 1 from Stage 2	31	–	–	31
Stage 2 to Stage 3	–	(387)	–	(387)
Stage 3 from Stage 2	–	–	1 050	1 050
Stage 3 to Stage 1	–	–	(765)	(765)
Stage 1 from Stage 3	24	–	–	24
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses released	2 730	(8 311)	(15 390)	(20 971)
ECL on new exposure raised	5 819	1 737	3 074	10 630
Subsequent changes in ECL[2]	(2 447)	(10 017)	(11 254)	(23 718)
Change in ECL due to derecognition	(642)	(31)	(4 050)	(4 723)
Impaired accounts written off	–	–	(3 160)	(3 160)
Credit loss allowance balance end of the year	10 652	13 199	34 788	58 639

Lower portfolio growth due to tightening of credit appetite and improvement in credit risk parameters. Deterioration in Stage 3 due to ageing of the book. Continued strong growth despite challenging economic conditions and tightening of credit criteria.

[1] *The gross carrying amount of Capital Equipment Finance changed as follows in relation to the ECL:*
- *Gross Capital Equipment Finance increased by R1.1 billion due to new business. This resulted in an increase in the expected credit loss allowance of R10.6 million;*
- *The gross carrying amount of impaired accounts written off amounted to R3.2 million;*
- *The gross carrying amount that was modified during the year that did not result in derecognition was Rnil;*
- *No Capital Equipment Finance was sold during the year; and*
- *Gross carrying amount of Capital Equipment Finance that were transferred were as follows:*
  - *R224.6 million from Stage 1 to Stage 2;*
  - *R65.8 million from Stage 1 to Stage 3;*
  - *R7.9 million from Stage 2 to Stage 1;*
  - *R7.6 million from Stage 2 to Stage 3;*
  - *R5.9 million from Stage 3 to Stage 1; and*
  - *Rnil million from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure. Prior year disclosure was updated accordingly. No impact is noted on the primary financial statements.*

[2] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*
40.3 Credit loss allowance analysis *continued*
40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Trade and Debtor finance[1]				
Credit loss allowance balance beginning of the year	1 834	1 427	4 101	7 362
Transfer between stages	(378)	(406)	10 830	10 046
Stage 1 to Stage 2	(100)	–	–	(100)
Stage 2 from Stage 1	–	665	–	665
Stage 1 to Stage 3	(282)	–	–	(282)
Stage 3 from Stage 1	–	–	1 050	1 050
Stage 2 to Stage 1	–	(323)	–	(323)
Stage 1 from Stage 2	4	–	–	4
Stage 2 to Stage 3	–	(748)	–	(748)
Stage 3 from Stage 2	–	–	9 780	9 780
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	(34)	63	(4 023)	(3 994)
ECL on new exposure raised	28	–	–	28
Subsequent changes in ECL	408	77	(4)	481
Change in ECL due to derecognition	(470)	(14)	(1 519)	(2 003)
Impaired accounts written off	–	–	(2 500)	(2 500)
Credit loss allowance balance end of the year	1 422	1 084	10 908	13 414

[1] *The gross carrying amount of Trade and Debtor Finance changed as follows in relation to the ECL:*
- *Gross Trade and Debtor Finance increased by R6.0 million due to new business. This resulted in a minimal ECL being raised on the new exposure;*
- *The gross carrying amount of impaired accounts written off amounted to R2.5 million;*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil;*
- *No Trade and Debtor Finance trade and debtor finance was sold during the current year; and*
- *Gross carrying amount of Trade and Debtor Finance trade and debtor finance that were transferred were as follows:*
  - *R36.6 million from Stage 1 to Stage 2;*
  - *R119.6 million from Stage 1 to Stage 3;*
  - *R1.1 million from Stage 2 to Stage 1;*
  - *R25.6 million from Stage 2 to Stage 3;*
  - *Rnil from Stage 3 to Stage 1; and*
  - *Rnil from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure, however, this disclosure was not available for the prior year. No impact is noted on the primary financial statements.*

40. Credit risk *continued*
40.3 Credit loss allowance analysis *continued*
40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Other loans[1]				
Credit loss allowance balance beginning of the year	**6 257**	**4 207**	**65 226**	**75 690**
Transfer between stages	**(4 364)**	**(1 861)**	**3 481**	**(2 744)**
Stage 1 to Stage 2	**(476)**	**–**	**–**	**(476)**
Stage 2 from Stage 1	**–**	**1 968**	**–**	**1 968**
Stage 1 to Stage 3	**(4 017)**	**–**	**–**	**(4 017)**
Stage 3 from Stage 1	**–**	**–**	**4 017**	**4 017**
Stage 2 to Stage 1	**–**	**(1 703)**	**–**	**(1 703)**
Stage 1 from Stage 2	**129**	**–**	**–**	**129**
Stage 2 to Stage 3	**–**	**(2 126)**	**–**	**(2 126)**
Stage 3 from Stage 2	**–**	**–**	**–**	**–**
Stage 3 to Stage 1	**–**	**–**	**(536)**	**(536)**
Stage 1 from Stage 3	**–**	**–**	**–**	**–**
Stage 3 to Stage 2	**–**	**–**	**–**	**–**
Stage 2 from Stage 3	**–**	**–**	**–**	**–**
Net expected credit losses (released)/raised	**(1 621)**	**(265)**	**59 101**	**57 215**
ECL on new exposure raised	**–**	**–**	**–**	**–**
Subsequent changes in ECL[2]	**43**	**792**	**72 746**	**73 581**
Change in ECL due to derecognition	**(1 664)**	**(1 057)**	**–**	**(2 721)**
Impaired accounts written off	**–**	**–**	**(13 645)**	**(13 645)**
Credit loss allowance balance end of the year	**272**	**2 081**	**127 808**	**130 161**

[1] *Other loans includes specialised lending, commercial property lending and unsecured lending.*
The gross carrying amount of Other loans changed as follows in relation to the ECL:
- *Gross Other loans increased by R4.5 million due to new business. This resulted in an increase in the expected credit loss allowance of Rnil;*
- *The gross carrying amount of impaired accounts written off amounted to R24.6 million;*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil;*
- *No Other loans was sold during the current year; and*
- *Gross carrying amount of Other loans that were transferred were as follows:*
  - *R15.1 million from Stage 1 to Stage 2;*
  - *R9.5 million from Stage 1 to Stage 3;*
  - *R12.2 million from Stage 2 to Stage 1;*
  - *R18.7 million from Stage 2 to Stage 3;*
  - *Rnil from Stage 3 to Stage 1; and*
  - *Rnil from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure, however, this disclosure was not available for the prior year. No impact is noted on the primary financial statements.*

[2] *In calculating subsequent changes in ECL for one large client exposure, this included the assessment of various scenarios based on independent expert property valuations received on a trade-out, market value and forced sale basis.*

40. Credit risk *continued*
40.3 Credit loss allowance analysis *continued*
40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Guarantees				
Credit loss allowance balance beginning of the year	**890**	–	–	**890**
Transfer between stages	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses raised	**(135)**	–	–	**(135)**
ECL on new exposure raised	**637**	–	–	**637**
Subsequent changes in ECL	**(772)**	–	–	**(772)**
Change in ECL due to derecognition	–	–	–	
Impaired accounts written off	–	–	–	
Credit loss allowance balance end of the year	**755**	–	–	**755**

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Total loans and advances				
Credit loss allowance balance beginning of the year	**29 904**	**11 703**	**230 634**	**272 241**
Transfer between stages[1]	**(5 920)**	**13 936**	**37 696**	**45 712**
Stage 1 to Stage 2	**(1 340)**	**–**	**–**	**(1 340)**
Stage 2 from Stage 1	**–**	**22 490**	**–**	**22 490**
Stage 1 to Stage 3	**(4 879)**	**–**	**–**	**(4 879)**
Stage 3 from Stage 1			**28 867**	**28 867**
Stage 2 to Stage 1	**–**	**(4 073)**	**–**	**(4 073)**
Stage 1 from Stage 2	**230**	**–**	**–**	**230**
Stage 2 to Stage 3	**–**	**(4 558)**	**–**	**(4 558)**
Stage 3 from Stage 2	**–**	**–**	**14 202**	**14 202**
Stage 3 to Stage 1	**–**	**–**	**(5 133)**	**(5 133)**
Stage 1 from Stage 3	**69**	**–**	**–**	**69**
Stage 3 to Stage 2	**–**	**–**	**(240)**	**(240)**
Stage 2 from Stage 3	**–**	**77**	**–**	**77**
Net expected credit losses (released)/raised	**(5 954)**	**(8 532)**	**6 873**	**(7 613)**
ECL on new exposure raised	**10 682**	**3 230**	**6 620**	**20 532**
Subsequent changes in ECL[3]	**(12 819)**	**(10 176)**	**86 945**	**63 950**
Change in ECL due to derecognition	**(3 817)**	**(1 586)**	**(7 737)**	**(13 140)**
Impaired accounts written off[2]	**–**	**–**	**(78 955)**	**(78 955)**
Credit loss allowance balance end of the year	**18 030**	**17 107**	**275 203**	**310 340**

1 *It is the Banking 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 eh 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 R150.6 million.*
3 *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Equipment finance[1]				
Credit loss allowance balance beginning of the year	**14 615**	**5 447**	**133 398**	**153 460**
Transfer between stages	**(327)**	**(2 037)**	**11 815**	**9 451**
Stage 1 to Stage 2	**(52)**	**–**	**–**	**(52)**
Stage 2 from Stage 1	**–**	**1 297**	**–**	**1 297**
Stage 1 to Stage 3	**(405)**	**–**	**–**	**(405)**
Stage 3 from Stage 1	**–**	**–**	**12 067**	**12 067**
Stage 2 to Stage 1	**–**	**(1 740)**	**–**	**(1 740)**
Stage 1 from Stage 2	**72**	**–**	**–**	**72**
Stage 2 to Stage 3	**–**	**(1 671)**	**–**	**(1 671)**
Stage 3 from Stage 2	**–**	**–**	**4 283**	**4 283**
Stage 3 to Stage 1			**(4 295)**	**(4 295)**
Stage 1 from Stage 3	**58**	**–**	**–**	**58**
Stage 3 to Stage 2	**–**	**–**	**(240)**	**(240)**
Stage 2 from Stage 3	**–**	**77**	**–**	**77**
Net expected credit losses (released)/raised	**(6 530)**	**148**	**(34 293)**	**(40 675)**
ECL on new exposure raised	**4 868**	**1 664**	**3 579**	**10 111**
Subsequent changes in ECL	**(10 171)**	**(1 010)**	**24 575**	**13 394**
Change in ECL due to derecognition	**(1 227)**	**(506)**	**(2 763)**	**(4 496)**
Impaired accounts written off	**–**	**–**	**(59 684)**	**(59 684)**
Credit loss allowance balance end of the year	**7 758**	**3 558**	**110 920**	**122 236**

[1] *The gross carrying amount of Equipment Finance changed as follows in relation to the ECL:*
- *Gross Equipment Finance increased by R563.1 million due to new business. This resulted in an increase in the expected credit loss allowance of R9.8 million;*
- *The gross carrying amount of impaired accounts written off amounted to R85.1 million;*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil.*
- *No Securitised assets were sold during the current year; and*
- *Gross carrying amount of Equipment Finance that were transferred were as follows:*
  - *R4.8 million from Stage 1 to Stage 2;*
  - *R37.4 million from Stage 1 to Stage 3;*
  - *R11.8 million from Stage 2 to Stage 1;*
  - *R11.4 million from Stage 2 to Stage 3;*
  - *R11.1 million from Stage 3 to Stage 1; and*
  - *R0.7 million from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure. Prior year disclosure was updated accordingly. No impact is noted on the primary financial statements.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Capital equipment finance[1]				
Credit loss allowance balance beginning of the year	6 308	622	27 909	34 839
Transfer between stages	(851)	18 240	11 570	28 959
Stage 1 to Stage 2	(712)	–	–	(712)
Stage 2 from Stage 1	–	18 560	–	18 560
Stage 1 to Stage 3	(175)	–	–	(175)
Stage 3 from Stage 1	–	–	11 733	11 733
Stage 2 to Stage 1	–	(307)	–	(307)
Stage 1 from Stage 2	25	–	–	25
Stage 2 to Stage 3	–	(13)	–	(13)
Stage 3 from Stage 2	–	–	139	139
Stage 3 to Stage 1	–	–	(302)	(302)
Stage 1 from Stage 3	11	–	–	11
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	2 366	(8 478)	(13 912)	(20 024)
ECL on new exposure raised	5 149	1 566	3 041	9 756
Subsequent changes in ECL	(2 327)	(10 035)	(10 372)	(22 734)
Change in ECL due to derecognition	(456)	(9)	(3 455)	(3 920)
Impaired accounts written off	–	–	(3 126)	(3 126)
Credit loss allowance balance end of the year	7 823	10 384	25 567	43 774

[1] *The gross carrying amount of Capital Equipment Finance changed as follows in relation to the ECL:*

- *Gross Capital Equipment Finance increased by R961.2 million due to new business. This resulted in an increase in the expected credit loss allowance R10.1 million;*
- *The gross carrying amount of impaired accounts written off amounted to R3.1 million.*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil;*
- *No Capital Equipment Finance was disposed of during the year; and*
- *Gross carrying amount of Capital Equipment Finance that were transferred were as follows:*
  - o *R194.3 million from Stage 1 to Stage 2;*
  - o *R47.5 million from Stage 1 to Stage 3;*
  - o *R6.4 million from Stage 2 to Stage 1;*
  - o *R0.3 million from Stage 2 to Stage 3;*
  - o *R2.6 million from Stage 3 to Stage 1; and*
  - o *Rnil from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure. Prior year disclosure was updated accordingly. No impact is noted on the primary financial statements.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Trade and Debtor finance[1]				
Credit loss allowance balance beginning of the year	**1 834**	**1 427**	**4 101**	**7 362**
Transfer between stages	**(378)**	**(406)**	**10 830**	**10 046**
Stage 1 to Stage 2	**(100)**	**–**	**–**	**(100)**
Stage 2 from Stage 1	**–**	**665**	**–**	**665**
Stage 1 to Stage 3	**(282)**	**–**	**–**	**(282)**
Stage 3 from Stage 1	**–**	**–**	**1 050**	**1 050**
Stage 2 to Stage 1	**–**	**(323)**	**–**	**(323)**
Stage 1 from Stage 2	**4**	**–**	**–**	**4**
Stage 2 to Stage 3	**–**	**(748)**	**–**	**(748)**
Stage 3 from Stage 2			**9 780**	**9 780**
Stage 3 to Stage 1	**–**	**–**	**–**	**–**
Stage 1 from Stage 3	**–**	**–**	**–**	**–**
Stage 3 to Stage 2	**–**	**–**	**–**	**–**
Stage 2 from Stage 3	**–**	**–**	**–**	**–**
Net expected credit losses (released)/raised	**(34)**	**63**	**(4 023)**	**(3 994)**
ECL on new exposure raised	**28**	**–**	**–**	**28**
Subsequent changes in ECL	**408**	**77**	**(4)**	**481**
Change in ECL due to derecognition	**(470)**	**(14)**	**(1 519)**	**(2 003)**
Impaired accounts written off	**–**	**–**	**(2 500)**	**(2 500)**
Credit loss allowance balance end of the year	**1 422**	**1 084**	**10 908**	**13 414**

[1] *The gross carrying amount of trade and debtor finance changed as follows in relation to the ECL:*

- *Gross Trade and Debtor Finance trade and debtor finance increased by R6.0 million due to new business. This resulted in a minimal ECL being raised on the new exposure;*
- *The gross carrying amount of impaired accounts written off amounted to R2.5 million.*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil;*
- *No Trade and Debtor Finance was sold during the current year; and*
- *Gross carrying amount of Trade and Debtor Finance that were transferred were as follows:*
  - *R36.6 million from Stage 1 to Stage 2;*
  - *R119.6 million from Stage 1 to Stage 3;*
  - *R1.1 million from Stage 2 to Stage 1;*
  - *R25.6 million from Stage 2 to Stage 3;*
  - *Rnil from Stage 3 to Stage 1; and*
  - *Rnil from Stage 3 to Stage 2.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Other loans[1]				
Credit loss allowance balance beginning of the year	6 257	4 207	65 226	75 690
Transfer between stages	(4 364)	(1 861)	3 481	(2 744)
Stage 1 to Stage 2	(476)	–	–	(476)
Stage 2 from Stage 1	–	1 968	–	1 968
Stage 1 to Stage 3	(4 017)	–	–	(4 017)
Stage 3 from Stage 1	–		4 017	4 017
Stage 2 to Stage 1	–	(1 703)		(1 703)
Stage 1 from Stage 2	129	–	–	129
Stage 2 to Stage 3	–	(2 126)	–	(2 126)
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	(536)	(536)
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	(1 621)	(265)	59 101	57 215
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL[2]	43	792	72 746	73 581
Change in ECL due to derecognition	(1 664)	(1 057)		(2 721)
Impaired accounts written off	–	–	(13 645)	(13 645)
Credit loss allowance balance end of the year	272	2 081	127 808	130 161

[1] *Other loans include specialised lending, commercial property lending and unsecured lending.*
The gross carrying amount of Other loans changed as follows in relation to the ECL:
- *Gross Other loans increased by R4.5 million due to new business. This resulted in an increase in the expected credit loss allowance of Rnil;*
- *The gross carrying amount of impaired accounts written off amounted to R24.6 million.*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil;*
- *No Other loans was sold during the current year; and*
- *Gross carrying amount of Other loans that were transferred were as follows:*
  - *R15.1 million from Stage 1 to Stage 2;*
  - *R9.5 million from Stage 1 to Stage 3;*
  - *R12.2 million from Stage 2 to Stage 1;*
  - *R18.7 million from Stage 2 to Stage 3;*
  - *Rnil from Stage 3 to Stage 1; and*
  - *Rnil from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure, however, this disclosure was not available for the prior year. No impact is noted on the primary financial statements.*

[2] *In calculating subsequent changes in ECL for one large client exposure, this included the assessment of various scenarios based on independent expert property valuations received on a trade-out, market value and forced sale basis.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Guarantees				
Credit loss allowance balance beginning of the year	**890**	–	–	**890**
Transfer between stages	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	**(135)**	–	–	**(135)**
ECL on new exposure raised	**637**	–	–	**637**
Subsequent changes in ECL	**(772)**	–	–	**(772)**
Change in ECL due to derecognition	–	–	–	–
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	**755**	–	–	**755**

40. Credit risk *continued*
40.3 Credit loss allowance analysis *continued*
40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2024				
Securitised assets				
Credit loss allowance balance beginning of the year	37 480	8 811	193 731	240 022
Transfers between stages[1]	(1 402)	831	46 137	45 566
Stage 1 to Stage 2	(539)	–	–	(539)
Stage 2 from Stage 1	–	9 347	–	9 347
Stage 1 to Stage 3	(1 141)	–	–	(1 141)
Stage 3 from Stage 1	–	–	40 853	40 853
Stage 2 to Stage 1	–	(4 941)	–	(4 941)
Stage 1 from Stage 2	211	–	–	211
Stage 2 to Stage 3	–	(3 628)	–	(3 628)
Stage 3 from Stage 2	–	–	9 994	9 994
Stage 3 to Stage 1	–	–	(4 473)	(4 473)
Stage 1 from Stage 3	67	–	–	67
Stage 3 to Stage 2	–	–	(237)	(237)
Stage 2 from Stage 3	–	53	–	53
Total Transfers	(3 753)	(92)	(65 870)	(69 715)
ECL on new exposure raised	10 368	700	2 274	13 342
Subsequent changes in ECL	(9 769)	(93)	18 457	8 595
Change in ECL due to derecognition	(4 352)	(699)	(8 571)	(13 622)
Impaired accounts written off	–	–	(78 030)	(78 030)
Credit loss allowance balance end of the year	32 325	9 550	173 998	215 873

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

[1] *The gross carrying amount of Securitised assets changed as follows in relation to the ECL:*
- *Gross Securitised assets increased by R1.2 billion due to new business. This resulted in an increase in the expected credit loss allowance of R13.3 million;*
- *The gross carrying amount of impaired accounts written off amounted to R94.4 million.*
- *The gross carrying amount that were modified during the year that did not result in derecognition was Rnil;*
- *No Securitised assets were sold during the current year; and*
- *Gross carrying amount Securitised assets that were transferred were as follows:*
  - *R70.0 million from Stage 1 to Stage 2;*
  - *R118.5 million from Stage 1 to Stage 3;*
  - *R35.5 million from Stage 2 to Stage 1;*
  - *R29.2 million from Stage 2 to Stage 3;*
  - *R14.2 million from Stage 3 to Stage 1; and*
  - *R0.7 million from Stage 3 to Stage 2.*
- *The above disclosure has been added in the current year to enhance disclosure, however, this disclosure was not available for the prior year. No impact is noted on the primary financial statements.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Equipment finance				
Credit loss allowance balance beginning of the year	77 504	14 046	288 328	379 878
Transfer between stages	(2 504)	1 159	48 845	47 500
Stage 1 to Stage 2	(1 121)	–	–	(1 121)
Stage 2 from Stage 1	–	10 625	–	10 625
Stage 1 to Stage 3	(1 718)	–	–	(1 718)
Stage 3 from Stage 1	–	–	42 340	42 340
Stage 2 to Stage 1	–	(5 535)	–	(5 535)
Stage 1 from Stage 2	248	–	–	248
Stage 2 to Stage 3	–	(4 065)	–	(4 065)
Stage 3 from Stage 2	–	–	12 164	12 164
Stage 3 to Stage 1	–	–	(5 190)	(5 190)
Stage 1 from Stage 3	87	–	–	87
Stage 3 to Stage 2	–	–	(469)	(469)
Stage 2 from Stage 3	–	134	–	134
Net expected credit losses (released)/raised	(24 487)	(1 282)	(4 679)	(30 448)
ECL on new exposure raised	22 514	5 738	12 035	40 287
Subsequent changes in ECL[1]	(37 599)	(3 732)	61 843	20 512
Change in ECL due to derecognition	(9 402)	(3 288)	(12 632)	(25 322)
Impaired accounts written off	–	–	(65 925)	(65 925)
Credit loss allowance balance end of the year	50 513	13 923	332 494	396 930
Consolidated				
2023				
Capital equipment finance				
Credit loss allowance balance beginning of the year	7 023	1 836	23 794	32 653
Transfer between stages	(98)	(975)	24 018	22 945
Stage 1 from Stage 2	73	–	–	73
Stage 1 from Stage 3	–	–	–	–
Stage 1 to Stage 2	(28)	–	–	(28)
Stage 1 to Stage 3	(143)	–	–	(143)
Stage 2 from Stage 1	–	747	–	747
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	(894)	–	(894)
Stage 2 to Stage 3	–	(828)	–	(828)
Stage 3 from Stage 1	–	–	14 180	14 180
Stage 3 from Stage 2	–	–	9 840	9 840
Stage 3 to Stage 1	–	–	(2)	(2)
Stage 3 to Stage 2	–	–	–	–
Net expected credit losses released	2 009	310	(14 983)	(12 664)
ECL on new exposure raised	4 716	877	1 876	7 469
Subsequent changes in ECL[1]	(1 981)	(514)	(7 535)	(10 029)
Change in ECL due to derecognition	(726)	(53)	(7 661)	(8 440)
Impaired accounts written off	–	–	(1 664)	(1 664)
Credit loss allowance balance end of the year	8 934	1 171	32 829	42 934

Lower portfolio growth due to tightening of credit appetite and improvement in credit risk parameters. Deterioration in Stage 3 due to ageing of the book. Continued strong growth despite challenging economic conditions and tightening of credit criteria.

[1] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Trade and Debtor finance				
Credit loss allowance balance beginning of the year	3 371	1 228	2 018	6 617
Transfer between stages	(1 625)	432	1 501	308
Stage 1 to Stage 2	(124)	–	–	(124)
Stage 2 from Stage 1	–	432	–	432
Stage 1 to Stage 3	(1 501)		–	(1 501)
Stage 3 from Stage 1	–	–	1 501	1 501
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	88	(233)	582	437
ECL on new exposure raised	2 399	306	2 595	5 300
Subsequent changes in ECL[2]	1 067	491	(84)	1 474
Change in ECL due to derecognition	(3 378)	(1 030)	(429)	(4 837)
Impaired accounts written off	–	–	(1 500)	(1 500)
Credit loss allowance balance end of the year	1 834	1 427	4 101	7 362

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Other loans[1]				
Credit loss allowance balance beginning of the year	3 209	6 863	44 342	54 414
Transfer between stages	(7 440)	2 859	8 099	3 518
Stage 1 to Stage 2	(245)	–	–	(245)
Stage 2 from Stage 1	–	2 966	–	2 966
Stage 1 to Stage 3	(7 195)	–	–	(7 195)
Stage 3 from Stage 1	–	–	7 195	7 195
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	(107)	–	(107)
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	904	904
Net expected credit losses (released)/raised	10 488	(5 515)	12 785	17 758
ECL on new exposure raised	307	–	–	307
Subsequent changes in ECL[2]	10 320	(5 383)	23 939	28 876
Change in ECL due to derecognition	(139)	(132)	(11 154)	(11 425)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	6 257	4 207	65 226	75 690

[1] *Other loans includes specialised lending, commercial property lending and unsecured lending. The initial growth in Property Lending business is offset by the sale of the specialised lending portfolio. Stage 3 includes settlement of a large client and claim of two clients against the SARB COVID Guarantee. This impact is negated by further deterioration of two large existing clients.*
[2] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Guarantees				
Credit loss allowance balance beginning of the year	1 671	–	–	1 671
Transfer between stages	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses raised	(781)			(781)
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL	(781)	–	–	(781)
Change in ECL due to derecognition	–	–	–	–
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	890	–	–	890

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Total loans and advances				
Credit loss allowance balance beginning of the year	92 778	23 973	358 482	475 233
Transfer between stages[1]	(11 803)	3 970	82 462	74 629
Stage 1 to Stage 2	(1 654)	–	–	(1 654)
Stage 2 from Stage 1	–	15 265	–	15 265
Stage 1 to Stage 3	(10 557)	–	–	(10 557)
Stage 3 from Stage 1	–	–	65 216	65 216
Stage 2 to Stage 1	–	(6 429)	–	(6 429)
Stage 1 from Stage 2	321	–	–	321
Stage 2 to Stage 3	–	(5 000)	–	(5 000)
Stage 3 from Stage 2	–	–	22 003	22 003
Stage 3 to Stage 1	–	–	(5 192)	(5 192)
Stage 1 from Stage 3	87	–	–	87
Stage 3 to Stage 2	–	–	(469)	(469)
Stage 2 from Stage 3	–	134	904	1 038
Net expected credit losses (released)/raised	(12 547)	(7 215)	(6 294)	(26 056)
ECL on new exposure raised	29 999	6 921	16 506	53 426
Subsequent changes in ECL[3]	(28 685)	(9 633)	78 163	39 845
Change in ECL due to derecognition	(13 861)	(4 503)	(31 875)	(50 239)
Impaired accounts written off[2]	–	–	(69 088)	(69 088)
Credit loss allowance balance end of the year	68 428	20 728	434 650	523 806

[1] *It is the Banking 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 R69.1 million.*

[3] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2023				
Equipment finance				
Credit loss allowance balance beginning of the year	26 890	7 238	106 593	140 721
Transfer between stages	(589)	(1 047)	14 401	12 765
Stage 1 to Stage 2	(260)	–	–	(260)
Stage 2 from Stage 1	–	2 606	–	2 605
Stage 1 to Stage 3	(446)	–	–	(446)
Stage 3 from Stage 1	–	–	11 220	11 220
Stage 2 to Stage 1	–	(1 843)	–	(1 843)
Stage 1 from Stage 2	77	–	–	77
Stage 2 to Stage 3	–	(1 921)	–	(1 921)
Stage 3 from Stage 2	–	–	6 109	6 109
Stage 3 to Stage 1	–	–	(2 578)	(2 578)
Stage 1 from Stage 3	40	–	–	40
Stage 3 to Stage 2	–	–	(350)	(351)
Stage 2 from Stage 3	–	111	–	111
Net expected credit losses (released)/raised	(11 686)	(744)	12 404	(26)
ECL on new exposure raised	9 126	3 492	7 766	20 384
Subsequent changes in ECL[1]	(18 523)	(2 383)	25 358	4 452
Change in ECL due to derecognition	(2 289)	(1 853)	(3 130)	(7 272)
Impaired accounts written off	–	–	(17 590)	(17 590)
Credit loss allowance balance end of the year	14 615	5 447	133 398	153 460
Separate				
2023				
Capital equipment finance				
Credit loss allowance balance beginning of the year	5 652	1 784	21 442	28 878
Transfer between stages	(118)	(530)	21 787	21 139
Stage 1 to Stage 2	(10)	–	–	(10)
Stage 2 from Stage 1	–	427	–	427
Stage 1 to Stage 3	(117)	–	–	(117)
Stage 3 from Stage 1	–	–	12 344	12 344
Stage 2 to Stage 1	–	(140)	–	(140)
Stage 1 from Stage 2	9	–	–	9
Stage 2 to Stage 3	–	(817)	–	(817)
Stage 3 from Stage 2	–	–	9 443	9 443
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	774	(632)	(15 320)	(15 178)
ECL on new exposure raised	3 655	523	1 629	5 807
Subsequent changes in ECL[1]	(2 387)	(1 102)	(8 201)	(11 690)
Change in ECL due to derecognition	(494)	(53)	(7 556)	(8 103)
Impaired accounts written off	–	–	(1 192)	(1 192)
Credit loss allowance balance end of the year	6 308	622	27 909	34 839

[1] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2023				
Trade and Debtor finance				
Credit loss allowance balance beginning of the year	3 371	1 228	2 018	6 617
Transfer between stages	(1 625)	432	1 501	308
Stage 1 to Stage 2	(124)	–	–	(124)
Stage 2 from Stage 1	–	432	–	432
Stage 1 to Stage 3	(1 501)	–	–	(1 501)
Stage 3 from Stage 1	–	–	1 501	1 501
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	88	(233)	582	437
ECL on new exposure raised	2 399	306	2 596	5 301
Subsequent changes in ECL[2]	1 067	491	(85)	1 473
Change in ECL due to derecognition	(3 378)	(1 030)	(429)	(4 837)
Impaired accounts written off	–	–	(1 500)	(1 500)
Credit loss allowance balance end of the year	1 834	1 427	4 101	7 362
Separate				
2023				
Other loans[1]				
Credit loss allowance balance beginning of the year	3 209	6 863	44 342	54 414
Transfer between stages	(7 440)	2 859	8 099	3 518
Stage 1 to Stage 2	(245)	–	–	(245)
Stage 2 from Stage 1	–	2 966	–	2 966
Stage 1 to Stage 3	(7 195)	–	–	(7 195)
Stage 3 from Stage 1	–	–	7 195	7 195
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	(107)	–	(107)
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	904	904
Net expected credit losses (released)/raised	10 488	(5 515)	12 785	17 758
ECL on new exposure raised	307	–	–	307
Subsequent changes in ECL	10 320	(5 383)	23 939	28 876
Change in ECL due to derecognition	(139)	(132)	(11 154)	(11 425)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	6 257	4 207	65 226	75 690

[1] *Other loans include specialised lending, commercial property lending and unsecured lending. The initial growth in the Property lending business is offset by the sale of the specialised lending portfolio. Stage 3 includes settlement of a large client and claim of two clients against the SARB COVID Guarantee. This impact is negated by further deterioration of two large existing clients.*

[2] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2023				
Guarantees				
Credit loss allowance balance beginning of the year	1 671	–	–	1 671
Transfer between stages	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	(781)	–	–	(781)
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL	(781)	–	–	(781)
Change in ECL due to derecognition	–	–	–	–
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	890	–	–	890
Separate				
2023				
Total loans and advances				
Credit loss allowance balance beginning of the year	40 793	17 113	174 395	232 301
Transfer between stages[1]	(9 908)	2 209	45 788	38 089
Stage 1 to Stage 2	(774)	–	–	(774)
Stage 2 from Stage 1	–	6,925	–	6 925
Stage 1 to Stage 3	(9 260)	–	–	(9 260)
Stage 3 from Stage 1	–	–	32 261	32 261
Stage 2 to Stage 1	–	(1 983)	–	(1 983)
Stage 1 from Stage 2	86	–	–	86
Stage 2 to Stage 3	–	(2 844)	–	(2 844)
Stage 3 from Stage 2	–	–	15 552	15 552
Stage 3 to Stage 1	–	–	(2 578)	(2 578)
Stage 1 from Stage 3	40	–	–	40
Stage 3 to Stage 2	–	–	(351)	(351)
Stage 2 from Stage 3	–	111	904	1 015
Net expected credit losses (released)/raised	(981)	(7 619)	10 451	1 851
ECL on new exposure raised	15 550	4 321	11 990	31 861
Subsequent changes in ECL[3]	(10 016)	(8 871)	41 012	22 125
Change in ECL due to derecognition	(6 515)	(3 069)	(22 269)	(31 853)
Impaired accounts written off[2]	–	–	(20 282)	(20 282)
Credit loss allowance balance end of the year	29 904	11 703	230 634	272 241

[1] *It is the Banking 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 eh 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 R69.1 million.*

[3] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2023				
Securitised assets				
Credit loss allowance balance beginning of the year	50 212	6 172	172 399	228 783
Transfers between stages[10]	(1 882)	1 968	36 186	36 272
Stage 1 to Stage 2	(872)	–	–	(872)
Stage 2 from Stage 1	–	8 236	–	8 236
Stage 1 to Stage 3[5]	(1 292)	–	–	(1 292)
Stage 3 from Stage 1[3]	–	–	32 871	32 871
Stage 2 to Stage 1	–	(4 429)	–	(4 429)
Stage 1 from Stage 2[4]	235	–	–	235
Stage 2 to Stage 3[6]	–	(1 862)	–	(1 862)
Stage 3 from Stage 2	–	–	5 991	5 991
Stage 3 to Stage 1	–	–	(2 557)	(2 557)
Stage 1 from Stage 3	47	–	–	47
Stage 3 to Stage 2[1]	–	–	(119)	(119)
Stage 2 from Stage 3[2]	–	23	–	23
Total Transfers	(10 850)	671	33 570	23 391
ECL on new exposure raised	13 460	2 457	3 929	19 846
Subsequent changes in ECL[7]	(18 652)	(685)	38 309	18 972
Change in ECL due to derecognition[8]	(5 658)	(1 101)	(8 668)	(15 427)
Impaired accounts written off[9]	–	–	(48 424)	(48 424)
Credit loss allowance balance end of the year	37 480	8 811	193 731	240 023

1 *Customers are up to date and six consecutive payments paid on due date and no SICR exists.*
2 *Customers that are still in high care or the customer still displays signs of SICR. Distressed restructures that were in default and made six consecutive monthly payments under the revised terms.*
3 *Customers classified as credit-impaired. For the definition refer to accounting policies note 1.7.*
4 *Customers classified as credit-impaired. For the definition refer to accounting policies note 1.7.*
5 *Customers defined as "high care" showing signs of SICR. SICR takes into account technical arrears (account past due for up to seven days) and materiality (an amount that is equal to or less than 5% of the next instalment due). Refer to accounting policies note 1.6.*
6 *Customers up to date and no qualitative indicators of SICR are present.*
7 *Include ECL move in the current stage for increases/decreases in customer exposures.*
8 *Settlement of accounts.*
9 *No further reasonable expectation of further recovery exists.*
10 *It is the Company's practice to transfer the ECL between stages, by comparing the ECL stage for an exposure at the beginning of the reporting period to the ECL stage of that exposure at the end of the reporting period, for those exposures that have not yet been settled.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.2 Reconciliation of ECL on negotiable securities

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Credit loss allowance on 1 July 2023	**1 649**	**–**	**59 881**	**61 530**
Net expected credit losses released	**(781)**	**–**	**(25 581)**	**(26 362)**
Subsequent changes in ECL[1]	**(781)**	**–**	**(25 581)**	**(26 362)**
Credit loss allowance on 30 June 2024	**868**	**–**	**34 300**	**35 168**
2023				
Credit loss allowance on 1 July 2022	2 084	–	121 594	123 678
Net expected credit losses released	(435)	–	(61 713)	(62 148)
Subsequent changes in ECL	(435)	–	(61 713)	(62 148)
Credit loss allowance on 30 June 2023	1 649	–	59 881	61 530

[1] *The decrease in the Stage 3 ECL is due to the improved outlook of the client. Refer to Note 2.2.2 and Note 45.5 for additional information.*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Credit loss allowance on 1 July 2023	**1 649**	**–**	**59 881**	**61 530**
Net expected credit losses released	**(781)**	**–**	**(25 581)**	**(26 362)**
Subsequent changes in ECL[1]	**(781)**	**–**	**(25 581)**	**(26 362)**
Credit loss allowance on 30 June 2024	**868**	**–**	**34 300**	**35 168**
2023				
Credit loss allowance on 1 July 2022	2 084	–	121 594	123 678
Net expected credit losses released	(435)	–	(61 713)	(62 148)
Subsequent changes in ECL	(435)	–	(61 713)	(62 148)
Credit loss allowance on 30 June 2023	1 649	–	59 881	61 530

[1] *The decrease in the Stage 3 ECL is due to the improved outlook of the client. Refer to Note 2.2.2 and Note 45.5 for additional information.*

40.3.3 Reconciliation of ECL on trade and other receivables

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Credit loss allowance on 1 July 2023	**6 253**	**1 306**	**12 746**	**20 305**
Net expected credit losses raised/(released)	**3 810**	**(1 306)**	**(12 746)**	**(10 242)**
ECL on new exposure raised	**3 810**	**–**	**–**	**3 810**
Changes in ECL due to derecognition[1]	**–**	**(1 306)**	**(12 746)**	**(14 052)**
Credit loss allowance on 30 June 2024	**10 063**	**–**	**–**	**10 063**
2023				
Credit loss allowance on 1 July 2022	3 429	–	–	3 429
Net expected credit losses raised	2 824	1 306	12 746	16 876
ECL on new exposure raised	2 824	1 306	12 746	16 876
Credit loss allowance on 30 June 2023	6 253	1 306	12 746	20 305

[1] *The ECL of R12.7 million in Stage 3 represents a fully impaired trade receivable in the prior period that was written off in the current period.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.3 Reconciliation of ECL on trade and other receivables *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2024				
Credit loss allowance on 1 July 2023	**6 600**	**1 306**	**12 746**	**20 652**
Net expected credit losses raised/(released)	**4 169**	**(1 306)**	**(12 746)**	**(9 883)**
ECL on new exposure raised	**4 169**	**–**	**–**	**4 169**
Changes in ECL due to derecognition[1]	**–**	**(1 306)**	**(12 746)**	**(14 052)**
Credit loss allowance on 30 June 2024	**10 769**	**–**	**–**	**10 769**
2023				
Credit loss allowance on 1 July 2022	2 935	–	–	2 935
Net expected credit losses raised	3 665	1 306	12 746	17 717
ECL on new exposure raised	3 665	1 306	12 746	17 717
Credit loss allowance on 30 June 2023	6 600	1 306	12 746	20 652

[1] *The ECL of R12.7 million in Stage 3 represents a fully impaired trade receivable in the prior period that was written off in the current period.*

40.3.4 Reconciliation of ECL on loans to companies in the Group

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2024				
Credit loss allowance on 1 July 2023	**4**	**–**	**–**	**4**
Net expected credit losses released	**(4)**	**–**	**–**	**(4)**
ECL on new exposure raised	**(4)**	**–**	**–**	**(4)**
Credit loss allowance on 30 June 2024	**–**	**–**	**–**	**–**
2023				
Credit loss allowance on 1 July 2022	–	–	–	–
Net expected credit losses released	4	–	–	4
ECL on new exposure raised	4	–	–	4
Change in ECL due to derecognition	–	–	–	–
Credit loss allowance on 30 June 2023	4	–	–	4

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.5 Credit impairment charges recognised in profit or loss

	Consolidated		Separate	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Net ECL recognised	**122 211**	63 186	**115 804**	58 881
Loans and advances[1, 2, 3]	**160 829**	121 248	**116 172**	62 968
Letters of credit, carry facilities, loan commitments and financial guarantees issued[2]	**(728)**	(782)	**(728)**	(782)
Negotiable securities[1, 4]	**(36 547)**	(74 795)	**(36 547)**	(74 795)
Trade and other receivables	**(1 347)**	16 876	**(986)**	17 716
Loans to companies in the Group	**4**	639	**–**	1 059
Securitised assets[5]	**–**	–	**37 893**	52 715
Recoveries of loans and advances previously written off	**(16 990)**	(21 415)	**(9 175)**	(13 829)
Trade and other receivables written off – previously not provided for	**–**	14 953	**–**	14 953
	105 221	56 722	**106 629**	60 005
From continuing operations	**94 899**	51 851	**96 307**	55 134
From discontinued operations[6]	**10 322**	4 871	**10 322**	4 871

1 *Prior periods by restatement. Please refer to Note 43 for additional information.*
2 *For enhanced disclosure purposes this has now been separately presented rather than aggregated with loans and advances.*
3 *For the Consolidated results, the impact of Interest in Suspense (ISP) of R16.9 million (2023: R8.8 million) and R42.4 million (2023: R13.2 million) related to BCB and Asset Finance respectively is included in interest income (refer to Note 27). For the Separate results, the impact of ISP of R16.9 million (2023: R8.6 million) and R18.1 million (2023: R7.8 million) related to BCB and Asset Finance respectively is included in interest income (refer to Note 27). This also includes other recoveries for both the Consolidated and Separate results.*
4 *The impact of ISP of R10.2 million (2023: R12.5 million) for both Consolidated and Separate is included in interest income (refer to Note 27). In prior period this was incorrectly included in credit impairment charges (refer to footnote 1).*
5 *The impact of ISP of R25.9 million (2023: R1.1 million) is included in interest income (refer to Note 27).*
6 *Refer to Note 8 for additional information.*

41. 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 Banking 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 Banking 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 refers to the proportion of high-quality liquid assets available to meet the bank's liquidity needs during a 30-calendar day liquidity stress period/scenario;
- Net Stable Funding Ratio (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 Banking 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 Banking 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.

41. Liquidity risk *continued*
41.1 Contractual maturity analysis

Consolidated	Carrying amount R'000	Gross inflow/ outflow R'000	Less than 1 month R'000
2024			
Discounted maturity			
Assets			
Cash and cash equivalents	543 865	543 865	543 865
Negotiable securities	1 896 183	1 727 915	1 096 653
Trading assets[2]	30	30	–
Trade and other receivables	418 444	245 043	241 657
Non-current assets held for sale	3 135 380	3 135 380	–
Loans and advances[3]	5 196 194	5 050 785	237 150
Current taxation asset	22 855	–	–
Investment securities	299 634	105 767	105 767
Long term receivable[4]	47 086	47 086	41 332
Loans to entities in the group	195 157	195 157	27 869
Property, equipment and right-of-use assets	136 201	–	–
Intangible assets and goodwill	79 414	–	–
Deferred tax assets	70 357	–	–
Total assets	**12 040 800**	**11 051 028**	**2 294 293**
Undiscounted maturity[5]			
Liabilities			
Funding under repurchase agreements	551 205	551 205	551 205
Trading liabilities[2]	2 285	2 285	–
Current taxation liability	5 205	–	–
Trade and other payables	314 787	154 215	154 215
Liabilities directly associated with assets classified as held for sale	173	173	–
Bank overdraft	69 081	69 081	69 081
Provisions	86 107	–	–
Lease liabilities	141 871	184 597	2 335
Deposits from customers	5 597 337	5 726 943	3 068 560
Debt securities issued[6]	3 685 800	4 372 108	–
Long-term loans	14 150	14 150	14 150
Deferred tax liabilities	133 046	–	–
Total liabilities	**10 601 047**	**11 074 757**	**3 859 546**
Off–balance sheet liquidity exposures			
Loan commitments	49 543	49 543	49 543
Guarantees	42 782	42 782	34 492
Capital expenditure	120	120	120
Total off–balance sheet liquidity exposures	**92 445**	**92 445**	**84 155**

1 *Non-contractual refers to non-financial instruments and the net exposure on non-performing loans (after considering the related ECL) on which legal proceedings have been initiated. This is an enhancement from prior year where the total amount of ECL was classified as non-contractual, including the ECL balance related to performing loans. The prior year was not updated as the disclosure was not available.*
2 *Includes derivative instruments Refer to Note 42.3 for the maturity analysis.*
3 *The loans and advances have been bucketed as per their contract end date. Please refer to Note 9 for the contractual cash flow expectations of the loans and advances.*
4 *This represents the CODI receivable. This is a new line item for the current year. The expected inflow/outflow is closely aligned to the qualifying deposits from customers.*
5 *The interest rate used to calculate future interest expense payable is the prevailing interest rate at the reporting date.*
6 *SASP intends to early settle the Series 2 notes subject to the successful disposal of the CEF Business to African Bank (Refer to Note 8 and Note 45). The above contractual maturities for Series 2 reflect management's expectation of the realization of the disposal of the CEF Business to African Bank.*

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

1 – 3 months R'000	4 – 12 months R'000	1 – 2 years R'000	2 – 3 years R'000	3 – 4 years R'000	4 – 5 years R'000	More than 5 years R'000	Non-contractual[1] R'000	Total R'000
–	–	–	–	–	–	–	–	543 865
414 686	–	–	–	–	–	216 577	168 267	1 896 183
–	–	–	–	30	–	–	–	30
–	2 429	958	–	–	–	–	173 400	418 444
454 530	2 680 850	–	–	–	–	–	–	3 135 380
140 524	229 586	825 409	1 514 290	1 106 375	970 274	27 177	145 409	5 196 194
–	–	–	–	–	–	–	22 855	22 855
–	–	–	–	–	–	–	193 867	299 634
2 263	3 195	108	6	182	–	–	–	47 086
28 638	–	–	138 650	–	–	–	–	195 157
–	–	–	–	–	–	–	136 201	136 201
–	–	–	–	–	–	–	79 414	79 414
–	–	–	–	–	–	–	70 357	70 357
1 040 641	**2 916 060**	**826 475**	**1 652 946**	**1 106 587**	**970 274**	**243 754**	**989 770**	**12 040 800**
–	–	–	–	–	–	–	–	551 205
2 285	–	–	–	–	–	–	–	2 285
–	–	–	–	–	–	–	5 205	5 205
–	–	–	–	–	–	–	160 572	314 787
65	108	–	–	–	–	–	–	173
–	–	–	–	–	–	–	–	69 081
–	–	–	–	–	–	–	86 107	86 107
4 737	21 265	30 019	31 097	33 809	33 618	27 717	–	184 597
1 424 243	966 738	95 326	55 657	12 273	104 146	–	–	5 726 943
436 763	1 224 823	581 720	1 242 523	886 279	–	–	–	4 372 108
–	–	–	–	–	–	–	–	14 150
–	–	–	–	–	–	–	133 046	133 046
1 868 093	**2 212 934**	**707 065**	**1 329 277**	**932 361**	**137 764**	**27 717**	**384 930**	**11 459 687**
–	–	–	–	–	–	–	–	49 543
–	7 653	–	–	–	174	463	–	42 782
–	–	–	–	–	–	–	–	120
–	**7 653**	**–**	**–**	**–**	**174**	**463**	**–**	**92 445**

41. Liquidity risk *continued*

41.1 Contractual maturity analysis *continued*

Consolidated	Carrying amount R'000	Gross inflow/ outflow R'000	Less than 1 month R'000
2023			
Discounted maturity			
Assets			
Cash and cash equivalents[2]	790 093	790 093	790 093
Negotiable securities	1 293 411	1 151 462	298 856
Trading assets[3]	32 798	32 798	14 153
Trade and other receivables	512 772	356 135	356 135
Loans and advances[4]	9 027 568	9 060 152	389 459
Current taxation asset	47 826	–	–
Investment securities	324 316	104 964	104 964
Investments at fair value through profit or loss	324 316	104 964	104 964
Loans to entities in the group	194 197	194 197	–
Property, equipment and right-of-use assets	156 242	–	–
Intangible assets and goodwill	107 155	–	–
Deferred tax assets	20 255	–	–
Total assets	12 506 633	11 689 801	1 953 660
Undiscounted maturity			
Liabilities			
Funding under repurchase agreements	351 885	351 885	351 885
Trading liabilities[3]	27 683	27 188	12 578
Current taxation liability	–	–	–
Trade and other payables	596 058	484 071	484 056
Bank overdraft	113 081	113 081	113 081
Provisions	32 752	–	–
Lease liabilities	145 353	197 192	2 248
Deposits from customers[2]	5 889 291	6 001 551	3 098 336
Debt securities issued	3 720 138	4 613 989	–
Long-term loans	76 488	86 633	2 406
Deferred tax liabilities	146 055	–	–
Total liabilities	11 098 784	11 875 590	4 064 590
Off-balance sheet liquidity exposures			
Letters of credit	37 125	37 125	37 125
Loan commitments	104 911	104 911	104 911
Guarantees	29 779	29 779	29 779
Capital expenditure	11	11	11
Total off-balance sheet liquidity exposures	171 826	171 826	171 826

1 *Non-contractual refers to non-financial instruments, the related ECL on the instrument and Land Bank.*
2 *Prior periods by restatement, please refer to Note 43 for additional information.*
3 *Includes derivative instruments Refer to Note 42.3 for the maturity analysis.*
4 *The loans and advances have been bucketed as per their contract end date. Please refer to Note 9 for the contractual cash flow expectations of the loans and advances.*

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

1 – 3 months R'000	4 – 12 months R'000	1 – 2 years R'000	2 – 3 years R'000	3 – 4 years R'000	4 – 5 years R'000	More than 5 years R'000	Non-contractual[1] R'000	Total R'000
–	–	–	–	–	–	–	–	790 093
346 354	289 642	–				216 610	141 949	1 293 411
12 400	6 245	–	–	–	–	–	–	32 798
–	–	–				–	156 637	512 772
277 780	528 473	1 534 352	2 272 582	1 998 482	1 935 405	123 619	(32 584)	9 027 568
–	–	–	–	–	–	–	47 826	47 826
–	–	–	–	–	–	–	219 352	324 316
–	–	–	–	–	–	–	219 352	324 316
–	27 556	26 633	–	140 008	–	–	–	194 197
–	–	–	–	–	–	–	156 242	156 242
–	–	–	–	–	–	–	107 155	107 155
–	–	–	–	–	–	–	20 255	20 255
636 534	851 916	1 560 985	2 272 582	2 138 490	1 935 405	340 229	816 832	12 506 633
–	–	–	–	–	–	–	–	351 885
8 726	5 884	–	–	–	–	–	–	27 188
–	–	–	–	–	–	–	–	–
15	–	–	–	–	–	–	111 987	596 058
–	–	–	–	–	–	–	–	113 081
–	–	–	–	–	–	–	32 752	32 752
4 500	19 498	25 711	27 236	28 147	30 682	59 170	–	197 192
1 370 612	1 360 844	97 328	51 574	–	22 857	–	–	6 001 551
266 570	429 253	974 818	1 077 379	629 882	1 236 087	–	–	4 613 989
4 812	21 655	28 874	28 886	–	–	–	–	86 633
–	–	–	–	–	–	–	146 055	146 055
1 655 235	1 837 134	1 126 731	1 185 075	658 029	1 289 626	59 170	290 794	12 166 384
–	–	–	–	–	–	–	–	37 125
–	–	–	–	–	–	–	–	104 911
–	–	–	–	–	–	–	–	29 779
–	–	–	–	–	–	–	–	11
–	–	–	–	–	–	–	–	171 826

41. Liquidity risk *continued*
41.1 Contractual maturity analysis *continued*

Separate	Carrying amount R'000	Gross inflow/ outflow R'000	Less than 1 month R'000
2024			
Discounted maturity			
Assets			
Cash and cash equivalents	**539 487**	**539 487**	**539 487**
Negotiable securities	**1 896 183**	**1 727 914**	**1 096 652**
Trading assets[2]	**425**	**425**	**–**
Trade and other receivables	**404 426**	**377 667**	**374 280**
Non-current assets held for sale	**3 135 273**	**3 135 273**	**–**
Loans and advances[3]	**1 481 573**	**1 426 620**	**227 363**
Securitised assets[3]	**3 596 303**	**3 509 774**	**17 023**
Current taxation asset	**2 064**	**–**	**–**
Investment securities	**299 634**	**105 767**	**105 767**
Long term receivable[4]	**47 086**	**47 086**	**41 332**
Loans to entities in the Group	**588 827**	**588 827**	**27 868**
Property, equipment and right-of-use assets	**134 927**	**–**	**–**
Intangible assets and goodwill	**46 248**	**–**	**–**
Deferred tax assets	**67 531**	**–**	**–**
Investments in subsidiaries and structured entities	**177 058**	**–**	**–**
Total assets	**12 417 045**	**11 458 840**	**2 429 772**
Undiscounted maturity[5]			
Liabilities			
Funding under repurchase agreements	**551 205**	**551 205**	**551 205**
Trading liabilities[2]	**–**	**–**	**–**
Trade and other payables	**283 030**	**127 231**	**127 231**
Liabilities directly associated with assets classified as held for sale	**173**	**173**	**–**
Intercompany loans for securitised assets[6]	**4 124 153**	**4 015 458**	**10 982**
Provisions	**83 189**	**–**	**–**
Lease liabilities	**140 326**	**182 901**	**2 274**
Deposits from customers	**6 100 426**	**6 232 202**	**3 463 566**
Long-term loans	**14 150**	**14 150**	**14 150**
Total liabilities	**11 296 652**	**11 123 320**	**4 169 408**
Off-balance sheet liquidity exposures			
Loan commitments	**49 543**	**49 543**	**49 543**
Guarantees	**43 463**	**43 463**	**35 173**
Capital expenditure	**120**	**120**	**120**
Total off-balance sheet liquidity exposures	**93 126**	**93 126**	**84 836**

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

1 *Non-contractual refers to non-financial instruments and the net exposure on non-performing loans (after considering the related ECL) on which legal proceedings have been initiated. This is an enhancement from prior year where the total amount of ECL was classified as non-contractual, including the ECL balance related to performing loans. The prior year was not updated as the disclosure was not available.*
2 *Includes derivative instruments Refer to Note 42.3 for the maturity analysis.*
3 *The loans and advances and securitised assets have been bucketed as per their contractual end date. Please refer to Note 9 and Note 9.1 for the contractual cash flow expectations of the loans and advances and securitised assets respectively.*
4 *This represents the CODI receivable. This is a new line item for the current year. The expected inflow/outflow is closely aligned to the qualifying deposits from customers.*
5 *The interest rate used to calculate future interest expense payable is the prevailing interest rate at the reporting date.*
6 *Refer to Notes 9.1 and 9.2 which outlines the accounting treatment for securitised assets and intercompany loans for securitised assets. Specifically, the carrying amount of the liability fluctuates in line with the loans and advances balance (i.e. the securitised assets). The entity's risk and liquidity management practices are focused on the net exposure as the transaction is a true sale from a legal perspective therefore, these disclosures reflect that the liability aligns to the asset. Note 9.1 provides the gross undiscounted amounts for the securitised asset which the intercompany loans for securitised assets matches.*

1 – 3 months R’000	4 – 12 months R’000	1 – 2 years R’000	2 – 3 years R’000	3 – 4 years R’000	4 – 5 years R’000	More than 5 years R’000	Non-contractual[1] R’000	Total R’000
–	–	–	–	–	–	–	–	539 487
414 686	–	–	–	–	–	216 577	168 268	1 896 183
425	–	–	–	–	–	–	–	425
–	2 429	958	–	–	–	–	26 759	404 426
454 529	2 680 744	–	–	–	–	–	–	3 135 273
128 917	54 602	166 545	414 589	178 004	237 755	18 845	54 953	1 481 573
11 574	172 620	644 959	1 030 327	902 884	727 134	3 252	86 530	3 596 303
–	–	–	–	–	–	–	2 064	2 064
–	–	–	–	–	–	–	193 867	299 634
2 263	3 195	108	6	182	–	–	–	47 086
36 075	50 000	–	138 650	336 234	–	–	–	588 827
–	–	–	–	–	–	–	134 927	134 927
–	–	–	–	–	–	–	46 248	46 248
–	–	–	–	–	–	–	67 531	67 531
–	–	–	–	–	–	–	177 058	177 058
1 048 469	2 963 590	812 570	1 583 572	1 417 304	964 889	238 674	958 205	12 417 045
–	–	–	–	–	–	–	–	551 205
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	155 799	283 030
173	–	–	–	–	–	–	–	173
13 460	204 195	725 267	1 178 059	1 066 719	813 192	3 584	108 695	4 124 153
–	–	–	–	–	–	–	83 189	83 189
4 548	20 753	29 219	30 962	33 809	33 618	27 719	–	182 902
1 534 496	966 738	95 326	55 657	12 273	104 146	–	–	6 232 202
–	–	–	–	–	–	–	–	14 150
1 552 677	1 191 686	849 812	1 264 678	1 112 801	950 956	31 303	347 683	11 471 004
–	–	–	–	–	–	–	–	49 543
–	7 653	–	–		174	463	–	43 463
–	–	–	–	–	–	–	–	120
–	7 653	–	–	–	174	463	–	93 126

41. Liquidity risk *continued*

41.1 Contractual maturity analysis *continued*

Separate	Carrying amount R'000	Gross inflow/ outflow R'000	Less than 1 month R'000
2023			
Discounted maturity			
Assets			
Cash and cash equivalents[2]	771 987	771 987	771 987
Negotiable securities	1 293 411	1 151 462	298 856
Trading assets[3]	29 576	29 576	11 236
Trade and other receivables	469 907	452 975	452 975
Loans and advances[2 4]	4 864 281	4 859 631	370 763
Securitised assets[4]	4 073 075	4 118 056	30 212
Current taxation asset	2 400	–	–
Investment securities	324 316	104 964	104 964
Investments at fair value through profit or loss	324 316	104 964	104 964
Loans to entities in the Group	587 842	587 842	393 649
Property, equipment and right-of-use assets	154 381	–	–
Intangible assets and goodwill	68 692	–	–
Deferred tax assets	17 027	–	–
Investments in subsidiaries and structured entities	177 058	–	–
Total assets	12 833 953	12 076 493	2 434 642
Undiscounted maturity			
Liabilities			
Funding under repurchase agreements	351 885	351 885	351 885
Trading liabilities[3]	27 683	27 188	12 578
Trade and other payables	670 068	560 923	560 923
Intercompany loans for securitised assets[5]	4 073 075	4 118 056	30 212
Bank overdraft	–	–	–
Provisions	29 930	–	–
Lease liabilities	143 245	194 770	2 190
Deposits from customers[2]	6 349 779	6 463 269	3 542 441
Long-term loans	76 488	86 633	2 406
Deferred tax liabilities	–	–	–
Loans from entities in the group	58	58	58
Total liabilities	11 722 211	11 802 782	4 502 693
Off-balance sheet liquidity exposures			
Loan commitments	104 911	104 911	104 911
Letters of credit	37 125	37 125	37 125
Guarantees	29 779	29 779	29 779
Capital expenditure	11	11	11
Total off-balance sheet liquidity exposures	171 826	171 826	171 826

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

1 *Non-contractual refers to non-financial instruments, the related ECL on the instrument and Land Bank.*
2 *Prior periods by restatement, please refer to Note 43 for additional information.*
3 *Includes derivative instruments Refer to Note 42.3 for the maturity analysis.*
4 *The loans and advances and securitised assets have been bucketed as per their contractual end date. Please refer to Note 9 and Note 9.1 for the contractual cash flow expectations of the loans and advances and securitised assets respectively.*
5 *Refer to Notes 9.1 and 9.2 which outlines the accounting treatment for securitised assets and intercompany loans for securitised assets. Specifically, the carrying amount of the liability fluctuates in line with the loans and advances balance (i.e. the securitised assets). The entity's risk and liquidity management practices are focused on the net exposure as the transaction is a true sale from a legal perspective therefore, these disclosures reflect that the liability aligns to the asset. Note 9.1 provides the gross undiscounted amounts for the securitised asset which the intercompany loans for securitised assets matches.*

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

1 – 3 months R'000	4 – 12 months R'000	1 – 2 years R'000	2 – 3 years R'000	3 – 4 years R'000	4 – 5 years R'000	More than 5 years R'000	Non-contractual[1] R'000	Total R'000
–	–	–	–	–	–	–	–	771 987
346 354	289 642	–	–	–	–	216 610	141 949	1 293 411
12 094	6 246	–				–	–	29 576
–	–	–	–	–	–	–	16 932	469 907
262 385	302 669	823 938	1 128 616	890 318	965 421	115 521	4 650	4 864 281
15 353	224 889	703 841	1 097 440	1 105 286	935 148	5 887	(44 981)	4 073 075
–	–	–	–	–	–	–	2 400	2 400
–	–	–	–	–	–	–	219 352	324 316
–	–	–				–	219 352	324 316
–	27 556	26 633	–	140 004	–	–	–	587 842
–	–	–	–	–	–	–	154 381	154 381
–	–	–	–	–	–	–	68 692	68 692
–	–	–	–	–	–	–	17 027	17 027
–	–	–	–	–	–	–	177 058	177 058
636 186	851 002	1 554 412	2 226 056	2 135 608	1 900 569	338 018	757 460	12 833 953
–	–	–				–	–	351 885
8 726	5 884	–				–	–	27 188
–	–	–				–	109 145	670 068
15 353	224 889	703 841	1 097 440	1 105 286	935 148	5 887	(44 981)	4 073 075
–	–	–				–	–	–
–	–	–				–	29 930	29 930
4 381	18 949	24 950	26 436	28 012	30 682	59 170	–	194 770
1 388 225	1 360 844	97 328	51 574	–	22 857	–	–	6 463 269
4 812	21 655	28 874	28 886	–	–	–	–	86 633
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	58
1 421 497	1 632 221	854 993	1 204 336	1 133 298	988 687	65 057	94 094	11 896 876
–	–	–	–	–	–	–	–	104 911
–	–	–	–	–	–	–	–	37 125
–	–	–	–	–	–	–	–	29 779
–	–	–	–	–	–	–	–	11
–	–	–	–	–	–	–	–	171 826

41. Liquidity risk *continued*

41.2 Discounted maturity analysis: Current and non-current

Consolidated	2024 Current[2] R'000	2024 Non-current[2] R'000	2024 Total R'000	2023 Current R'000	2023 Non-current R'000	2023 Total R'000
Assets						
Cash and cash equivalents[1]	543 865	–	543 865	790 093	–	790 093
Negotiable securities	1 510 470	385 713	1 896 183	934 852	358 559	1 293 411
Trading assets	–	30	30	32 798	–	32 798
Trade and other receivables	418 444	–	418 444	512 772	–	512 772
Non-current assets held for sale	3 135 380	–	3 135 380	–	–	–
Loans and advances	627 980	4 568 214	5 196 194	1 195 712	7 831 856	9 027 568
Securitised assets	–	–	–	–	–	–
Current taxation asset	22 855	–	22 855	47 826	–	47 826
Investment securities	105 767	193 867	299 634	104 964	219 352	324 316
Long term receivable	46 790	296	47 086			
Loans to entities in the Group	56 507	138 650	195 157	27 556	166 641	194 197
Property, equipment and right-of-use assets	–	136 201	136 201	–	156 242	156 242
Intangible assets and goodwill	–	79 414	79 414	–	107 155	107 155
Deferred tax assets	–	70 357	70 357	–	20 255	20 255
Total assets	6 468 058	5 572 742	12 040 800	3 646 573	8 860 060	12 506 633
Liabilities						
Funding under repurchase agreements	551 205	–	551 205	351 885	–	351 885
Trading liabilities	2 285	–	2 285	27 683	–	27 683
Current taxation liability	5 205	–	5 205	–	–	–
Trade and other payables	314 787	–	314 787	596 058	–	596 058
Liabilities directly associated with assets classified as held for sale	173	–	173	–	–	–
Intercompany loans for securitised assets	–	–	–	–	–	–
Bank overdraft	69 081	–	69 081	113 081	–	113 081
Provisions	86 107	–	86 107	32 752	–	32 752
Lease liabilities[3]	16 159	125 712	141 871	26 246	119 107	145 353
Deposits from customers[1]	5 395 421	201 916	5 597 337	5 716 359	172 932	5 889 291
Debt securities issued	1 385 800	2 300 000	3 685 800	695 823	3 024 315	3 720 138
Long-term loans	14 150	–	14 150	28 873	47 615	76 488
Deferred tax liabilities	–	133 046	133 046	–	146 055	146 055
Total liabilities	7 840 373	2 760 674	10 601 047	7 588 760	3 510 024	11 098 784

[1] *Prior periods by restatements, please refer to Note 43 for additional information.*
[2] *For financial assets that have an ECL balance at the reporting date, the maturity analysis in the current year was enhanced to reflect the net exposure (i.e., after considering the ECL balance exposure) rather than only the gross exposure. This disclosure was not available for prior year.*
[3] *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.*

41. Liquidity risk *continued*

41.2 Discounted maturity analysis: Current and non-current *continued*

Separate	2024 Current[2] R'000	2024 Non-current[2] R'000	2024 Total R'000	2023 Current R'000	2023 Non-current R'000	2023 Total R'000
Assets						
Cash and cash equivalents[1]	**539 487**	**–**	**539 487**	771 987	–	771 987
Negotiable securities	**1 510 470**	**385 713**	**1 896 183**	934 852	358 559	1 293 411
Trading assets	**425**	**–**	**425**	29 576	–	29 576
Trade and other receivables	**404 426**	**–**	**404 426**	469 907	–	469 907
Non-current assets held for sale	**3 135 273**	**–**	**3 135 273**	–	–	–
Loans and advances[1]	**431 601**	**1 049 972**	**1 481 573**	935 831	3 928 450	4 864 281
Securitised assets	**201 217**	**3 395 086**	**3 596 303**	270 454	3 802 621	4 073 075
Current taxation asset	**2 064**	**–**	**2 064**	2 400	–	2 400
Investment securities	**105 767**	**193 867**	**299 634**	104 964	219 352	324 316
Long term receivable	**46 790**	**296**	**47 086**			
Loans to entities in the Group	**113 944**	**474 883**	**588 827**	421 205	166 637	587 842
Property, equipment and right-of-use assets	**–**	**134 927**	**134 927**	–	154 381	154 381
Intangible assets and goodwill	**–**	**46 248**	**46 248**	–	68 692	68 692
Deferred tax assets	**–**	**67 531**	**67 531**	–	17 027	17 027
Investments in subsidiaries and structured entities	**–**	**177 058**	**177 058**	–	177 058	177 058
Total assets	**6 491 464**	**5 925 581**	**12 417 045**	3 941 176	8 892 777	12 833 953
Liabilities						
Funding under repurchase agreements	**551 205**	**–**	**551 205**	351 885	–	351 885
Trading liabilities	**–**	**–**	**–**	27 683	–	27 683
Trade and other payables	**283 030**	**–**	**283 030**	670 068	–	670 068
Liabilities directly associated with assets classified as held for sale	**173**	**–**	**173**	–	–	–
Intercompany loans on securitised assets	**228 638**	**3 895 515**	**4 124 153**	270 454	3 802 621	4 073 075
Provisions	**83 189**	**–**	**83 189**	–	29 930	29 930
Lease liabilities[3]	**15 504**	**124 822**	**140 326**	10 965	132 280	143 245
Deposits from customers[1]	**5 898 510**	**201 916**	**6 100 426**	6 207 180	142 599	6 349 779
Long-term loans	**14 150**	**–**	**14 150**	76 488	–	76 488
Deferred tax liabilities	**–**	**–**	**–**	–	–	–
Loans from entities in the Group	**–**	**–**	**–**	58	–	58
Total liabilities[4]	**7 074 399**	**4 222 253**	**11 296 652**	7 614 781	4 107 430	11 722 211

1 *Prior periods by restatement, please refer to Note 43 for additional information.*
2 *For financial assets that have an ECL balance at the reporting date, the maturity analysis in the current year was enhanced to reflect the net exposure (i.e., after considering the ECL balance exposure) rather than only the gross exposure. This disclosure was not available for prior year.*
3 *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.*
4 *In the prior year, the current total was incorrectly disclosed as R7 667.354 million. This was incorrect as it correctly casted to R7 583.024 million. Taking into account the prior period error on deposits from customers (refer to footnote 1) of R31.757 million, the total is now reflected as R7 614.781 million*

42. 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 Banking 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 Banking 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.

Management of market risk

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

- **Trading portfolios**

The Banking Group applies a Value-at-Risk (VAR) model using the previous five years' historical data as an input to monitor market risk, as it is regarded 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 01 July 2019 to 28 June 2024 inclusive, and the R186 government bond as the benchmark. ZJS is used as the risk-free rate.

The VAR 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 Banking 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 Banking 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, hence there is no interest rate risk.

- **Non-trading portfolios**

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

42. Market risk *continued*

Market risk on equity investments

The Banking Group enters into Private 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 Banking 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 Banking Group incurred currency risk mainly as a result of trade finance and foreign exchange businesses, as well as services and supplies acquired from foreign suppliers. Upon closure of the foreign exchange business unit, the Banking Group's exposure to currency risk decreased. The currencies in which the Banking Group primarily deals are US Dollars, Pound Sterling and Euros. The Banking Group is therefore exposed to volatility in the exchange rate of the Rand relative to these foreign currencies.

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

Exchange rate contracts

The Banking 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 Banking 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.

42. Market risk *continued*

42.1 Interest rate risk

The tables summarise the Banking 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. The below table is not indicative of when the assets or liabilities are due for settlement but rather when re-pricing of the interest rate will occur. The net pricing gap is therefore not a reflection of the Banking Group's liquidity risk nor its ability to settle liabilities as it become due. Refer to Note 41 for the Banking Group's liquidity risk.

Consolidated	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
2024						
Assets						
Non-trading portfolios						
Cash and cash equivalents	397 108	–	–	–	–	397 108
Negotiable securities	1 300 089	410 522	–	–	220 740	1 931 351
Loans and advances	8 155 659	4 473	43 122	657 461	7 030	8 867 745
Loans to entities in the Group	166 519	28 638	–	–	–	195 157
Total assets	10 019 375	443 633	43 122	657 461	227 770	11 391 361
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	551 205	–	–	–	–	551 205
Bank overdraft	69 081	–	–	–	–	69 081
Deposits from customers	4 516 844	469 752	408 825	201 916	–	5 597 337
Lease Liabilities	–	–	–	12 606	129 265	141 871
Debt securities issued	–	3 685 800	–	–	–	3 685 800
Long-term loans	14 150	–	–	–	–	14 150
Total liabilities	5 151 280	4 155 552	408 825	214 522	129 265	10 059 444
Net repricing gap	4 868 095	(3 711 919)	(365 703)	442 939	98 505	1 331 917
Cumulative repricing gap	4 868 095	1 156 176	790 473	1 233 412	1 331 917	1 331 917
A 100 basis point (bps)[1] interest rate change will have the following effect on profit/loss:						
100 bps parallel shock interest rate increase	5 290	3 913	7 592	–	–	16 795
100 bps parallel shock interest rate decrease	(2 967)	734	13 319	–	–	11 086

[1] *During 2024 the sensitivity analysis was modified to use 100 bps as a parallel shock rate compared to prior year's of 400 bps.*

42. Market risk *continued*
42.1 Interest rate risk *continued*

Consolidated	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
2023						
Assets						
Non-trading portfolios						
Cash and cash equivalents[1]	634 874	–	–	–	–	634 874
Negotiable securities	502 334	346 354	289 642	–	216 610	1 354 940
Loans and advances	8 196 811	217 643	168 292	490 695	870	9 074 311
Loans to entities in the Group	194 193	–	–	–	–	194 193
Total assets	9 528 212	563 997	457 934	490 695	217 480	11 258 318
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	351 885	–	–	–	–	351 885
Bank overdraft	113 081	–	–	–	–	113 081
Deposits from customers[1]	4 523 670	336 271	796 795	226 127	6 428	5 889 291
Lease Liabilities	42	136	385	1 545	–	2 108
Debt securities issued	–	3 720 138	–	–	–	3 720 138
Long-term loans	76 488	–	–	–	–	76 488
Total liabilities	5 065 166	4 056 545	797 180	227 672	6 428	10 152 991
Net repricing gap[2]	4 463 046	(3 492 548)	(339 246)	263 023	211 052	1 105 327
Cumulative repricing gap[3]	4 463 046	970 498	631 252	894 275	1 105 327	1 105 327
A 400 basis point (bps) interest rate change will have the following effect on profit/loss:						
400 bps parallel shock interest rate increase	23 029	11 478	60 064	(15)	–	94 556
400 bps parallel shock interest rate decrease	(19 578)	(4 912)	(36 424)	15	–	(60 899)

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*
[2] *In the prior year, the net repricing gap of 'up to 1 month' and '1-5 years' were incorrectly disclosed as R4 268.85 million and R457.22 million respectively. This was incorrect as it correctly casted to R4 463.05 million and R263.02 million respectively for 'up to 1 month' and '1-5 years'.*
[3] *In the prior year, the total cumulative repricing gap was incorrectly disclosed as R2 210.65 million instead of R1 105.33 million, which is equal to the 'more than 5 years' (as it is the cumulative repricing gap for the period under consideration). In the current year this was corrected to align to the 'more than 5 years' cumulative repricing gap, therefore it was corrected from R2 210.65 million to R1 105.33 million.*

42. Market risk *continued*
42.1 Interest rate risk *continued*

Separate	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
2024						
Assets						
Non-trading portfolios						
Cash and cash equivalents	392 729	–	–	–	–	392 729
Negotiable securities	1 300 089	410 522	–	–	220 740	1 931 351
Trade and other receivables	52 570	–	–	–	–	52 570
Loans and advances	3 970 304	2 932	26 069	388 055	11 977	4 399 337
Securitised assets	4 115 915	2 099	16 381	205 628	–	4 340 023
Loans to entities in the Group	560 189	28 638	–	–	–	588 827
Total assets	10 391 796	444 191	42 450	593 683	232 717	11 704 837
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	551 205	–	–	–	–	551 205
Intercompany loans for securitised assets	4 115 915	2 099	16 381	205 628	–	4 340 023
Bank overdraft	–	–	–	–	–	–
Deposits from customers	5 019 464	470 221	408 825	201 916	–	6 100 426
Lease Liabilities	–	–	–	11 060	129 266	140 326
Long-term loans	14 150	–	–	–	–	14 150
Total liabilities	9 700 734	472 320	425 206	418 604	129 266	11 146 130
Net repricing gap	691 062	(28 129)	(382 756)	175 079	103 451	558 707
Cumulative repricing gap	691 062	662 933	280 177	455 256	558 707	558 707
A 100 basis point (bps)[1] interest rate change will have the following effect on profit/loss:						
100 bps parallel shock interest rate increase	1 899	3 093	3 890	–	–	8 882
100 bps parallel shock interest rate decrease	(1 539)	(2 372)	(647)	–	–	(4 558)

[1] *During 2024 the sensitivity analysis was modified to use 100 bps as a parallel shock rate compared to prior year's 400 bps.*

42. Market risk *continued*

42.1 Interest rate risk *continued*

Separate	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
2023						
Assets						
Non-trading portfolios						
Cash and cash equivalents	616 768	–	–	–	–	616 768
Negotiable securities	502 334	346 354	289 642	–	216 610	1 354 940
Loans and advances	4 244 094	215 677	146 878	233 749	870	4 841 268
Securitised assets	3 866 543	1 925	21 310	229 586	–	4 119 364
Loans to entities in the Group	150 890	415 591	19 175	2 186	–	587 842
Total assets	9 380 629	979 547	477 005	465 521	217 480	11 520 182
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	351 885	–	–	–	–	351 885
Intercompany loans for securitised assets	3 866 543	1 925	21 310	229 586	–	4 119 364
Bank overdraft	–	–	–	–	–	–
Deposits from customers[1]	4 984 158	336 271	796 795	226 127	6 428	6 349 779
Long-term loans	76 488	–	–	–	–	76 488
Total liabilities	9 279 074	338 196	818 105	455 713	6 428	10 897 516
Net repricing gap	101 555	641 351	(341 100)	9 808	211 052	622 666
Cumulative repricing gap	101 555	742 906	401 806	411 614	622 666	622 666
A 400 basis point (bps) interest rate change will have the following effect on profit/loss:						
400 bps parallel shock interest rate increase	3 610	10 265	53 975	–	–	67 851
400 bps parallel shock interest rate decrease	(2 789)	(7 310)	(46 582)	–	–	(56 681)

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*

42. Market risk *continued*

42.2 Currency risk

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

Foreign currency risk sensitivity analysis converted into ZAR

Consolidated	US Dollar R'000	Euro R'000	Japanese Yen R'000	British Pound R'000	Other R'000	Total R'000
2024						
Import bills	**184**	**–**	**–**	**–**	**–**	**184**
Bank balances	**3 103**	**3 049**	**–**	**1 225**	**–**	**7 377**
Trade receivables	**51 260**	**–**	**–**	**–**	**–**	**51 260**
Usance creditors	**(1 899)**	**–**	**–**	**–**	**–**	**(1 899)**
Other payables	**(148)**	**–**	**–**	**–**	**–**	**(148)**
Total net long position	**52 500**	**3 049**	**–**	**1 225**	**–**	**56 774**
Sensitivity – 10%[1]	**5 250**	**305**	**–**	**123**	**–**	**5 677**
2023						
Forward-exchange contracts	(52 805)	(18 692)	(1 638)	(4 199)	(500)	(77 833)
Import bills	177 124	16 951	3 455	1 661	–	199 191
Bank overdrafts	–	–	–	–	–	–
Bank balances	37 560	20 195	652	9 956	2 161	70 523
Trade receivables	61 598	5 360	–	–	–	66 958
Import suppliers	(1 697)	(111)	–	–	–	(1 808)
Usance creditors	(11 374)	–	(2 455)	–	–	(13 829)
Other payables	(27 660)	(22 528)	(650)	(6 777)	(994)	(58 609)
Total net (short)/long position	182 745	1 175	(636)	640	668	184 593
Sensitivity – 5%[1]	9 137	59	(32)	32	33	9 230

[1] *This indicates the impact on profit or loss and equity that a 10% (2023: 5%) increase in foreign exchange rate will have. A decrease will have the opposite effect. The sensitivity changed from 5% in the prior year to 10% in the current year based on management's best estimate and considering the current economic environment.*

42. Market risk *continued*
42.2 Currency risk *continued*

Separate	US Dollar R'000	Euro R'000	Japanese Yen R'000	British Pound R'000	Other R'000	Total R'000
2024						
Import bills	**184**	**–**	**–**	**–**	**–**	**184**
Bank balances	**3 103**	**3 049**	**–**	**1 225**	**–**	**7 377**
Usance Creditors	**(1 899)**	**–**	**–**	**–**	**–**	**(1 899)**
Other payables	**(148)**	**–**	**–**	**–**	**–**	**(148)**
Trade receivables	**51 260**	**–**	**–**	**–**	**–**	**51 260**
Total net long position	**52 500**	**3 049**	**–**	**1 225**	**–**	**56 774**
Sensitivity – 10%[1]	**5 250**	**305**	**–**	**123**	**–**	**5 678**
2023						
Forward-exchange contracts	(52 805)	(18 692)	(1 638)	(4 199)	(500)	(77 834)
Import bills	177 124	16 951	3 455	1 661	–	199 191
Bank overdrafts	–	–	–	–	–	–
Bank balances	37 560	20 195	652	9 956	2 161	70 524
Import suppliers	(1 697)	(111)	–	–	–	(1 808)
Usance Creditors	(11 374)	–	(2 455)	–	–	(13 829)
Other payables	(27 660)	(22 528)	(650)	(6 777)	(994)	(58 609)
Trade receivables	61 598	5 360	–	–	–	66 958
Total net (short)/long position	182 746	1 175	(636)	641	667	184 593
Sensitivity – 5%[1]	9 137	59	(32)	32	33	9 230

[1] *This indicates the impact on profit or loss and equity that a 10% (2023: 5%) increase in foreign exchange rate will have. A decrease will have the opposite effect. The sensitivity changed from 5% in the prior year to 10% in the current year based on management's best estimate and considering the current economic environment.*

42. Market risk *continued*

42.2 Currency risk *continued*

Analysis of assets and liabilities by currency converted into ZAR

Consolidated	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2024						
Assets						
Cash and cash equivalents	3 103	3 049	1 225	536 488	–	543 865
Negotiable securities	–	–	–	1 896 183	–	1 896 183
Trading assets	–	–	–	30	–	30
Trade and other receivables	51 260	–	–	367 184	–	418 444
Non-current assets held for sale	–	–	–	3 135 380	–	3 135 380
Loans and advances	1 204	–	–	5 194 990	–	5 196 194
Current taxation asset	–	–	–	22 855	–	22 855
Investment securities	–	703	–	298 931	–	299 634
Long term receivable	–	–	–	47 086	–	47 086
Loans to entities in the Group	–	–	–	195 157	–	195 157
Property, equipment and right-to-use assets	–	–	–	136 201	–	136 201
Intangible assets and goodwill	–	–	–	79 414	–	79 414
Deferred tax assets	–	–	–	70 357	–	70 357
Total assets	55 567	3 752	1 225	11 980 256	–	12 040 800
Liabilities						
Funding under repurchase agreements	–	–	–	551 205	–	551 205
Trading liabilities	–	–	–	2 285	–	2 285
Current taxation liability	–	–	–	5 205	–	5 205
Trade and other payables	2 047	–	–	312 740	–	314 787
Liabilities directly associated with assets classified as held for sale	–	–	–	173	–	173
Bank overdraft	–	–	–	69 081	–	69 081
Provisions	–	–	–	86 107	–	86 107
Lease liabilities	–	–	–	141 871	–	141 871
Deposits from customers	–	–	–	5 597 337	–	5 597 337
Debt securities issued	–	–	–	3 685 800	–	3 685 800
Long-term loans	–	–	–	14 150	–	14 150
Deferred tax liabilities	–	–	–	133 046	–	133 046
Total liabilities	2 047	–	–	10 599 000	–	10 601 047

42. Market risk *continued*

42.2 Currency risk *continued*

Analysis of assets and liabilities by currency converted into ZAR *continued*

Separate	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2024						
Assets						
Cash and cash equivalents	3 103	3 049	1 225	532 110	–	539 487
Negotiable securities	–	–	–	1 896 183	–	1 896 183
Trading assets	–	–	–	425	–	425
Trade and other receivables	51 260	–	–	353 165	–	404 425
Non-current assets held for sale	–	–	–	3 135 273	–	3 135 273
Loans and advances	1 204	–	–	1 480 369	–	1 481 573
Securitised assets	–	–	–	3 596 304	–	3 596 304
Current Taxation	–	–	–	2 064	–	2 064
Investment securities	–	703	–	298 931	–	299 634
Long term receivable	–	–	–	47 086	–	47 086
Loans to entities in the Group	–	–	–	588 827	–	588 827
Property, equipment and right-to-use assets	–	–	–	134 927	–	134 927
Intangible assets and goodwill	–	–	–	46 248	–	46 248
Deferred tax assets	–	–	–	67 531	–	67 531
Investments in subsidiaries and structured entities	–	–	–	177 058	–	177 058
Total assets	55 567	3 752	1 225	12 356 501	–	12 417 045
Liabilities						
Funding under repurchase agreements	–	–	–	551 205	–	551 205
Trading liabilities	–	–	–	–	–	–
Trade and other payables	2 047	–	–	280 983	–	283 030
Liabilities directly associated with assets classified as held for sale	–	–	–	173	–	173
Intercompany loans for securitised assets	–	–	–	4 124 153	–	4 124 153
Provisions	–	–	–	83 189	–	83 189
Lease liabilities	–	–	–	140 326	–	140 326
Deposits from customers	–	–	–	6 100 426	–	6 100 426
Long-term loans	–	–	–	14 150	–	14 150
Total liabilities	2 047	–	–	11 294 605	–	11 296 652

42. Market risk *continued*

42.2 Currency risk *continued*

Analysis of assets and liabilities by currency converted into ZAR *continued*

Consolidated	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2023						
Assets						
Cash and cash equivalents[1]	37 560	20 195	9 956	719 570	2 812	790 093
Trading assets	24 589	3 521	466	4 122	100	32 798
Negotiable securities	–	–	–	1 293 411	–	1 293 411
Trade and other receivables	61 598	5 360	–	445 814	–	512 772
Loans and advances[1]	179 646	16 951	1 661	8 825 856	3 454	9 027 568
Current taxation asset	–	–	–	47 826	–	47 826
Investment securities	–	703	–	323 613	–	324 316
– Investments at fair value through profit or loss	–	703	–	323 613	–	324 316
Loans to entities in the Group	–	–	–	194 197	–	194 197
Deferred tax assets	–	–	–	20 255	–	20 255
Property, equipment and right-to-use assets	–	–	–	156 242	–	156 242
Intangible assets and goodwill	–	–	–	107 155	–	107 155
Total assets	303 933	46 730	12 083	12 138 061	6 366	12 506 633
Liabilities						
Funding under repurchase agreements	–	–	–	351 885	–	351 885
Trading liabilities	23 545	3 159	412	485	82	27 683
Current taxation liabilities	–	–	–	–	–	–
Trade and other payables	40 334	22 639	6 777	494 733	31 575	596 058
Provisions	–	–	–	32 752	–	32 752
Bank overdraft	–	–	–	113 081	–	113 081
Deposits from customers[1]	–	–	–	5 889 291	–	5 889 291
Lease liabilities	–	–	–	145 353	–	145 353
Debt securities issued	–	–	–	3 720 138	–	3 720 138
Long-term loans	–	–	–	76 488	–	76 488
Deferred tax liabilities	–	–	–	146 055	–	146 055
Total liabilities	63 879	25 798	7 189	10 970 261	31 657	11 098 784

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*

42. Market risk *continued*

42.2 Currency risk *continued*

Analysis of assets and liabilities by currency converted into ZAR *continued*

Separate	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2023						
Assets						
Cash and cash equivalents[1]	37 560	20 195	9 956	701 463	2 813	771 987
Trading assets	24 589	3 521	466	900	100	29 576
Negotiable securities	–	–	–	1 293 411	–	1 293 411
Securitised assets	–	–	–	4 073 075	–	4 073 075
Trade and other receivables	61 598	5 360	–	402 949	–	469 907
Loans and advances[1]	179 646	16 951	1 661	4 662 569	3 454	4 864 281
Current Taxation	–	–	–	2 400	–	2 400
Investment securities	–	703	–	323 613	–	324 316
– Investments at fair value through profit or loss	–	703	–	323 613	–	324 316
Loans to entities in the Group	–	–	–	587 842	–	587 842
Property, equipment and right-to-use assets	–	–	–	154 381	–	154 381
Intangible assets and goodwill	–	–	–	68 692	–	68 692
Deferred tax assets	–	–	–	17 027	–	17 027
Investments in subsidiaries and structured entities	–	–	–	177 058	–	177 058
Total assets	303 393	46 730	12 083	12 465 380	6 367	12 833 953
Liabilities						
Funding under repurchase agreements	–	–	–	351 885	–	351 885
Trading liabilities	23 187	3 060	411	973	52	27 683
Trade and other payables	40 732	22 639	6 777	595 822	4 098	670 068
Intercompany loans for securitised assets	–	–	–	4 073 075	–	4 073 075
Provisions	–	–	–	29 930	–	29 930
Bank overdraft	–	–	–	–	–	–
Deposits from customers[2]	–	–	–	6 349 779	–	6 349 779
Lease liabilities	–	–	–	143 245	–	143 245
Long-term loans	–	–	–	76 488	–	76 488
Deferred tax liabilities	–	–	–	–	–	–
Loans from entities in the Group	–	–	–	58	–	58
Total liabilities	63 919	25 699	7 188	11 621 255	4 150	11 722 211

[1] *Prior periods by restatement, please refer to Note 43 for additional information.*

42. Market risk *continued*

42.3 Derivative financial instruments

	Within 1 year R'000	Net fair value R'000	Positive fair value R'000	Negative fair value R'000	Notional principal R'000
Consolidated					
2024					
Interest rate swaps	**(2 255)**	**(2 255)**	**30**	**(2 285)**	**265 000**
Total derivatives[1]	**(2 255)**	**(2 255)**	**30**	**(2 285)**	**265 000**
2023					
Interest rate swaps	3 155	3 155	3 222	(67)	45
Exchange rate contracts	1 960	1 960	29 576	(27 616)	–
Total derivatives	5 115	5 115	32 798	(27 683)	45
Separate					
2024					
Interest rate swaps	**425**	**425**	**425**	**–**	**1 658 000**
Total derivatives	**425**	**425**	**425**	**–**	**1 658 000**
2023					
Interest rate swaps	(67)	(67)	–	(67)	1 658 000
Exchange rate contracts	1 966	1 966	28 676	(26 710)	–
Total derivatives	1 899	1 899	28 676	(26 777)	1 658 000

[1] *Interest rate swaps were fair valued on a discounted basis using forward interest rates. Foreign exchange contracts were valued using applicable forward rates.*

43. Correction of prior period errors

Through further enhancements made to the financial control processes amendments to certain disclosures and the year-end review, the following prior period errors were identified and adjusted for.

None of the errors corrected had an impact on retained earnings.

Consolidated and Separate Financial Statements

Deferred and income tax assets and liabilities and income tax expense

During the current financial year, due to complexities in the old tax model and related processes, which included incorrect and incomplete historical datasets and other inaccuracies identified in the current financial year, the Banking Group implemented a new tax model for the calculation of tax allowances relating to Equipment Finance.

As part of the transition to the new model, detailed work was performed and required updates incorporated into the new model. This included estimating the leased asset tax values from 2019 and beyond and the correction of historical datasets and other data and system fixes from 2019 to 2023, which were only identified during the 2024 financial year and that are used in income and deferred tax calculations. The new model includes leases which commenced from the 2019 financial year during which a new core line of business system for Asset Finance ("the system") was implemented, but the data required to calculate the accuracy and completeness of tax balances and allowances in relation to the 30 June 2023 (and 1 July 2022) consolidated and separate statement of financial position, and in relation to the consolidated and separate statement of profit or loss and other comprehensive income amounts for the year then ended, was incomplete as it did not include certain historical data pre inception of the new model in 2019. As these leases typically have a five-year term, leases which commenced prior to the system implementation date and which were largely impacted by the afore mentioned data and system fixes, had by-and-large been fully settled by 30 June 2024.

Further to this, the Banking Group identified differences in the tax/deferred tax calculation results between the new and the old model. The differences may be attributable to errors and changes in estimates arising out of a combination of historic data limitations, application of tax principles, and/or computational deficiencies in the old model.

These differences not only impact the timing but also the recognition of tax and deferred tax balances in the comparative financial years and the current and deferred tax balances in the consolidated and separate statement of financial position as at 30 June 2023 (and at 1 July 2022) and in the consolidated and separate statement of profit or loss and other comprehensive income for the period then ended and in relation to the current financial year.

43. Correction of prior period errors *continued*

Consolidated and Separate Financial Statements *continued*

Deferred and income tax assets and liabilities and income tax expense *continued*

Despite making every reasonable effort to reliably estimate the opening consolidated and separate statements of financial position and profit or loss and other comprehensive income impacts for 2023 and 2024, in accordance with IAS 8 the Banking Group determined that it is impracticable to determine the impact of the difference retrospectively on comparative periods or on the opening balances of assets, liabilities and equity in the current or prior periods. Consequently, and in line with the requirements of IAS 8, the effects of the implementation of the new model have been applied prospectively in the current period and form part of the current period tax charge. This led to a cumulative prospective adjustment to deferred tax (decrease in deferred tax liability) in the consolidated statement of financial position of R64.1 million (prior to the utilisation of assessed losses) and separate statement of financial position of R37.6 million (prior to the utilisation of assessed losses) accounted for in the current year. This was, in accordance with external legal advice obtained, correspondingly adjusted for in the calculation of taxable income and treated as temporary differences (refer to Notes 14 and 34).

The Banking Group has concluded that the current and deferred tax balances as at 30 June 2024 are appropriately stated and that, in accordance with IAS 8, 30 June 2024 is regarded as the first practicable date at which the income and deferred tax balances could be reliably determined.

Individually material errors

Interest income reclassification

Interest income earned on loans and advances measured at FVTPL and amortised cost was incorrectly included in interest income calculated using the effective interest method and other interest income respectively. This resulted in an overstatement of interest income calculated using the effective interest method and understatement of other interest income of R30.3 million with a net nil effect on net interest income and profit for the year for both the Consolidated and Separate results.

No impact on the statement of financial position and statement of cash flows.

Intercompany funds on call and deposits restatement

In the prior year for the Separate results, cash held by the subsidiaries of the Banking Group was incorrectly accounted for. The first error was the non-reclassification of a negative deposit balance to loans and advances. This resulted in an understatement of loans and advances and deposits from customers of R8.99 million respectively. The second error was not accounting for cash deposited by the subsidiary in Bank as a deposit from customers. This resulted in an understatement of cash and cash equivalents and deposit from customers of R22.77 million respectively. Cumulatively, these two errors resulted in an understatement of cash and cash equivalents of R22.77 million, loans and advances of R8.99 million, and deposit from customers of R31.76 million.

Consolidated statement of cash flow casting correction

In the prior year, for the Consolidated results, the previously reported end balance for cash and cash equivalents was erroneously presented as R722.1 million instead of R772.1 million. The correction to reflect the correct balance did not impact any subtotals in the consolidated statement of cash flows.

These errors had no impact on retained earnings and profit for the 2023 financial year.

Individually immaterial errors

In addition to the above, further items were identified that were not individually material, however, when considered in aggregate, these resulted in certain financial statements line items being materially misstated. These errors are outlined below together with the respective financial statement line items impacted:

Intercompany elimination restatement

In the prior year, an intergroup elimination entry relating to eliminating an intercompany account was incorrectly posted during the consolidation process. For the Consolidated results, this resulted in an understatement of cash and cash equivalents and deposits from customers of R17.99 million.

This error had no impact on retained earnings and profit for the 2023 financial year.

BCB ISP reclassification

The principles of interest in suspense (ISP) were erroneously not applied to credit impaired exposures in loans and advances and negotiable securities in the BCB segment. This resulted, in both for the Consolidated and Separate results, in an aggregated overstatement of interest income calculated using the effective interest method and credit impairment charges of R21.3 million. ISP for both the consolidated and separate results calculated on loans and advances and negotiable securities was R8.8 million and R12.5 million respectively.

This error had a net nil effect on profit for the year, and no impact on the statement of financial position.

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 Banking Group's consolidated and separate financial statements.

Discontinued operations

Due to the IFRS 5 requirement to re-present prior year financial information in the consolidated and separate statement of profit or loss and other comprehensive income for discontinued operations, a column titled 'Discontinued operations adjustment' was included to reconcile the restated number to the re-presented number in the consolidated and separate statement of profit or loss and other comprehensive income. The 'Discontinued operation adjustment' does not have any correlation to the errors corrected.

43. Correction of prior period errors *continued*

	As previously reported R'000	Interest income reclassification R'000	Intercompany elimination restatement R'000	BCB ISP reclassi-fication R'000	Restated R'000
30 June 2023					
Consolidated statement of financial position					
Assets					
Cash and cash equivalents	772 108	–	17 985	–	790 093
Total assets	12 488 648	–	17 985	–	12 506 633
Liabilities					
Deposits from customers	5 871 306	–	17 985	–	5 889 291
Total liabilities	11 080 799	–	17 985	–	11 098 784
Total liabilities and equity	12 488 648	–	17 985	–	12 506 633

	As previously reported R'000	Interest income restatement R'000	Intercompany elimination restatement R'000	BCB ISP reclassi-fication R'000	Restated R'000	Discontinued operations adjustment R'000	Re-presented R'000
30 June 2023							
Consolidated statement of profit or loss and other comprehensive income							
Interest and similar income	1 463 111	–	–	(21 322)	1 441 789	(389 994)	1 051 795
Interest and similar income calculated using the effective interest rate method	1 420 475	(30 343)	–	(21 322)	1 368 810	(340 472)	1 028 338
Other interest income	42 636	30 343	–		72 979	(49 522)	23 457
Net interest income	701 528	–	–	(21 322)	680 206	(355 535)	324 671
Non-interest income	306 740	–	–	–	306 740	(40 531)	266 209
Total income	1 008 268	–	–	(21 322)	986 946	(396 066)	590 880
Credit impairment charges	(78 044)	–	–	21 322	(56 722)	4 871	(51 851)
Net income after impairments	930 224	–	–	–	930 224	(391 195)	539 029
Profit for the year before income tax from continuing operations	43 233	–	–	–	43 233	(291 264)	(248 031)
Loss for the year from continuing operations	51 297	–	–	–	51 297	(204 525)	(153 228)
Profit for the year from discontinued operations	–	–	–	–	–	204 525	204 525
Profit for the year	51 297	–	–	–	51 297	–	51 297
Total comprehensive income for the year	51 297	–	–	–	51 297	–	51 297

43. Correction of prior period errors *continued*

	As previously reported R'000	Interest income reclassification R'000	Intercompany elimination restatement R'000	BCB ISP reclassi-fication R'000	Restated R'000
30 June 2023					
Consolidated statement of cash flows					
Interest received	1 335 100	–	–	(21 322)	1 313 778
Net trading and other income	201 886	–	–	21 322	223 208
Cash (outflow)/inflow from operating activities	19 898	–	–	–	19 898
Cash flows from operating activities before changes in operating assets and liabilities	29 856	–	–	–	29 856
Changes in operating assets and liabilities	(720 366)	–	17 985	–	(702 381)
Increase in deposits from customers	400 541	–	17 985	–	418 526
Net cash (outflow)/inflow from operating activities	(690 510)	–	17 985	–	(672 525)
Net (decrease)/increase in cash and cash equivalents	135 013	–	17 985	–	152 998
Cash and cash equivalents at the end of the year[1]	772 108	–	17 985	–	790 093

[1] *In the prior year the previously reported end balance for cash and cash equivalents was erroneously presented as R722 108 instead of R772 108. The correction to reflect the correct balance did not impact any subtotals in the consolidated statement of cash flows.*

	As previously reported R'000	Interest income reclassi-fication R'000	Intercompany funds on call and deposits restatement R'000	BCB ISP reclassi-fication R'000	Restated R'000
30 June 2023					
Separate statement of financial position					
Assets					
Cash and cash equivalents	749 222	–	22 765	–	771 987
Loans and advances	4 855 289	–	8 992	–	4 864 281
Total assets	12 802 196	–	31 757	–	12 833 953
Liabilities					
Deposits from customers	6 318 022	–	31 757	–	6 349 779
Total liabilities	11 690 454	–	31 757	–	11 722 211
Total liabilities and equity	12 802 196	–	31 757	–	12 833 953

43. Correction of prior period errors *continued*

	As previously reported R'000	Interest income restatement R'000	Intercompany funds on call and deposits restatement R'000	BCB ISP reclassi-fication R'000	Restated R'000	Discontinued operation adjustment R'000	Re-presented R'000
30 June 2023							
Separate statement of profit or loss and other comprehensive income							
Interest and similar income	1 487 673	–	–	(21 322)	1 466 351	(389 994)	1 076 357
Interest and similar income calculated using the effective interest rate method	1 444 651	(30 343)	–	(21 322)	1 392 986	(340 472)	1 052 514
Other interest income	43 022	30 343	–	–	73 365	(49 522)	23 843
Net interest income	420 119	–	–	(21 322)	398 797	(300 652)	98 145
Non-interest income	613 316	–	–	–	613 316	(80 860)	532 456
Total income	1 033 435	–	–	(21 322)	1 012 113	(381 512)	630 601
Credit impairment charges	(81 327)	–	–	21 322	(60 005)	4 871	(55 134)
Net income after impairments	952 108	–	–	–	952 108	(376 641)	575 467
Loss for the year from continuing operations before income tax	74 882	–	–	–	74 882	(268 422)	(193 540)
Loss for the year from continuing operations	91 542	–	–	–	91 542	(187 851)	(96 309)
Profit for the year from discontinued operations	–	–	–	–	–	187 851	187 851
Profit for the year	91 542	–	–	–	91 542	–	91 542
Total comprehensive income for the year	91 542	–	–	–	91 542	–	91 542

43. Correction of prior period errors *continued*

	As previously reported R'000	Interest income restatement R'000	Intercompany funds on call and deposits restatement R'000	BCB ISP re-classification R'000	Restated R'000
30 June 2023					
Separate statement of cash flows					
Cash flows from operating activities					
Interest received	813 573	–	–	(21 322)	792 251
Net trading and other income	99 284	–	–	21 322	120 606
Cash outflow from operating activities	(18 607)	–	–	–	(18 607)
Cash flows from operating activities before changes in operating assets and liabilities	(18 607)	–	–	–	(18 607)
Changes in operating assets and liabilities	125 703	–	22 765	–	148 468
Decrease/(Increase) in loans and advances	(52 058)		(8 992)	–	(61 050)
(Decrease)/Increase in deposits from customers	301 039		31 757	–	332 796
Net cash from operating activities	187 286	–	22 765	–	210 051
Net (decrease)/increase in cash and cash equivalents	106 953	–	22 765	–	129 718
Cash and cash equivalents at the end of the year	749 222	–	22 765	–	771 987

44. Capital management

The Banking Group's capital management function is designed to ensure that regulatory requirements are met at all times and that the Banking Group entities are capitalised in line with the Banking 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 financial reporting, budget and forecasting processes. The capital plan is tested under a range of stress scenarios and takes into consideration the Banking 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 Banking 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 acceptable returns on a sustainable basis.

The key fundamentals of the Banking Group's capital management policy are to ensure that the Banking 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 Banking Group.

Key objectives of capital management are to:

- Ensure that the Banking Group has sufficient qualifying capital resources to sustainably 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 Banking Group are sufficient to support the economic capital requirements of the Banking 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 Banking Group;
- allocate capital to businesses to support the strategic and growth objectives of the Banking Group; and
- ensure that the Banking 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 Banking 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 Banking 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 Banking Group. The capital adequacy of the Banking Group is reported to the Board on a quarterly basis.

Regulatory capital comprises the following:

- Common Equity Tier 1 – ordinary share capital, share premium and retained earnings including reserves that are in line with the consolidated statement of changes in equity, less regulatory deductions.
- Tier 2 – general allowance for credit impairments under the standardised approach.
- Total Capital – Tier 1 plus Tier 2

During the past year, the Banking Group complied with all imposed capital requirements which includes the change in the new securitisation regulations.

The 2024 minimum total regulatory capital adequacy requirement of 11.5% (2023: 11.5%) includes the capital conservation buffer at 2.5% and excludes a bank specific individual requirement (Pillar 2B add-on) as required by regulatory guidance.

	Minimum Regulatory capital requirement	Separate Unaudited	Consolidated Unaudited	Minimum Regulatory capital requirement	Separate Published Pillar III[1]	Consolidated Published Pillar III[1]
	Jun-24	**Jun-24**	**Jun-24**	**Jun-23**	**Jun-23**	**Jun-23**
Common Equity Tier 1	**7.50%**	**12.74%**	**17.47%**	**7.50%**	**14.18%**	**16.84%**
Tier 1	**9.25%**	**12.74%**	**17.47%**	**9.25%**	**14.18%**	**16.84%**
Total	**11.50%**	**13.48%**	**18.27%**	**11.50%**	**14.68%**	**17.70%**

[1] *The capital ratios for the prior year have been updated to reflect the final ratios as published in the Pillar III for June 2023.*

45. Events after the reporting date

45.1 Update on administrative sanctions

Refer to Note 18 *Provisions*.

45.2 Regulatory approvals for disposal by Sasfin Bank of its capital equipment finance (CEF) and commercial property finance (CPF) Businesses to African Bank Limited

On 1 August 2024, final regulatory approvals, including from the Minister of Finance, were obtained for the African Bank Limited ("African Bank") deal ("Disposal"). This approval is subject to the approval of, and continued compliance with, all the requirements specified by all the relevant regulatory and/or supervisory authorities.

The Disposal of the CEF Business and CPF Business for circa R3.14 billion, based on the loan balances as at the end of June 2024, will now be affected in accordance with the disposal agreements and regulatory implementation requirements which will be fulfilled jointly with African Bank.

In addition, the legal agreements to enable SASP to early settle the Series 2 Notes (Refer to Note 8) were signed after the reporting date.

45.3 Refinancing of SASP notes

The Banking Group successfully re-financed Class A, Class B and Class C notes to the value of R341 million in August 2024.

45.4 Disposal of the CPF Business to African Bank Limited

On 21 August 2024, the Banking Group successfully disposed of its CPF Business to African Bank at a book value of R459 million. Initial payment of R398.5 million was received on 21 August 2024, with the remainder of the balance of R30 million payable in 120 days. The Banking Group incurred a R2.2 million loss on disposal.

45.5 Finalisation of Liability Solution 5

The Land Bank's Liability Solution 5 (LS5), regulating the terms and conditions for the repayment of the Land Bank's remaining debt, was approved in September 2024. In line with this agreement, the Banking Group received total capital repayments of R66.99 million on 30 September 2024, in addition to the interest being serviced. Management assessed and concluded that no adjustment was required for the credit impairment reversal made for negotiable securities for the 2024 financial reporting period. (Refer to Note 2.2.2 for management's judgement applied as well as Note 5 and 40.3.2).

45.6 Sale of a portion by Bank of the subordinated loan provided to SASP Series 1

As at 30 June 2024, the total subordinated debt liability provided by Bank to SASP Series 1 was R211 million (Capital of R208 million and Accrued interest of R3.5 million). During September 2024, Bank sold R55 million of this capital to an external party (to Bank and the Banking Group). This resulted in that SASP Series 1 now owing R156 million and R55 million to Bank and an external party (to both Bank and the Banking Group) respectively.

45.7 Group announcing its intention to exit the banking business

On 21 October 2024, the Group announced its intention to exit the banking business.

Sasfin is one of the last remaining independent Tier 2 banks in South Africa. Increased regulatory complexity, compliance requirements and associated costs, along with competitive dynamics and economic conditions have made it particularly difficult for Tier 2 banks to generate an appropriate risk-adjusted return on equity. The absence of a tiered banking regulatory framework and increasingly complex industry requirements needing specialised skills, advanced IT capabilities, and ongoing investment, continues to reshape the financial services industry. Considering these challenges and its strategic reset, Sasfin intends to exit its banking business by the end of 2025, subject to relevant regulatory requirements and approvals, while ensuring that it appropriately balances all stakeholder interests.

45. Events after the reporting date *continued*

45.8 Disposal of the CEF Business to African Bank Limited

As noted in Note 45.2, the approval of the sale of the CEF Business was subject to the approval of, and continued compliance with, all the requirements specified by all the relevant regulatory and/or supervisory authorities. All these conditions have been met as at 31 October 2024, effective 1 November 2024. The disposal of the CEF Business is made up of three phases.

Phase 1 at a book value of R1.8 billion was successfully disposed of on 1 November 2024 with an initial payment received of R1.7 billion. The remainder of the balance of R0.1 billion is payable in 120 days. The Banking Group did not incur any profit or loss on disposal.

Phase 2:

- On 20 November 2024, SASP sold its capital equipment finance assets within Series 2 at a book value of R526.7 million (recognised as part of the intercompany loans from securitised assets) to Bank.
- As noted in Note 8, on 9 April 2024, SASP notified the noteholders of Series 2 of its intention of early settlement of these notes subject to the Disposal to African Bank being unconditional. On 20 November 2024, the Banking Group (through the subsidiary SASP) early settled these Series 2 notes of R512.85 million.
- Thereafter, Bank will dispose of these capital equipment finance assets to African Bank.

Phase 3 which entails disposing of the credit impaired deals in the CEF Business, classified as Stage 3 will now be affected in accordance with the disposal agreements.

46. Going concern

The Banking Group reported a loss of R118.10 million in 2024, compared to a profit of R51.30 million in 2023. The Bank reported a loss of R141.35 million, compared to a profit of R91.54 in 2023.

The loss was the result of a combination of the challenging economic conditions, the implementation of the strategic reset and the impact of a provision relating to the administrative sanctions imposed on Bank (see Notes 18 and 25). The results were also impacted by an increase in expected credit losses and a decline in non-interest income caused by negative fair value adjustments in the Private Equity portfolio. The Banking Group experienced lower total income due to its exiting of non-core activities, while costs also decreased. In due course, and in terms of the strategic reset initiatives committed to, costs are expected to reduce further.

The Banking Group's core business, Equipment Finance, continued to perform well, while Business and Commercial Banking, which the Banking Group intends to exit, reported increased losses.

Whilst implementing the strategic reset, the Banking Group managed to maintain a healthy balance sheet through proactive management actions, albeit at a short-term cost to our shareholders. Upon the finalisation of the R3.14 billion sale of the Capital Equipment Finance and Commercial Property Finance businesses to African Bank Limited, the Banking Group will further strengthen its liquidity and capital position. The Banking Group has concluded this deal post year end (refer to Notes 45.4 and 45.8). Post the transaction, the CAR is expected to exceed 23% and 18% for the Banking Group and Bank respectively.

Given the strength of the balance sheet, strong excess liquidity and the expected ongoing activities to implement the strategic reset, supported by positive signs relating to the South African economy, the Board has a reasonable expectation that the Bank and the Banking Group will continue operating as a going concern into the foreseeable future.

47. Update on SARS Summons

On 9 January 2024, Sasfin Bank was served a civil summons for a total amount of R4.9 billion plus interest and costs in the form of a damages claim instituted by SARS. The claim arises from SARS's purported inability to collect income tax, Value Added Tax and penalties allegedly owed by certain former foreign exchange clients of Sasfin Bank, who allegedly operated as a syndicate that ran an unlawful scheme to facilitate the expatriation of money out of South Africa and colluded with former employees of Sasfin Bank operating outside the scope of their employment. The details of this have been previously disclosed. Sasfin Bank took decisive action when it became aware of this unlawful scheme, including instituting an expanded investigation led by an independent forensic consultancy. This resulted in the termination of relationships with the implicated clients and employees and the opening of criminal cases against them.

Subsequent to receiving the summons, Sasfin Bank engaged transparently with the relevant regulators on the matter and obtained a legal opinion from ENS authored by Professor Dale Huchinson, Professor Michael Katz and Aslam Moosajee and endorsed by Adv. Wim Trengove S.C ("Legal Opinion"). The Legal Opinion is unequivocal that the claim falls outside of the recognised parameters of applicable law and has only a very remote likelihood of success.

During the 2024 financial year, SARS filed an amendment to its claim introducing an alternate basis of calculation, in the event of its main claim failing, which would have the effect of reducing its quantum by approximately R1 billion.

On the basis of the strong Legal Opinion and legal counsel, Sasfin Bank concluded that the claim and amended claim will not result in the recognition of any liability, and the likelihood of an outflow of resources embodying economic benefits is remote.

When there is a remote probability of outflow of resources embodying economic benefits, no disclosure is required in terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. However, management has disclosed the matter on the basis that it believes that such information at this stage would be useful to the users of financial statements.

Glossary of terms

Term	Definition
AGM	Annual General Meeting
ALCO	Asset, Liability, and Investment Committee
ARR	Alternative Risk-Free
Banks Act	Banks Act, No. 94 of 1990
Basel III	Set of reform measures, in addition to Basel II, to strengthen the regulation, supervision and risk management of the banking sector
BCB	Business and Commercial Banking
Benal	Benal Property Investments (Pty) Limited
bps	Basis points
CAR	Capital Adequacy Ratio
CGU	Cash-generating unit
CLEC	Credit and Large Exposures Committee
Companies Act	Companies Act No. 71 of 2008, as amended
EAD	Exposure at Default
ECL	Expected Credit Loss/Losses
Fintech	Fintech (Pty) Limited
FLI	Forward-looking information
Forex	Foreign exchange
FVTPL	Fair Value Through Profit or Loss
GAC or the Committee	Group Audit Committee
GDP	Gross Domestic Product
GIA	Group Internal Audit
GRCMC	Group Risk and Capital Management Committee
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rates
ICAAP	Internal Capital Adequacy Assessment Process
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
ISP	Interest in Suspense
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange Limited
JSE Listings Requirements	Listings Requirements of the JSE Limited
King IV	King IV Report on Corporate Governance for South Africa, 2016
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
Non-Public	Shareholding as defined in the JSE Listing Requirements paragraph 4.25
NPV	Net Present Value
NSFR	Net Stable Funding Ratio
OECD	Organisation for Economic Co-operation and Development
OCI	Other Comprehensive Income

Glossary of terms *continued*

Term	Definition
PA	Prudential Authority
PD	Probability of Default
PPI	Producer Price Index
Public	Shareholding as defined in the JSE Listing Requirements paragraph 4.25 to 4.27
PwC	PricewaterhouseCoopers Inc.
REMCO	HR and Remuneration Committee
Reporting date	21 November 2024
SAICA	South African Institute of Chartered Accountants
SAM	Sasfin Asset Managers (Pty) Limited
SAMOS	South African Multiple Option Settlement
SARB	South African Reserve Bank
SARS	The South African Revenue Services
Sasfin	Sasfin Holdings Limited
SASP	South African Securitisation Programme (RF) Limited
SasSec	Sasfin Securities (Pty) Limited
SENS	Stock Exchange News Service
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest
The Bank, the Company	Sasfin Bank Limited
The Banking Group	Sasfin Bank Limited and its subsidiaries
The Board	Board of Directors
The Company	Sasfin Bank Limited
The Group	Sasfin Holdings Limited and its subsidiaries
TTD	Time to Default
USD	United States Dollar
VAR	Value-at-Risk
VAT	Value-added taxation
VIU	Value-in-use
WACC	Weighted Average Cost of Capital
WIPHOLD	Women Investment Portfolio Holdings Limited
ZAR	South African Rand
ZARONIA	South African Rand Overnight Index Average
ZJS	Funding Curve Variation

Corporate details

Country of incorporation and domicile	South Africa
Independent Non-executive Chair	Deon de Kock[1]
	Richard Buchholz[2]
Executive Directors	Michael Sassoon (Chief Executive Officer)
	Harriet Heymans (Group Financial Director)
Independent Non-executive Directors	Tapiwa Njikizana Mark Thompson (Lead)[3] Tienie van der Mescht Eileen Wilton Anton van Wyk[4]
Non-independent, Non-executive Directors	Gugu Dingaan Nontobeko Ndhlazi Roland Sassoon Shaun Rosenthal (Alternate)
Group Company Secretary	Charissa de Jager[5]
Acting Group Company Secretary	Howard Brown[6]
Transfer secretaries	Computershare Investor Services (Pty) Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg 2196
Independent sponsor	Questco Corporate Advisory (Pty) Limited
Auditors	PricewaterhouseCoopers Inc. (PWC)
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	9375/204/71/7

1 *Resigned as Chair on 15 March 2024.*
2 *Appointed as Chair with effect from 19 March 2024.*
3 *Appointed Lead Independent Director effective 19 March 2024.*
4 *Appointed 23 August 2024.*
5 *Resigned 10 May 2024 and served a three month notice period until 31 July 2024.*
6 *Appointed as Acting Company Secretary with effect from 1 August 2024.*

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