sasfin Bank Limited

Annual Financial Statements

for the year ended 30 June 2022

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Annual Financial Statements

Indicates additional information available online or from the Company Secretary.

OUR REPORTS

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

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

Legal entity terminology used in this report
Group/Sasfin: Sasfin Holdings Limited and its subsidiaries

Banking Group: Sasfin Bank Limited and its subsidiaries

Bank: Sasfin Bank Limited

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

Capital: Sasfin Capital (Proprietary) Limited

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

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

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate 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 the JSE Listings Requirements, and the requirements of the Companies Act No. 71 of 2008, as amended (Companies Act).

The Board is also responsible for such internal controls as they deem necessary to enable the preparation of these Consolidated and Separate Annual Financial Statements and for maintaining adequate accounting records and an effective system of risk management.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to 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.

Accordingly, the directors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. However, if management does become aware of any subsequent amendments, management will notify the directors that the financial statements no longer correspond with the manually signed financial statements.

Based on its own monitoring and oversight as well as assurance obtained from management, the Group Risk, Compliance and Internal Audit functions, the Board is of the view that an effective internal financial control environment exists to support the integrity of the Consolidated and Separate Annual Financial Statements. The Board has a reasonable expectation that the 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 2022 were approved by the Board on 21 September 2022 and are signed on its behalf by:

Deon de Kock
Chair

Michael Sassoon
Group Chief Executive Officer

Harriet Heymans
Group and Bank Financial Director

21 September 2022

Company Secretary's certification

I hereby certify that, in terms of section 88(2)(e) of the Companies Act, Sasfin Bank Limited has filed all returns and notices required by the Companies Act with the Companies and Intellectual Property Commission, for the financial year ended 30 June 2022, and that all such returns and notices as are required of a public company are true, correct and up to date.

Charissa de Jager
Company Secretary

21 September 2022

Group Chief Executive Officer and Group and Bank Financial Director's responsibility statement

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

a) the Annual Financial Statements set out on pages 10 to 139, fairly, present in all material respects, the financial position, financial performance and cash flows of the issuer in terms of IFRS;
b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
f) we are not aware of any fraud involving directors.

Michael Sassoon
Group Chief Executive Officer

Harriet Heymans
Group and Bank Financial Director

21 September 2022

Group Audit Committee report

Introductory comments

The Group Audit Committee (GAC or the Committee) is pleased to present its report in respect of the 2022 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, the Banks Act, the JSE Listings Requirements and King IV Report™ on Corporate Governance for South Africa, 2016 (King IV™)* and are set out in its Charter which is approved by the Board.

During the period under review, management became aware that certain prior period transactions may not have been correctly accounted for. A review confirmed that there were errors affecting prior periods which required the restatement and/or reclassifications as set out in Note 43. Internal and external auditors have independently reviewed the work performed by management.

The restatement has impacted the opening retained earnings for the 2021 financial periods and the reclassification of certain line items in the Consolidated and Separate statements of financial position and profit or loss and other comprehensive income for the 2021 financial period, without impacting earnings.

Committee composition and assessment of its performance

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

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

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

The Committee holds private meetings with the External 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 and dividend declarations and recommended those to the Board for approval;
- Assessed the appropriateness of the going concern basis for the preparation of the Interim Results and Annual Financial Statements and the solvency and liquidity tests in support of financial assistance and distributions;
- Assessed the accounting policies and key assumptions applied in the preparation of the Annual Financial Statements, as well as technical reporting matters relating to complex accounting issues, exceptional transactions and significant accounting judgements and estimates;
- Oversaw compliance of the Annual Financial Statements with IFRS and the material JSE Listings Requirements;
- Considered the annual JSE Proactive Monitoring report to enhance the integrity of the financial information in the were identified, specifically on system-related controls and processes, the Committee considered the adequacy and Annual Financial Statements; and
- Reviewed the adequacy and effectiveness of the internal financial controls and reporting processes. Where weaknesses were identified, specifically on system-related controls and processes, the adequacy and design of compensating controls instituted by management were considered. Supported by the work of Internal Audit and other assurance providers, the Committee satisfied itself as to the overall adequacy and operating effectiveness of the internal financial control environment and noted the improvements made during the year and those planned for the year ahead.

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

External Audit

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

The Committee is satisfied that PwC is independent of the Banking Group, and the partner who is responsible for signing the Banking Group's and Company's Annual Financial Statements, as set out in section 94(8) of the Companies Act, has the requisite skills and expertise. This included consideration of:

- the representations by PwC to the Committee, including an assessment of the auditor's suitability in terms of the JSE Listing Requirements;
- the independence of PwC not being impaired as set out by IRBA, as well as other regulatory and internal processes within the audit firm; and
- policies and controls regarding non-assurance services provided by PwC.

Internal Audit

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

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

Combined Assurance

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

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

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

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

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

The GAC:

- received regular reports from the Group and Bank 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;
- considered updates on the enhancement of the financial reporting controls and processes, and the adequacy and reliability of the management information used in the financial reporting process;
- received feedback from both Internal and External Audit regarding the financial control environment;
- considered the responsibilities of the Finance function and concluded on the appropriateness thereof;
- considered the expertise, resources and experience of the Finance function and the senior management responsible for this function;
- considered the experience, effectiveness and expertise of the Group and Bank Financial Director; and
- concluded that these were appropriate.

Key audit matters as reported by the External Auditor

The Committee considered the Key Audit Matters as reported by the External Auditor as part of the PwC audit report for Sasfin Holdings Limited. These matters are also key aspects considered by the Committee as part of the year-end reporting process in recommending the Annual Financial Statements, as well as the adequacy and effectiveness of internal controls, to the Board for approval and disclosure.

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

Expected credit losses

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

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

Valuation of Private and Property Equity Investments

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

Correction of prior year errors, restatements and reclassifications

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

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

The restatements were reviewed and approved by the Committee.

Going concern assessment

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

In conclusion

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

Tapiwa Njikizana CA(SA)
Chair – Group Audit Committee

21 September 2022

Directors' report

Nature of business

Sasfin 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 a comprehensive range of specialist financial products and services focused on the needs of asset suppliers, small and medium businesses, and institutional and private clients.

COVID-19

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

Financial results

The Banking Group's profit for the year increased by 97.47% to R120.738 million (2021: R61.138 million). This is largely due to a significant decrease in the credit impairment charges. During the interim period an interim ordinary share dividend of 2.78 cents per share was declared (2021: nil), no final dividend was declared (2021: nil).

The Company's profit for the year decreased by 21.85% to R26.086 million (2021: R33.379 million). This is largely due to an increase in operating costs due to increase in bonus provision and staff costs as a result of the annual increase and headcount increases.

During the period under review, management, through an improved reconciliation process, became aware that certain prior period transactions may not have been correctly accounted for. A detailed review confirmed that there were errors affecting prior periods which required the restatement and/or reclassification as set out in Note 43.

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

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

Directorate and changes to the Board

Mr Roy Andersen, director and Chair of the Boards of Sasfin Holdings Limited and Sasfin Bank Limited, and Mr Grant Dunnington, director of the Boards of Sasfin Holdings Limited and Sasfin Bank Limited, retired at the Annual General Meeting on 25 November 2021.

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

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

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

Directors and Company Secretary

Independent Non-executive directors		Appointed	Resigned
Deon de Kock	Chair[1]	**19 August 2020**	
Grant Dunnington[2]		**25 February 2010**	25 November 2021
Roy Andersen[2]		**14 February 2011**	25 November 2021
Richard Buchholz	Lead	**9 January 2018**	
Mark Thompson		**21 June 2019**	
Eileen Wilton		**6 August 2019**	
Tapiwa Njikizana		**3 May 2021**	
Tienie van der Mescht		**29 November 2021**	
Non-independent, Non-executive directors			
Gugu Dingaan		**7 March 2018**	
Shaun Rosenthal (Alternate)		**24 August 2018**	
Roland Sassoon		**1 January 2020**	
Nontobeko Ndhlazi		**19 August 2020**	
Executive directors			
Michael Sassoon	Group Chief Executive Officer[3]	**23 October 2015**	
Angela Pillay[4]	Group and Bank Financial Director	**1 March 2018**	4 April 2022
Harriet Heymans	Group and Bank Financial Director	**4 April 2022**	
Alternate Executive directors			
Linda Fröhlich		**9 October 2013**	
Maston Lane		**16 March 2018**	
Company Secretary			
Charissa de Jager		**1 January 2020**	

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

Share capital

Ordinary share capital

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

Special resolutions passed

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

Statement on compliance

The directors confirm that the Banking Group and Company 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 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasfin Bank Limited's consolidated and separate financial statements set out on pages 10 to 139 comprise:

- the consolidated and separate statements of financial position as at 30 June 2022;
- the consolidated and separate statements of 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, which include a summary of significant accounting policies. which include a summary of significant accounting policies, excluding the section 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 2022", which includes the Directors' Report, the Group Audit Committee's 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.

Independent auditor’s report *continued*

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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 five years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: V. Tshikhovhokhovho
Registered Auditor

Johannesburg, South Africa
21 September 2022

Consolidated and Separate statements of financial position

at 30 June 2022

	Accounting policy	Note	Consolidated 2022 R'000	Consolidated 2021 R'000 Restated[1]	Consolidated 1 July 2020 R'000 Restated[1]	Separate 2022 R'000	Separate 2021 R'000 Restated[1]	Separate 1 July 2020 R'000 Restated[1]
Assets								
Cash and cash equivalents[1]	1.11	4	**838 589**	1 327 515	1 740 651	**714 061**	1 230 577	1 497 062
Negotiable securities	1.13	5	**1 790 340**	2 085 077	3 126 595	**1 790 340**	2 085 076	3 126 595
Trading assets	1.13	6	**56 653**	43 307	85 172	**56 456**	44 526	84 537
Trade and other receivables[1]	1.13	7	**507 535**	453 054	266 237	**608 128**	568 902	198 592
Non-current assets held for sale	1.13	8	**–**	6 700	6 700	**–**	–	–
Loans and advances[1]	1.13	9	**8 123 796**	6 722 551	6 616 958	**4 775 070**	3 503 921	3 252 443
Current taxation asset	1.16		**39 711**	21 734	16 991	**–**	–	–
Investment securities	1.13	10	**193 140**	187 390	154 221	**192 865**	187 174	154 071
Investments at fair value through profit or loss			**193 140**	187 390	154 221	**192 865**	187 174	154 071
Loans to entities in the Group	1.13	37	**194 112**	186 116	208 824	**528 297**	514 600	541 407
Property, equipment and right-of-use assets	1.6, 1.9.2	13	**176 177**	55 398	85 422	**173 692**	53 636	82 947
Investment property	1.4	14	**–**	–	–	**–**	–	–
Intangible assets and goodwill	1.5	15	**140 130**	153 856	194 709	**96 369**	104 798	140 353
Deferred tax assets	1.16	12	**4 825**	3 311	2 210	**328**	–	–
Investments in subsidiaries and structured entities	1.3	11	**–**	–	–	**186 144**	188 117	255 859
Total assets			**12 065 008**	11 246 009	12 504 690	**9 121 750**	8 481 327	9 333 866
Liabilities								
Funding under repurchase agreements	1.13	16	**803 976**	700 067	1 882 806	**803 976**	700 067	1 803 712
Trading liabilities	1.13	6	**59 459**	47 987	101 438	**56 675**	40 821	85 856
Current taxation liability	1.16		**2**	2 069	1 344	**–**	–	–
Trade and other payables[1]	1.13	17	**578 691**	551 417	704 560	**655 634**	497 130	491 027
Bank overdraft	1.11	4	**68 541**	30 392	151 462	**381**	13	30 462
Provisions	1.8	18	**45 028**	41 564	20 291	**46 420**	35 360	16 343
Lease liabilities	1.9	19	**150 818**	35 107	65 284	**148 432**	33 126	62 705
Deposits from customers	1.13	20	**5 472 504**	5 128 289	5 327 015	**6 018 723**	5 577 053	5 748 643
Debt securities issued	1.13	21	**2 991 426**	2 741 583	2 743 823	**–**	–	–
Long-term loans	1.13	22	**299 521**	510 904	121 649	**294 021**	505 566	116 360
Deferred tax liabilities	1.16	12	**138 247**	107 824	90 469	**–**	10 789	25 728
Loans from entities in the Group	1.13	37	**–**	2 749	–	**3 277**	3 277	15 384
Total liabilities			**10 608 213**	9 899 952	11 210 141	**8 027 539**	7 403 202	8 396 220
Equity								
Ordinary share capital	1.10	23	**3 600**	3 600	3 600	**3 600**	3 600	3 600
Ordinary share premium		24	**459 876**	459 876	459 876	**459 876**	459 876	459 876
Distributable reserves[1]			**993 319**	882 581	831 073	**630 735**	614 649	474 170
Total equity			**1 456 795**	1 346 057	1 294 549	**1 094 211**	1 078 125	937 646
Total liabilities and equity			**12 065 008**	11 246 009	12 504 690	**9 121 750**	8 481 327	9 333 866

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

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

for the year ended 30 June 2022

			Consolidated		Separate	
	Accounting policy	Note	**2022 R'000**	2021 R'000 Restated[1]	**2022 R'000**	2021 R'000 Restated[1]
Interest income[1]	1.14	26	**1 052 536**	1 001 701	**651 543**	589 258
Interest income calculated using the effective interest method[1]	1.14	26	**1 036 410**	970 116	**631 476**	557 233
Other interest income	1.14	26	**16 126**	31 585	**20 067**	32 025
Interest expense	1.14	27	**(469 791)**	(432 114)	**(318 090)**	(288 881)
Interest expense calculated using the effective interest method	1.14	27	**(469 790)**	(431 852)	**(326 294)**	(290 508)
Other interest expense	1.14	27	**(1)**	(262)	**8 204**	1 627
Net interest income			**582 745**	569 587	**333 453**	300 377
Non-interest income			**366 678**	408 421	**484 786**	508 299
Net fee and commission income	1.14	28	**113 939**	86 373	**331 066**	276 059
Fee and commission income	1.14	28	**155 650**	136 553	**345 474**	300 117
Fee and commission expense	1.14	28	**(41 711)**	(50 180)	**(14 408)**	(24 058)
Gains or losses on financial instruments	1.13	29	**135 192**	191 119	**157 104**	213 278
Net gains or losses on the derecognition of financial instruments at amortised cost	1.13	29	**25 849**	37 072	**9 801**	15 176
Other gains or losses on financial instruments	1.13	29	**109 343**	154 047	**147 303**	198 102
Other income	1.14	30	**117 547**	130 929	**(3 384)**	18 962
Total income			**949 423**	978 008	**818 239**	808 676
Credit impairment charges[1]	1.13 & 2.2	40.3.6	**(47 984)**	(176 491)	**(52 783)**	(146 137)
Net income after impairments			**901 439**	801 517	**765 456**	662 539
Total operating costs			**(745 799)**	(706 051)	**(750 487)**	(644 067)
Staff costs	1.15	31	**(426 766)**	(380 839)	**(379 183)**	(322 459)
Other operating expenses		32	**(319 033)**	(284 628)	**(371 304)**	(281 024)
Impairment of non-financial assets	1.12	33	**–**	(40 584)	**–**	(40 584)
Profit before income tax			**155 640**	95 466	**14 969**	18 472
Income tax expense	1.16	34	**(34 902)**	(34 328)	**(11 117)**	14 907
Profit for the year			**120 738**	61 138	**26 086**	33 379
Other comprehensive income for the year net of tax effects						
Items that may subsequently be reclassified to profit or loss:						
Foreign exchange differences on translation of foreign operations			**–**	(39 967)	**–**	–
Reclassification of foreign currency differences on loss of control			**–**	(75 886)	**–**	–
Reclassification of hedge reserves on loss of control			**–**	107 099	**–**	107 099
Total comprehensive income for the year			**120 738**	52 384	**26 086**	140 478

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

Consolidated and Separate statements of changes in equity

for the year ended 30 June 2022

Consolidated	Ordinary share capital/ stated capital R'000	Ordinary share premium R'000	Distri-butable reserves R'000	Foreign currency trans-lation reserve R'000	Hedging reserve R'000	Total ordinary share-holders' equity R'000	Total share-holders' equity R'000
2022							
Restated opening balance	**3 600**	**459 876**	**882 581**	**–**	**–**	**1 346 057**	**1 346 057**
Total comprehensive income for the year	**–**	**–**	**120 738**	**–**	**–**	**120 738**	**120 738**
Profit for the year	**–**	**–**	**120 738**	**–**	**–**	**120 738**	**120 738**
Transactions with owners recognised directly in equity	**–**	**–**	**(10 000)**	**–**	**–**	**(10 000)**	**(10 000)**
Dividends to ordinary shareholders	**–**	**–**	**(10 000)**	**–**	**–**	**(10 000)**	**(10 000)**
Balance at 30 June 2022	**3 600**	**459 876**	**993 319**	**–**	**–**	**1 456 795**	**1 456 795**
2021							
Opening balance at the beginning of the year	3 600	459 876	880 012	115 853	(107 099)	1 352 242	1 352 242
Adjustment on correction of error (Note 43)	–	–	(57 693)	–	–	(57 693)	(57 693)
Restated opening balance	3 600	459 876	822 319	115 853	(107 099)	1 294 549	1 294 549
Total comprehensive income for the year	–	–	61 138	(115 853)	107 099	52 384	52 384
Profit for the year	–	–	61 138	–	–	61 138	61 138
Other comprehensive income net of income tax for the year	–	–	–	(115 853)	107 099	(8 754)	(8 754)
Foreign exchange differences on translation of foreign operations	–	–	–	(39 967)	–	(39 967)	(39 967)
Reclassification of foreign currency differences on loss of control[2]	–	–	–	(75 886)	–	(75 886)	(75 886)
Reclassification of hedge reserves on loss of control[2]	–	–	–	–	107 099	107 099	107 099
Changes in ownership interests							
Business disposals	–	–	(876)	–	–	(876)	(876)
Restated balance at 30 June 2021	3 600	459 876	882 581	–	–	1 346 057	1 346 057

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *During the prior year Sasfin Asia Limited was placed in voluntary liquidation and deconsolidated and the related hedging and FCTR reserves were recycled through profit or loss.*

Separate	Ordinary share capital/ stated capital R'000	Ordinary share premium R'000	Distri-butable reserves R'000	Foreign currency trans-lation reserve R'000	Hedging reserve R'000	Total ordinary share-holders' equity R'000	Total share-holders' equity R'000
2022							
Restated opening balance	**3 600**	**459 876**	**614 649**	**–**	**–**	**1 078 125**	**1 078 125**
Total comprehensive income for the year	**–**	**–**	**26 086**	**–**	**–**	**26 086**	**26 086**
Profit for the year	**–**	**–**	**26 086**	**–**	**–**	**26 086**	**26 086**
Transactions with owners recognised directly in equity	**–**	**–**	**(10 000)**	**–**	**–**	**(10 000)**	**(10 000)**
Dividends to ordinary shareholders	**–**	**–**	**(10 000)**	**–**	**–**	**(10 000)**	**(10 000)**
Balance at 30 June 2022	**3 600**	**459 876**	**630 735**	**–**	**–**	**1 094 211**	**1 094 211**
2021							
Opening balance at the beginning of the year	3 600	459 876	638 963	–	(107 099)	995 340	995 340
Adjustment on correction of error (Note 43)	–	–	(57 693)	–	–	(57 693)	(57 693)
Restated opening balance	3 600	459 876	581 270	–	(107 099)	937 647	937 647
Total comprehensive income for the year	–	–	33 379	–	107 099	140 478	140 478
Profit for the year	–	–	33 379	–	–	33 379	33 379
Other comprehensive income net of income tax for the year	–	–	–	–	107 099	107 099	107 099
Reclassification of hedge reserves on loss of control	–	–	–	–	107 099	107 099	107 099
Restated balance at 30 June 2021	3 600	459 876	614 649	–	–	1 078 125	1 078 125

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

Dividend per share

	Consolidated		Separate	
	2022 Cents per share	2021 Cents per share	**2022 Cents per share**	2021 Cents per share
Ordinary shares				
Interim dividend	**2.78**	–	**2.78**	–
Final dividend	**–**	–	**–**	–

Consolidated and Separate statements of cash flows

for the year ended 30 June 2022

	Note	Consolidated 2022 R'000	Consolidated 2021 R'000 Restated[1]	Separate 2022 R'000	Separate 2021 R'000 Restated[1]
Cash flows from operating activities					
Interest received[1]		**973 670**	971 948	**612 111**	578 504
Interest paid		**(469 791)**	(432 114)	**(318 090)**	(288 881)
Fee and commission income received		**155 650**	136 553	**345 474**	300 117
Fee and commission expense paid		**(41 711)**	(50 180)	**(14 408)**	(24 058)
Net trading and other income/(expenses)[1]		**115 971**	127 919	**(4 408)**	21 184
Cash payments to employees and suppliers		**(608 345)**	(541 286)	**(616 908)**	(517 952)
Cash inflow from operating activities	36.1	**125 444**	212 840	**3 771**	68 914
Dividends received		**17 515**	26 065	**57 507**	66 059
Taxation paid	36.2	**(26 037)**	(22 095)	**–**	(32)
Dividends paid	36.3	**(10 000)**	–	**(10 000)**	–
Cash flows from operating activities before changes in operating assets and liabilities		**106 922**	216 810	**51 278**	134 940
Changes in operating assets and liabilities		**(539 101)**	(424 756)	**(467 424)**	(460 358)
Increase in loans and advances[1]		**(1 307 116)**	(47 244)	**(1 239 334)**	(204 482)
Decrease in trading assets		**43 606**	108 139	**45 022**	105 596
Decrease in negotiable securities		**295 152**	945 410	**295 151**	945 410
Increase in trade and other receivables[1]		**(57 417)**	(225 134)	**(41 510)**	(377 210)
Increase/(Decrease) in deposits from customers		**344 215**	(198 725)	**441 670**	(171 589)
Increase/(Decrease) in trade and other payables[1]		**27 274**	(153 143)	**157 852**	6 103
Decrease in provisions		**(38 655)**	(4 885)	**(34 493)**	(4 712)
(Decrease)/Increase in long-term loans		**(211 383)**	389 255	**(211 545)**	389 206
(Decrease)/Increase in funding under repurchase agreements		**103 909**	(1 182 739)	**103 909**	(1 103 645)
Increase/(Decrease) in trading liabilities		**11 472**	(53 450)	**15 854**	(45 035)
Increase/(Decrease) in debt securities issued		**249 843**	(2 240)	**–**	–
Net cash outflow from operating activities		**(432 179)**	(207 944)	**(416 146)**	(325 418)
Cash flows from investing activities					
Proceeds from the disposal of property and equipment		**3 671**	743	**1 439**	744
Proceeds from the disposal of investment property		**(1 162)**	–	**–**	–
Proceeds from the disposal of investment securities		**–**	(33 168)	**–**	(33 103)
Proceeds from the disposal of non-current assets held for sale		**6 700**	–	**–**	–
Acquisition of property and equipment		**(38 394)**	(10 531)	**(38 393)**	(10 531)
Acquisition of intangible assets		**(15 666)**	(27 690)	**(15 665)**	(27 690)
Acquisition and gains or losses recognised in profit or loss of investment securities		**(5 750)**	–	**(5 691)**	–
Net cash paid on acquisition of subsidiaries		**–**	–	**1 973**	67 742
(Repayments)/Advances made to entities in the group		**(10 745)**	26 922	**(13 697)**	14 700
Net cash (outflow)/inflow from investing activities		**(61 346)**	(45 190)	**(70 034)**	11 862
Cash flows from financing activities					
Proceeds from issue of ordinary shares		**–**	–	**–**	–
Repayment of lease liabilities		**(33 550)**	(30 177)	**(30 704)**	(29 579)
Net cash outflow from financing activities		**(33 550)**	(30 177)	**(30 704)**	(29 579)
Net decrease in cash and cash equivalents[1]		**(527 075)**	283 312	**(516 884)**	(343 135)
Cash and cash equivalents at beginning of the year[1]	4	**1 297 123**	1 589 189	**1 230 564**	1 466 600
Effect of exchange rate movements on cash and cash equivalents		**–**	(8 755)	**–**	107 099
Cash and cash equivalents at the end of the year[1]	4	**770 048**	1 297 123	**713 680**	1 230 564

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

Notes to the consolidated and separate financial statements

for the year ended 30 June 2022

1. Accounting policies

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

1.1 Reporting entity

Sasfin 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 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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act No. 71, of 2008 as amended, and the JSE Listings Requirements.

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

The directors assess the 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 2022 financial year-end.

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

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

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

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

1. Accounting policies *continued*

1.2 Basis of preparation *continued*

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

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

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. In May 2020 (May 2020 amendment), the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021 (March 2021 amendment), the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.

The amendment was effective from 1 April 2021. If a lessee already applied the original practical expedient in the May 2020 amendment, it is required to continue to apply the practical expedient consistently, to all lease contracts with similar characteristics and in similar circumstances, using the March 2021 amendment. If a lessee did not apply the practical expedient in the May 2020 amendment to eligible lease concessions, it is prohibited from applying the expedient in the March 2021 amendment. In practical terms, this means that a lessee that previously applied the practical expedient in the May 2020 amendment is permitted, but not required, to apply the March 2021 amendment immediately when it is issued, subject to any endorsement process.

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

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

1.2.2 Accounting policy elections

The following accounting policy elections have been made by the 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
Investment properties	Cost/fair value model	*Banking Group* Investment properties are carried at fair value with changes in fair value recognised in profit or loss.	1.4
Investments in subsidiaries	Cost/financial instrument	*Company* • Cost less accumulated impairments *Banking Group* • Subsidiaries are consolidated	1.3
Investments in associate companies	Cost/financial instrument/equity-accounted	**Private and property equity investments** *Company and Banking Group* • Financial asset at fair value through profit or loss	1.3

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 15), 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); and
- Benal Property Investments (Proprietary) Limited.

In the prior year, Sasfin Asia Limited was deconsolidated.

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.

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. Accounting policies *continued*

1.3 Basis of consolidation *continued*

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 as these investments are managed on a fair value basis in accordance with a business model to realise these investments through sale.

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

1.4 Investment property

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

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

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

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

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

1.5 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. Accounting policies *continued*

1.5 Intangible assets and goodwill *continued*

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 2 to 5 years, and for distributor relationships are 5 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.

1.6.3 Depreciation

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

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

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

1.6.4 Profit or loss on disposal

A profit or loss on the 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. Accounting policies *continued*

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

Sasfin Asia Limited operated in Hong Kong, with a functional currency of USD. On consolidation, exchange differences arising from the translation of the Banking Group's net investment in Sasfin Asia Limited were recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. In the prior year, Sasfin Asia Limited was deconsolidated after being placed in liquidation with the operations taken over by Bank.

1.7.2 Transactions and balances

Foreign currency transactions in the 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.

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.

1.9.1 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. Accounting policies *continued*

1.9 Leases *continued*

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, plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The 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 statement of financial position, comprise cash on hand, balances with the SARB and highly liquid deposits that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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

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

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.

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.

Calculation of recoverable amount

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

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

Impairment reversals

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

1. Accounting policies *continued*

1.13 Financial instruments

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

Financial assets are recognised on the date on which the 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.

Amortised cost

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

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

The Group has designated financial assets and financial liabilities at fair value through profit or loss, where they eliminate or significantly reduce an accounting mismatch that would otherwise arise. The Group further classifies financial assets and financial liabilities at fair value through profit or loss when the business model is such that these financial assets and financial liabilities are managed and measured on a fair value basis, since realisation of these is anticipated to be through sale.

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

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

Classification and measurement of financial assets

Financial assets are classified and measured based on the 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 'fair value through profit or loss (FVTPL)'.

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*

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) and those that the Banking Group has elected to designate as at FVTPL are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Reclassifications

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

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;
- 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. Accounting policies *continued*

1.13 Financial instruments *continued*

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.

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

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

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

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

- 12-month ECLs are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
  - Stage 1 includes exposures that have not had a Significant Increase in Credit Risk (SICR) (defined below) since initial recognition. For these financial instruments, ECL is calculated based on the relevant 12-month PD, TTD, LGD and EAD.
- Lifetime ECLs are the ECL that result from all possible default events over the expected life of the financial instrument.
  - Stage 2 includes exposures that had a SICR since initial recognition, but do not have objective evidence of impairment. For these financial instruments, ECL is calculated based on the relevant lifetime PD, TTD, LGD and EAD; and
  - Stage 3 includes exposures for which there is objective evidence of impairment at the reporting date. For these financial instruments, ECL is calculated based on a lifetime PD, TTD, LGD and EAD. The financial instrument must be classified as in "Stage 3" when it is credit-impaired.

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

Forward-looking information is included in both the assessment of 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 Rental Capital Equipment Finance, Trade and Debtor Finance, and Other Loan portfolios. This approach determines the expected loss for Stage 3 exposures based on an anticipated salvage calculation. The value of the anticipated salvage used in the determination of the ECL of credit-impaired financial instruments is calculated 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. Accounting policies *continued*

1.13 Financial instruments *continued*

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.

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 Banking 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 Banking 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 a statistical analysis of the historical behaviour of the portfolio which indicated that past due up to seven days did not provide an indication of financial stress, rather it could be due to administration issues or post-month-end payment cycles.
- Trade Finance
  - when a debtor is flagged as High Care;
  - when no extensions have been granted in excess of the maximum tenor contractually agreed with the debtor and the debtor then becomes past due/arrears up to and including 90 days or
  - when extensions have been granted in excess of the maximum tenor contractually agreed with the debtor and the account has been extended more than 30 days. Any one or more extensions will be counted from the first invoice's original payment date.
- Debtor Finance
  - when a debtor is flagged as High Care; or
  - margin excess – once an account is in margin excess for longer than seven days and up to and including 90 days.
- Other 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 the 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, competitor or economic environment within which the business operates. This will include material negative changes in the business's supply chain;
- Difficulty in producing regular financial information; or
- Significant changes within key leadership with no meaningful succession planning.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

Significant Increase in Credit Risk (SICR) *continued*

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.

Restructured financial assets

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

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

Default and curing

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

Quantitative criteria

The borrower is more than 90 days past due or in excess 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;
- significant deficiencies exist that threaten the obligor's business, cash flow or payment capability, which deficiencies may include the items specified below:
  - The credit history or performance record of the obligor is not satisfactory;
  - Labour disputes or unresolved management problems may affect the business, production or profitability of the obligor;
  - Increased borrowings are not in proportion with the obligor's business;
  - The obligor is experiencing difficulty with the repayment of obligations to other creditors; or
  - Construction delays or other unplanned adverse events resulting in cost overruns are likely to require loan restructuring.

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

- the debtor being up to date;
- six consecutive payments are paid on or before 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.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

Write-offs

Loans and advances as well as debt securities are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the 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.

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.

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.

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 Note 29 for more details.

Derecognition of financial liabilities

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

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. Accounting policies *continued*

1.13 Financial instruments *continued*

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 or losses from changes in the fair value of derivatives that are classified as held for trading are recognised in gains or losses on financial instruments 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 relating to credit-impaired financial assets that have been cured is recognised as a reduction of the impairment charges on loans and advances.

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

1.14.2 Non-interest income

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

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

Fee and commission income includes administration fees, advisory fees and foreign exchange service fees as well as fees for providing banking and financial services activities. Fee and commission income is recognised net of any trade discounts, volume rebates and amounts received on behalf of third parties such as Value Added Tax. Furthermore, when the Banking Group is acting as an agent, amounts collected on behalf of the principal are not recognised as revenue.

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

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

Dividend income is received from equity investments in entities that the 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.

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 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 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.

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

2. Critical estimates, judgements and assumptions

The preparation of these Consolidated and Separate Annual Financial Statements in accordance with IFRS requires management to make certain judgements, estimates and assumptions in its calculation of the carrying value of assets and liabilities and the reported amounts of profit or loss.

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

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

2.1 Impact of destabilising shock events

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

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

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

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

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

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

SARB guaranteed loan scheme

National Treasury, the South African Reserve Bank (SARB) and commercial banks created a R100 billion guaranteed loan scheme to assist businesses. The scheme specifies client eligibility requirements, restrictions on the use of loan proceeds and standardised loan terms. A loan facility of up to R150 million was granted to Sasfin, which loans have a repayment holiday of up to 6 months, and thereafter interest and capital are required to be paid over 60 months. The SARB provides Sasfin with a special-purpose funding facility and partial credit guarantee. A portion of the interest levied on client loans is paid to the SARB. This interest accumulates in reserve accounts and will be used to offset losses on client loans. Once the reserve accounts are exhausted, Sasfin will incur losses of up to 6% of the total notional amount lent under the scheme. The SARB guarantees all losses in excess of the 6% threshold. When the scheme ends, the SARB will be entitled to withdraw the balances, if any, then remaining in the reserve accounts. As at 30 June 2022, Sasfin had approved R99.032 million (2021: R122.56 million) of loans under the scheme.

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, Stage 2 and Stage 3, with:

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

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

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

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

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

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

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

	Expected		Worst		Blended[1]	
	12 months %	Lifetime %	12 months %	Lifetime %	12 months %	Lifetime %
2022						
Factors						
Gross Domestic Product	2.5	1.7	(6.1)	(1.7)	(3.5)	(0.7)
Prime Rate	8.0	8.8	8.6	10.7	8.4	10.1
Scenario Probability	30		70		Combination	
Consolidated		R'000		R'000		R'000
(Decrease)/Increase on ECL[2]		(22 472)		9 795		–
Separate		R'000		R'000		R'000
(Decrease)/Increase on ECL[2]		(10 998)		4 794		–

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

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

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

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

[2] *The blended scenario is the actual/base case scenario against which the expected and worst-case scenarios are benchmarked.*

The 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, Stage 2 and Stage 3, with:

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

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

The Banking Group further applies judgement in determining the inputs used in the ECL model, i.e. the PD, LGD, EAD and TTD that are used to determine the ECL for each of Stage 1, Stage 2 and Stage 3. The S&P International Rating Scale is applied to the PDs based on the legal entity's current credit risk rating, as rated by an accredited rating agency. Similar to the credit impairment on loans and advances, the 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, 2 and 3. The move from 12-month expected credit loss to lifetime expected credit loss can result in a substantial increase in ECL.

The sensitivity analysis performed indicates an additional ECL charge of circa R3.6 million (2021: R5.6 million) to the statement of profit or loss if 40% of the gross carrying amount of negotiable securities held at amortised cost suffered a SICR and moved from stage 1 to stage 2 as at 30 June 2022. A 40% increase in financial instruments held at amortised cost categorised as stage 2 can be viewed as a severe possible alternative based on the nature of the instrument and current economic conditions. To calculate an NPV and ECL of the Land bank bills, being a stage 3 exposure, expert judgement was applied. The calculation of the ECL for the financial year ended 30 June 2022 was done on an NPV basis, using the expected cash inflows from the five-year term loan as set out in the proposed Liability Solution.

Various cash flow scenarios were built ranging from an expected case to mild stress to severe stress, each then discounted using an expected, best case and worst-case credit risk premium. The final NPV was then calculated as a blended NPV by attaching probabilities to each of the potential outcomes to derive a final proposed ECL.

This range between best case and worse case was R24.553 million (2021: R 22 million) to R187.492 million (2021: R172 million).

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 Property Equity investment valuations (refer to Note 10)

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

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

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

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

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

2.5 Fair value (refer to Note 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, 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.

2. Critical estimates, judgements and assumptions *continued*

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

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.

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 15)

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 completing 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 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 (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. If the carrying amount is less than the value in use in a CGU then a goodwill impairment is recognised. The CGU comprises separate elements of the business to which the goodwill is allocated. The assessment of the value-in-use requires management judgement of future performance. The assumptions applied in determining the value-in-use match those applied in the preparation of the 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.

2.7 Current and deferred taxation (refer to Notes 12 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 that initially calculated, the impact is accounted for in the period in which this 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. Critical estimates, judgements and assumptions *continued*

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 judgment 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 investment activities of the Banking Group.

3. Standards/interpretations issued but not yet effective

There are new or revised accounting standards and interpretations in issue that are not yet effective for the year ended 30 June 2022 and have not been applied in preparing these Consolidated and Separate Annual Financial Statements. The 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
IFRS 17	*Insurance Contracts* IFRS 17 replaces the current standard on insurance contracts, IFRS 4. It creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. Among others, IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows, taking into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are further required to be measured based only on the obligations created by the contracts. An entity will also be required to recognise profits as an insurance service is delivered rather than on receipt of premiums. This standard is not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2023.
IFRS 10 and IAS 28 amendments	*Sale or contribution of assets between an investor and its associate or joint venture* The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of business is key to determining the extent of the gain to be recognised. These amendments are not expected to have an impact on the Banking Group.	The effective date is deferred by the IASB pending the outcome of its research project on the equity method of accounting.

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

Pronouncement	Title and details	Effective date
IFRS 3 amendments	*Updating a reference to the Conceptual Framework* An outdated reference in IFRS 3 to the Conceptual Framework has been updated without any significant changes to its requirements. This amendment is not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2022.
IAS 37 amendments	*Onerous Contracts – Cost of Fulfilling a Contract* This amendment indicates which costs an entity should include as the costs of fulfilling a contract when assessing whether a contract is onerous. This amendment is not expected to have an impact on the Banking Group.	Annual periods or after 1 January 2022.
Annual improvements to IFRS Standards 2018 – 2020	*Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41* Changes were made to IFRS 1 First-time adoption of International Financial Reporting Standards and IAS 41, Agriculture, which will have no impact on the Banking Group. An illustrative example has been removed from IFRS 16 to prevent potential confusion regarding the treatment of lease incentives. This amendment is not expected to have an impact on the Banking Group. IFRS 9 has been amended to clarify the fees that an entity includes when determining whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These amendments are not expected to have an impact on the Banking Group.	Annual periods or after 1 January 2022.
IAS 16 amendments	*Proceeds before intended use* This amendment prohibits an entity from reducing the cost of an item of property, plant and equipment by deducting the proceeds from the sale of items produced whilst bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items and the costs of producing them are to be recognised in the statement of profit or loss and other comprehensive income. These amendments are not expected to have an impact on the Banking Group.	Annual periods or after 1 January 2022.

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

Pronouncement	Title and details	Effective date
IAS 1 amendments	*Classification of liabilities as current or non-current (amendments to IAS 1)* Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and, instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance, and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. These amendments are not expected to have an impact on the Banking Group.	Annual periods or after 1 January 2023.
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	*Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8* The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. These amendments are not expected to have an impact on the Banking Group.	Annual periods or after 1 January 2023.
IAS 12 amendments	*Deferred tax related to assets and liabilities arising from a single transaction* These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. These amendments are not expected to have an impact on the Banking Group.	Annual periods or after 1 January 2023.

	Consolidated		Separate	
	2022 R'000	2021 R'000 Restated[3]	**2022 R'000**	2021 R'000 Restated[3]
4. Cash and cash equivalents				
Funds on call[3]	**684 885**	1 071 603	**560 827**	992 027
Balance with the SARB[1]	**153 234**	137 955	**153 234**	137 955
Fixed deposits[2]	**470**	117 957	**–**	100 595
Total per statement of financial position	**838 589**	1 327 515	**714 061**	1 230 577
Less: Bank overdraft	**(68 541)**	(30 392)	**(381)**	(13)
Total per statement of cashflows	**770 048**	1 297 123	**713 680**	1 230 564

[1] *The balance with the SARB is for minimum reserve requirements and is available for use by the subject to certain restrictions and limitations levied by the central bank.*
[2] *The funds are easily accessible if required by the Banking Group.*
[3] *Prior periods have been restated, please refer to Note 43 for additional information.*
[4] *For key management inputs and assumptions around ECL refer to Note 40.*

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
5. Negotiable securities				
Treasury bills[1]	**1 643 725**	1 793 190	**1 643 725**	1 793 189
Land Bank bills	**270 293**	415 980	**270 293**	415 980
Negotiable securities before impairments	**1 914 018**	2 209 170	**1 914 018**	2 209 169
Credit loss allowance[2]	**(123 678)**	(124 093)	**(123 678)**	(124 093)
Net negotiable securities	**1 790 340**	2 085 077	**1 790 340**	2 085 076

[1] *Treasury bills to the value of R607 million (2021: R709 million) have been pledged for the SARB refinancing auction. Government bonds have been pledged for SasSec of R210 million (2021: nil).*
[2] *For key management inputs and assumptions around ECL refer to Note 40.*

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
6. Trading assets and liabilities				
Financial assets	**56 653**	43 307	**56 456**	44 526
Derivatives	**56 653**	43 307	**56 456**	44 526
Financial liabilities	**59 459**	47 987	**56 675**	40 821
Derivatives	**59 459**	47 987	**56 675**	40 821

Financial assets held for trade facilitation rated bond positions all of which are traded through the JSE.

Financial assets and liabilities held for trade facilitation 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 rate risk.

7. Trade and other receivables

	Consolidated		Separate	
	2022 R'000	2021 R'000 Restated[2]	**2022 R'000**	2021 R'000 Restated[2]
Insurance coverage assets	**52 203**	50 776	**52 203**	50 776
Value Added Tax	**51 198**	26 067	**9 333**	9 804
Prepaid expenses	**36 066**	28 699	**36 066**	28 699
Trade receivables[1]	**212 476**	214 779	**131 565**	136 660
Sundry receivables[2]	**48 387**	43 779	**80 555**	(5 194)
Receivables from companies in the Group	**110 634**	89 447	**301 342**	348 157
Other receivables before impairments	**510 964**	453 547	**611 064**	568 902
Credit loss allowance[3]	**(3 429)**	(493)	**(2 936)**	–
Net trade and other receivables	**507 535**	453 054	**608 128**	568 902

[1] *Included in trade receivables are margin calls totalling R55.3 million for foreign currency derivatives held with ABSA, Standard Bank and Nedbank.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information.*
[3] *For key management inputs and assumptions around ECL refer to Note 40.*

8. Non-current assets held for sale

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Investment property	**–**	6 700	**–**	–
Fair value at the beginning of the year	**6 700**	6 700	**–**	–
Transfer to Investment property[1]	**(6 700)**	–	**–**	–
Fair value adjustments	**–**	–	**–**	–
Total non-current assets held for sale	**–**	6 700	**–**	–

In 2021, Sasfin was in the final stages of disposing of an investment property consisting of land and buildings owned by one of its subsidiaries, Benal Property Investments (Pty) Ltd. However, during the KwaZulu-Natal unrest, the building was razed on 9 July 2021. Consequently, the sale of the property was cancelled, and a claim was lodged with the insurer which was successful in the current year.

[1] *The property was reclassified to investment property, refer to Note 14 for more information.*

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
2022							
Loans and advances at amortised cost							
Gross investment in leases	8 434 468	3 310 273	2 341 675	1 565 270	879 098	330 611	7 541
Equipment finance	5 976 195	2 405 485	1 639 724	1 079 249	619 783	230 174	1 780
Capital equipment finance	2 458 273	904 788	701 951	486 021	259 315	100 437	5 761
Less: Unearned finance income	(1 484 624)	(704 400)	(438 346)	(230 574)	(92 626)	(18 037)	(641)
Equipment finance	(1 066 178)	(514 844)	(311 087)	(162 566)	(65 744)	(11 769)	(168)
Capital equipment finance	(418 446)	(189 556)	(127 259)	(68 008)	(26 882)	(6 268)	(473)
Net investment in leases[1]	6 949 844	2 605 873	1 903 329	1 334 696	786 472	312 574	6 900
Equipment finance	4 910 017	1 890 641	1 328 637	916 683	554 039	218 405	1 612
Capital equipment finance	2 039 827	715 232	574 692	418 013	232 433	94 169	5 288
Trade and Debtor finance	707 601						
Other loans[3]	564 293						
Loans and advances before expected credit losses	8 221 738						
Credit loss allowance[2]	(475 233)						
Total loans and advances at amortised cost	7 746 505						
Loans and advances at fair value	377 291						
Specialised lending	377 291						
Total loans and advances	8 123 796						

[1] *Loans and advances with a carrying amount of R3.240 billion (2021: R3.079 billion) have been ceded as security for the debt securities issued, refer to Note 21.*
[2] *For key management inputs and assumptions around ECL refer to Note 40.*
[3] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*

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
2022							
Loans and advances at amortised cost							
Gross investment in leases	4 087 125	1 504 586	1 113 504	790 360	462 460	210 074	6 141
Equipment finance	2 068 358	778 794	546 826	382 005	240 112	120 241	380
Capital equipment finance	2 018 767	725 792	566 678	408 355	222 348	89 833	5 761
Less: Unearned finance income	(728 939)	(324 047)	(217 544)	(121 582)	(52 761)	(12 421)	(584)
Equipment finance	(380 579)	(170 456)	(111 315)	(63 010)	(29 116)	(6 571)	(111)
Capital equipment finance	(348 360)	(153 591)	(106 229)	(58 572)	(23 645)	(5 850)	(473)
Net investment in leases[1]	3 358 186	1 180 539	895 960	668 778	409 699	197 653	5 557
Equipment finance	1 687 779	608 338	435 511	318 995	210 996	113 670	269
Capital equipment finance	1 670 407	572 201	460 449	349 783	198 703	83 983	5 288
Trade and Debtor finance	707 601						
Other loans[3]	564 293						
Loans and advances before expected credit losses	4 630 080						
Credit loss allowance[2]	(232 301)						
Total loans and advances at amortised cost	4 397 779						
Loans and advances at fair value	377 291						
Specialised lending	377 291						
Total loans and advances	4 775 070						

1 *Loans and advances with a carrying amount of R3.240 billion (2021: R3.079 billion) have been ceded as security for the debt securities issued, refer to Note 21.*
2 *For key management inputs and assumptions around ECL refer to Note 40.*
3 *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.*

9. Loans and advances *continued*

Consolidated	Total R'000[3]	Less than 1 year R'000[3]	Year 2 R'000[3]	Year 3 R'000[3]	Year 4 R'000[3]	Year 5 R'000[3]	More than 5 years R'000[3]
2021 – Restated[3]							
Loans and advances at amortised cost							
Gross investment in leases	7 059 373	3 018 506	1 937 637	1 245 943	636 435	214 913	5 939
Equipment finance[3]	5 561 265	2 381 906	1 516 718	983 125	498 552	179 005	1 959
Capital equipment finance	1 498 108	636 600	420 919	262 818	137 883	35 908	3 980
Less: Unearned finance income	(1 122 187)	(558 784)	(332 098)	(160 467)	(59 606)	(10 958)	(274)
Equipment finance	(901 794)	(448 910)	(266 461)	(129 228)	(48 466)	(8 665)	(64)
Capital equipment finance	(220 393)	(109 874)	(65 637)	(31 239)	(11 140)	(2 293)	(210)
Net investment in leases[1]	5 937 186	2 459 722	1 605 539	1 085 476	576 829	203 955	5 665
Equipment finance	4 659 471	1 932 996	1 250 257	853 897	450 086	170 340	1 895
Capital equipment finance	1 277 715	526 726	355 282	231 579	126 743	33 615	3 770
Trade and Debtor finance	633 500						
Other loans[4]	375 501						
Loans and advances before expected credit losses	6 946 187						
Credit loss allowance[2]	(535 354)						
Total loans and advances at amortised cost	6 410 833						
Loans and advances at fair value	311 718						
Specialised lending	311 718						
Total loans and advances	6 722 551						

[1] *Loans and advances with a carrying amount of R3.240 billion (2021: R3.079 billion) have been ceded as security for the debt securities issued, refer to Note 21.*
[2] *For key management inputs and assumptions around ECL refer to Note 40.*
[3] *Prior periods have been restated, please refer to Note 43 for additional information.*
[4] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. 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.*

9. Loans and advances *continued*

Separate	Total R'000[3]	Less than 1 year R'000[3]	Year 2 R'000[3]	Year 3 R'000[3]	Year 4 R'000[3]	Year 5 R'000[3]	More than 5 years R'000[3]
2021 – Restated[3]							
Loans and advances at amortised cost							
Gross investment in leases	2 923 693	1 237 749	778 447	499 615	280 886	122 427	4 569
Equipment finance[3]	1 820 841	771 257	471 176	310 752	174 811	92 256	589
Capital equipment finance	1 102 852	466 492	307 271	188 863	106 075	30 171	3 980
Less: Unearned finance income	(467 186)	(222 955)	(136 911)	(69 983)	(30 062)	(7 058)	(217)
Equipment finance	(303 871)	(142 757)	(88 648)	(46 499)	(21 000)	(4 960)	(7)
Capital equipment finance	(163 315)	(80 198)	(48 263)	(23 484)	(9 062)	(2 098)	(210)
Net investment in leases[1]	2 456 507	1 014 794	641 536	429 632	250 824	115 369	4 352
Equipment finance	1 516 970	628 500	382 528	264 253	153 811	87 296	582
Capital equipment finance	939 537	386 294	259 008	165 379	97 013	28 073	3 770
Trade and Debtor finance	633 500						
Other loans[4]	375 502						
Loans and advances before expected credit losses	3 465 509						
Credit loss allowance[2]	(273 306)						
Total loans and advances at amortised cost	3 192 203						
Loans and advances at fair value	311 718						
Specialised lending	311 718						
Total loans and advances	3 503 921						

[1] *Loans and advances with a carrying amount of R3.240 billion (2021: R3.079 billion) have been ceded as security for the debt securities issued, refer to Note 21.*
[2] *For key management inputs and assumptions around ECL refer to Note 40.*
[3] *Prior periods have been restated, please refer to Note 43 for additional information.*
[4] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. 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.*

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
10. Investment securities				
Investments at fair value through other comprehensive income	**–**	–	**–**	–
Investments at fair value through profit or loss	**193 140**	187 390	**192 865**	187 174
Listed equity investments	**275**	216	**–**	–
Private and Property Equity investments	**192 865**	187 174	**192 865**	187 174
	193 140	187 390	**192 865**	187 174

The only associate of the Banking Group, which is incorporated in South Africa, is classified and measured at fair value through profit or loss (Refer to note 1.3.6). The Banking Group's voting rights in this associate are less than 50%.

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
11. Investments in subsidiaries and structured entities				
Unlisted investments				
Carrying amount at the beginning of the year	**–**	–	**188 117**	255 859
Less impairment: Benal Property Investments (Proprietary) Limited[1]	**–**	–	**(1 973)**	–
Less disposal: Sasfin Asia Limited[2]	**–**	–	**–**	(67 742)
Carrying amount at the end of the year	**–**	–	**186 144**	188 117

[1] *Benal was impaired during the current year to its recoverable amount of R9.073 million.*
[2] *During the prior year Sasfin Asia Limited was placed in voluntary liquidation and deconsolidated.*
[3] *Refer to note 37.1 for the Group structure.*

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
12. Deferred tax assets and liabilities				
Deferred tax assets	**4 825**	3 311	**328**	–
Deferred tax liabilities	**(138 247)**	(107 824)	**–**	(10 789)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022			2021		
	Assets R'000	**Liabilities R'000**	**Net R'000**	Assets R'000	Liabilities R'000	Net R'000
Consolidated						
Equipment finance	**–**	**(245 881)**	**(245 881)**	–	(273 224)	(273 224)
Tax losses[1]	**634**	**93 733**	**94 367**	665	61 553	62 218
Fair value adjustment	**(23)**	**(55 602)**	**(55 625)**	(13)	(56 144)	(56 157)
Prepayments	**–**	**(3 018)**	**(3 018)**	–	(1 697)	(1 697)
Impairments	**–**	**19 002**	**19 002**	–	19 264	19 264
Provisions	**4 214**	**52 683**	**56 897**	2 861	146 222	149 083
Investment property	**–**	**–**	**–**	(202)	–	(202)
Intangible assets	**–**	**(3 113)**	**(3 113)**	–	(4 597)	(4 597)
Property, equipment and right-of-use assets	**–**	**(34 077)**	**(34 077)**	–	(6 414)	(6 414)
Lease liabilities	**–**	**40 077**	**40 077**	–	9 275	9 275
Other temporary differences	**–**	**(2 051)**	**(2 051)**	–	(2 062)	(2 062)
Net tax assets/(liabilities)	**4 825**	**(138 247)**	**(133 422)**	3 311	(107 824)	(104 513)
Separate						
Equipment finance	**(96 811)**	**–**	**(96 811)**	–	(120 906)	(120 906)
Tax losses	**90 157**	**–**	**90 157**	–	(61 553)	(61 553)
Fair value adjustment	**(55 602)**	**–**	**(55 602)**	–	(56 144)	(56 144)
Prepayments	**(3 018)**	**–**	**(3 018)**	–	(1 697)	(1 697)
Impairments	**19 002**	**–**	**19 002**	–	19 264	19 264
Provisions	**42 651**	**–**	**42 651**	–	86 343	86 343
Property and equipment	**(34 077)**	**–**	**(34 077)**	–	(6 414)	(6 414)
Lease liabilities	**40 077**	**–**	**40 077**	–	9 275	9 275
Other temporary differences	**(2 051)**	**–**	**(2 051)**	–	(2 063)	(2 063)
Net tax assets/(liabilities)	**328**	**–**	**328**	–	(10 789)	(10 789)

[1] *These tax losses have arisen from the group entities incurring operational tax losses. These assets are anticipated to be recovered as financial projections for a period of five years indicate that it is probable that these entities will produce sufficient future taxable profit. The Banking Group has actual losses of R349 656 (2021: R148 152), while the Bank has actual losses of R333 982 (2021: R145 777) that have not been recognised.*

12. Deferred tax assets and liabilities *continued*

Movements in temporary differences during the year

	Balance at 1 July R'000	Tax rate change effect[1] R'000	Restated balance at 1 July R'000	Recognised in profit or loss R'000	Balance at 30 June R'000
Consolidated					
2022					
Equipment finance	(273 224)	9 107	(264 117)	18 236	(245 881)
Tax losses	62 218	(3 537)	58 681	35 686	94 367
Fair value adjustment	(56 157)	2 063	(54 094)	(1 531)	(55 625)
Prepayments	(1 697)	112	(1 585)	(1 433)	(3 018)
Impairments	19 264	(704)	18 560	442	19 002
Provisions	149 083	(2 107)	146 976	(90 079)	56 897
Investment property	(201)	–	(201)	201	–
Intangible assets	(4 597)	–	(4 597)	1 484	(3 113)
Property, equipment and right-of-use assets	(6 414)	1 262	(5 152)	(28 925)	(34 077)
Lease liabilities	9 275	(1 484)	7 791	32 286	40 077
Other temporary differences	(2 063)	76	(1 987)	(64)	(2 051)
	(104 513)	4 788	(99 725)	(33 697)	(133 422)
Separate					
2022					
Equipment finance	(120 906)	(3 586)	(124 492)	27 681	(96 811)
Tax losses	61 553	3 380	64 933	25 224	90 157
Fair value adjustment	(56 144)	(2 059)	(58 203)	2 601	(55 602)
Prepayments	(1 697)	(112)	(1 809)	(1 209)	(3 018)
Impairments	19 264	704	19 968	(966)	19 002
Provisions	86 343	1 580	87 923	(45 272)	42 651
Property and equipment	(6 414)	(1 262)	(7 676)	(26 401)	(34 077)
Lease liabilities	9 275	1 484	10 759	29 318	40 077
Other temporary differences	(2 063)	(76)	(2 139)	88	(2 051)
	(10 789)	53	(10 736)	11 064	328

[1] *During the year, the South Africa Government announced a decrease in the South Africa rate of corporation tax from 28% to 27% effective for years of assessment ending on/after 1 March 2023. As a result, the deferred tax balances at 31 March 2022 have been adjusted to reflect this substantively enacted rate change.*

12. Deferred tax assets and liabilities *continued*

Movements in temporary differences during the year *continued*

	Balance at 1 July R'000	Tax rate change effect R'000	Restated balance at 1 July R'000	Recognised in profit or loss R'000	Balance at 30 June R'000
Consolidated					
2021					
Equipment finance	(238 613)	–	–	(34 611)	(273 224)
Tax losses	36 912	–	–	25 306	62 218
Fair value adjustment	(48 369)	–	–	(7 788)	(56 157)
Prepayments	(1 366)	–	–	(331)	(1 697)
Impairments	19 264	–	–	–	19 264
Provisions	144 180	–	–	4 903	149 083
Investment property	(201)	–	–	–	(201)
Intangible assets	(6 080)	–	–	1 483	(4 597)
Property, equipment and right-of-use assets	(12 896)	–	–	6 482	(6 414)
Lease liabilities	17 557	–	–	(8 282)	9 275
Other temporary differences	1 353	–	–	(3 416)	(2 063)
	(88 259)	–	–	(16 254)	(104 513)
Separate					
2021					
Equipment finance	(119 702)	–	–	(1 204)	(120 906)
Tax losses	36 730	–	–	24 823	61 553
Fair value adjustment	(48 370)	–	–	(7 774)	(56 144)
Prepayments	(1 366)	–	–	(331)	(1 697)
Impairments	19 264	–	–	–	19 264
Provisions	81 763	–	–	4 580	86 343
Property, equipment and right-of-use assets	(12 956)	–	–	6 542	(6 414)
Lease liabilities	17 557	–	–	(8 282)	9 275
Other temporary differences	1 352	–	–	(3 416)	(2 063)
	(25 728)	–	–	14 938	(10 789)

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

	Computer equipment R'000[2]	Furniture and fittings R'000[2]	Motor vehicles R'000	Land and buildings R'000	Right-of-use asset R'000	Total R'000
Consolidated						
2022						
Cost at the beginning of the year	**99 857**	**8 739**	**2 587**	**28 195**	**73 749**	**213 127**
Additions	**15 863**	**7 065**	**–**	**15 466**	**136 032[1]**	**174 426**
Disposals	**(799)**	**(1 566)**	**–**	**–**	**(3 083)**	**(5 448)**
Cost at the end of the year	**114 921**	**14 238**	**2 587**	**43 661**	**206 698**	**382 105**
Accumulated depreciation and impairment at the beginning of the year	**(76 447)**	**(7 698)**	**(2 313)**	**(22 142)**	**(49 129)**	**(157 729)**
Depreciation charge for the year	**(11 258)**	**(1 183)**	**(141)**	**(5 039)**	**(33 931)**	**(51 552)**
Disposals	**787**	**1 163**	**–**	**–**	**1 403**	**3 353**
Accumulated depreciation and impairment at the end of the year	**(86 918)**	**(7 718)**	**(2 454)**	**(27 181)**	**(81 657)**	**(205 928)**
Carrying amount at the beginning of the year	**23 410**	**1 041**	**274**	**6 053**	**24 620**	**55 398**
Carrying amount at the end of the year	**28 003**	**6 520**	**133**	**16 480**	**125 041**	**176 177**
2021						
Cost at the beginning of the year	146 215	22 486	2 967	28 195	73 749	273 612
IFRS 16 transition – day 1	–	–	–	–	–	–
Cost at the beginning of the year – inclusive of IFRS 16	146 215	22 486	2 967	28 195	73 749	273 612
Additions	10 525	5	–	–	–	10 530
Disposals	(56 883)	(13 752)	(380)	–	–	(71 015)
Transfers	–	–	–	–	–	–
Cost at the end of the year	99 857	8 739	2 587	28 195	73 749	213 127
Accumulated depreciation and impairment at the beginning of the year	(123 520)	(20 530)	(2 544)	(16 518)	(25 079)	(188 191)
Depreciation charge for the year	(9 273)	(760)	(149)	(5 624)	(24 050)	(39 856)
Disposals	56 346	13 592	380	–	–	70 318
Transfers	–	–	–	–	–	–
Accumulated depreciation and impairment at the end of the year	(76 447)	(7 698)	(2 313)	(22 142)	(49 129)	(157 729)
Carrying amount at the beginning of the year	22 695	1 956	423	11 677	48 670	85 421
Carrying amount at the end of the year	23 410	1 041	274	6 053	24 620	55 398

[1] *Sasfin Bank Ltd concluded a lease for a new head office in August 2021 with occupation that commenced during January 2022.*
[2] *In the prior year assets of R56.3 million and R13.6 million were retired for computer equipment and furniture and fittings respectively.*

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

	Computer equipment R'000[2]	Furniture and fittings R'000[2]	Motor vehicles R'000	Land and buildings R'000	Right-of-use asset R'000	Total R'000
Separate						
2022						
Cost at the beginning of the year	**98 742**	**7 776**	**2 472**	**27 987**	**70 666**	**207 643**
Additions	**15 863**	**7 065**	**–**	**15 465**	**133 013[1]**	**171 406**
Disposals	**(799)**	**(1 566)**	**–**	**–**	**–**	**(2 365)**
Cost at the end of the year	**113 806**	**13 275**	**2 472**	**43 452**	**203 679**	**376 684**
Accumulated depreciation and impairment at the beginning of the year	**(75 333)**	**(6 750)**	**(2 198)**	**(21 968)**	**(47 758)**	**(154 007)**
Depreciation charge for the year	**(11 258)**	**(1 170)**	**(141)**	**(5 039)**	**(33 327)**	**(50 935)**
Disposals	**787**	**1 163**	**–**	**–**	**–**	**1 950**
Accumulated depreciation and impairment at the end of the year	**(85 804)**	**(6 757)**	**(2 339)**	**(27 007)**	**(81 085)**	**(202 992)**
Carrying amount at the beginning of the year	**23 409**	**1 026**	**274**	**6 019**	**22 908**	**53 636**
Carrying amount at the end of the year	**28 002**	**6 518**	**133**	**16 445**	**122 594**	**173 692**
2021						
Cost at the beginning of the year – inclusive of IFRS 16	145 099	21 523	2 852	27 987	70 666	268 177
Additions	10 525	5	–	–	–	10 530
Disposals	(56 883)	(13 752)	(380)	–	–	(71 015)
Transfers	–	–	–	–	–	–
Cost at the end of the year	98 742	7 776	2 472	27 987	70 666	207 643
Accumulated depreciation and impairment at the beginning of the year	(122 403)	(19 594)	(2 429)	(16 360)	(24 394)	(185 180)
Depreciation charge for the year	(9 273)	(748)	(149)	(5 608)	(23 364)	(39 142)
Disposals	56 343	13 592	380	–	–	70 315
Transfers	–	–	–	–	–	–
Accumulated depreciation and impairment at the end of the year	(75 333)	(6 750)	(2 198)	(21 968)	(47 758)	(154 007)
Carrying amount at the beginning of the year	22 696	1 929	423	11 627	46 272	82 947
Carrying amount at the end of the year	23 409	1 026	274	6 019	22 908	53 636

[1] *Sasfin Bank concluded a lease for a new head office in August 2021 with occupation commencing in early January 2022.*
[2] *In the prior year assets of R56.3 million and R13.6 million were retired for computer equipment and furniture and fittings respectively.*

	Consolidated 2022 R'000	Consolidated 2021 R'000	Separate 2022 R'000	Separate 2021 R'000
14. Investment property				
Fair value at the beginning of the year	**–**	–	**–**	–
Transfers from non-current assets held for sale (refer to Note 8)	**6 700**	–	**–**	–
Fair value adjustments during the year[1]	**(1 162)**	–	**–**	–
Disposal of investment property	**(5 538)**	–	**–**	–
Fair value at the end of the year	**–**	–	**–**	–

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

	Distributor relation-ships R'000	Purchased software R'000	Internally generated intangible assets[1] R'000	Goodwill[2] R'000	Total R'000
15. Intangible assets and goodwill					
Consolidated					
2022					
As at 1 July 2021					
Cost	**50 938**	**–**	**207 821**	**31 353**	**290 112**
Accumulated amortisation and impairment	**(32 397)**	**–**	**(103 023)**	**(835)**	**(136 255)**
Carrying amount at the beginning of the year	**18 541**	**–**	**104 797**	**30 518**	**153 856**
Additions	**–**	**–**	**15 666**	**–**	**15 666**
Amortisation	**(5 298)**	**–**	**(24 094)**	**–**	**(29 392)**
Carrying amount at the end of the year	**13 243**	**–**	**96 369**	**30 518**	**140 130**
2021					
As at 1 July 2020					
Cost	50 938	2 901	187 244	31 353	272 436
Accumulated amortisation and impairment	(27 100)	(2 901)	(46 891)	(835)	(77 727)
Carrying amount at the beginning of the year	23 838	–	140 353	30 518	194 709
Additions	–	–	27 690	–	27 690
Amortisation	(5 297)	–	(22 662)	–	(27 959)
Impairment	–	–	(40 584)	–	(40 584)
Carrying amount at the end of the year	18 541	–	104 797	30 518	153 856

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

[2] *The Banking Group assesses the recoverable amount based on value in use of the CGU, which is R43.03 million (2021: R69.85 million) to which the goodwill relates, taking into account the current and estimated future profitability of the CGU, to determine whether it is at least equal to the carrying amount of the related goodwill. Should the carrying amount exceed the recoverable amount, an impairment is recognised. The CGU is in most cases the subsidiary to which the goodwill relates. The Banking Group's weighted average cost of capital of 10.58% (2021: 14%), a terminal growth rate of 1% (South African GDP-based growth rate) and a five-year budgeted cash flow forecast[3] is used to discount expected future cash flows.*

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

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

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

15. Intangible assets and goodwill *continued*

Separate	Distributor relation-ships R'000	Purchased software R'000	Internally generated intangible assets[1] R'000	Goodwill[2] R'000	Total R'000
2022					
As at 1 July 2021					
Cost	**–**	**–**	**207 821**	**835**	**208 656**
Accumulated amortisation and impairment	**–**	**–**	**(103 023)**	**(835)**	**(103 858)**
Carrying amount at the beginning of the year	**–**	**–**	**104 798**	**–**	**104 798**
Additions	**–**	**–**	**15 665**	**–**	**15 665**
Amortisation	**–**	**–**	**(24 094)**	**–**	**(24 094)**
Carrying amount at the end of the year	**–**	**–**	**96 369**	**–**	**96 369**
2021					
As at 1 July 2020					
Cost	–	2 901	187 244	835	190 980
Accumulated amortisation and impairment	–	(2 901)	(46 891)	(835)	(50 627)
Carrying amount at the beginning of the year	–	–	140 353	–	140 353
Transfers	–	–	27 691	–	27 691
Amortisation	–	–	(22 662)	–	(22 662)
Impairment	–	–	(40 584)	–	(40 584)
Carrying amount at the end of the year	–	–	104 798	–	104 798

[1] *All software-related intangible assets are internally generated and bespoke and therefore cannot be reliably valued at fair value. The recoverable amount was therefore based on value in use, where applicable. Treasury's weighted average cost of capital of 10.58% (2021: 10.88%), a terminal growth rate of 1% (2021: 1%) (South African GDP-based growth rate) and a five-year budgeted cash flow forecast[2] was used to discount expected future cash flows.*
[2] *Budgeted inputs were adjusted for macroeconomic drivers including GDP, inflation, credit risk, exchange rates, COVID-19 considerations and other cost drivers for a five-year period from 2023 to 2027.*
[3] *If the growth and cash flow inputs are flexed there is still not a material difference to the outcome of the calculations.*
[4] *Fully amortised internally generated intangible asset with a cost of R7.114 million was disposed of during 2021.*

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
16. Funding under repurchase agreements				
Funding under repurchase agreements	**803 976**	700 067	**803 976**	700 067
	803 976	700 067	**803 976**	700 067

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

	Consolidated		Separate	
	2022 R'000	2021 R'000 Restated[1]	**2022 R'000**	2021 R'000 Restated[1]
17. Trade and other payables				
Value-Added Taxation	**716**	5 444	**–**	–
Audit fees and other services	**13 941**	8 705	**11 102**	6 948
Accounts payable[1]	**502 090**	444 639	**474 399**	401 502
Other payables[1]	**40 737**	64 939	**31 249**	35 376
Accruals	**16 281**	23 535	**16 012**	23 783
Payables to entities in the Group	**4 926**	4 155	**122 872**	29 521
	578 691	551 417	**655 634**	497 130

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

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
18. Provisions				
Leave pay provision	**15 028**	16 290	**12 420**	13 528
Bonus provision	**30 000**	25 274	**34 000**	21 832
	45 028	41 564	**46 420**	35 360

Movements in each class of provision:

Consolidated	Bonus provision R'000	Leave pay provision R'000	Total R'000
2022			
Carrying amount at the beginning of the year	**25 274**	**16 290**	**41 564**
Movement recognised in profit or loss:	**38 408**	**3 711**	**42 119**
Additional provisions recognised	**47 446**	**866**	**48 312**
Unused amounts reversed	**(9 038)**	**2 845**	**(6 193)**
Amounts used during the year	**(34 718)**	**(4 209)**	**(38 927)**
Other movements	**1 036**	**(764)**	**272**
Carrying amount at the end of the year	**30 000**	**15 028**	**45 028**

Separate	Bonus provision R'000	Leave pay provision R'000	Total R'000
2022			
Carrying amount at the beginning of the year	**21 832**	**13 528**	**35 360**
Movement recognised in profit or loss:	**42 100**	**3 453**	**45 553**
Additional provisions recognised	**51 138**	**608**	**51 746**
Unused amounts reversed	**(9 038)**	**2 845**	**(6 193)**
Unwinding of discount	**–**	**–**	**–**
Amounts used during the year	**(30 968)**	**(3 797)**	**(34 765)**
Other movements	**1 036**	**(764)**	**272**
Carrying amount at the end of the year	**34 000**	**12 420**	**46 420**

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

The bonus provision is the amount payable to employees based on the achievement of their agreed key performance indicators, subject to satisfactory performance of the Banking Group and continued employment by the Banking Group.

18. Provisions *continued*

Movements in each class of provision *continued*:

Consolidated	Bonus provision R'000	Leave pay provision R'000	Total R'000
2021			
Carrying amount at the beginning of the year	1	20 290	20 291
Movement recognised in profit or loss:	25 671	485	26 156
Additional provisions recognised	25 671	2 618	28 289
Unused amounts reversed	–	(1 437)	(1 437)
Unwinding of discount	–	(696)	(696)
Amounts used during the year	–	(2 744)	(2 744)
Other movements	(398)	(1 741)	(2 139)
Carrying amount at the end of the year	25 274	16 290	41 564

Separate	Bonus provision R'000	Leave pay provision R'000	Total R'000
2021			
Carrying amount at the beginning of the year	–	16 343	16 343
Movement recognised in profit or loss:	22 230	1 498	23 728
Additional provisions recognised	22 230	2 695	24 925
Unused amounts reversed	–	(501)	(501)
Unwinding of discount	–	(696)	(696)
Amounts used during the year	–	(2 495)	(2 495)
Other movements	(398)	(1 818)	(2 216)
Carrying amount at the end of the year	21 832	13 528	35 360

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

The bonus provision is the amount payable to employees based on the achievement of their agreed key performance indicators, subject to satisfactory performance of the Banking Group and continued employment by the Banking Group.

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
19. Lease liabilities				
Reconciliation of lease liabilities				
Opening lease liabilities	**35 107**	65 284	**33 126**	62 705
Finance costs (refer to Note 27)	**13 229**	4 139	**12 997**	3 946
Additions[1]	**136 896**	–	**135 804**	–
Capital repayments	**(30 697)**	(30 177)	**(30 009)**	(29 579)
Interest repayments	**(3 717)**	(4 139)	**(3 486)**	(3 946)
Total capitalised lease liabilities	**150 818**	35 107	**148 432**	33 126

The total cash outflow for leases in 2022 was R34.414 million (2021: R34.316 million) for the Banking Group and R33.495 million (2021: R33.525 million) for the Company. Refer to Note 41 for the maturity analysis of the undiscounted contractual cash flows.

The Group leases various office buildings in which to conduct its operations. These rental contracts are typically made 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 or 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.

[1] *Refer to Note 13 for additional information.*

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
20. Deposits from customers				
Current deposits	**674 394**	627 206	**674 394**	627 206
Call deposits	**1 771 292**	1 832 129	**1 946 151**	1 987 086
Notice deposits	**979 680**	855 498	**980 135**	892 720
Fixed deposits	**2 011 826**	1 804 157	**2 382 731**	2 060 742
Negotiable certificates of deposits	**35 312**	9 299	**35 312**	9 299
	5 472 504	5 128 289	**6 018 723**	5 577 053

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
21. Debt securities issued				
Category analysis				
Rated	**2 991 426**	2 741 583	**–**	–

These floating rate notes are secured by a cession of rentals and equipment, underlying instalment finance assets and bank accounts in the name of SASP (Refer to Note 9). All notes are placed with South African investors. The debt securities in issuance are rated by Global Credit Ratings Co. These ratings are available, on request, at the registered office of the Group. The notes are unsubordinated, secured, compulsory redeemable, asset backed notes of 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 2022.

They bear interest at between three-month JIBAR+ 1.3000% and three-month JIBAR+ 3.1500%, with various maturity dates (refer to Note 41).

Refer to Note 35 for information on securitisation and for events after the reporting date, refer to Note 45 for more information. Refer to Note 41 for additional information.

21. Debt securities issued *continued*

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

- Series 1: The net default trigger level is between 2.625% and 4% and the 2.625% trigger will fall away when those specific notes mature. At June 2022 the average net default rate was at 1.088% and no breaches were recorded. The average yield of 24.78% remains above the required yield test of prime rate plus 5%.
- Series 2: The negative 0.305% net default rate remains well below the net default trigger level of 4%, and with an average yield of 18.98% remains above the required yield test of prime rate plus 3%. The net default rate is negative due to the aggregate recoveries for the past 12 months exceeding the aggregate new defaults for the same period.
- Series 3: The net default trigger level is between 2.625% and 4.5% and the 2.625% trigger will fall away when those specific notes mature. At June 2022 the average net default rate was at 1.161% and no breaches were recorded. The average yield of 17.64% remains above the required yield test of prime rate plus 4%.

22. Long-term loans

		Consolidated		Separate	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Represented by:	**Repayment date:**				
FMO – European DFI loans facility	October 2022	**195 000**	390 000	**195 000**	390 000
Other[1]	July 2022 – December 2026	**104 521**	120 904[2]	**99 021**	115 566
Total		**299 521**	510 904	**294 021**	505 566

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

[1] *SARB Guaranteed loans as described in Note 2.1.*

23. Ordinary share capital

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Authorised				
710 000 000 (2021: 710 000 000) ordinary shares of 1 cent each	**7 100**	7 100	**7 100**	7 100
Issued				
360 000 000 (2021: 360 000 000) ordinary shares of 1 cent each	**3 600**	3 600	**3 600**	3 600
Balance at the beginning of the year	**3 600**	3 600	**3 600**	3 600
Balance at the end of the year	**3 600**	3 600	**3 600**	3 600
Reconciliation of the number of shares issued				
Total shares in issue (number)	**360 000 000**	360 000 000	**360 000 000**	360 000 000
	360 000 000	360 000 000	**360 000 000**	360 000 000

24. Ordinary share premium

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Balance at the beginning of the year	**459 876**	**459 876**	**459 876**	459 876
Balance at the end of the year	**459 876**	**459 876**	**459 876**	459 876

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

25. Commitments and contingent liabilities

Letters of credit	**115 806**	117 461	**115 806**	117 461
Financial guarantees[1]	**26 355**	38 302	**26 355**	38 302
Loan commitments	**146 290**	51 906	**146 290**	51 906
Capital expenditure	**355**	5 189	**355**	5 189
	288 806	212 858	**288 806**	212 858

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

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 customers.

Legal proceedings

In the ordinary course of business, the Banking Group and Company are involved as a defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of legal proceedings. Nevertheless, based on management's knowledge from investigation, analysis and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being 'likely to succeed and material' or 'unlikely to succeed but material should they succeed'. The Banking Group and Company are also the defendant in some legal cases for which the Banking Group and Company are fully indemnified by external third parties, none of which are individually material. Management is accordingly satisfied that the legal proceedings currently pending against the Banking Group and Company should not have a material adverse effect on the Banking Group's and Company's financial position and the directors are satisfied that the Banking Group and Company have adequate insurance programmes and, where required in terms of IFRS for claims that are probable, provisions are in place to meet claims that may succeed.

The Banking Group is exposed to certain actual and potential claims in the ordinary course of its business, none of which are individually material.

Based on information presently available and an assessment of the probability of these claims, the directors are satisfied that the Banking Group has adequate provisions and/or insurance cover to meet such claims. As such, management is not expecting any of these to have a material adverse effect on the Group.

Financial support

Should the need arise the Company has agreed to provide financial support to fellow subsidiaries, Sasfin Capital (Pty) Limited, Sasfin Securities (Pty) Limited and South African Securitisation Programme (RF) Limited, to enable the continuation of businesses as a going concern. The undertaking to support shall not in any way affect the Company's solvency or liquidity.

26. Interest income

	Consolidated		Separate	
	2022 R'000	2021 R'000 Restated[1]	**2022 R'000**	2021 R'000 Restated[1]
Interest income calculated using the effective interest method	**1 036 410**	970 116	**631 476**	557 233
Interest income	**4 284**	2 298	**4 268**	1 438
Deposits with banks	**32 456**	37 298	**25 532**	32 621
Negotiable securities	**119 386**	131 603	**119 386**	131 603
Equipment finance[1]	**589 636**	584 630	**198 241**	193 043
Capital equipment finance[1]	**172 205**	147 384	**130 478**	109 454
Trade and Debtor finance	**47 226**	43 593	**47 226**	31 523
Loans to entities in the group	**11 274**	10 705	**46 402**	44 946
Other secured loans	**47 090**	11 037	**47 090**	11 037
Unsecured loans	**12 853**	1 568	**12 853**	1 568
Other interest income	**16 126**	31 585	**20 067**	32 025
Specialised lending	**20 067**	32 025	**20 067**	32 025
Trading assets and other	**(3 941)**	(440)	**–**	–
Total interest income	**1 052 536**	1 001 701	**651 543**	589 258
Total interest income	**1 052 536**	1 001 701	**651 543**	589 258
Interest income on items measured at amortised cost	**1 036 410**	970 116	**631 476**	557 233
– Performing financial assets	**949 137**	860 190	**573 742**	487 112
– Credit impaired financial assets	**87 273**	109 926	**57 734**	70 121
Interest income on items measured at fair value through profit or loss	**16 126**	31 585	**20 067**	32 025

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

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

27. Interest expense

	Consolidated 2022 R'000	Consolidated 2021 R'000	Separate 2022 R'000	Separate 2021 R'000
Interest expense calculated using the effective interest method	**469 790**	431 852	**326 294**	290 508
Funding under repurchase agreements	**26 742**	33 988	**26 746**	33 843
Call deposits	**64 271**	65 061	**73 792**	70 459
Notice deposits	**39 772**	34 814	**41 269**	37 016
Fixed deposits	**121 660**	115 949	**126 582**	120 113
Lease liabilities	**13 229**	4 139	**12 997**	3 946
Bank overdraft	**1 305**	4 320	**598**	157
Debt securities	**157 703**	145 875	**–**	–
Long-term loans	**33 909**	18 132	**33 143**	15 400
Current accounts	**9 740**	8 247	**9 740**	8 247
Other deposits and loan accounts	**1 459**	1 327	**1 427**	1 327
Other interest expense	**1**	262	**(8 204)**	(1 627)
Trading liabilities and other	**1**	262	**(8 204)**	(1 627)
Total interest expense	**469 791**	432 114	**318 090**	288 881

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

28. Net fee and commission income

	Consolidated 2022 R'000	Consolidated 2021 R'000	Separate 2022 R'000	Separate 2021 R'000
Fee and commission income	**155 650**	136 553	**345 474**	300 117
Confirming fees	**38 341**	31 698	**38 341**	24 585
Commission income	**18 955**	18 212	**18 601**	21 141
Administration fees	**38 222**	35 408	**82 063**	89 003
Revenue share income	**–**	–	**150 841**	118 891
Other fee and commission income	**60 132**	51 235	**55 628**	46 497
Fee and commission expense	**41 711**	50 180	**14 408**	24 058
Other fee and commission expense	**4 202**	3 746	**4 202**	3 746
Commission expense	**37 509**	46 431	**10 206**	20 312
Administration fee expense	**–**	3	**–**	–
Net fee and commission income	**113 939**	86 373	**331 066**	276 059

29. Gains or losses on financial instruments

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Net gains or losses on the derecognition of financial instruments at amortised cost	**25 849**	37 072	**9 801**	15 176
Net gains/losses on the derecognition of financial assets measured at amortised cost	**25 849**	37 072	**9 801**	15 176
Settlement profits	**25 205**	34 167	**9 157**	12 959
Realised foreign exchange gains	**644**	2 905	**644**	2 217
Other gains or losses on financial instruments	**109 343**	154 047	**147 303**	198 102
Dividend income	**17 515**	17 665	**57 507**	57 659
Fair value adjustments on financial instruments held at fair value through profit or loss	**35 520**	75 930	**33 488**	75 864
Net gains or losses on derivative instruments	**48 630**	63 368	**48 630**	63 368
Unrealised foreign exchange gains/(losses)	**7 678**	(2 916)	**7 678**	1 211
Total gains or losses on financial instruments	**135 192**	191 119	**157 104**	213 278

30. Other income

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	**2021** R'000
Income received from rent for use assets	**107 513**	103 679	**(14 626)**	(2 496)
Rental income from investment property	**6**	80	**–**	–
Profit on disposal of property and equipment	**1 576**	44	**1 024**	44
Profit on loss of control of subsidiary[2]	**–**	–	**–**	10 889
Sundry income[1]	**8 452**	27 126	**10 218**	10 525
	117 547	130 929	**(3 384)**	18 962

[1] *Sundry income comprises various individually insignificant line items, including SWIFT charges received and rental recoveries.*
[2] *During the prior year Sasfin Asia Limited was placed in voluntary liquidation and deconsolidated.*

31. Staff costs

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Salaries and wages	**368 337**	333 846	**325 774**	275 781
Executive Directors', Alternate Directors' and Prescribed Officers' remuneration (refer to Note 37.3)	**26 678**	20 991	**26 678**	20 991
Non-Executive Directors' remuneration (refer to Note 37.3)	**–**	–	**–**	–
Contributions to defined contribution plans	**31 751**	26 002	**26 731**	25 687
	426 766	380 839	**379 183**	322 459

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
32. Other operating expenses				
The following items are included in operating expenses:				
Fees paid to auditors	**19 329**	8 949	**16 725**	8 142
Audit – Current year	**18 510**	5 100	**16 430**	5 100
– (Over)/Underprovision prior year	**524**	2 811	**–**	2 074
Regulatory	**295**	968	**295**	968
Other	**–**	70	**–**	–
Administration and management fees	**17 739**	28 255	**92 322**	85 252
Amortisation of intangible assets	**29 392**	27 959	**24 094**	22 662
Computer costs	**113 712**	94 511	**113 712**	94 487
Consulting fees	**26 403**	19 103	**26 058**	15 925
Depreciation	**51 552**	39 856	**50 935**	39 143
Loss on disposal of non-financial assets	**–**	30 268	**–**	55
Loss on disposal of property and equipment	**–**	55	**–**	55
Loss on loss of control of subsidiary	**–**	30 213	**–**	–
Marketing costs	**13 002**	10 218	**12 840**	9 987
Occupation and accommodation	**11 324**	9 302	**11 033**	6 973
Direct operating expenses arising from investment property that generated rental income	**–**	2 277	**–**	–
Lease expenses – Short term leases (IFRS 16)	**–**	754	**–**	754
Other occupation and accommodation	**11 324**	6 271	**11 033**	6 219

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
33. Impairments of non-financial assets				
Software	**–**	40 584	**–**	40 584
Internally developed software	**–**	40 584	**–**	40 584
	–	40 584	**–**	40 584

34. Income tax expense

	Consolidated 2022 R'000	Consolidated 2021 R'000	Separate 2022 R'000	Separate 2021 R'000
Current tax expense	**5 993**	18 074	**–**	–
Current year	**6 416**	18 633	**–**	–
(Over)/under provision in prior years	**(423)**	(559)	**–**	–
Deferred tax expense	**28 909**	16 254	**(11 117)**	(14 907)
Current year	**34 084**	14 031	**(10 783)**	(17 101)
Under/(over) provision in prior years	**(387)**	2 223	**(387)**	2 194
Under/(over) provision as a result of rate change	**(4 788)**	–	**53**	–
	34 902	34 328	**(11 117)**	(14 907)

Reconciliation of taxation rate	**%**	%	**%**	%
South African normal tax rate	**28.00**	28.00	**28.00**	28.00
Adjusted for:	**(5.60)**	7.96	**(102.26)**	(102.82)
Exempt income[2]	**(4.37)**	(10.14)	**(120.25)**	(97.56)
Non-deductible expenses	**2.86**	6.00	**25.92**	12.60
Additional deductible tax allowances[2]	**(0.44)**	(0.78)	**(4.57)**	–
Capital gains	**0.04**			
Effect of tax rates in foreign entity	**–**	0.76	**–**	–
Underprovision in prior years	**(0.52)**	1.74	**(2.59)**	11.08
Fair value adjustments	**(0.07)**	(1.95)	**(1.13)**	(9.49)
Tax rate change[1]	**(3.10)**	–	**(0.36)**	–
Corporate transactions	**–**	9.42	**–**	(15.61)
Other	**–**	2.91	**–**	(3.84)
Effective rate	**22.40**	35.96	**(74.26)**	(74.82)
Losses, balances of allowances and credits for which a deferred tax assets have been raised:				
Estimated tax losses available to offset future taxable income	**349 656**	221 152	**333 982**	218 777

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

[2] *The additional deductible tax allowances mostly relate to the section 12H learnership allowances.*

[3] *The tax losses have increased in Banking Group and SASP as direct result of amendments to tax legislation which has lead to additional allowances being claimed in the 2022 financial year.*

35. Securitisation

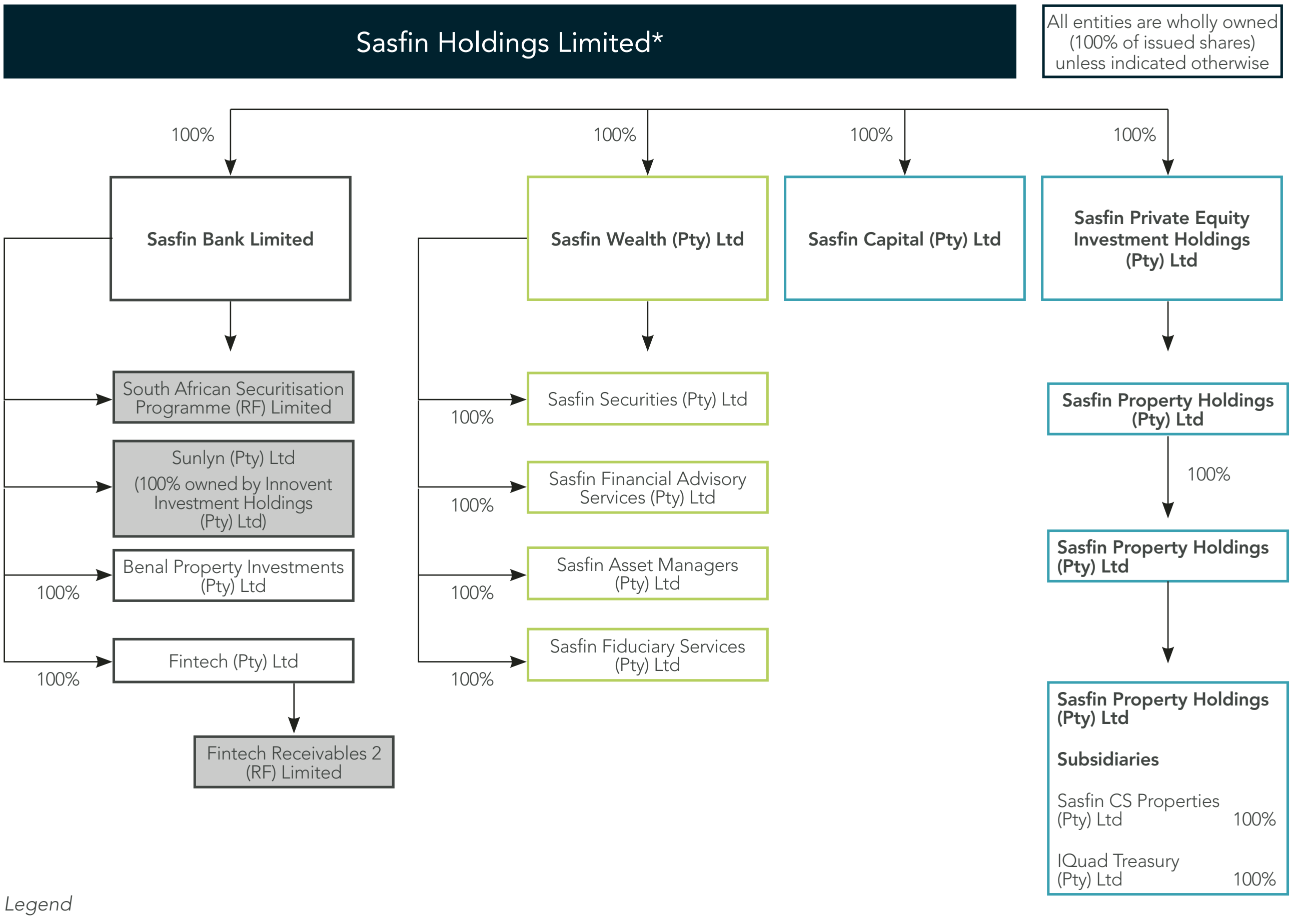
	Consolidated 2022 R'000	Consolidated 2021 R'000	Separate 2022 R'000	Separate 2021 R'000
In the ordinary course of business, the Banking Group sells financial assets to structured entities. The information below sets out the extent of such transfers and the Banking Group's retained interest in transferred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

The Banking Group refinanced a further R1.186 billion (2021: R1.619 billion) worth of rental agreements during the year (refer to Note 21).

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
36. Notes to the statement of cash flows				
36.1 Cash inflow from operating activities				
Reconciliation of operating profit to cash flows from operating activities				
Profit before income tax	**155 640**	95 466	**14 969**	18 472
Adjusted for:	**(30 197)**	117 376	**(11 198)**	50 442
Profit on disposal of property and equipment	**(1 576)**	(44)	**(1 024)**	(44)
Loss/(Profit) on disposal of subsidiary	**–**	30 212	**–**	(10 889)
Dividend received	**(17 515)**	(17 665)	**(57 507)**	(57 659)
Credit impairment charges	**47 984**	176 491	**52 783**	146 137
Gains on disposal of financial instruments held at fair value through profit or loss	**(25 849)**	(37 072)	**(9 801)**	(15 176)
Settlement profits	**(25 205)**	(34 167)	**(9 157)**	(12 959)
Realised foreign exchange gains	**(644)**	(2 905)	**(644)**	(2 217)
Fair value adjustments on financial instruments	**(91 828)**	(139 348)	**(89 796)**	(127 288)
Movement in provisions	**42 119**	26 156	**45 553**	23 726
Fair value loss on non-current assets held for sale	**–**	–	**–**	–
Fair value loss on investment property	**1 162**	–	**–**	–
Impairment of goodwill/intangible assets/property, equipment and right-of-use assets	**–**	40 584	**–**	40 584
Depreciation	**51 552**	39 856	**50 935**	39 143
Amortisation of intangible assets	**29 392**	27 959	**24 094**	22 662
Interest on lease liabilities	**13 229**	–	**12 997**	–
Non-cash interest	**(78 866)**	(29 753)	**(39 432)**	(10 754)
	125 444	212 840	**3 771**	68 914
36.2 Taxation paid				
Unpaid at the beginning of the year	**(84 848)**	15 647	**–**	(25 728)
Charge to the income statement	**(34 902)**	(18 074)	**–**	14 907
Unpaid at the end of the year	**93 713**	(19 668)	**–**	10 789
	(26 037)	(22 095)	**–**	(32)
36.3 Dividends paid				
Charge to distributable reserves	**(10 000)**	–	**(10 000)**	–
	(10 000)	–	**(10 000)**	–

[1] *During the current year it was identified that some adjustments for 2021 were not correctly reflected in the line item. This was corrected in the current year with no impact on the numbers reported on the face of the cash flow statement.*

37. Related-party transactions
37.1 Subsidiaries and controlled structured entities



Legend

structured entities see note 1.3.5

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

All entities are incorporated in South Africa.
* *Shareholders of Sasfin Holdings Limited*
Non-Public:

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

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

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 Holdings Limited (directly or indirectly) and comprise of the Board of directors and the heads of the major business units and functions. Transactions are made on terms equal to those on an arm's-length basis as offered to the Group's clients. Key management personnel and their immediate relatives have balances with the Group at year-end as follows:

	2022 R'000	2021 R'000
Deposits	160 838	466 841

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 2022 R	Incentive bonus[4] payable in Sept 2022 R
2022						
Executive Directors						
H Heymans[b]	–	764 342	94 528	–	858 870	–
AC Pillay[a]	–	2 556 789	522 002	1 127 500	4 206 291	–
MEE Sassoon	–	3 844 990	691 351	1 567 500	6 103 841	1 800 000
Alternate Executive Directors						
LR Fröhlich	–	3 029 921	417 041	1 403 250	4 850 212	1 600 000
MG Lane	–	2 763 024	707 162	1 207 500	4 677 686	1 400 000
Independent Non-Executive Directors						
RC Andersen[c]	563 750	–	–	–	–	–
RWR Buchholz	702 475	–	–	–	–	–
GP de Kock	950 634	–	–	–	–	–
GC Dunnington[c]	372 700	–	–	–	–	–
T van der Mescht[d]	240 656	–	–	–	–	–
TH Njikizana	541 221	–	–	–	–	–
MR Thompson	633 811	–	–	–	–	–
EA Wilton	686 257	–	–	–	–	–
Non-independent, Non-Executive Directors						
RDEB Sassoon	404 459	–	–	–	–	–
Prescribed officers						
FvD Otto[e]	–	977 797	149 643	5 000	1 132 440	–
S Shabalala[f]	–	1 492 266	257 734	–	1 750 000	–
S Tomlinson	–	1 865 553	622 180	610 500	3 098 233	700 000
	5 095 963	17 294 682	3 461 641	5 921 250	26 677 573	5 500 000

[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, cash-settled share options and sign-on bonuses.*
[3] *Relates to the Banking Group's and individual's performance in the 2021 financial year.*
[4] *Relates to the Group's and individual's performance in the 2022 financial year including a deferred portion from 2021 bonus payable deferred to 2022.*
[a] *Resigned on 11 January 2022 and served a three-months' notice period until 4 April 2022.*
[b] *Appointed on 4 April 2022.*
[c] *Retired on 25 November 2021.*
[d] *Appointed on 29 November 2021.*
[e] *Resigned on 30 November 2021.*
[f] *Appointed on 2 January 2022.*

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 2021 R	Incentive bonus[4] payable in Sept 2021 R
2021						
Executive Directors						
AC Pillay	–	2 919 930	865 739	48 750	3 834 419	1 122 500
MEE Sassoon	–	3 701 472	967 090	71 250	4 739 812	1 567 500
Alternate Executive Directors						
LR Fröhlich	–	2 838 678	579 829	41 250	3 459 757	1 382 500
MG Lane	–	2 670 425	884 140	41 250	3 595 815	1 207 500
Independent Non-Executive Directors						
RC Andersen	1 100 000	–	–	–	1 100 000	–
RWR Buchholz	748 003	–	–	–	748 003	–
GP de Kock[a]	663 782	–	–	–	663 782	–
GC Dunnington	796 152	–	–	–	796 152	–
TE Magare[c]	441 398	–	–	–	441 398	–
TH Njikizana[b]	89 103	–	–	–	89 103	–
MR Thompson	682 694	–	–	–	682 694	–
EA Wilton	635 181	–	–	–	635 181	–
Non-independent, Non-Executive Directors						
RDEB Sassoon	448 206	–	–	–	448 206	–
Prescribed officers						
FvD Otto	–	2 353 091	540 399	26 250	2 919 740	–
S Tomlinson	–	1 776 520	650 234	14 250	2 441 004	610 500
	5 604 519	16 260 116	4 487 431	243 000	26 595 066	5 890 500

[1] *The remuneration of the Executive directors is paid by the Banking Group.*
[2] *Other benefits comprise: provident fund, medical aid, group life, company car, cash-settled share options and sign-on bonuses.*
[3] *Relates to the Banking Group's and individual's performance in the 2019 financial year.*
[4] *Relates to the Banking Group's and individual's performance in the 2021 financial year.*
[a] *Appointed on 19 August 2020.*
[b] *Appointed on 3 May 2021.*
[c] *Retired on 21 June 2021.*

37.4 Associates

37.4.1 List of associates

Name	Nature of business	Consolidated % ownership 2022	Consolidated % ownership 2021	Separate % ownership 2022	Separate % ownership 2021
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. Related-party transactions *continued*

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 as well as Trade and Debtor Finance to some of its associates. These transactions are conducted on the same terms as third-party transactions.

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

	2022 R'000	2021 R'000
Statement of Financial Position		
Loans and advances	**192 163**	–
Statement of Profit or Loss and Other Comprehensive Income		
Gains or losses on financial instruments	**16 800**	–

37.6 Transactions and balances with entities in the Group

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
37.6.1 Loans to/(from) entities in the Group				
Loans to/(from) subsidiaries	**–**	–	**330 908**	330 698
South African Securitisation Programme (RF) Ltd	**–**	–	**334 185**	333 975
Benal Property Investments (Pty) Ltd	**–**	–	**(3 277)**	(3 277)
Loans to/(from) fellow subsidiaries	**194 112**	183 368	**194 112**	183 368
Sasfin Securities (Pty) Ltd	**62 195**	59 832	**62 195**	59 832
Sasfin Private Equity Investment Holdings (Pty) Ltd	**131 917**	123 536	**131 917**	123 536
Total loans to entities in the Group	**194 112**	183 368	**525 020**	514 066

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

37. Related-party transactions *continued*

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

		Consolidated		Separate	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
37.6.2	**Guarantees, commitments and contingencies to/(from) entities in the Group**				
	Guarantees, commitments and contingencies to/(from) fellow subsidiaries in the Group				
	Sasfin Securities (Pty) Ltd	**10 000**	20 500	**10 000**	20 500
	Total guarantees with entities in the Group	**10 000**	20 500	**10 000**	20 500
	A guarantee in favour of the JSE to assist with the daily capital requirements of Sasfin Securities (Pty) Ltd.				
37.6.3	**Intercompany (payables)/receivable with entities in the Group**				
	(Payables to)/receivables from Holding Company	**(1 764)**	(3 163)	**(1 764)**	(3 163)
	Sasfin Holdings Ltd	**(1 764)**	(3 163)	**(1 764)**	(3 163)
	(Payables to)/receivables from subsidiaries	**–**	–	**29 460**	124 104
	Sunlyn (Pty) Ltd	**–**	–	**(3 408)**	(20 541)
	South African Securitisation Programme (RF) Ltd	**–**	–	**133 554**	86 829
	Benal Property Investments (Pty) Ltd	**–**	–	**–**	–
	Fintech Underwriting Pty Ltd	**–**	–	**(128 344)**	42 308
	Fintech Lease Rentals Pty Ltd	**–**	–	**(24 642)**	(23 768)
	Fintech (Pty) Ltd	**–**	–	**52 300**	39 276
	(Payables to)/receivables from fellow subsidiaries	**101 684**	88 704	**101 684**	88 704
	Sasfin Securities (Pty) Ltd	**5 334**	4 816	**5 334**	4 816
	Sasfin Financial Advisory Services (Pty) Ltd	**748**	–	**748**	–
	Sasfin Private Equity Investment Holdings (Pty) Ltd	**11 066**	634	**11 066**	634
	Sasfin Capital (Pty) Ltd	**83 751**	83 028	**83 751**	83 028
	Sasfin SC Properties (Pty) Ltd (previously SCS Properties)	**–**	(1)	**–**	(1)
	Sasfin Property Holdings (Pty) Ltd	**244**	227	**244**	227
	Sasfin Asset Managers (Pty) Ltd	**541**	–	**541**	–
	Total intercompany (payables)/receivables with entities in the Group	**99 920**	85 541	**129 380**	209 672

37. Related-party transactions *continued*

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

		Consolidated		Separate	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
37.6.4	**Funds on call and deposits with entities in the Group**				
	Funds on call and deposits with Holding Company	**(26 376)**	(198 106)	**(26 376)**	(198 106)
	Sasfin Holdings Ltd	**(26 376)**	(198 106)	**(26 376)**	(198 106)
	Funds on call and deposits from subsidiaries	**–**	–	**(546 217)**	(441 481)
	Sunlyn (Pty) Ltd	**–**	–	**(5 359)**	(782)
	South African Securitisation Programme (RF) Ltd	**–**	–	**(521 370)**	(344 843)
	Benal Property Investments (Pty) Ltd	**–**	–	**(2 609)**	–
	Fintech (Pty) Ltd	**–**	–	**(455)**	(37 221)
	Fintech Underwriting (Pty) Ltd	**–**	–	**(460)**	(43 214)
	Fintech Lease Rentals (Pty) Ltd	**–**	–	**(15 964)**	(15 421)
	Funds on call and deposits from fellow subsidiaries	**(186 497)**	(197 125)	**(186 497)**	(197 129)
	Iquad Treasury Solutions (Pty) Ltd	**(9)**	–	**(9)**	(4)
	Sasfin Wealth (Pty) Ltd	**(3 161)**	(8 888)	**(3 161)**	(8 888)
	Sasfin Securities (Pty) Ltd	**(62 488)**	(72 263)	**(62 488)**	(72 263)
	Sasfin Financial Advisory Services (Pty) Ltd	**(20 364)**	(12 744)	**(20 364)**	(12 744)
	Sasfin Asset Managers (Pty) Ltd	**(30 044)**	(18 792)	**(30 044)**	(18 792)
	Sasfin Wealth Investment Platform (Pty) Ltd	**(151)**	(199)	**(151)**	(199)
	Sasfin Private Equity Investment Holdings (Pty) Ltd	**(28 669)**	(38 398)	**(28 669)**	(38 398)
	Sasfin Capital (Pty) Ltd	**(30 239)**	(9 462)	**(30 239)**	(9 462)
	Sasfin Property Holdings (Pty) Ltd	**(6 484)**	(29 694)	**(6 484)**	(29 694)
	Sasfin Wealth Succession Pty Ltd	**(9)**	(160)	**(9)**	(160)
	Sasfin SC Properties (Pty) Ltd (previously SCS Properties (Pty) Ltd)	**(4 879)**	(6 525)	**(4 879)**	(6 525)
	Total funds on call and deposits with entities in the Group	**(212 873)**	(395 231)	**(759 090)**	(836 717)
37.6.5	**Trading assets/(liabilities) with entities in the Group**				
	Trading assets/(liabilities) with subsidiaries	**–**	–	**2 210**	641
	South African Securitisation Programme (RF) Ltd	**–**	–	**2 210**	641
	Total trading assets/(liabilities) with entities in the Group	**–**	–	**2 210**	641

The South African Securitisation Programme (RF) Ltd has a prime/JIBAR interest rate swap with Sasfin Bank Limited measured at arm's length.

37. Related-party transactions *continued*

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

	Consolidated		Separate	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
37.6.6 Transactions with holding companies, subsidiaries and fellow subsidiaries				
Holding Company				
Sasfin Holdings Limited	**(24 962)**	(26 666)	**(24 962)**	(26 666)
Interest paid	**(186)**	(1 129)	**(186)**	(1 129)
Dividends paid	**(10 000)**	–	**(10 000)**	–
Management fees expense	**(14 776)**	(25 537)	**(14 776)**	(25 537)
Subsidiaries				
Sunlyn (Pty) Ltd	**–**	–	**(75 814)**	(57 975)
Administration fees paid	**–**	–	**(75 814)**	–
Management fees paid	**–**	–	**–**	(57 975)
South African Securitisation Programme (RF) Ltd	**–**	–	**269 584**	234 207
Interest received	**–**	–	**43 333**	34 241
Interest paid	**–**	–	**(16 717)**	(10 188)
Administration fees received	**–**	–	**50 063**	49 223
Dividend received	**–**	–	**40 000**	40 000
Fee and commission income	**–**	–	**–**	2 040
Management fees received	**–**	–	**2 064**	–
Revenue share income	**–**	–	**150 841**	118 891
Sasfin Asia Ltd	**–**	–	**–**	5 495
Administration fees paid	**–**	–	**–**	2 442
Fee and commission income	**–**	–	**–**	3 053
Fintech Lease Rentals (Pty) Ltd	**–**	–	**(543)**	–
Interest paid	**–**	–	**(543)**	–
Fellow subsidiaries				
Sasfin Wealth (Pty) Ltd	**–**	(15)	**(29)**	(15)
Interest paid	**–**	(15)	**(29)**	(15)
Sasfin Financial Advisory Services (Pty) Ltd	**–**	–	**(304)**	–
Interest paid	**–**	–	**(304)**	–
Sasfin Asset Managers (Pty) Ltd	**–**	–	**(3 558)**	–
Interest paid	**–**	–	**(3 558)**	–
Sasfin Securities (Pty) Ltd	**(2 075)**	(3 609)	**(2 980)**	(3 609)
Interest received	**3 678**	3 187	**3 678**	3 187
Interest paid	**–**	–	**(1 259)**	–
Administration fees paid	**–**	(2 595)	**(1 997)**	(2 595)
Fee and commission expense	**(5 753)**	(4 201)	**(3 402)**	(4 201)
Sasfin Private Equity Investment Holdings (Pty) Ltd	**13 814**	–	**14 482**	–
Interest received	**7 596**	–	**7 596**	–
Administration fees income	**6 886**	–	**6 886**	–
Interest paid	**(668)**	–	**–**	–
Sasfin Capital (Pty) Ltd	**587**	–	**730**	–
Administration fees income	**730**	–	**730**	–
Interest paid	**(143)**	–	**–**	–
Sasfin Property Holdings (Pty) Ltd	**2 470**	2 495	**2 470**	2 495
Administration fees income	**2 470**	2 495	**2 470**	2 495
Total transactions with entities in the Group	**(10 166)**	(27 795)	**179 076**	153 932

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.

Consolidated	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
2022					
Assets					
Cash and cash equivalents	–	–	838 589	–	838 589
Trading assets	56 457	196	–	–	56 653
Negotiable securities	–	–	1 790 340	–	1 790 340
Trade and other receivables	–	–	459 766	47 769	507 535
Loans and advances	377 291	–	7 746 505	–	8 123 796
Current taxation assets	–	–	–	39 711	39 711
Investment securities	193 140	–	–	–	193 140
Investments at fair value through profit or loss	193 140	–	–	–	193 140
Loans to entities in the Group	–	–	194 112	–	194 112
Deferred tax asset	–	–	–	4 825	4 825
Property, equipment and right-of-use assets	–	–	–	176 177	176 177
Intangible assets and goodwill	–	–	–	140 130	140 130
Total assets	626 888	196	11 029 312	408 612	12 065 008
Liabilities					
Funding under repurchase agreements	–	–	803 976	–	803 976
Trading liabilities	59 459	–	–	–	59 459
Current taxation liability	–	–	–	2	2
Trade and other payables	–	–	577 975	716	578 691
Bank overdraft	–	–	68 541	–	68 541
Provisions	–	–	–	45 028	45 028
Deposits from customers	–	–	5 472 504	–	5 472 504
Lease liabilities	–	–	150 818	–	150 818
Debt securities issued	–	–	2 991 426	–	2 991 426
Long-term loans	–	–	299 521	–	299 521
Deferred tax liabilities	–	–	–	138 247	138 247
Loans from entities in the Group	–	–	–	–	–
Total liabilities	59 459	–	10 364 761	183 993	10 608 213

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

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.

Separate	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
2022					
Assets					
Cash and cash equivalents	–	–	714 061	–	714 061
Trading assets	56 456	–	–	–	56 456
Negotiable securities	–	–	1 790 340	–	1 790 340
Trade and other receivables	–	–	601 731	6 397	608 128
Loans and advances	377 291	–	4 397 779	–	4 775 070
Deferred tax assets	–	–	–	328	328
Investment securities	192 865	–	–	–	192 865
Investments at fair value through profit or loss	192 865	–	–	–	192 865
Loans to entities in the Group	–	–	528 297	–	528 297
Property, equipment and right-of-use assets	–	–	–	173 692	173 692
Intangible assets and goodwill	–	–	–	96 369	96 369
Investments in subsidiaries and structured entities	–	–	–	186 144	186 144
Total assets	**626 612**	**–**	**8 032 208**	**462 930**	**9 121 750**
Liabilities					
Funding under repurchase agreements	–	–	803 976	–	803 976
Trading liabilities	56 675	–	–	–	56 675
Trade and other payables	–	–	655 634	–	655 634
Bank overdraft	–	–	381	–	381
Provisions	–	–	–	46 420	46 420
Deposits from customers	–	–	6 018 723	–	6 018 723
Lease liabilities	–	–	148 432	–	148 432
Long-term loans	–	–	294 021	–	294 021
Deferred tax liabilities	–	–	–	–	–
Loans from entities in the Group	–	–	3 277	–	3 277
Total liabilities	**56 675**	**–**	**7 924 444**	**46 420**	**8 027 539**

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

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.

Consolidated	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 R'000	Total R'000
2021 – Restated[2]					
Assets					
Cash and cash equivalents[1]	–	–	1 327 515	–	1 327 515
Trading assets	42 666	641	–	–	43 307
Negotiable securities	–	–	2 085 077	–	2 085 077
Trade and other receivables[1]	–	–	398 287	54 767	453 054
Non-current assets held for sale	–	–	–	6 700	6 700
Loans and advances[1]	311 718	–	6 410 833	–	6 722 551
Current taxation asset	–	–	–	21 734	21 734
Investment securities	187 390	–	–	–	187 390
Investments at fair value through profit or loss	187 390	–	–	–	187 390
Loans to entities in the Group	–	–	186 116	–	186 116
Deferred tax assets	–	–	–	3 311	3 311
Property, equipment and right-of-use assets	–	–	–	55 398	55 398
Intangible assets and goodwill	–	–	–	153 856	153 856
Total assets	541 774	641	10 407 828	295 766	11 246 009
Liabilities					
Funding under repurchase agreements	–	–	700 067	–	700 067
Trading liabilities	47 083	904	–	–	47 987
Current taxation liability	–	–	–	2 069	2 069
Trade and other payables[1]	–	–	545 973	5 444	551 417
Bank overdraft	–	–	30 392	–	30 392
Provisions	–	–	–	41 564	41 564
Deposits from customers	–	–	5 128 289	–	5 128 289
Lease liabilities	–	–	35 107	–	35 107
Debt securities issued	–	–	2 741 583	–	2 741 583
Long-term loans	–	–	510 904	–	510 904
Deferred tax liabilities	–	–	4 597	103 227	107 824
Loans from entities in the Group	–	–	2 749	–	2 749
Total liabilities	47 083	904	9 699 661	152 304	9 899 952

[1] *Prior periods have been restated, please refer to Note 43 for additional information. Furthermore, the note has been aligned to the order of liquidity of the statement of financial position.*

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.

Separate	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
Assets					
2021 – Restated[2]					
Cash and cash equivalents[2]	–	–	1 230 577	–	1 230 577
Trading assets	43 885	641	–	–	44 526
Negotiable securities	–	–	2 085 077	–	2 085 076
Trade and other receivables[2]	–	–	530 399	38 503	568 902
Loans and advances[2]	311 718	–	3 192 203	–	3 503 921
Current taxation asset	–	–	–	–	–
Investment securities	187 174	–	–	–	187 174
– Investments at fair value through profit or loss	187 174	–	–	–	187 174
Loans to entities in the Group	–	–	514 600	–	514 600
Property, equipment and right-of-use assets	–	–	–	53 636	53 636
Intangible assets and goodwill	–	–	–	104 798	104 798
Investments in subsidiaries and structured entities	–	–	–	188 117	188 117
Total assets	542 777	641	7 552 856	385 054	8 481 327
Liabilities					
2021					
Funding under repurchase agreements	–	–	700 067	–	700 067
Trading liabilities	39 917	904	–	–	40 821
Trade and other payables[2]	–	–	497 130	–	497 130
Bank overdraft	–	–	13	–	13
Provisions	–	–	–	35 360	35 360
Deposits from customers	–	–	5 577 053	–	5 577 053
Lease liabilities	–	–	33 126	–	33 126
Long-term loans	–	–	505 566	–	505 566
Deferred tax liabilities	–	–	–	10 789	10 789
Loans from entities in the Group	–	–	3 277	–	3 277
Total liabilities	39 917	904	7 316 232	46 149	7 403 202

[1] *Refers to non-financial instruments.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information. Furthermore, the note has been aligned to the order of liquidity of the statement of financial position.*

38. Classification of assets and liabilities *continued*

38.1 Financial assets and liabilities measured at fair value

	2022				2021			
	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	56 732	196	570 156	627 084	857	42 666	498 892	542 415
Investment securities – excluding equity accounted associates	275	–	192 865	193 140	216	–	187 174	187 390
Loans and advances at fair value through profit or loss	–	–	377 291	377 291	–	–	311 718	311 718
Trading assets	56 457	196	–	56 653	641	42 666	–	43 307
Trading liabilities	56 676	2 783	–	59 459	904	47 083	–	47 987
Trading liabilities	56 676	2 783	–	59 459	904	47 083	–	47 987
Non-financial assets	–	–	–	–	–	–	6 700	6 700
Investment property – continuing operations	–	–	–	–	–	–	–	–
Investment property – non-current assets held for sale	–	–	–	–	–	–	6 700	6 700
Separate								
Financial assets	56 456	–	570 156	626 612	641	43 884	498 892	543 417
Investment securities – excluding equity accounted associates	–	–	192 865	192 865	–	–	187 174	187 174
Loans and advances at fair value through profit or loss	–	–	377 291	377 291	–	–	311 718	311 718
Trading assets	56 456	–	–	56 456	641	43 884	–	44 525
Trading liabilities	56 675	–	–	56 675	904	39 917	–	40 821
Trading liabilities	56 675	–	–	56 675	904	39 917	–	40 821

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.

	2022				2021			
	Investment securities R'000	Loans and advances at fair value through profit or loss R'000	Investment property – non-current assets held for sale R'000	Investment property – continuing operations R'000	Investment securities R'000	Loans and advances at fair value through profit or loss R'000	Investment property – non-current assets held for sale R'000	Investment property – continuing operations R'000
Consolidated								
Balance at the beginning of the year	**187 390**	**311 718**	**6 700**	**–**	154 071	223 011	6 700	–
Total gains or losses in profit or loss	**5 047**	**48 145**	**–**	**(1 162)**	33 103	19 638	–	–
Disposal of investments	**–**	**–**	**–**	**(5 538)**	–	–	–	–
Advances	**703**	**99 850**	**–**	**–**	–	105 832	–	–
Repayments	**–**	**(82 422)**	**–**	**–**	–	(36 763)	–	–
Transfers	**–**	**–**	**(6 700)**	**6 700**	–	–	–	–
Transfers from land and buildings	**–**	**–**	**–**	**–**	–	–	–	–
Balance at the end of the year	**193 140**	**377 291**	**–**	**–**	187 174	311 718	6 700	–
Separate								
Balance at the beginning of the year	**187 174**	**311 718**	**–**	**–**	154 071	223 011	–	–
Total gains or losses in profit or loss	**4 988**	**48 145**	**–**	**–**	33 103	19 638	–	–
Disposal of investments	**–**	**–**	**–**	**–**	–	–	–	–
Advances	**703**	**99 850**	**–**	**–**	–	105 832	–	–
Repayments	**–**	**(82 422)**	**–**	**–**	–	(36 763)	–	–
Transfers	**–**	**–**	**–**	**–**	–	–	–	–
Balance at the end of the year	**192 865**	**377 291**	**–**	**–**	187 174	311 718	–	–

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Gains/(losses) on level 3 instruments held at the reporting date[1]	**22 313**	52 741	**22 313**	52 741

[1] *Refer to Note 2.5.*

38. Classification of assets and liabilities *continued*

38.4 Sensitivity analysis of valuations using unobservable inputs *continued*

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

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

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

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

Financial instrument	Parameter	Positive/(negative) variance applied to parameters	Equity type	2022 Potential effect recorded in profit or loss favourable R'm	2021 Potential effect recorded in profit or loss favourable R'm
Consolidated					
Investment securities	Vacancy rate	500/(500) bps	Property equity	**0.71**	–
Investment securities	Capitalisation rate	50/(50) bps	Property equity	**2.15**	–
Investment securities	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**11.80**	9.39
Investment securities	Marketability and minority discounts	100/(100) bps	Private equity	**4.47**	4.29
Investment securities	Revenue growth	100/(100) bps	Private equity	**7.19**	14.95
Separate					
Investment securities	Vacancy rate	500/(500) bps	Property equity	**0.71**	–
Investment securities	Capitalisation rate	50/(50) bps	Property equity	**2.15**	–
Investment securities	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**11.80**	9.39
Investment securities	Marketability and minority discounts	100/(100) bps	Private equity	**4.47**	4.29
Investment securities	Revenue growth	100/(100) bps	Private equity	**7.19**	14.95

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	2022 Potential effect recorded in profit or loss (unfavourable) R'm	2021 Potential effect recorded in profit or loss (unfavourable) R'm
Consolidated					
Investment securities	Vacancy rate	500/(500) bps	Property equity	**(0.72)**	–
Investment securities	Capitalisation rate	50/(50) bps	Property equity	**(1.97)**	–
Investment securities	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**(9.97)**	8.16
Investment securities	Marketability and minority discounts	100/(100) bps	Private equity	**(4.29)**	(4.24)
Investment securities	Revenue growth	100/(100) bps	Private equity	**(6.00)**	(14.50)
Separate					
Investment securities	Vacancy rate	500/(500) bps	Property equity	**(0.72)**	–
Investment securities	Capitalisation rate	50/(50) bps	Property equity	**(1.97)**	–
Investment securities	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**(9.97)**	(8.16)
Investment securities	Marketability and minority discounts	100/(100) bps	Private equity	**(4.29)**	(4.24)
Investment securities	Revenue growth	100/(100) bps	Private equity	**(6.00)**	(14.50)

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.

	2022			2021		
	10% Reduction in fair value R'000	**Fair value R'000**	**10% Increase in fair value R'000**	10% Reduction in fair value R'000	Fair value R'000	10% Increase in fair value R'000
Consolidated						
Listed						
Equity securities at fair value	**247**	**275**	**302**	194	216	237
Impact on gains or losses recognised in profit or loss for the year	**53**	**59**	**65**	59	66	73
Unlisted						
Equity securities at fair value	**173 579**	**192 865**	**212 152**	168 456	187 174	205 891
Impact on gains or losses recognised in profit or loss for the year	**4 489**	**4 988**	**5 487**	29 793	33 103	36 413
Separate						
Unlisted						
Equity securities at fair value	**173 579**	**192 865**	**212 152**	168 456	187 174	205 891
Impact on gains or losses recognised in profit or loss for the year	**4 489**	**4 988**	**5 487**	29 793	33 103	36 413

38. Classification of assets and liabilities *continued*

38.6 Financial assets and financial liabilities not measured at fair value

	2022				
	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	–	2 628 929	8 400 383	11 029 312	11 029 312
Cash and cash equivalents	–	838 589	–	838 589	838 589
Negotiable securities	–	1 790 340	–	1 790 340	1 790 340
Trade and other receivables	–	–	459 766	459 766	459 766
Loans and advances[1]	–	–	7 746 505	7 746 505	7 746 505
Loans to entities in the Group	–	–	194 112	194 112	194 112
Financial liabilities	2 991 426	6 345 021	877 496	10 213 943	10 213 943
Funding under repurchase agreements	–	803 976	–	803 976	803 976
Trade and other payables	–	–	577 975	577 975	577 975
Bank overdraft	–	68 541	–	68 541	68 541
Deposits from customers	–	5 472 504	–	5 472 504	5 472 504
Debt securities issued	2 991 426	–	–	2 991 426	2 991 426
Long-term loans	–	–	299 521	299 521	299 521
Separate					
Financial assets	–	2 504 401	5 527 807	8 032 208	8 032 208
Cash and cash equivalents	–	714 061	–	714 061	714 061
Negotiable securities	–	1 790 340	–	1 790 340	1 790 340
Trade and other receivables	–	–	601 731	601 731	601 731
Loans and advances[1]	–	–	4 397 779	4 397 779	4 397 779
Loans to entities in the Group	–	–	528 297	528 297	528 297
Financial liabilities	–	6 823 080	952 932	7 776 012	7 776 012
Funding under repurchase agreements	–	803 976	–	803 976	803 976
Trade and other payables	–	–	655 634	655 634	655 634
Bank overdraft	–	381	–	381	381
Deposits from customers	–	6 018 723	–	6 018 723	6 018 723
Long-term loans	–	–	294 021	294 021	294 021
Loans from entities in the Group	–	–	3 277	3 277	3 277

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

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

38. Classification of assets and liabilities *continued*

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

	2021 – Restated[1]				
	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	–	3 412 592	6 995 236	10 407 828	10 407 828
Cash and cash equivalents[1]	–	1 327 515	–	1 327 515	1 327 515
Negotiable securities	–	2 085 077	–	2 085 077	2 085 077
Trade and other receivables[1]	–	–	398 287	398 287	398 287
Loans and advances[1, 2]	–	–	6 410 833	6 410 833	6 410 833
Loans to entities in the Group	–	–	186 116	186 116	186 116
Financial liabilities	2 741 583	5 858 748	1 059 626	9 659 957	9 659 957
Funding under repurchase agreements	–	700 067	–	700 067	700 067
Trade and other payables[1]	–	–	545 973	545 973	545 973
Bank overdraft	–	30 392	–	30 392	30 392
Deposits from customers	–	5 128 289	–	5 128 289	5 128 289
Debt securities issued	2 741 583	–	–	2 741 583	2 741 583
Long-term loans	–	–	510 904	510 904	510 904
Loans from entities in the Group	–	–	2 749	2 749	2 749
Separate					
Financial assets	–	3 315 653	4 237 202	7 552 855	7 552 855
Cash and cash equivalents[1]	–	1 230 577	–	1 230 577	1 230 577
Negotiable securities	–	2 085 076	–	2 085 076	2 085 076
Trade and other receivables[1]	–	–	530 399	530 399	530 399
Loans and advances[1, 2]	–	–	3 192 203	3 192 203	3 192 203
Loans to entities in the Group	–	–	514 600	514 600	514 600
Financial liabilities	–	6 277 133	1 005 973	7 283 106	7 283 106
Funding under repurchase agreements	–	700 067	–	700 067	700 067
Trade and other payables[1]	–	–	497 130	497 130	497 130
Bank overdraft	–	13	–	13	13
Deposits from customers	–	5 577 053	–	5 577 053	5 577 053
Long-term loans	–	–	505 566	505 566	505 566
Loans from entities in the Group	–	–	3 277	3 277	3 277

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

1 *Prior periods have been restated, please refer to Note 43 for additional information.*
2 *Only includes loans and advances measured at amortised cost.*
3 *Provisions and lease liabilities were removed from the 2021 table as it is not a financial instrument and erroneously included.*

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 Group's strategic objectives. The Group's well-established integrated risk management philosophy aims to ensure that the diverse risks and opportunities across the Group are identified and proactively addressed within acceptable parameters through appropriate governance structures, processes, policies and frameworks, while supporting business growth. The Group's risk management procedures include, but are not limited to, credit risk, liquidity risk, interest rate risk and market risk. The Group's approach to managing risk and capital is set out in the Group's enterprise risk governance framework approved by the GRCMC.

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, negotiable securities, trade and other receivables, 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.

40. Credit risk *continued*

Management of credit risk *continued*

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

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

Securitisation

The 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 (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This determination is reached after considering information such as the occurrence of significant changes in the borrower's or issuer's financial position resulting in the borrower/issuer no longer being in a position to pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

40. Credit risk *continued*

Management of credit risk *continued*

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
D Doubtful	Stage 3
E Loss	Stage 3

[1] *Up to date until 7 days overdue.*
[2] *More than 7 days overdue up to 30 days overdue.*
[3] *More than 30 days overdue up to 90 days overdue.*

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.

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.

	Credit risk grading ECL staging			
Consolidated	**Net amount R'000**	**Total exposure R'000**	**Total ECL R'000**	**Coverage ratio %**
2022				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents[1]	838 589	838 589	–	–
Negotiable securities	1 790 340	1 914 018	(123 678)	6.46
Loans and advances	7 746 505	8 221 738	(475 233)	5.78
Equipment finance	4 530 139	4 910 017	(379 878)	7.74
Capital equipment finance	2 007 174	2 039 827	(32 653)	1.60
Trade and Debtor finance	700 984	707 601	(6 617)	0.94
Other loans[2]	509 879	564 293	(54 414)	9.64
Guarantees[3]	(1 671)	–	(1 671)	–
Trade and other receivables	507 535	510 964	(3 429)	0.67
Loans to entities in the Group	194 112	194 112	–	–
	11 077 081	11 679 421	(602 340)	5.16
Off-balance sheet exposure to credit risk				
Letters of credit	115 806	115 806	–	–
Loan commitments	146 290	146 290	–	–
Financial guarantees issued	26 355	26 355	–	–
Total exposure to off-balance sheet credit risk	288 451	288 451	–	–
Credit loss allowance on off-balance sheet credit risk recognised	–	–	–	–
Maximum credit exposures on financial assets at FVTPL				
Loans and advances	377 291			
Trading assets	56 653			
Investment securities	275			
	434 219			
Total net amount of exposure to credit risk	11 799 751			

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.*
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.*
3 *This represents the ECL on the off-balance sheet exposures that specifically relate to the loans and advances exposures.*
4 *These relate to the Land Bank bills held, refer to Note 5.*

A			A and B			Default (C, D and E)		
Stage 1			Stage 2			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 %
838 589	–	–	–	–	–	–	–	–
1 643 725	(2 084)	0.13	–	–	–	270 293	(121 594)[4]	44.99
7 125 362	(92 778)	1.30	264 906	(23 973)	9.05	831 470	(358 482)	43.11
4 333 595	(77 504)	1.79	89 727	(14 046)	15.65	486 695	(288 328)	59.24
1 871 609	(7 023)	0.38	60 471	(1 836)	3.04	107 747	(23 794)	22.08
615 182	(3 371)	0.55	62 684	(1 228)	1.96	29 735	(2 018)	6.78
304 976	(3 209)	1.05	52 024	(6 863)	13.19	207 293	(44 342)	21.39
–	(1 671)	–	–	–	–	–	–	–
510 964	(3 429)	0.67	–	–	–	–	–	–
194 112	–	–	–	–	–	–	–	–
10 312 752	(98 291)	0.95	264 906	(23 973)	9.05	1 101 763	(480 076)	43.57
115 806	–	–	–	–	–	–	–	–
146 290			–	–	–	–	–	–
26 355	–	–	–	–	–	–	–	–
288 451	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–

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.

Credit risk grading				
ECL staging				
Consolidated	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2021 – Restated[1]				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents[1, 2]	1 327 515	1 327 515	–	–
Negotiable securities	2 085 076	2 209 170	(124 094)	5.62
Loans and advances[1]	6 410 833	6 946 187	(535 354)	7.71
Equipment finance	4 215 850	4 659 471	(433 621)	9.52
Capital equipment finance	1 232 992	1 277 715	(44 723)	3.50
Trade and Debtor finance	615 271	633 500	(18 229)	2.88
Other loans[3]	346 933	375 501	(28 568)	7.61
Guarantees[4]	(213)	–	(213)	–
Trade and other receivables[1]	453 054	453 547	(493)	0.11
Loans to entities in the Group	186 116	187 029	(913)	0.49
Net carrying amount	10 462 594	11 123 448	(660 854)	5.94
2021				
Off-balance sheet exposure to credit risk				
Letters of credit	117 461	117 461		
Loan commitments	51 906	51 906		
Financial guarantees issued	38 302	38 302		
Total exposure to off-balance sheet credit risk	207 669	207 669		
Credit loss allowance on off-balance sheet credit risk recognised	–	–		
2021				
Maximum credit exposures on financial assets at FVTPL				
Loans and advances	311 718			
Trading assets	43 308			
Investment securities	191			
	355 217			
Total net amount of exposure to credit risk	11 025 480			

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it is immaterial.*
[3] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. 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.*
[4] *This represents the ECL on the off-balance sheet exposures that specifically relate to the Loans and advances exposures.*
[5] *A loss allowance based only on arrear information at an individual deal level may not appropriately cater for the level of deterioration that is contained in the performing loans. To cater for this shortfall, a transfer rate can be estimated by the percentage of performing deals that roll to under-performing and non-performing over a 12-month period. Based on these estimates this amounts to R300 million exposure for the 2021 financial year. The corresponding ECL is not considered material.*
[6] *These relate to the Land Bank bills held, refer to Note 5.*

A			A and B			Default (C, D and E)		
Stage 1[5]			Stage 2			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 %
1 327 515	–	–	–	–	–	–	–	–
1 793 190	(2 500)	0.14	–	–	–	415 980	(121 594)[6]	29.23
5 904 457	(111 889)	1.89	430 535	(44 442)	10.32	611 195	(379 023)	62.01
4 034 147	(78 149)	1.94	136 616	(21 192)	15.51	488 708	(344 280)	70.45
1 179 616	(13 125)	1.11	47 317	(4 174)	8.82	50 782	(27 424)	54.00
490 741	(8 693)	1.77	72 932	(2 544)	3.49	69 827	(6 992)	10.01
199 953	(11 709)	5.86	173 670	(16 532)	9.52	1 878	(327)	17.41
–	(213)	–	–	–	–	–	–	–
453 547	(493)	0.11	–	–	–	–	–	–
187 029	(913)	0.49	–	–	–	–	–	–
9 665 738	(115 795)	1.20	430 535	(44 442)	10.32	1 027 175	(500 617)	48.74
117 461								
51 906								
38 302								
207 669								

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.

	Credit risk grading ECL staging			
Separate	**Net amount R'000**	**Total exposure R'000**	**Total ECL R'000**	**Coverage ratio %**
2022				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents[1]	714 061	714 061	–	–
Negotiable securities	1 790 340	1 914 018	(123 678)	6.46
Loans and advances	4 397 779	4 630 080	(232 301)	5.02
Equipment finance	1 547 058	1 687 779	(140 721)	8.34
Capital equipment finance	1 641 529	1 670 407	(28 878)	1.73
Trade and Debtor finance	700 984	707 601	(6 617)	0.94
Other loans[2]	509 879	564 293	(54 414)	9.64
Guarantees[3]	(1 671)	–	(1 671)	–
Trade and other receivables[7]	608 128	611 064	(2 936)	0.48
Loans to entities in the Group	528 297	528 297	–	–
Net carrying amount	8 038 605	8 397 520	(358 915)	4.27
2022				
Off-balance sheet exposure to credit risk				
Letters of credit	115 806	115 806		
Loan commitments	146 290	146 290		
Financial guarantees issued	26 355	26 355		
Total exposure to off-balance sheet credit risk	288 451	288 451		
Credit loss allowance on off-balance sheet credit risk recognised	–	–		
2022				
Maximum credit exposures on financial assets at FVTPL				
Loans and advances	377 291			
Trading assets	56 456			
Investment securities	–			
	433 747			
Total net amount of exposure to credit risk	8 760 803			

[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.*
[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. .*
[3] *This represents the ECL on the off-balance sheet exposures that specifically relate to the Loans and advances exposures.*
[4] *These relate to the Land Bank bills held, refer to Note 5.*

A			A and B			Default (C, D and E)		
Stage 1			Stage 2			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 %
714 061	–	–	–	–	–	–	–	–
1 643 725	(2 084)	0.13	–	–	–	270 293	(121 594)[4]	44.99
3 880 962	(40 793)	1.05	219 497	(17 113)	7.80	529 621	(174 395)	32.93
1 451 832	(26 890)	1.85	45 894	(7 238)	15.77	190 053	(106 593)	56.09
1 508 972	(5 652)	0.37	58 895	(1 784)	3.03	102 540	(21 442)	20.91
615 182	(3 371)	0.55	62 684	(1 228)	1.96	29 735	(2 018)	6.78
304 976	(3 209)	1.05	52 024	(6 863)	13.19	207 293	(44 342)	21.39
–	(1 671)	–	–	–	–	–	–	–
611 064	(2 936)	0.48	–	–	–	–	–	–
528 297	–	–	–	–	–	–	–	–
7 378 109	(45 813)	0.62	219 497	(17 113)	7.80	799 914	(295 989)	37.00
115 806								
146 290								
26 355								
288 451								

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.

	Credit risk grading	A	A and B	Default (C, D and E)
	ECL staging			
Separate	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2021 – Restated[1]				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents[1, 2]	1 230 577	1 230 577	–	–
Negotiable securities	2 085 076	2 209 170	(124 094)	5.62
Loans and advances[1]	3 192 203	3 465 509	(273 306)	7.89
Equipment finance	1 324 637	1 516 971	(192 334)	12.68
Capital equipment finance	905 573	939 537	(33 964)	3.62
Trade and Debtor finance	615 273	633 500	(18 227)	2.88
Other loans[3]	346 933	375 501	(28 568)	7.61
Guarantees[4]	(213)	–	(213)	–
Trade and other receivables[1]	568 902	568 902	–	–
Loans to entities in the Group	514 600	517 342	(2 742)	0.53
Net carrying amount	7 591 358	7 991 500	(400 142)	5.01
2021				
Off-balance sheet exposure to credit risk				
Letters of credit	117 461	117 461		
Loan commitments	51 906	51 906		
Financial guarantees issued	38 302	38 302		
Total exposure to off-balance sheet credit risk	207 669	207 669		
Credit loss allowance on off-balance sheet credit risk recognised	–	–		
2021				
Maximum credit exposures on financial assets at FVTPL				
Loans and advances	311 718			
Trading assets	44 526			
Investment securities	–			
	356 244			
Total net amount of exposure to credit risk	8 155 271			

1 *Prior periods have been restated, please refer to Note 43 for additional information.*
2 *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it is immaterial.*
3 *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. 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.*
4 *This represents the ECL on the off-balance sheet exposures that specifically relate to the Loans and advances exposures.*
5 *A loss allowance based only on arrear information at an individual deal level may not appropriately cater for the level of deterioration that is contained in the performing loans. To cater for this shortfall, a transfer rate can be estimated by the percentage of performing deals that roll to underperforming and non-performing over a 12-month period. Based on these estimates this amounts to R300 million exposure for the 2021 financial year. The corresponding ECL is not considered material.*
6 *These relate to the Land Bank bills held, refer to Note 5.*

	Stage 1[5]			Stage 2			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 %
1 230 577	–	–	–	–	–	–	–	–
1 793 190	(2 500)	0.14	-	–	–	415 980	(121 594)[6]	29.23
2 785 782	(55 782)	2.00	346 390	(31 966)	9.23	333 336	(185 558)	55.67
1 236 098	(25 617)	2.07	61 061	(9 533)	15.61	219 811	(157 184)	71.51
858 990	(9 551)	1.11	38 727	(3 359)	8.68	41 820	(21 054)	50.35
490 741	(8 692)	1.77	72 932	(2 542)	3.49	69 827	(6 993)	10.01
199 953	(11 709)	5.86	173 670	(16 532)	9.52	1 878	(327)	17.51
–	(213)	–	–	–	–	–	–	–
568 902	–	–	–	–	–	–	–	–
517 342	(2 742)	0.53	–	–	–	–	–	–
6 895 793	(61 024)	0.88	(346 390)	(31 966)	9.23	749 316	(307 152)	40.99

117 461
59 106
38 302
207 669

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

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

	Consolidated		Separate	
	2022 R'000	2021 R'000 Restated[2]	**2022 R'000**	2021 R'000 Restated[2]
Concentration risk of gross advances				
Sectoral analysis				
Agriculture	**309 716**	134 452	**223 355**	57 050
Community, social and personal services	**1 963 598**	1 667 794	**760 363**	605 900
Construction	**285 625**	321 749	**174 500**	209 105
Electricity and water	**51 147**	31 660	**28 651**	15 084
Finance, real estate and business services	**1 883 256**	1 554 316	**1 204 330**	865 618
Manufacturing	**1 239 911**	1 031 969	**804 331**	625 062
Mining	**247 040**	236 582	**180 320**	177 532
Trade, repairs of vehicles and goods as well as hotels and restaurants	**1 796 876**	1 533 795	**1 099 951**	789 216
Transport and communication	**729 441**	611 923	**455 000**	350 407
Other activities not adequately defined[2]	**380 870**	341 334	**365 021**	289 922
Total[1]	**8 887 480**	7 465 574	**5 295 822**	3 984 896

[1] *Amount includes loans and advances at amortised cost, fair value loans through profit or loss, loan commitments, financial guarantees and letters of credit.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information.*

Issuer ratings for negotiable securities

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

	Consolidated		Separate	
	2022 %	2021 %	**2022 %**	2021 %
Aaa/AAA/AAA	**39.85**	–	**39.85**	–
Aa1/AA+/AA+	**51.96**	–	**51.96**	–
Ba2/BB/BB	**–**	86.00	**–**	86.00
Ba3/BB-/BB-	**–**	–	**–**	–
Unassigned[1]	**8.19**	14.00	**8.19**	14.00
	100.00	100.00	**100.00**	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. Credit risk *continued*

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 equipment being financed. However, other security such as general notarial bonds over other assets and continuous covering mortgage bonds over property are sometimes taken to increase the collateral cover.
Debtor finance	The 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.
Term loans: secured	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*

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

Given the nature of the finance lease rental agreement, 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. 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	Receiv-ables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unsecured R'000
Consolidated								
2022								
Loans and advances								
Equipment finance[2]	4 910 017	–	4 705 160	–	–	–	4 705 160	204 857
Capital equipment finance[2]	2 039 827	–	1 964 669	–	–	–	1 964 669	75 158
Trade and Debtor finance	707 601	234 077	45 862	235 655	696	–	516 290	191 311
Other loans[3]	564 293	–	–	68 799	235	–	69 034	495 259
Specialised lending	377 291	5 771	–	5 631	315 037	6 827	326 439	40 025
	8 599 029	239 848	6 715 691	310 085	315 968	6 827	7 581 592	1 010 610
2021 – Restated[1]								
Loans and advances								
Equipment finance[1, 2]	4 659 471	–	3 784 231	–	–	–	3 784 231	875 240
Capital equipment finance[1, 2]	1 277 715	–	1 077 387	–	–	–	1 077 387	200 328
Trade and Debtor finance	633 500	183 258	33 746	170 642	587	126 093	514 326	119 174
Other loans[3]	351 631	2 451	1 045	105 252	119 368	203	228 319	123 312
Specialised lending	311 718	10 162	–	–	–	–	10 162	301 556
	7 234 035	195 871	4 896 409	275 894	119 955	126 296	5 614 425	1 619 610
Separate								
2022								
Loans and advances								
Equipment finance[2]	1 687 779	–	1 617 770	–	–	–	1 617 770	70 009
Capital equipment finance[2]	1 670 407	–	1 593 649	–	–	–	1 593 649	76 758
Trade and Debtor finance	707 601	234 077	45 862	235 655	696	–	516 290	191 311
Other loans[3]	564 293	–	–	68 799	235	–	69 034	495 259
Specialised lending	377 291	5 771	–	5 631	315 037	–	326 439	44 025
	5 007 371	239 848	3 257 281	310 085	315 968	–	4 123 182	877 362
2021 – Restated[1]								
Loans and advances								
Equipment finance[1, 2]	1 516 970	–	1 276 008	–	–	–	1 276 008	240 962
Capital equipment finance[1, 2]	939 537	–	794 305	–	–	–	794 305	145 232
Trade and Debtor finance	633 500	183 258	33 746	170 642	587	126 093	514 326	119 174
Other loans[3]	351 631	2 451	1 045	105 252	119 368	203	228 319	123 312
Specialised lending	311 718	10 162	–	–	–	–	10 162	301 556
	3 753 356	195 871	2 105 104	275 894	119 955	126 296	2 823 120	930 236

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

[2] *Given the nature of the finance lease rental agreement, 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.*

[3] *In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Furthermore, Term loans, secured and unsecured, have been consolidated into a singled line and renamed to "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

	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	Unsecured R'000
Consolidated								
2022								
Loans and advances								
Equipment finance[1]	**486 695**	**–**	**469 497**	**–**	**–**	**–**	**469 497**	**17 198**
Capital equipment finance[1]	**107 747**	**–**	**85 049**	**–**	**–**	**–**	**85 049**	**22 698**
Trade and Debtor finance	**29 735**	**3 428**	**697**	**213**	**–**	**–**	**4 338**	**25 397**
Other loans[2]	**207 293**	**–**	**23 095**	**–**	**120 771**	**–**	**143 866**	**63 427**
	831 470	**3 428**	**578 338**	**213**	**120 771**	**–**	**702 750**	**128 720**
2021								
Loans and advances								
Equipment finance[1]	488 708	–	479 745	–	–	–	479 745	8 963
Capital equipment finance[1]	50 782	–	50 782	–	–	–	50 782	–
Trade and Debtor finance	69 827	12 730	4 654	817	20 570	30 625	69 396	431
Other loans[2]	1 553	–	–	–	–	1 553	1 553	–
	610 870	12 730	535 181	817	20 570	32 178	601 476	9 394
Separate								
2022								
Loans and advances								
Equipment finance[1]	**190 053**	**–**	**190 053**	**–**	**–**	**–**	**190 053**	**–**
Capital equipment finance[1]	**102 540**	**–**	**80 080**	**–**	**–**	**–**	**80 080**	**22 460**
Trade and Debtor finance	**29 735**	**3 428**	**697**	**213**	**–**	**–**	**4 338**	**25 397**
Other loans[2]	**207 293**	**–**	**23 095**	**–**	**120 771**	**–**	**143 866**	**63 427**
	529 621	**3 428**	**293 925**	**213**	**120 771**	**–**	**418 337**	**111 284**
2021								
Loans and advances								
Equipment finance[1]	219 811	–	219 811	–	–	–	219 811	–
Capital equipment finance[1]	41 820	–	41 820	–	–	–	41 820	–
Trade and Debtor finance	69 827	12 730	4 654	817	20 570	30 625	69 396	431
Other loans[2]	1 553	–	–	–	–	1 553	1 553	–
	333 011	12 730	266 285	817	20 570	32 178	332 580	431

[1] *Given the nature of the finance lease rental agreement, 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*

40.3 Credit loss allowance analysis

40.3.1 Reconciliation of ECL on loans and advances

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2022				
Credit loss allowance on 1 July 2021	111 886	44 443	379 025	535 354
Transfers between stages[1]	(5 628)	(22 388)	62 562	34 546
Transfer to stage 1	–	(11 420)	(14 926)	(26 346)
Transfer from stage 1	–	12 920	32 696	45 616
Transfer to stage 2	(4 385)	–	(528)	(4 913)
Transfer from stage 2	1 815	–	45 320	47 135
Transfer to stage 3	(3 345)	(23 987)	–	(27 332)
Transfer from stage 3	287	99	–	386
Net expected credit losses (released)/raised	(13 480)	1 918	(83 105)	(94 667)
ECL on new exposure raised	45 237	7 904	46 745	99 886
Subsequent changes in ECL	(36 230)	(182)	13 310	(23 102)
TVM unwind and IIS movements	–	–	–	–
Change in ECL due to derecognition	(22 487)	(5 804)	(31 275)	(59 566)
Impaired accounts written off[2]	–	–	(111 885)	(111 885)
Credit loss allowance on 30 June 2022	92 778	23 973	358 482	475 233
Separate				
2022				
Credit loss allowance on 1 July 2021	55 782	31 968	185 557	273 307
Transfers between stages[1]	(4 366)	(16 123)	38 458	17 969
Transfer to stage 1	–	(5 909)	(9 108)	(15 017)
Transfer from stage 1	–	9 342	13 555	22 897
Transfer to stage 2	(3 716)	–	(196)	(3 912)
Transfer from stage 2	1 456	–	34 207	35 663
Transfer to stage 3	(2 285)	(19 596)	–	(21 881)
Transfer from stage 3	179	40	–	219
Net expected credit losses (released)/raised	(10 623)	1 268	(49 620)	(58 975)
ECL on new exposure raised	26 095	5 842	43 752	75 689
Subsequent changes in ECL	(22 922)	(409)	3 838	(19 493)
TVM unwind and IIS movements	–	–	–	–
Change in ECL due to derecognition	(13 796)	(4 165)	(20 303)	(38 264)
Impaired accounts written off[2]	–	–	(76 907)	(76 907)
Credit loss allowance on 30 June 2022	40 793	17 113	174 395	232 301

[1] *It is the Group's practice to transfer the ECL between stages, by comparing the ECL stage for an exposure at the beginning of the reporting period to the ECL stage of that exposure at the end of the reporting period, for those exposures that have not yet been settled.*
[2] *The contractual amounts outstanding on loans and advances that were written off during the period and that are still subject to enforcement activities amounts to R52.992 million for the Banking Group and R23.112 million for the Bank.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2022				
Equipment finance[1]				
Credit loss allowance balance beginning of the year	78 147	21 193	344 281	443 621
Transfer between stages	(830)	(8 931)	33 235	23 474
Stage 1 to Stage 2	(993)	–	–	(993)
Stage 2 from Stage 1	–	5 781	–	5 781
Stage 1 to Stage 3	(1 556)	–	–	(1 556)
Stage 3 from Stage 1	–	–	28 967	28 967
Stage 2 to Stage 1	–	(8 080)	–	(8 080)
Stage 1 from Stage 2	1 446	–	–	1 446
Stage 2 to Stage 3	–	(6 731)	–	(6 731)
Stage 3 from Stage 2	–	–	17 432	17 432
Stage 3 to Stage 1	–	–	(12 636)	(12 636)
Stage 1 from Stage 3	273	–	–	273
Stage 3 to Stage 2	–	–	(528)	(528)
Stage 2 from Stage 3	–	99	–	99
Net expected credit losses (released)/raised	187	1 784	(89 188)	(87 217)
ECL on new exposure raised	36 248	5 611	15 211	57 070
Subsequent changes in ECL	(25 406)	(450)	12 005	(13 851)
Change in ECL due to derecognition	(10 655)	(3 377)	(18 429)	(32 461)
Impaired accounts written off	–	–	(97 975)	(97 975)
Credit loss allowance balance end of the year	77 504	14 046	288 328	379 878
Consolidated				
2022				
Capital equipment finance[2]				
Credit loss allowance balance beginning of the year	13 125	4 174	27 425	44 724
Transfer between stages	(147)	(1 743)	3 256	1 366
Stage 1 from Stage 2	(131)	–	–	(131)
Stage 1 from Stage 3	–	289	–	289
Stage 1 to Stage 2	(56)	–	–	(56)
Stage 1 to Stage 3	–	–	1 996	1 996
Stage 2 from Stage 1	–	(1 308)	–	(1 308)
Stage 2 from Stage 3	26	–	–	26
Stage 2 to Stage 1	–	(724)	–	(724)
Stage 2 to Stage 3	–	–	3 550	3 550
Stage 3 from Stage 1	–	–	(2 290)	(2 290)
Stage 3 from Stage 2	14	–	–	14
Stage 3 to Stage 1	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Net expected credit losses released	(5 955)	(595)	(6 887)	(13 437)
ECL on new exposure raised	4 809	1 532	12 888	19 229
Subsequent changes in ECL	(8 571)	5	(50)	(8 616)
Change in ECL due to derecognition	(2 193)	(2 132)	(7 315)	(11 640)
Impaired accounts written off	–	–	(12 410)	(12 410)
Credit loss allowance balance end of the year	7 023	1 836	23 794	32 653

[1] *Strong portfolio growth resulted in an improved credit profile with improvements noted across all 3 stages. Large write-offs during the year impacted the credit impairment charge but improved the NPL ratio.*

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2022				
Trade and Debtor finance[2]				
Credit loss allowance balance beginning of the year	8 692	2 544	6 992	18 228
Transfer between stages	343	(2 032)	–	(1 689)
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	–	(2 032)	–	(2 032)
Stage 1 from Stage 2	343	–	–	343
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	(5 664)	716	(4 974)	(9 922)
ECL on new exposure raised	627	748	715	2 090
Subsequent changes in ECL	370	263	1 302	1 935
Change in ECL due to derecognition	(6 661)	(295)	(5 491)	(12 447)
Impaired accounts written off	–	–	(1 500)	(1 500)
Credit loss allowance balance end of the year	3 371	1 228	2 018	6 617
Consolidated				
2022				
Other loans				
Credit loss allowance balance beginning of the year	11 709	16 532	327	28 568
Transfer between stages	(4 994)	(9 682)	26 071	11 395
Stage 1 to Stage 2	(3 261)	–	–	(3 261)
Stage 2 from Stage 1	–	6 850	–	6 850
Stage 1 to Stage 3	(1 733)	–	–	(1 733)
Stage 3 from Stage 1	–	–	1 733	1 733
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	(16 532)	–	(16 532)
Stage 3 from Stage 2	–	–	24 338	24 338
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	(3 506)	13	17 944	14 451
ECL on new exposure raised	1 993	13	17 931	19 937
Subsequent changes in ECL	(5 443)	–	53	(5 390)
Change in ECL due to derecognition	(56)	–	(40)	(96)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	3 209	6 863	44 342	54 414

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

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2022				
Guarantees				
Credit loss allowance balance beginning of the year	213	–	–	213
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	1 458	–	–	1 458
ECL on new exposure raised	1 560	–	–	1 560
Subsequent changes in ECL	2 820	–	–	2 820
Change in ECL due to derecognition	(2 922)	–	–	(2 922)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	1 671	–	–	1 671
Consolidated				
2022				
Total loans and advances				
Credit loss allowance balance beginning of the year	111 886	44 443	379 025	535 354
Transfer between stages	(5 628)	(22 388)	62 562	34 546
Stage 1 to Stage 2	(4 385)	–	–	(4 385)
Stage 2 from Stage 1	–	12 920	–	12 290
Stage 1 to Stage 3	(3 345)	–	–	(3 345)
Stage 3 from Stage 1	–	–	32 696	32 696
Stage 2 to Stage 1	–	(11 420)	–	(11 420)
Stage 1 from Stage 2	1 815	–	–	1 815
Stage 2 to Stage 3	–	(23 987)	–	(23 987)
Stage 3 from Stage 2	–	–	45 320	45 320
Stage 3 to Stage 1	–	–	(14 926)	(14 926)
Stage 1 from Stage 3	287	–	–	287
Stage 3 to Stage 2	–	–	(528)	(528)
Stage 2 from Stage 3	–	99	–	99
Net expected credit losses (released)/raised	(13 480)	1 918	(83 105)	(94 667)
ECL on new exposure raised	45 237	7 904	46 745	99 886
Subsequent changes in ECL	(36 230)	(182)	13 310	(23 102)
Change in ECL due to derecognition	(22 487)	(5 804)	(31 275)	(59 566)
Impaired accounts written off	–	–	(111 885)	(111 885)
Credit loss allowance balance end of the year	92 778	23 973	358 482	475 233

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2022				
Equipment finance				
Credit loss allowance balance beginning of the year	25 617	9 533	157 184	192 334
Transfer between stages	393	(3 210)	9 643	6 826
Stage 1 to Stage 2	(337)	–	–	(337)
Stage 2 from Stage 1	–	2 237	–	2 237
Stage 1 to Stage 3	(539)	–	–	(539)
Stage 3 from Stage 1	–	–	10 900	10 900
Stage 2 to Stage 1	–	(3 139)	–	(3 139)
Stage 1 from Stage 2	1 100	–	–	1 100
Stage 2 to Stage 3	–	(2 348)	–	(2 348)
Stage 3 from Stage 2	–	–	6 382	6 382
Stage 3 to Stage 1	–	–	(7 443)	(7 443)
Stage 1 from Stage 3	169	–	–	169
Stage 3 to Stage 2	–	–	(196)	(196)
Stage 2 from Stage 3	–	40	–	40
Net expected credit losses (released)/raised	880	915	(60 234)	(58 439)
ECL on new exposure raised	17 516	3 566	12 256	33 338
Subsequent changes in ECL	(14 068)	(907)	2 858	(12 117)
Change in ECL due to derecognition	(2 568)	(1 744)	(7 574)	(11 886)
Impaired accounts written off	–	–	(67 774)	(67 774)
Credit loss allowance balance end of the year	26 890	7 238	106 593	140 721
Separate				
2022				
Capital equipment finance				
Credit loss allowance balance beginning of the year	9 551	3 359	21 054	33 964
Transfer between stages	(108)	(1 199)	2 744	1 437
Stage 1 to Stage 2	(118)	–	–	(118)
Stage 2 from Stage 1	–	255	–	255
Stage 1 to Stage 3	(13)	–	–	(13)
Stage 3 from Stage 1	–	–	922	922
Stage 2 to Stage 1	–	(738)	–	(738)
Stage 1 from Stage 2	13	–	–	13
Stage 2 to Stage 3	–	(716)	–	(716)
Stage 3 from Stage 2	–	–	3 487	3 487
Stage 3 to Stage 1	–	–	(1 665)	(1 665)
Stage 1 from Stage 3	10	–	–	10
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	(3 791)	(376)	(2 356)	(6 523)
ECL on new exposure raised	4 399	1 515	12 850	18 764
Subsequent changes in ECL	(6 601)	235	(375)	(6 741)
Change in ECL due to derecognition	(1 589)	(2 126)	(7 198)	(10 913)
Impaired accounts written off	–	–	(7 633)	(7 633)
Credit loss allowance balance end of the year	5 652	1 784	21 442	28 878

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2022				
Trade and Debtor finance				
Credit loss allowance balance beginning of the year	8 692	2 542	6 993	18 227
Transfer between stages	343	(2 032)	–	(1 689)
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	–	(2 032)	–	(2 032)
Stage 1 from Stage 2	343	–	–	343
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	(5 664)	718	(4 975)	(9 921)
ECL on new exposure raised	627	748	715	2 090
Subsequent changes in ECL	370	265	1 302	1 937
Change in ECL due to derecognition	(6 661)	(295)	(5 492)	(12 448)
Impaired accounts written off	–	–	(1 500)	(1 500)
Credit loss allowance balance end of the year	3 371	1 228	2 018	6 617
Separate				
2022				
Other loans				
Credit loss allowance balance beginning of the year	11 709	16 532	327	28 568
Transfer between stages	(4 994)	(9 682)	26 071	11 395
Stage 1 to Stage 2	(3 261)	–	–	(3 261)
Stage 2 from Stage 1	–	6 850	–	6 850
Stage 1 to Stage 3	(1 733)	–	–	(1 733)
Stage 3 from Stage 1	–	–	1 733	1 733
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	(16 532)	–	(16 532)
Stage 3 from Stage 2	–	–	24 338	24 338
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	(3 506)	13	17 944	14 451
ECL on new exposure raised	1 993	13	17 931	19 937
Subsequent changes in ECL	(5 443)	–	53	(5 390)
Change in ECL due to derecognition	(56)	–	(40)	(96)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	3 209	6 863	44 342	54 414

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

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

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2022				
Guarantees				
Credit loss allowance balance beginning of the year	213	–	–	213
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	1 458	–	–	1 458
ECL on new exposure raised	1 560	–	–	1 560
Subsequent changes in ECL	2 820	–	–	2 820
Change in ECL due to derecognition	(2 922)	–	–	(2 922)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	1 671	–	–	1 671
Separate				
2022				
Total loans and advances				
Credit loss allowance balance beginning of the year	55 782	31 968	185 557	273 307
Transfer between stages	(4 366)	(16 123)	38 458	17 969
Stage 1 to Stage 2	(3 716)	–	–	(3 716)
Stage 2 from Stage 1	–	9 342	–	9 342
Stage 1 to Stage 3	(2 285)	–	–	(2 285)
Stage 3 from Stage 1	–	–	13 555	13 555
Stage 2 to Stage 1	–	(5 909)	–	(5 909)
Stage 1 from Stage 2	1 456	–	–	1 456
Stage 2 to Stage 3	–	(19 596)	–	(19 596)
Stage 3 from Stage 2	–	–	34 207	34 207
Stage 3 to Stage 1	–	–	(9 108)	(9 108)
Stage 1 from Stage 3	179	–	–	179
Stage 3 to Stage 2	–	–	(196)	(196)
Stage 2 from Stage 3	–	40	–	40
Net expected credit losses (released)/raised	(10 623)	1 270	(49 620)	(58 975)
ECL on new exposure raised	26 095	5 842	43 752	75 689
Subsequent changes in ECL	(22 922)	(409)	3 838	(19 493)
Change in ECL due to derecognition	(13 796)	(4 165)	(20 303)	(38 265)
Impaired accounts written off	–	–	(76 907)	(76 907)
Credit loss allowance balance end of the year	40 793	17 113	174 395	232 301

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2021				
Credit loss allowance on 1 July 2020	113 581	38 639	400 185	552 405
Transfers between stages[1]	(2 096)	(10 164)	70 829	58 569
Transfer to stage 1	–	(9 105)	(19 920)	(29 025)
Transfer from stage 1	–	7 626	44 567	52 193
Transfer to stage 2	(1 319)	–	(1 223)	(2 542)
Transfer from stage 2	905	–	47 405	48 310
Transfer to stage 3	(2 039)	(8 906)	–	(10 945)
Transfer from stage 3	357	221	–	578
Net expected credit losses raised	404	15 967	1 646	18 017
ECL on new exposure raised	68 541	32 603	39 508	140 652
Subsequent changes in ECL	(26 536)	915	22 432	(3 189)
TVM unwind and IIS movements	–	–	–	–
Change in ECL due to derecognition	(41 601)	(17 551)	(60 294)	(119 446)
Impaired accounts written off[2]	–	–	(93 637)	(93 637)
Credit loss allowance on 30 June 2021	111 889	44 442	379 023	535 354
Separate				
2021				
Credit loss allowance on 1 July 2020	45 483	24 272	211 848	281 603
Transfers between stages[1]	(521)	(6 622)	36 030	28 887
Transfer to stage 1	–	(3 559)	(9 032)	(12 591)
Transfer from stage 1	–	2 041	16 430	18 471
Transfer to stage 2	(316)	–	(581)	(897)
Transfer from stage 2	401	–	29 213	29 614
Transfer to stage 3	(744)	(5 220)	–	(5 964)
Transfer from stage 3	138	116	–	254
Net expected credit losses raised	10 820	14 316	2 217	27 353
ECL on new exposure raised	40 640	26 880	23 973	91 493
Subsequent changes in ECL	(6 797)	1 166	8 991	3 360
TVM unwind and IIS movements	–	–	–	–
Change in ECL due to derecognition	(23 023)	(13 730)	(30 747)	(67 500)
Impaired accounts written off[2]	–	–	(64 537)	(64 537)
Credit loss allowance on 30 June 2021	55 782	31 966	185 558	273 306

[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 R52.992 million for the Banking Group and R23.112 million for Bank.*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2021				
Equipment finance				
Credit loss allowance balance beginning of the year	85 887	24 361	322 590	432 838
Transfer between stages	(2 093)	(7 146)	64 164	54 925
Stage 1 to Stage 2	(1 229)	–	–	(1 229)
Stage 2 from Stage 1	–	7 162	–	7 162
Stage 1 to Stage 3	(1 893)	–	–	(1 893)
Stage 3 from Stage 1	–	–	41 201	41 201
Stage 2 to Stage 1	–	(7 734)	–	(7 734)
Stage 1 from Stage 2	767	–	–	767
Stage 2 to Stage 3	–	(6 784)	–	(6 784)
Stage 3 from Stage 2	–	–	37 733	37 733
Stage 3 to Stage 1	–	–	(13 616)	(13 616)
Stage 1 from Stage 3	262	–	–	262
Stage 3 to Stage 2	–	–	(1 154)	(1 154)
Stage 2 from Stage 3	–	210	–	210
Net expected credit losses (released)/raised	(5 647)	3 978	(42 472)	(44 141)
ECL on new exposure raised	43 606	11 707	31 817	87 130
Subsequent changes in ECL	(23 522)	(21)	24 849	1 306
Change in ECL due to derecognition	(25 731)	(7 708)	(51 022)	(84 461)
Impaired accounts written off	–	–	(48 116)	(48 116)
Credit loss allowance balance end of the year	78 147	21 193	344 281	443 622

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2021				
Capital equipment finance				
Credit loss allowance balance beginning of the year	15 077	6 216	35 389	56 682
Transfer between stages	(32)	(2 954)	4 614	1 628
Stage 1 to Stage 2	(90)	–	–	(90)
Stage 2 from Stage 1	–	464	–	464
Stage 1 to Stage 3	(130)	–	–	(130)
Stage 3 from Stage 1	–	–	2 807	2 807
Stage 2 to Stage 1	–	(1 341)	–	(1 341)
Stage 1 from Stage 2	94	–	–	94
Stage 2 to Stage 3	–	(2 088)	–	(2 088)
Stage 3 from Stage 2	–	–	8 180	8 180
Stage 3 to Stage 1	–	–	(6 303)	(6 303)
Stage 1 from Stage 3	94	–	–	94
Stage 3 to Stage 2	–	–	(70)	(70)
Stage 2 from Stage 3	–	11	–	11
Net expected credit losses (released)/raised	(1 920)	912	(12 578)	(13 586)
ECL on new exposure raised	7 918	3 290	5 916	17 124
Subsequent changes in ECL	(5 234)	(254)	(50)	(5 538)
Change in ECL due to derecognition	(4 604)	(2 124)	(5 986)	(12 714)
Impaired accounts written off	–	–	(12 458)	(12 458)
Credit loss allowance balance end of the year	13 125	4 174	27 425	44 724

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2021				
Trade and Debtor finance				
Credit loss allowance balance beginning of the year	8 902	1 581	21 308	31 792
Transfer between stages	32	(64)	1 973	1 941
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	(11)	–	–	(11)
Stage 3 from Stage 1	–	–	480	480
Stage 2 to Stage 1	–	(30)	–	(30)
Stage 1 from Stage 2	43	–	–	43
Stage 2 to Stage 3	–	(34)	–	(34)
Stage 3 from Stage 2	–	–	1 493	1 493
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	(242)	1 027	(16 289)	(15 504)
ECL on new exposure raised	5 574	1 074	1 568	8 216
Subsequent changes in ECL	2 104	1 191	(4 065)	(771)
Change in ECL due to derecognition	(7 920)	(1 238)	(3 236)	(12 394)
Impaired accounts written off	–	–	(10 556)	(10 556)
Credit loss allowance balance end of the year	8 692	2 544	6 992	18 228
Consolidated				
2021				
Other loans				
Credit loss allowance balance beginning of the year	3 068	6 481	20 898	30 447
Transfer between stages	(5)	–	80	75
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	(5)	–	–	(5)
Stage 3 from Stage 1	–	–	80	80
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	8 646	10 051	(20 651)	(1 954)
ECL on new exposure raised	11 442	16 532	207	28 181
Subsequent changes in ECL	98	–	1 699	1 797
Change in ECL due to derecognition	(2 894)	(6 481)	(50)	(9 425)
Impaired accounts written off	–	–	(22 507)	(22 507)
Credit loss allowance balance end of the year	11 709	16 532	327	28 568

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2021				
Guarantees				
Credit loss allowance balance beginning of the year	646	–	–	646
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	(433)	–	–	(433)
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL	19	–	–	19
Change in ECL due to derecognition	(452)	–	–	(452)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	213	–	–	213
Consolidated				
2021				
Total loans and advances				
Credit loss allowance balance beginning of the year	113 581	38 639	400 185	552 405
Transfer between stages	(2 096)	(10 164)	70 829	58 569
Stage 1 to Stage 2	(1 319)	–	–	(1 319)
Stage 2 from Stage 1		7 626	–	7 626
Stage 1 to Stage 3	(2 039)	–	–	(2 039)
Stage 3 from Stage 1		–	44 567	44 567
Stage 2 to Stage 1	–	(9 105)	–	(9 105)
Stage 1 from Stage 2	905	–	–	905
Stage 2 to Stage 3	–	8 906	–	8 906
Stage 3 from Stage 2	–	–	47 405	47 405
Stage 3 to Stage 1	–	–	(19 920)	(19 920)
Stage 1 from Stage 3	357	–		357
Stage 3 to Stage 2	–	–	(1 223)	(1 223)
Stage 2 from Stage 3	–	221	–	221
Net expected credit losses (released)/raised	404	15 967	(91 991)	(75 620)
ECL on new exposure raised	68 541	32 603	39 508	140 652
Subsequent changes in ECL	(26 536)	915	22 432	(3 189)
Change in ECL due to derecognition	(41 601)	(17 551)	(60 294)	119 446)
Impaired accounts written off	–	–	(93 637)	(93 637)
Credit loss allowance balance end of the year	111 889	44 442	379 023	535 354

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2021				
Equipment finance				
Credit loss allowance balance beginning of the year	28 083	11 052	147 030	186 165
Transfer between stages	(568)	(3 296)	27 640	23 776
Stage 1 to Stage 2	(299)	–	–	(299)
Stage 2 from Stage 1	–	2 041	–	2 041
Stage 1 to Stage 3	(628)	–	–	(628)
Stage 3 from Stage 1	–	–	13 929	13 929
Stage 2 to Stage 1	–	(2 339)	–	(2 339)
Stage 1 from Stage 2	273	–	–	273
Stage 2 to Stage 3	–	(3 114)	–	(3 114)
Stage 3 from Stage 2	–	–	19 652	19 652
Stage 3 to Stage 1	–	–	(5 360)	(5 360)
Stage 1 from Stage 3	86	–	–	86
Stage 3 to Stage 2	–	–	(581)	(581)
Stage 2 from Stage 3	–	116	–	116
Net expected credit losses (released)/raised	(1 898)	1 777	(17 486)	(17 607)
ECL on new exposure raised	17 825	6 164	16 380	40 369
Subsequent changes in ECL	(4 739)	46	11 018	6 325
Change in ECL due to derecognition	(14 984)	(4 433)	(25 655)	(45 072)
Impaired accounts written off	–	–	(19 229)	(19 229)
Credit loss allowance balance end of the year	25 617	9 533	157 184	192 334
Separate				
2021				
Capital equipment finance				
Credit loss allowance balance beginning of the year	12 172	5 659	24 503	42 334
Transfer between stages	21	(3 261)	6 335	3 095
Stage 1 to Stage 2	(16)	–	–	(16)
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	(100)	–	–	(100)
Stage 3 from Stage 1	–	–	1 941	1 941
Stage 2 to Stage 1	–	(1 188)	–	(1 188)
Stage 1 from Stage 2	85	–	–	85
Stage 2 to Stage 3	–	(2 073)	–	(2 073)
Stage 3 from Stage 2	–	–	8 068	8 068
Stage 3 to Stage 1	–	–	(3 674)	(3 674)
Stage 1 from Stage 3	52	–	–	52
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	(2 642)	961	(9 784)	(11 465)
ECL on new exposure raised	5 798	3 110	5 819	14 727
Subsequent changes in ECL	(4 278)	(71)	339	(4 010)
Change in ECL due to derecognition	(4 162)	(2 078)	(3 697)	(9 937)
Impaired accounts written off	–	–	(12 245)	(12 245)
Credit loss allowance balance end of the year	9 551	3 359	21 054	33 964

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2021				
Trade and Debtor finance				
Credit loss allowance balance beginning of the year	1 514	1 080	19 417	22 011
Transfer between stages	32	(64)	1 973	1 941
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	(11)	–	–	(11)
Stage 3 from Stage 1	–	–	480	480
Stage 2 to Stage 1	–	(30)	–	(30)
Stage 1 from Stage 2	43	–	–	43
Stage 2 to Stage 3	–	(34)	–	(34)
Stage 3 from Stage 2	–	–	1 493	1 493
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	7 146	1 526	(14 398)	(5 726)
ECL on new exposure raised	5 574	1 074	1 568	8 216
Subsequent changes in ECL	2 104	1 189	(4 065)	(771)
Change in ECL due to derecognition	(532)	(737)	(1 345)	(2 614)
Impaired accounts written off	–	–	(10 556)	(10 556)
Credit loss allowance balance end of the year	8 692	2 542	6 993	18 227
Separate				
2021				
Other loans				
Credit loss allowance balance beginning of the year	3 068	6 481	20 898	30 447
Transfer between stages	(5)	–	80	75
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	(5)	–	–	(5)
Stage 3 from Stage 1	–	–	80	80
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	8 646	10 051	(20 651)	14 451
ECL on new exposure raised	11 442	16 532	207	28 181
Subsequent changes in ECL	98	–	1 699	1 797
Change in ECL due to derecognition	(2 894)	(6 481)	(50)	(9 425)
Impaired accounts written off	–	–	(22 507)	(22 507)
Credit loss allowance balance end of the year	11 709	16 532	327	28 568

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2021				
Guarantees				
Credit loss allowance balance beginning of the year	646	–	–	646
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	(433)	–	–	(433)
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL	19	–	–	19
Change in ECL due to derecognition	(452)	–	–	(452)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	213	–	–	213
Separate				
2021				
Total loans and advances				
Credit loss allowance balance beginning of the year	45 483	24 272	211 848	281 603
Transfer between stages	(520)	(6 621)	36 028	28 887
Stage 1 to Stage 2	(316)	–	–	(316)
Stage 2 from Stage 1	–	2 041	–	2 041
Stage 1 to Stage 3	(743)	–	–	(743)
Stage 3 from Stage 1	–	–	16 430	16 430
Stage 2 to Stage 1	–	(3 557)	–	(3 557)
Stage 1 from Stage 2	401	–	–	401
Stage 2 to Stage 3	–	(5 221)	–	(5 221)
Stage 3 from Stage 2	–	–	29 213	29 213
Stage 3 to Stage 1	–	–	(9 034)	(9 034)
Stage 1 from Stage 3	138	–	–	138
Stage 3 to Stage 2	–	–	(581)	(581)
Stage 2 from Stage 3	–	116	–	116
Net expected credit losses (released)/raised	10 548	14 315	(62 498)	(37 635)
ECL on new exposure raised	40 639	26 880	23 794	91 493
Subsequent changes in ECL	(6 797)	1 164	8 992	3 360
Change in ECL due to derecognition	(23 024)	(13 729)	(30 747)	(67 500)
Impaired accounts written off	–	–	(64 537)	(64 537)
Credit loss allowance balance end of the year	55 782	31 966	185 558	273 306

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.3 Reconciliation of ECL on negotiable securities

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2022				
Credit loss allowance on 1 July 2021	2 500[1]	–	121 593[2]	124 093
Net expected credit losses (released)/raised	(416)	–	1	(415)
Subsequent changes in ECL	(416)	–	1	(415)
Credit loss allowance on 30 June 2022	2 084	–	121 594	123 678
Separate				
2022				
Credit loss allowance on 1 July 2021	2 500[1]	–	121 593[2]	124 093
Net expected credit losses (released)/raised	(416)	–	1	(415)
Subsequent changes in ECL	(416)	–	1	(415)
Credit loss allowance on 30 June 2022	2 084	–	121 594	123 678

[1] *ECL on negotiable securities other than the Land Bank bills, refer to Note 5.*
[2] *ECL on the Land Bank bills, refer to Note 5.*

40.3.4 Reconciliation of ECL on trade and other receivables

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2022				
Credit loss allowance on 1 July 2021	493	–	–	493
Net expected credit losses raised	2 936	–	–	2 936
ECL on new exposure raised	2 936	–	–	2 936
Credit loss allowance on 30 June 2022	3 429	–	–	3 429
Separate				
2022				
Credit loss allowance on 1 July 2021	–	–	–	–
Net expected credit losses raised	2 936	–	–	2 936
ECL on new exposure raised	2 936	–	–	2 936
Credit loss allowance on 30 June 2022	2 936	–	–	2 936

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.5 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				
2022				
Credit loss allowance on 1 July 2021	–	–	–	–
Transfers between stages[1]	(7)	–	–	(7)
Transfer from stage 2	(7)	–	–	(7)
Net expected credit losses raised	7	–	–	7
ECL on new exposure raised	7	–	–	7
Change in ECL due to derecognition	–	–	–	–
Credit loss allowance on 30 June 2022	–	–	–	–

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2022				
Credit loss allowance on 1 July 2021	2 742	–	–	2 742
Net expected credit losses released	(2 742)	–	–	(2 742)
ECL on new exposure raised	(2 742)	–	–	(2 742)
Change in ECL due to derecognition	–	–	–	–
Credit loss allowance on 30 June 2022	–	–	–	–

40.3 Credit loss allowance analysis *continued*

40.3.6 Credit impairment charges recognised in profit or loss

	2022 R'000	2021 R'000 Restated[2]	2022 R'000	2021 R'000 Restated[2]
Consolidated				
Net ECL recognised	**71 150**	192 269	**68 350**	157 516
Loans and advances[1, 2]	**70 449**	99 083	**70 391**	61 163
Letters of credit, carry facilities, loan commitments and financial guarantees issued	**(1 820)**	(288)	**(1 820)**	2 851
Negotiable securities	**(415)**	96 109	**(415)**	96 109
Trade and other receivables	**2 936**	(1 169)	**2 936**	(1 501)
Loans to companies in the Group	**–**	(1 466)	**(2 742)**	(1 106)
Recoveries of loans and advances previously written off	**(23 166)**	(15 778)	**(15 567)**	(11 379)
	47 984	176 491	**52 783**	146 137

[1] *This includes the impact of ISP and other recoveries.*
[2] *Prior periods have been restated, please refer to Note 43 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 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) which refers to the proportion of high-quality liquid assets to meet the banks liquidity needs during a 30-calendar day liquidity stress period/scenario;
- Net Stable Funding Ration (NSFR). This refers to the proportion of Available Stable Funding (ASF) via the liabilities over Required Stable Funding (RSF) for the assets; 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, Land Bank 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	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Non-contrac-tual R'000	Total R'000
2022									
Discounted maturity									
Assets									
Cash and cash equivalents	838 589	838 589	838 589	–	–	–	–	–	838 589
Negotiable securities	1 790 340	1 643 725	302 196	247 931	886 268	–	207 330	146 615	1 790 340
Trading assets	56 653	56 653	22 058	22 285	12 310	–	–	–	56 653
Trade and other receivables	507 535	459 766	459 766	–	–	–	–	47 769	507 535
Loans and advances	8 123 796	7 766 014	358 101	231 749	1 456 173	5 710 971	9 020	357 782	8 123 796
Current taxation asset	39 711	–	–	–	–	–	–	39 711	39 711
Investment securities	193 140	275	–	–	–	275	–	192 865	193 140
Investments at fair value through profit or loss	193 140	275	–	–	–	275	–	192 865	193 140
Loans to entities in the group	194 112	194 112	–	26 259	35 936	131 917	–	–	194 112
Property, equipment and right-of-use assets	176 177	–	–	–	–	–	–	176 177	176 177
Intangible assets and goodwill	140 130	–	–	–	–	–	–	140 130	140 130
Deferred tax assets	4 825	–	–	–	–	–	–	4 825	4 825
Total assets	12 065 008	10 959 134	1 980 710	528 224	2 390 687	5 843 163	216 350	1 105 874	12 065 008
Undiscounted maturity									
Liabilities									
Funding under repurchase agreements	803 976	803 976	803 976	–	–	–	–	–	803 976
Trading liabilities	59 459	59 459	27 815	19 610	12 034	–	–	–	59 459
Current taxation liability	2	–		–	–	–	–	2	2
Trade and other payables	578 691	577 975	577 975	–	–	–	–	716	578 691
Bank overdraft	68 541	68 541	68 541	–	–	–	–	–	68 541
Provisions	45 028	–	–	–	–	–	–	45 028	45 028
Lease liabilities	150 818	213 334	2 044	4 149	18 643	131 800	56 698	–	213 334
Deposits from customers	5 472 504	5 472 504	2 775 999	1 202 156	844 412	499 563	150 375	–	5 472 504
Debt securities issued	2 991 426	3 321 350	–	472 328	550 265	2 298 757	–	–	3 321 350
Long-term loans	299 521	319 801	28	108 636	123 016	81 247	6 874	–	319 801
Deferred tax liabilities	138 247	–	–	–	–	–	–	138 247	138 247
Loans from entities in the group	–	–	–	–	–	–	–	–	–
Total liabilities	10 608 213	10 836 940	4 256 378	1 806 878	1 548 370	3 011 367	213 947	183 993	11 020 933
Off-balance sheet liquidity exposures									
Letters of credit	146 290	146 290	146 290	–	–	–	–	–	146 290
Loan commitments	115 806	115 806	115 806	–	–	–	–	–	115 806
Guarantees	26 355	26 355	26 355	–	–	–	–	–	26 355
Capital expenditure	355	355	355	–	–	–	–	–	355
Total off-balance sheet liquidity exposures	288 806	288 806	288 806	–	–	–	–	–	288 806

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, ECL allowance and revolving credit facilities.*

41. Liquidity risk *continued*

41.1 Contractual maturity analysis *continued*

Consolidated	Carrying amount[2] R'000	Gross inflow/ outflow[2] R'000	Less than 1 month[2] R'000	1 – 3 months[2] R'000	4 – 12 months[2] R'000	1 – 5 years[2] R'000	More than 5 years[2] R'000	Non-contractual[2] R'000	Total[2] R'000
2021 – Restated[2]									
Discounted maturity									
Assets									
Cash and cash equivalents[2]	1 327 515	1 327 515	1 207 293	120 222	–	–	–	–	1 327 515
Negotiable securities	2 085 077	2 209 170	2 380	547 450	649 183	794 103	216 054	(124 093)	2 085 077
Trading assets	43 307	43 307	21 659	14 974	6 033	641	–	–	43 307
Trade and other receivables[2]	453 054	–	–	–	–	–	–	453 054	453 054
Non-current assets held for sale	6 700	–	–	–	–	–	–	6 700	6 700
Loans and advances[2]	6 722 551	6 813 258	551 648	794 652	1 758 341	3 665 866	42 751	(90 707)	6 722 551
Current taxation asset	21 734	–	–	–	–	–	–	21 374	21 734
Investment securities	187 390	216	216	–	–	–	–	187 174	187 390
Investments at fair value through profit or loss	187 390	216	216	–	–	–	–	187 174	187 390
Loans to entities in the group	186 116	–	–	–	–	–	–	186 116	186 116
Property, equipment and right-of-use assets	55 398	–	–	–	–	–	–	55 398	55 398
Intangible assets and goodwill	153 856	–	–	–	–	–	–	153 856	153 856
Deferred tax assets	3 311	–	–	–	–	–	–	3 311	3 311
Total assets	11 246 009	10 393 466	1 783 196	1 477 298	2 413 557	4 460 610	258 805	852 543	11 246 009
Undiscounted maturity									
Liabilities									
Funding under repurchase agreements	700 067	700 067	700 067	–	–	–	–	–	700 067
Trading liabilities	47 987	47 987	27 799	14 908	5 280	–	–	–	47 987
Current taxation liability	2 069	–	–	–	14	–	–	2 069	2 069
Trade and other payables[2]	551 417	–	–	–	–	–	–	551 417	551 417
Bank overdraft	30 392	30 392	30 392	–	–	–	–	–	30 392
Provisions	41 564	–	–	–	–	–	–	41 564	41 564
Lease liabilities	35 107	36 753	2 948	5 897	21 130	6 778	–	–	36 753
Deposits from customers	5 128 289	5 128 289	2 815 187	1 210 805	1 008 444	93 853	–	–	5 128 289
Debt securities issued	2 741 583	3 044 088	–	346 020	329 860	313 929	–	–	3 044 088
Long-term loans	510 904	559 595	–	8 433	237 233	313 929	–	–	559 595
Deferred tax liabilities	107 824	–	–	–	–	–	–	107 824	107 824
Loans from entities in the group	2 749	–	–	–	–	–	–	2 749	2 749
Total liabilities	9 899 952	9 498 480	3 576 393	1 577 630	1 462 228	2 867 042	15 200	705 623	10 204 103
Off-balance sheet liquidity exposures									
Loan commitments	51 906	51 906	51 906	–	–	–	–	–	51 906
Letters of credit	117 461	117 461	117 461	–	–	–	–	–	117 461
Guarantees	38 302	38 302	38 302	–	–	–	–	–	38 302
Capital expenditure	5 189	5 189	5 189	–	–	–	–	–	5 189
Total off-balance sheet liquidity exposures	212 858	212 858	212 858	–	–	–	–	–	212 858

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.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information. Furthermore, the note has been aligned to the order of liquidity of the Consolidated and Separate statement of financial position.*

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	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Non-contractual R'000[1]	Total R'000
2022									
Discounted maturity									
Assets									
Cash and cash equivalents	714 061	714 061	714 061	–	–	–	–	–	714 061
Negotiable securities	1 790 340	1 643 725	302 196	247 931	886 268	–	207 330	146 615	1 790 340
Trading assets	56 456	56 456	22 058	22 088	12 310	–	–	–	56 456
Trade and other receivables	608 128	601 731	601 731	–	–	–	–	6 397	608 128
Loans and advances	4 775 070	4 174 354	243 509	205 702	1 222 430	2 497 157	5 556	600 716	4 775 070
Investment securities	192 865	–	–	–	–	–	–	192 865	192 865
Investments at fair value through profit or loss	192 865	–	–	–	–	–	–	192 865	192 865
Loans to entities in the group	528 297	528 297	334 185	26 259	35 935	131 917	–	–	528 297
Property, equipment and right-of-use assets	173 692	–	–	–	–	–	–	173 692	173 692
Intangible assets and goodwill	96 369	–	–	–	–	–	–	96 369	96 369
Deferred tax assets	328	–	–	–	–	–	–	328	328
Investments in subsidiaries and structured entities	186 144	–	–	–	–	–	–	186 144	186 144
Total assets	9 121 750	7 718 624	2 217 740	501 980	2 156 944	2 629 074	212 886	2 629 074	9 121 750
Undiscounted maturity									
Liabilities									
Funding under repurchase agreements	803 976	803 976	803 976	–	–	–	–	–	803 976
Trading liabilities	56 675	56 675	25 032	19 610	12 033	–	–	–	56 675
Trade and other payables	655 634	655 634	655 634	–	–	–	–	–	655 634
Bank overdraft	381	381	381	–	–	–	–	–	381
Provisions	46 420	–	–	–	–	–	–	46 420	46 420
Lease liabilities	148 432	210 221	1 989	3 977	18 179	129 378	56 698	–	210 221
Deposits from customers	6 018 723	6 018 723	3 322 217	1 202 156	844 412	499 563	150 375	–	6 018 723
Long-term loans	294 021	309 144	–	108 476	122 594	78 074	–	–	309 144
Deferred tax liabilities	–	–	–	–	–	–	–	–	–
Loans from entities in the group	3 277	–	–	–	–	–	–	3 277	3 277
Total liabilities	8 027 539	8 054 754	4 809 229	1 334 219	997 218	707 015	207 073	49 697	8 104 451
Off-balance sheet liquidity exposures									
Loan commitments	146 290	146 290	146 290	–	–	–	–	–	146 290
Letters of credit	115 806	115 806	115 806	–	–	–	–	–	115 806
Guarantees	26 355	26 355	26 355	–	–	–	–	–	26 355
Capital expenditure	355	355	355	–	–	–	–	–	355
Total off-balance sheet liquidity exposures	288 806	288 806	288 806	–	–	–	–	–	288 806

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, ECL allowance and revolving credit facilities.*

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	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Non-contractual R'000	Total R'000
2021 – Restated[2]									
Discounted maturity									
Assets									
Cash and cash equivalents[2]	1 230 577	1 230 577	1 113 162	117 415	–	–	–	–	1 230 577
Negotiable securities	2 085 076	2 209 169	2 379	547 450	649 183	794 103	216 054	(124 093)	2 085 076
Trading assets	44 526	44 526	22 878	14 974	6 033	641	–	–	44 526
Trade and other receivables[2]	568 902	–	–	–	–	–	–	568 902	568 902
Loans and advances[2]	3 503 921	3 585 756	371 048	515 111	687 140	1 970 800	41 657	(81 835)	3 503 921
Investment securities	187 174	–	–	–	–	–	–	187 174	187 174
Investments at fair value through profit or loss	187 174	–	–	–	–	–	–	187 174	187 174
Loans to entities in the group	514 600	–	–	–	–	–	–	514 600	514 600
Property, equipment and right-of-use assets	53 636	–	–	–	–	–	–	53 636	53 636
Intangible assets and goodwill	104 798	–	–	–	–	–	–	104 798	104 798
Investments in subsidiaries and structured entities	188 117	–	–	–	–	–	–	188 117	188 117
Total assets	8 481 327	7 070 026	1 509 465	1 194 950	1 342 356	2 765 544	257 711	1 411 301	8 481 327
Undiscounted maturity									
Liabilities									
Funding under repurchase agreements	700 067	700 067	700 067	–	–	–	–	–	700 067
Trading liabilities	40 821	40 821	20 633	14 908	5 280	–	–	–	40 821
Trade and other payables[2]	497 130	–	–	–	–	–	–	497 130	497 130
Provisions	35 360	–	–	–	–	–	–	35 360	35 360
Bank overdraft	13	13	13	–	–	–	–	–	13
Lease liabilities	33 126	34 772	2 948	5 897	21 130	4 797	–	–	34 772
Deposits from customers	5 577 053	5 577 053	3 263 951	1 210 805	1 008 444	93 853	–	–	5 577 054
Long-term loans	505 566	559 595	–	8 433	237 233	313 929	–	–	559 595
Deferred tax liabilities	10 789	–	–	–	–	–	–	10 789	10 789
Loans from entities in the group	3 277	–	–	–	–	–	–	3 277	3 277
Total liabilities	7 403 202	6 912 321	3 987 612	1 240 043	1 272 087	412 579	–	546 556	7 458 877
Off-balance sheet liquidity exposures									
Loan commitments	51 906	51 906	51 906	–	–	–	–	–	51 906
Letters of credit	117 461	117 461	117 461	–	–	–	–	–	117 461
Guarantees	38 302	38 302	38 302	–	–	–	–	–	38 302
Capital expenditure	5 189	5 189	5 189	–	–	–	–	–	5 189
Non-cancellable operating lease rentals for premises	–	–	–	–	–	–	–	–	–
Total off-balance sheet liquidity exposures	212 858	212 858	212 858	–	–	–	–	–	212 858

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.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information. Furthermore, the note has been aligned to the order of liquidity of the Consolidated statement of financial position.*

41. Liquidity risk *continued*

41.2 Discounted maturity analysis: Current and non-current

Consolidated	2022 Current R'000	2022 Non-current R'000	2022 Total R'000	2021 – Restated[1] Current R'000	2021 – Restated[1] Non-current R'000	2021 – Restated[1] Total R'000
Assets						
Cash and cash equivalents[1]	**838 589**	**–**	**838 589**	1 327 515	–	1 327 515
Negotiable securities	**1 312 717**	**477 623**	**1 790 340**	1 074 920	1 010 157	2 085 077
Trading assets	**56 653**	**–**	**56 653**	42 666	641	43 307
Trade and other receivables[1]	**507 535**	**–**	**507 535**	453 054	–	453 054
Non-current assets held for sale	**–**	**–**	**–**	6 700	–	6 700
Loans and advances[1]	**1 584 940**	**6 538 856**	**8 123 796**	3 022 806	3 699 745	6 722 551
Current taxation asset	**39 711**	**–**	**39 711**	21 734	–	21 734
Investment securities	**–**	**193 140**	**193 140**	216	187 174	187 390
Investments at fair value through profit or loss	**–**	**193 140**	**193 140**	216	187 174	187 390
Loans to entities in the Group	**62 915**	**131 917**	**194 112**	–	186 116	186 116
Property, equipment and right-of-use assets	**–**	**176 177**	**176 177**	–	55 398	55 398
Intangible assets and goodwill	**–**	**140 130**	**140 130**	–	153 856	153 856
Deferred tax assets	**–**	**4 825**	**4 825**	–	3 311	3 311
Total assets	**4 402 340**	**7 662 668**	**12 065 008**	5 949 611	5 296 398	11 246 009
Liabilities						
Funding under repurchase agreements	**803 976**	**–**	**803 976**	700 067	–	700 067
Trading liabilities	**59 459**	**–**	**59 459**	47 987	–	47 987
Current taxation liability	**2**	**–**	**2**	2 069	–	2 069
Trade and other payables[1]	**578 691**	**–**	**578 691**	551 417	–	551 417
Bank overdraft	**68 541**	**–**	**68 541**	30 392	–	30 392
Provisions	**45 028**	**–**	**45 028**	41 564	–	41 564
Lease liabilities	**11 822**	**138 996**	**150 818**	32 119	2 988	35 107
Deposits from customers	**4 822 567**	**649 937**	**5 472 504**	5 034 436	93 853	5 128 289
Debt securities issued	**1 013 522**	**1 977 904**	**2 991 426**	544 796	2 196 787	2 741 583
Long-term loans	**222 602**	**76 919**	**299 521**	97 500	413 403	510 904
Deferred tax liabilities	**–**	**138 247**	**138 247**	–	107 824	107 824
Loans from entities in the Group	**–**	**–**	**–**	–	2 749	2 749
Total liabilities	**7 626 210**	**2 982 003**	**10 608 213**	7 082 348	2 817 604	9 899 952

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *The amounts reflected as current will be settled in less than 12 months and the amounts reflected in non-current are expected to be settled in greater than 12 months.*

41. Liquidity risk *continued*

41.2 Discounted maturity analysis: Current and non-current continued

Separate	2022 Current R'000	2022 Non-current R'000	2022 Total R'000	2021 – Restated[1] Current R'000	2021 – Restated[1] Non-current R'000	2021 – Restated[1] Total R'000
Assets						
Cash and cash equivalents[1]	**714 061**	**–**	**714 061**	1 230 577	–	1 230 577
Negotiable securities	**1 312 717**	**477 623**	**1 790 340**	1 074 919	1 010 157	2 085 076
Trading assets	**56 456**	**–**	**56 456**	43 885	641	44 526
Trade and other receivables[1]	**608 128**	**–**	**608 128**	568 902	–	568 902
Loans and advances[1]	**1 439 340**	**3 335 730**	**4 775 070**	1 491 464	2 012 457	3 503 921
Investment securities	**–**	**192 865**	**192 865**	–	187 174	187 174
Investments at fair value through profit or loss	**–**	**192 865**	**192 865**	–	187 174	187 174
Loans to entities in the Group	**396 380**	**131 917**	**528 297**	–	514 600	514 600
Property, equipment and right-of-use assets	**–**	**173 692**	**173 692**	–	53 636	53 636
Intangible assets and goodwill	**–**	**96 369**	**96 369**	–	104 798	104 798
Deferred tax assets	**–**	**328**	**328**			
Investments in subsidiaries and structured entities	**–**	**186 144**	**186 144**	–	188 117	188 117
Total assets	**4 527 082**	**4 594 668**	**9 121 750**	4 650 557	3 830 770	8 481 327
Liabilities						
Funding under repurchase agreements	**803 976**	**–**	**803 976**	700 067	–	700 067
Trading liabilities	**56 675**	**–**	**56 675**	40 821	–	40 821
Trade and other payables[1]	**655 634**	**–**	**655 634**	497 130	–	497 130
Bank overdraft	**381**	**–**	**381**	13	–	13
Provisions	**46 420**	**–**	**46 420**	35 360	–	35 360
Lease liabilities	**11 340**	**137 092**	**148 432**	30 948	2 178	33 126
Deposits from customers	**5 368 785**	**649 938**	**6 018 723**	5 483 200	93 853	5 577 053
Long-term loans	**222 602**	**71 419**	**294 021**	97 500	408 066	505 566
Deferred tax liabilities	**–**	**–**	**–**	–	10 789	10 789
Loans from entities in the Group	**–**	**3 227**	**3 277**	–	3 277	3 277
Total liabilities	**7 165 813**	**861 726**	**8 027 539**	6 885 040	518 162	7 403 202

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *The amounts reflected as current will be settled in less than 12 months and the amounts reflected in non-current are expected to be settled in greater than 12 months.*

42. Market risk

To manage the liquidity risk arising from financial liabilities, the Banking Group holds high-quality liquid assets comprising cash and cash equivalents, treasury bills, Land Bank bills and negotiable certificates of deposit for which there is an active liquid market.

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

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

Settlement risk

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

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

Management of market risk

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

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

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

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

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

- Non-trading portfolios
  Non-trading portfolios are held by Treasury and are associated with fluctuations in the market price of assets and liabilities. Accordingly, the 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 CLEC, 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 the Board-delegated 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 and Property Equity investments in unlisted entities in accordance with delegated authority limits as defined by the CLEC. Market risk on these investments is managed in terms of the investment's purpose and strategic benefits to the 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 incurs currency risk as a result of services and supplies acquired from foreign suppliers. 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 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 Market 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.

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
2022						
Assets						
Non-trading portfolios						
Cash and cash balances	258 167	–	–	–	–	258 167
Negotiable securities	270 293	–	–	–	–	270 293
Loans and advances	7 666 988	1 338	10 168	72 047	–	7 750 541
Loans to entities in the Group	131 917	–	–	–	–	131 917
Total assets	8 327 365	1 338	10 168	72 047	–	8 410 918
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	803 976	–	–	–	–	803 976
Bank overdraft	68 160	–	–	–	–	68 160
Deposits from customers	3 097 797	286 294	–	–	–	3 384 091
Debt securities issued	–	2 991 426	–	–	–	2 991 426
Long-term loans	294 021	5 500	–	–	–	299 521
Total liabilities	4 263 954	3 283 220	–	–	–	7 547 174
Net pricing gap	4 063 411	(3 281 882)	10 168	72 047	–	863 744
Cumulative repricing gap	4 063 411	781 529	791 697	863 744	863 744	863 744
A 200 basis point (bp) interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	6 833	(10 940)	102	720	–	(3 285)
200 bp parallel shock interest rate decrease	(2 620)	10 940	(102)	(720)	–	7 497

42. Market risk *continued*

42.1 Market risk *continued*

Consolidated	Up to 1 month[1] R'000	1 - 3 months[1] R'000	4 - 12 months[1] R'000	1 - 5 years[1] R'000	More than 5 years[1] R'000	Total[1] R'000
2021 – Restated[1]						
Assets						
Non-trading portfolios						
Cash and cash equivalents[1]	1 224 114	103 401	–	–	–	1 327 515
Negotiable securities	2 380	547 450	649 183	794 103	215 639	2 208 755
Loans and advances[1]	6 079 924	284 856	251 160	618 844	23 121	7 257 905
Loans to entities in the Group	186 116	–	–	–	–	186 116
Total assets	7 492 534	935 707	900 343	1 412 947	238 760	10 980 291
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements	700 067	–	–	–	–	700 067
Bank overdraft	30 379	–	–	–	–	30 379
Deposits from customers	2 815 188	1 210 805	1 008 444	93 853	–	5 128 290
Debt securities issued	–	2 741 583	–	–	–	2 741 583
Long-term loans	–	5 338	97 500	392 866	15 199	510 903
Loans from entities in the Group	2 749	–	–	–	–	2 749
Total liabilities	3 548 383	3 957 726	1 105 944	486 719	15 199	9 113 971
Net pricing gap	3 944 151	(3 022 019)	(205 601)	926 228	223 561	1 866 320
Cumulative repricing gap	3 944 151	922 132	716 531	1 642 759	1 866 320	1 866 320
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	6 263	(15 110)	(4 112)	18 525	4 471	10 037
200 bp parallel shock interest rate decrease	(6 263)	15 110	4 112	(18 525)	(4 471)	(10 037)

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

42. Market risk *continued*

42.1 Market 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
2022						
Assets						
Non-trading portfolios						
Cash and cash balances	133 638	–	–	–	–	133 638
Negotiable securities	270 293	–	–	–	–	270 293
Loans and advances	4 455 507	–	–	–	–	4 455 507
Loans to entities in the Group	131 917	334 185	–	–	–	466 102
Total assets	4 991 355	334 185	–	–	–	5 325 540
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	803 976	–	–	–	–	803 976
Bank overdraft	–	–	–	–	–	–
Deposits from customers	3 644 016	286 294	–	–	–	3 930 310
Long-term loans	294 021	–	–	–	–	294 021
Total liabilities	4 742 013	286 294	–	–	–	5 028 307
Net pricing gap	249 342	47 891	–	–	–	297 233
Cumulative repricing gap	249 342	297 233	297 233	297 233	297 233	297 233
A 200 basis point (bp) interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	409	160	–	–	–	568
200 bp parallel shock interest rate decrease	688	(160)	–	–	–	528

42. Market risk *continued*

42.1 Market risk *continued*

Separate	Up to 1 month[1] R'000	1 – 3 months[1] R'000	4 – 12 months[1] R'000	1 – 5 years[1] R'000	More than 5 years[1] R'000	Total[1] R'000
2021 – Restated[1]						
Assets						
Non-trading portfolios						
Cash and cash equivalents[1]	1 129 982	100 595	–	–	–	1 230 577
Negotiable securities	2 380	547 450	649 183	794 103	216 053	2 209 169
Loans and advances[1]	2 826 725	264 585	178 704	484 977	22 236	3 777 227
Loans to entities in the Group	186 116	331 226	–	–	–	517 342
Total assets	4 145 203	1 243 856	827 887	1 279 080	238 289	7 734 315
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements	700 067	–	–	–	–	700 067
Bank overdraft	–	–	–	–	–	–
Deposits from customers	3 263 951	1 210 805	1 008 444	93 853	–	5 577 053
Long-term loans	–	–	97 500	392 866	15 200	505 565
Loans from entities in the Group	3 277	–	–	–	–	–
Total liabilities	3 964 018	1 210 805	1 105 944	486 719	15 200	6 782 686
Net pricing gap	181 185	33 051	(278 057)	792 361	223 089	951 629
Cumulative repricing gap	181 185	214 236	(63 821)	278 540	951 629	951 629
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	302	165	(5 561)	15 847	4 462	15 215
200 bp parallel shock interest rate decrease	(5 571)	(165)	5 561	(15 847)	(4 462)	15 215

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

42. Market risk *continued*

42.2 Currency risk

The 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 Group utilises forward-exchange contracts to economically hedge its estimated future foreign currency exposure arising from purchases.

Foreign currency risk sensitivity analysis

Consolidated	US Dollar R'000	Euro R'000	Japanese Yen R'000	British Pound R'000	Other R'000	Total R'000
2022						
Forward-exchange contracts	**64 433**	**2 723**	**10**	**735**	**1 203**	**69 104**
Import bills	**209 812**	**12 254**	**1 139**	**11 986**	**–**	**235 191**
Bank overdrafts	**–**	**–**	**–**	**–**	**–**	**–**
Bank balances	**42 023**	**57 138**	**30**	**8 513**	**2 247**	**109 951**
Import suppliers	**(3 107)**	**–**	**–**	**(992)**	**–**	**(4 099)**
Usance creditors	**(36 531)**	**(788)**	**–**	**–**	**–**	**(37 319)**
Other payables	**424 600**	**3 236**	**6 106**	**(127)**	**(1 335)**	**432 480**
Total net (short)/long position	**701 230**	**74 563**	**7 285**	**20 115**	**2 115**	**805 308**
Sensitivity – 5%	**35 061**	**3 728**	**364**	**1 006**	**106**	**40 265**
2021						
Forward exchange contracts	4 370	65	25	314	64	4 838
Import bills	202 369	16 691	–	16 067	–	235 127
Bank balances	6 566	53 116	310	12 688	1 446	74 126
Funding under repurchase	(109 840)	–	–	–	(1)	(109 841)
Import suppliers	(1 554)	–	–	(3 878)	–	(5 432)
Usance creditors	(18 191)	(211)	–	–	–	(18 402)
Other payables	(27 459)	(41 439)	580	(64 258)	868	(131 708)
Total net (short)/long position	56 261	28 222	915	(39 067)	2 377	48 708
Sensitivity – 5%	2 813	1 411	46	(1 953)	119	2 436

42. Market risk *continued*
42.2 Currency risk *continued*
Foreign currency risk sensitivity analysis *continued*

Separate	US Dollar R'000	Euro R'000	Japanese Yen R'000	British Pound R'000	Other R'000	Total R'000
2022						
Forward-exchange contracts	64 433	2 723	10	735	1 203	69 104
Import bills	209 812	12 254	1 139	11 986	–	235 191
Bank overdrafts	–	–	–	–	–	–
Bank balances	42 023	57 138	30	8 513	2 247	109 951
Import suppliers	(3 107)	–	–	(992)	–	(4 099)
Usance Creditors	(36 531)	(788)	–	–	–	(37 319)
Other payables	424 600	3 236	6 106	(127)	(1 335)	432 480
Total net (short)/ long position	701 230	74 563	7 285	20 115	2 115	805 308
Sensitivity – 5%	35 061	3 728	364	1 006	106	40 265
2021						
Forward-exchange contracts	4 370	65	25	314	64	4 838
Import Bills	202 369	16 691	–	16 067	–	235 127
Bank balances	6 566	53 116	310	12 688	1 446	74 125
Funding under repurchase	(109 840)	–	–	–	(1)	(109 841)
Import suppliers	(1 554)	–	–	(3 878)	–	(5 432)
Usance Creditors	(18 191)	(211)	–	–	–	(18 402)
Other payables	(27 459)	(41 439)	580	(64 258)	868	(131 708)
Total net (short)/ long position	56 261	28 222	915	(39 067)	2 377	48 708
Sensitivity – 5%	2 813	1 411	46	(1 953)	119	2 436

42. Market risk *continued*

42.2 Currency risk *continued*

Analysis of assets and liabilities by currency

Consolidated	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2022						
Assets						
Cash and cash equivalents	42 023	57 135	8 513	728 638	2 277	838 589
Trading assets	–	–	–	56 653	–	56 653
Negotiable securities	–	–	–	1 790 340	–	1 790 340
Trade and other receivables	40 782	–	–	466 753	–	507 535
Loans and advances	209 812	12 254	11 986	7 888 605	1 139	8 123 796
Current taxation asset	–	–	–	39 711	–	39 711
Investment securities	–	703	–	192 437	–	193 140
– Investments at fair value through profit or loss	–	703	–	192 437	–	193 140
Loans to entities in the Group	–	–	–	194 112	–	194 112
Deferred tax assets	–	–	–	4 825	–	4 825
Property, equipment and right-to-use assets	–	–	–	176 177	–	176 177
Intangible assets and goodwill	–	–	–	140 130	–	140 130
Total assets	**292 617**	**70 095**	**20 499**	**11 678 381**	**3 416**	**12 065 008**
Liabilities						
Funding under repurchase agreements	–	–	–	803 976	–	803 976
Trading liabilities	22 942	12 206	3 668	19 559	1 084	59 459
Current taxation liabilities	–	–	–	2	–	2
Trade and other payables	(424 600)	(3 236)	127	1 011 171	(4 771)	578 691
Provisions	–	–	–	45 028	–	45 028
Bank overdraft	–	–	–	68 541	–	68 541
Deposits from customers	–	–	–	5 472 504	–	5 472 504
Lease liabilities	–	–	–	150 818	–	150 818
Debt securities issued	–	–	–	2 991 426	–	2 991 426
Long-term loans	–	–	–	299 521	–	299 521
Deferred tax liabilities	–	–	–	138 247	–	138 247
Total liabilities	**(401 658)**	**8 970**	**3 795**	**11 000 793**	**(3 687)**	**10 608 213**

42. Market risk *continued*
42.2 Currency risk *continued*
Analysis of assets and liabilities by currency *continued*

Separate	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2022						
Assets						
Cash and cash equivalents	42 023	57 138	8 513	604 110	2 277	714 061
Trading assets	–	–	–	56 456	–	56 456
Negotiable securities	–	–	–	1 790 340	–	1 790 340
Trade and other receivables	40 782	–	–	567 346	–	607 476
Loans and advances	209 812	12 254	11 986	4 539 879	1 139	4 775 070
Investment securities	–	703	–	192 162	–	192 865
– Investments at fair value through profit or loss	–	703	–	192 162	–	192 865
Loans to entities in the Group	–	–	–	528 297	–	528 297
Property, equipment and right-to-use assets	–	–	–	173 692	–	173 692
Intangible assets and goodwill	–	–	–	96 369	–	96 369
Deferred tax assets	–	–	–	328	–	328
Investments in subsidiaries and structured entities	–	–	–	186 144	–	186 144
Total assets	**292 617**	**70 095**	**20 499**	**8 735 123**	**3 416**	**9 121 750**
Liabilities						
Funding under repurchase agreements	–	–	–	803 976	–	803 976
Trading liabilities	22 942	12 206	3 668	16 775	1 084	56 675
Trade and other payables	(424 600)	(3 236)	127	1 088 114	(4 771)	655 634
Provisions	–	–	–	46 420	–	46 420
Bank overdraft	–	–	–	381	–	381
Deposits from customers	–	–	–	6 018 723	–	6 018 723
Lease liabilities	–	–	–	148 432	–	148 432
Long-term loans	–	–	–	294 021	–	294 021
Deferred tax liabilities	–	–	–	–	–	–
Loans from entities in the Group	–	–	–	3 277	–	3 277
Total liabilities	**(401 658)**	**8 970**	**3 795**	**8 420 119**	**(3 687)**	**8 027 539**

42. Market risk *continued*

42.2 Currency risk *continued*

Analysis of assets and liabilities by currency *continued*

Consolidated	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000[1]	Other R'000	Total R'000 Restated[1]
2021 – Restated[1]						
Assets						
Cash and cash equivalents[1]	6 566	53 116	12 688	1 253 389	1 756	1 327 515
Trading assets	38 023	3 579	1 006	416	283	43 307
Negotiable securities	–	–	–	2 085 077	–	2 085 077
Trade and other receivables[1]	–	–	–	453 054	–	453 054
Non-current assets held for sale	–	–	–	6 700	–	6 700
Loans and advances[1]	202 369	16 691	16 067	6 487 424	–	6 722 551
Current taxation asset	–	–	–	21 734	–	21 734
Investment securities	–	–	–	187 390	–	187 390
– Investments at fair value through profit or loss	–	–	–	187 390	–	187 390
Loans to entities in the Group	–	–	–	186 116	–	186 116
Deferred tax assets	–	–	–	3 311	–	3 311
Property, equipment and right-to-use assets	–	–	–	55 398	–	55 398
Intangible assets and goodwill	–	–	–	153 856	–	153 856
Total assets	246 958	73 386	29 761	9 275 957	2 039	11 246 009
Liabilities						
Funding under repurchase agreements	109 840	–	–	590 226	1	700 067
Trading liabilities	33 653	3 515	692	9 933	194	47 987
Current taxation liabilities	–	–	–	2 069	–	2 069
Trade and other payables[1]	47 204	41 649	68 136	395 877	(1 449)	551 417
Provisions	–	–	–	41 564	–	41 564
Bank overdraft	–	–	–	30 392	–	30 392
Deposits from customers	–	–	–	5 128 289	–	5 128 289
Lease liabilities	–	–	–	35 107	–	35 107
Debt securities issued	–	–	–	2 741 583	–	2 741 583
Long-term loans	–	–	–	510 904	–	510 904
Deferred tax liabilities	–	–	–	107 824	–	107 824
Loans from entities in the Group	–	–	–	2 749	–	2 749
Total liabilities	190 697	45 164	68 828	9 596 517	(1 254)	9 899 952

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

42. Market risk *continued*

42.2 Currency risk *continued*

Analysis of assets and liabilities by currency *continued*

Separate	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000[1]	Other R'000	Total R'000[1]
2021 – Restated[1]						
Assets						
Cash and cash equivalents[1]	6 566	53 116	12 688	1 156 451	1 756	1 230 577
Trading assets	38 023	3 579	1 006	1 635	283	44 526
Negotiable securities	–	–	–	2 085 076	–	2 085 076
Trade and other receivables[1]	–	–	–	568 902	–	568 902
Loans and advances[1]	202 369	16 691	16 067	3 268 794	–	3 503 921
Investment securities	–	–	–	187 174	–	187 174
– Investments at fair value through profit or loss	–	–	–	187 174	–	187 174
Loans to entities in the Group	–	–	–	514 600	–	514 600
Property, equipment and right-to-use assets	–	–	–	53 636	–	53 636
Intangible assets and goodwill	–	–	–	104 798	–	104 798
Investments in subsidiaries and structured entities	–	–	–	188 117	–	188 117
Total assets	246 958	73 386	29 761	8 129 184	2 039	8 481 327
Liabilities						
Funding under repurchase agreements	109 840	–	–	590 227	–	700 067
Trading liabilities	33 653	3 515	692	2 767	194	40 821
Trade and other payables[1]	47 204	41 649	68 136	341 589	(1 449)	497 130
Provisions	–	–	–	35 360	–	35 360
Bank overdraft	–	–	–	13	–	13
Deposits from customers	–	–	–	5 577 053	–	5 577 053
Lease liabilities	–	–	–	33 126	–	33 126
Long-term loans	–	–	–	505 566	–	505 566
Deferred tax liabilities	–	–	–	10 789	–	10 789
Loans from entities in the Group	–	–	–	3 277	–	3 277
Total liabilities	190 697	45 164	68 828	7 099 767	(1 255)	7 403 202

[1] *Prior periods have been restated, 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					
2022					
Interest rate swaps	**(2 151)**	**(2 151)**	**2 406**	**(4 557)**	**(121 026)**
Exchange rate contracts	**(655)**	**(655)**	**54 247**	**(54 902)**	**–[1]**
Total derivatives	**(2 806)**	**(2 806)**	**56 653**	**(59 459)**	**(121 026)**
2021					
Interest rate swaps	(9 517)	(9 517)	(577)	(8 940)	(126 737)
Exchange rate contracts	4 838	4 838	43 884	(39 047)	358 369
Total derivatives	(4 679)	(4 679)	43 308	(47 987)	231 632
Separate					
2022					
Interest rate swaps	**436**	**436**	**2 210**	**(1 774)**	**1 352 740**
Exchange rate contracts	**(655)**	**(655)**	**54 247**	**(54 902)**	**–[1]**
Total derivatives	**(219)**	**(219)**	**56 457**	**(56 676)**	**1 352 740**
2021					
Interest rate swaps	(1 133)	(1 133)	641	(1 774)	1 108 146
Exchange rate contracts	4 838	4 838	43 884	(39 047)	358 369
Total derivatives	3 705	3 705	44 526	(40 821)	1 466 515

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

43. Correction of prior year errors, restatements and reclassifications

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

Reclassifications:

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

Reconciliations in Business and Commercial Banking

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

Reconciliations in Treasury

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

Interest in suspense in Asset Finance

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

Loans and advances

During the period under review, management identified that the source system implemented in 2019 in Asset Finance was programmed to erroneously create a transaction affecting loans and advances and other receivables. As a result of the way that the system is programmed, it is not possible to quantify the amounts attributable to each financial year. Only the aggregate amount from the date of implementation of the system to date could be quantified. Therefore, retrospective correction of the error is impracticable. The error was corrected in the current year by reclassifying R22.799 million from loans and advances to trade and other receivables in the Consolidated Annual Financial Statements and R652 044 in the Separate Annual Financial Statements.

Restatement:

Cash book reconciliations in Asset Finance

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

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

Consolidated statement of financial position at 30 June 2021

	Accounting policy	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Assets								
Cash and cash equivalents	1.11	4	1 165 168	62 708	82 818	16 821	–	1 327 515
Trade and other receivables	1.13	7	525 960	14 916	(87 822)	–	–	453 054
Loans and advances	1.13	9	6 787 898	–	(65 347)	–	–	6 722 551
Total				77 624	(70 351)	16 821	–	
Liabilities								
Trade and other payables	1.13	16	469 630	77 624	(12 658)	16 821	–	551 417
Total				77 624	(12 658)	16 821	–	
Equity								
Distributable reserves	1.10		940 274	–	(57 693)	–	–	882 581
Total				–	(57 693)	–	–	

Consolidated statement of profit or loss and other comprehensive income for the year ended 2021

	Accounting policy	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook Recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Interest income	1.14	25	971 948	–	–	–	29 753	1 001 701
Interest income calculated using the effective interest method			940 363	–	–	–	29 753	970 116
Credit impairment charges	1.13 & 2.2	39.3.6	(146 738)	–	–	–	(29 753)	(176 491)
Total				–	–	–	–	

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

Consolidated statement of cash flows for the year ended 2021

	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Increase in loans and advances		(120 312)	–	73 068	–	–	(47 244)
Increase in trade and other receivables		(210 218)	(14 916)	–	–	–	(225 134)
Decrease in trade and other payables		(215 037)	45 073	–	16 821	–	(153 143)
Net cash from operating activities			30 157	73 068	16 821	–	
Net decrease in cash and cash equivalents		(403 357)	30 157	73 068	16 821	–	(283 311)
Cash and cash equivalents at beginning of the year	4	1 546 888	32 551	9 750	–	–	1 589 189
Cash and cash equivalents at the end of the year	4	1 134 776	62 708	82 818	16 821	–	1 297 123

Consolidated statement of financial position at 1 July 2020

	Accounting policy	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook Recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Assets								
Cash and cash equivalents	1.11	4	1 698 350	32 551	9 750	–	–	1 740 651
Trade and other receivables	1.13	7	354 059	–	(87 822)	–	–	266 237
Loans and advances	1.13	9	6 609 237	–	7 720	–	–	6 616 957
Total				32 551	(70 352)	–	–	
Liabilities								
Trade and other payables	1.13	16	684 667	32 551	(12 658)	–	–	704 560
Total				32 551	(12 658)	–	–	
Equity								
Distributable reserves	1.10		888 766	–	(57 693)	–	–	831 073
Total				–	(57 693)	–	–	

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

Separate statement of financial position at 30 June 2021

	Accounting policy	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Assets								
Cash and cash equivalents	1.11	4	1 055 572	62 708	95 476	16 821	–	1 230 577
Trade and other receivables	1.13	7	641 808	14 916	(87 822)	–	–	568 902
Loans and advances	1.13	9	3 569 268	–	(65 347)	–	–	3 503 921
Total				77 624	(57 693)	16 821	–	
Liabilities								
Trade and other payables	1.13	16	402 685	77 624	–	16 821	–	497 130
Total				77 624	–	16 821	–	
Equity								
Distributable reserves	1.10		672 342	–	(57 693)	–	–	614 649
Total				–	(57 693)	–	–	

Separate statement of profit or loss and other comprehensive income for the year ended 2021

	Accounting policy	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook Recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Interest income	1.14	25	578 504	–	–	–	10 754	589 258
Interest income calculated using the effective interest method			546 479	–	–	–	10 754	557 233
Credit impairment charges	1.13 & 2.2	39.3.6	(135 383)	–	–	–	(10 754)	(146 137)
Total				–	–	–	–	

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

Separate statement of cash flows for the year ended 2021

	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Increase in loans and advances		(277 550)	–	73 068	–	–	(204 482)
Increase in trade and other receivables		(362 294)	(14 916)	–	–	–	(377 210)
Decrease in trade and other payables		(55 791)	45 073	–	16 821	–	6 103
Net cash from operating activities			30 157	73 068	16 821	–	
Net increase/(decrease) in cash and cash equivalents		(463 181)	30 157	73 068	16 821	–	(343 135)
Cash and cash equivalents at beginning of the year	4	1 411 641	32 551	22 408	–	–	1 466 600
Cash and cash equivalents at the end of the year	4	1 055 559	62 708	95 476	16 821	–	1 230 564

Separate statement of financial position at 1 July 2020

	Accounting policy	Note	As previously reported R'000	Recon-ciliations in BCB reclas-sification R'000	Cashbook Recon-ciliations restate-ment R'000	Recon-ciliations in Treasury reclas-sification R'000	Interest in suspense reclas-sification R'000	Restated R'000
Assets								
Cash and cash equivalents	1.11	4	1 442 103	32 551	22 408	–	–	1 497 062
Trade and other receivables	1.13	7	286 414	–	(87 822)	–	–	198 592
Loans and advances	1.13	9	3 244 723	–	7 720	–	–	3 252 443
Total				32 551	(70 352)	–	–	
Liabilities								
Trade and other payables	1.13	16	458 476	32 551	–	–	–	491 027
Total				32 551	–	–	–	
Equity								
Distributable reserves	1.10		531 863	–	(57 693)	–	–	474 170
Total				–	(57 693)	–	–	

44. Capital management

The 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 Group's risk appetite and target ranges, both of which are approved by the Board. Capital adequacy is actively managed and forms a key component of the budget and forecasting process. The capital plan is tested under a range of stress scenarios and takes into consideration the Group's ICAAP model, which has been revised during the current financial year. The capital management function is governed primarily by management level subcommittees that oversee the risks associated with capital management, as well as the ALCO, a management committee and GRCMC, a committee of the Sasfin Holdings Limited Board.

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 returns on a sustainable basis.

The key fundamentals of the 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 Group.

Key objectives of capital management are to:

- ensure that the Banking Group has sufficient qualifying capital resources to meet the minimum regulatory capital requirements as set by the SARB in accordance with the Basel III Accord and the Group's Board Risk Appetite;
- ensure that the available capital resources of the Banking Group are sufficient to support the economic capital requirements of the Group;
- optimise return on regulatory and economic capital by providing investors with above market-related returns on a sustainable basis
- generate sufficient capital to support organic and new business growth objectives of the Group;
- allocate capital to businesses to support the strategic and growth objectives of the Group; and
- ensure that the 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 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 Group. The capital adequacy of the Banking Group is reported to the Board on a quarterly basis.

Capital adequacy (unaudited)

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

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

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

Regulatory capital (unaudited)

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

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

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

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

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

44. Capital management *continued*

	2022 % Unaudited	2021 % Unaudited Restated[1]
Consolidated		
Common Equity Tier 1 Capital	**16.341**	18.703
Additional Tier 1 Capital	**–**	–
Total Tier 1 Capital	**16.341**	18.703
Tier 2 Capital	**0.898**	0.881
Total Capital	**17.239**	19.584
Stakeholder Capital adequacy ratio minimum requirements		
Regulator:		
– National Common Equity Tier 1	**8.000**	8.000
– National Total Tier 1	**11.000**	10.000
– Total Capital	**13.500**	12.500
Separate		
Common Equity Tier 1 Capital	**14.053**	16.173
Additional Tier 1 Capital	**–**	–
Total Qualifying Capital	**14.053**	16.173
Tier 2 Capital	**0.655**	0.861
Total Capital	**14.708**	17.034
Stakeholder Capital adequacy ratio minimum requirements		
Regulator:		
– National Common Equity Tier 1	**8.000**	8.000
– National Total Tier 1	**11.000**	10.000
– Total Capital	**13.500**	12.500

[1] *Prior periods have been restated.*

45. Events after the reporting date

45.1 Refinancing of SASP notes

South Africa Securitisation Programme (RF) Limited (SASP), successfully re-financed notes with a value of R511 million in August 2022 and placed an additional R250 million of notes which matures in 3 to 5 years.

45.2 Investigation into suspected financial misconduct

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

46. Going concern

Over the last twelve months, the South African economy performed better than anticipated. This was due to the strong performance in the commodity sector coupled by some of the early interventions by the government, including the increase in interest rates. Against this backdrop, the Banking Group has produced an improved set of results, whilst taking active steps to support our stakeholders, including society at large. The Banking Group posted a profit for the year of R120.738 million (2021: R61.138 million), for the year ended 30 June 2022. This improvement was mainly driven by improved credit performance. Whilst the Bank's profit for the year decreased by 21.85% to R26.086 million (2021: profit R33.379 million). This is largely due to an increase in operating costs due to increase in bonus provision and staff costs as a result of the annual increase and headcount increases. Total income was flat at R949.423 million (2021: R978.008 million) for the Banking Group and the Bank at R818.239 million (2021: R808.676 million).

Given the overall improved performance, as well as the stable financial, liquidity and capital position, the directors are of the view that the Banking Group and the Bank are a going concern. The directors believe that the Banking Group has adequate financial resources to continue for the foreseeable future, which further supports that the financial statements be prepared on a going concern basis. The directors have satisfied themselves that the Banking Group is in a sound financial position, and, together with measures taken to strengthen the capital and liquidity base, is well-positioned to take advantage of growth opportunities. The Banking Group's CAR and LCR are above the required regulatory minimums. The directors are not aware of any material factors that may adversely impact the Banking Group.

Glossary of terms

Term	Definition
ALCO	Asset and Liability Committee
ATFS	Absa Technology Finance Solutions (Proprietary) Limited
Banks Act	Banks Act, 94 of 1990, as amended
Basel III	Set of reform measures, in addition to Basel II, to strengthen the regulation, supervision and risk management of the banking sector
Benal	Benal Property Investments (Proprietary) Limited
CAR	Capital Adequacy Ratio
CGU	Cash-generating unit
CLEC	Credit and Large Exposures Committee
Companies Act	Companies Act No. 71, of 2008 as amended
DANC	Directors' Affairs and Nominations Committee
DFI	Development Finance Institutions
EAD	Exposure at Default
ECL	Expected Credit Losses
FCTR	Foreign Currency Translation Reserve
Efficient	Efficient Group Limited
Fintech	Fintech (Proprietary) Limited
FVTPL	Fair Value Through Profit or Loss
GAC	Group Audit Committee
GIA	Group Internal Audit
GRCMC	Group Risk and Capital Management Committee
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank Offered Reform
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
JSE	Johannesburg Stock Exchange Limited
LGD	Loss Given Default
Libor	London Interbank Offered Rate
OCI	Other Comprehensive Income
PA	Prudential Authority
PD	Probability of default
PwC	PricewaterhouseCoopers Inc.
REMCO	HR and Remuneration Committee
Reporting date	21 September 2022
SAICA	South African Institute of Chartered Accountants
SAMOS	South African Multiple Option Settlement
SARB	South African Reserve Bank
Sasfin	Sasfin Holdings Limited
SASP	South African Securitisation Programme (RF) Limited
SasSec	Sasfin Securities (Proprietary) Limited
SCS	Sasfin Commercial Solutions (Proprietary) Limited
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest
The Bank	Sasfin Bank Limited
The Banking Group	Sasfin Bank Limited and its subsidiaries
The Company	Sasfin Bank Limited
The Holding Company	Sasfin Holdings Limited
The Group	Sasfin Holdings Limited and its subsidiaries
TTD	Time to Default
USD	United States Dollar
WACC	Weighted Average Cost of Capital
WIPHOLD	Women Investment Portfolio Holdings Limited
ZAR	South African Rand
ZJS	Funding Curve Variation

Corporate details

Country of incorporation and domicile	South Africa
Independent Non-executive Chair	Deon de Kock
Executive Directors	Michael Sassoon (Group Chief Executive Officer) Harriet Heymans (Group and Bank Financial Director)[2] Angela Pillay (Group and Bank Financial Director)[1] MG Lane (Alternate) FR Fröhlich (Alternate)
Independent Non-executive Directors	Richard Buchholz (Lead) Mark Thompson Eileen Wilton Tapiwa Njikizana Tienie van der Mescht
Non-independent, Non-executive Directors	Roland Sassoon
Group Company Secretary	Charissa De Jager
Website and email	www.sasfin.com investorrelations@sasfin.com
Transfer secretaries	Computershare Investor Services (Proprietary) Limited Rosebank Towers, 15 Biermann Avenue Rosebank, Johannesburg, 2196
Independent Sponsor	Questco Corporate Advisory (Proprietary) Limited
Auditors	PwC Inc.
Registered office	140 West Street, Sandown, Sandton, Johannesburg, 2196 Tel: +27 11 809 7500 Fax: +27 11 887 6167/2489
Postal address	PO Box 95104, Grant Park, Johannesburg, 2051
Company registration number	1951/002280/06
Tax reference number	9375/204/71/7

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

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