sasfin Bank Limited

Annual Financial Statements

for the year ended 30 June 2023

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Annual Financial Statements

Indicates additional information available online or from the Company Secretary.

OUR REPORTS

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

Integrated Report 2023
This is Sasfin's primary report, offering insight into the value that Sasfin creates for itself and its stakeholders.

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

Company: Sasfin Bank Limited

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

SasSec: Sasfin Securities (Pty) Limited

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

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

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

Directors' responsibility statement

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

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

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

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to the shareholders and Companies and Intellectual Property Commission. The examination of controls over the maintenance and integrity of the website is beyond the scope of the audit of the financial statements.

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 2023 were approved by the Board on 8 December 2023 and are signed on its behalf by:

Deon de Kock
Chair

Michael Sassoon
Chief Executive Officer

Harriet Heymans
Group and Bank Financial Director

8 December 2023

Company Secretary's certification

I hereby certify that, in terms of section 88(2)(e) of the Companies Act, for the financial year ended 30 June 2023, Sasfin Bank Limited has filed all returns and notices required by the Companies Act with the Companies and Intellectual Property Commission, and that all such returns and notices as are required of a public company are true, correct and up to date.

Charissa de Jager
Company Secretary

8 December 2023

Group Audit Committee report

Introductory comments

The Group Audit Committee (GAC/the Committee) is pleased to present its report in respect of the 2023 Annual Financial Statements of Sasfin Bank Limited (the Bank) and its subsidiaries (the Banking Group), in compliance with section 94(7) of the Companies Act. The Committee's functions are further informed by the Companies Act and King IV Report™ on Corporate Governance for South Africa, 2016 (King IV™)* and are set out in its Charter which is approved by the Board.

During the period under review, management became aware that certain prior period transactions may not have been correctly accounted for. A review by management to identify and quantify these confirmed that there were errors affecting prior periods that required restatement as set out in Note 43. These have been independently reviewed by internal audit.

The prior period errors have impacted both the opening and closing retained earnings for the 2022 financial period and required the reclassification of certain line items in the consolidated and separate statements of financial position, profit or loss and other comprehensive income and cash flows for the 2022 financial period.

Committee composition and assessment of its performance

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

Members		Appointed	Resigned
Tapiwa Njikizana	Chair[1]	**3 May 2021**	
Mark Thompson		**21 June 2019**	
Richard Buchholz		**7 March 2018**	

[1] *Appointed Chair 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 Interim Results, Annual Financial Statements, Integrated Report, dividend declarations and trading updates of the Banking Group, and recommended those to the Board for approval;
- Reviewed the Group Financial Director's quarterly financial analysis of the Group's performance;
- Considered quarterly status updates from the Group Financial Director on internal financial controls and balance sheet substantiation;
- Assessed the appropriateness of the going concern basis for the preparation of the Interim Results and Annual Financial Statements as well as the solvency and liquidity tests in support of financial assistance and distributions;
- Assessed the accounting policies and key assumptions applied in the preparation of the Annual Financial Statements, as well as technical reporting matters relating to complex accounting issues, exceptional transactions and significant accounting judgements and estimates;
- Oversaw compliance of the Interim Results and Annual Financial Statements with IFRS;
- Considered the annual JSE Proactive Monitoring Report to enhance the integrity of the financial information in the Annual Financial Statements and noted management's response relating to the 2022 calendar year and additional reports issued by the JSE applicable for the 2023 financial year; and

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

The Committee noted the improvements made during the year and remedial actions planned for the year ahead.

External Audit

- The Committee was comfortable to recommend the re-appointment of PricewaterhouseCoopers Inc. (PwC) as the external audit firm. In line with section 92 of the Companies Act, Mr. Vincent Tshikhovhokhovho, the previous audit engagement partner, has rotated off the Sasfin audit after a tenure of five consecutive financial years. The Committee considered and recommended to the Board and shareholders the appointment of Mr. Costa Natsas as the new designated audit partner for approval;
- Monitored the extent of non-audit engagements provided by the Group's external audit firm, in accordance with approved internal policies and limits and was satisfied that non-audit related services carried out by the External Auditors were in accordance with the Board-approved non-audit services policy;
- In consultation with executive management, approved the engagement letter, audit plan and budgeted audit fees for the 2023 financial year;
- Promoted and enabled effective communication between the External Auditors and Internal Audit; and
- Given the prior period restatements which were previously reported in the 2022 period, the Board, and management, through the GAC, approved the audit plan which included a largely substantive approach on reconciliations.

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

- the representations by PwC to the Committee;
- the independence of PwC not being impaired, as set out by IRBA as well as other regulatory and internal processes within the audit firm; and
- policies and controls regarding non-assurance services provided by PwC.

Internal Audit

- Reviewed and approved the Banking Group Internal Audit Charter, the annual audit plan and periodic amendments thereto, staffing, and the Internal Audit budget for the financial year;
- Reviewed reports issued by Internal Audit, including considering any weaknesses in controls that were identified and the corrective actions proposed by management;
- On a quarterly basis, the Committee reviewed the status of the audit plan and approved changes made, to ensure it was appropriate in its response to the changing risk landscape;
- Considered quarterly status update reports on the progress made towards addressing the internal and external audit findings;
- Evaluated the independence and performance of the Group Internal Audit function and the 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;
- Tracked progress on high and moderate risk findings, and monitored related management actions; and
- Met with the Head of Internal Audit as needed, without management being present, to discuss the remit of and reports of internal audit and any issues arising from the internal audits conducted.

The Head of Internal Audit reported regularly to the Committee and had unrestricted access to the Committee Chair. In her annual statement regarding the effectiveness of the Banking Group's governance, risk management, and control processes, the Head of Internal Audit expressed the opinion that internal controls, including those over financial and other reporting processes, required improvement. She noted that management had already put focused plans in place to remediate identified control weaknesses and that she expected to report an improved position in the coming financial year. The Head of Internal Audit attested that, for the year under report, Internal Audit did not identify significant weaknesses in controls that had already resulted or might likely result in fraud or corruption.

Group Audit Committee report *continued*

Compliance

- Assisted the Board in nominating and appointing a new Head of Group Compliance;
- Approved the Group Compliance function's revised organisational structure and annual compliance work plan;
- Monitored the appropriateness of the Group's actions to manage compliance risks and compliance with applicable laws and regulations, rules, codes, and standards;
- Considered quarterly status update reports from the Head of Group Compliance on all matters related to the Banking Group's compliance, including that remediation plans are in place to address any concerns or non-compliance; During the year under review, the Committee enhanced its focus on compliance, and specifically anti-money laundering and financial crime, and approved a revised Risk Management and Compliance Programme in relation to combatting money laundering and terrorist financing. The Committee noted improvements and progress made during the year under report to mitigate the Banking Group's risks in relation to non-compliance, along with the remedial actions planned for the year ahead under the oversight of the Board Remediation Oversight Committee.

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

Combined Assurance

The Committee considered the appropriateness of the Banking Group's Combined Assurance Framework, and identified the need for enhancements to mature the combined assurance model. These are being implemented with the aim of improving the co-ordination of activities across the business, and providing additional 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 main governance systems are suitably designed and operating effectively.

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

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

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

Group Audit Committee report *continued*

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 Bank's latest three-year budget plan, profitability, capital, liquidity and solvency, and the impact of legal proceedings. Furthermore, the committee considered the results of various stress testing analyses based on different economic scenarios and the possible impact on the ability of the Bank to continue as a going concern.

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

8 December 2023

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.

Financial results[1] and business update

The Banking Group's profit for the year decreased by 45.34% to R51.30 million (2022: R91.54 million). This is largely due to an increase in expected credit losses, cost growth and a decline in non-interest income, offset by higher margins on strong loan book growth. The Banking Group's Asset Finance business continued to perform well while increased losses were incurred in the Business and Commercial Banking Pillar.

The Banking Group's balance sheet saw healthy growth in Deposits of 7.29% to R5.87 billion (2022: R5.47 billion) and Gross Loans and Advances of 11.24% to R9.55 billion (R8.59 billion). As a result of the current and forecast challenging economic conditions and the subdued financial performance, no interim dividend (2022: 2.78 cents) was declared, and the Board has resolved not to declare a final dividend (2022: nil).

During the period under review, the Banking Group further strengthened its operational, IT and financial processes, controls and capabilities within the Pillars. Through this process, the Banking Group identified that certain transactions had not been correctly accounted for in prior periods. As noted in the Group Audit Committee Report, the review confirmed that there were errors affecting the prior periods that required restatement as set out in Note 43. These prior period errors impacted the opening and closing retained earnings for the 2022 financial period and certain line items in the consolidated statements of financial position, profit or loss and other comprehensive income and cash flows for the 2022 financial period.

As previously reported, there were allegations of financial misconduct relating to persons and/or entities who had been clients of Sasfin's foreign exchange business unit going back to 2014. Sasfin is cooperating with the relevant authorities in their investigations and has terminated relationships with implicated clients.

Sasfin commissioned an investigation by a leading international audit firm to thoroughly investigate the allegations and determine whether any employees or clients were involved, and how the alleged financial misconduct had occurred. The evidence gathered from the investigation demonstrated that a group of Sasfin employees in the foreign exchange business unit had colluded with the implicated clients to enable the circumvention of exchange control and anti-money laundering regulations, as well as to subvert our system of internal controls. All implicated employees have been dismissed, and criminal cases have been opened where appropriate.

On 22 September 2023, our external auditors submitted an initial notification to the Independent Regulatory Board for Auditors ("the IRBA") that a suspected reportable irregularity may have occurred, primarily, from findings emanating from an investigation mandated by the Prudential Authority of the South African Reserve Bank ("SARB") in terms of its powers under section 135 of the Financial Sector Regulation Act, 2017, as required in terms of sections 44(2) and 44(3) read with Section 45 of the Auditing Profession Act ("APA"). The investigation looked into allegations that Sasfin Bank contravened provisions of various laws, including the Financial Intelligence Centre Act, 2001, the Banks Act, 1990 and the Exchange Control Regulations, 1961 (refer to note 25), and that certain prescribed officers and the Board may have failed to adequately discharge their duties under section 76(3)(c) of the Companies Act, 2008 read with sections 60 and 60B of the Banks Act, 1990. After additional audit work, the auditors notified the IRBA on 22 October 2023 that in their professional opinion, the suspected reportable irregularity is no longer taking place and that adequate remedial actions have been taken (refer to Note 47).

Both these investigations found no evidence of involvement by members of senior management or of the Board in the alleged financial misconduct. Pursuant to the identification of the financial misconduct, Sasfin has progressively taken significant steps to strengthen the Banking Group's lines of defence and continues to enhance these further.

Following the prior period restatements reported in the 2022 financial period, Sasfin implemented actions to address the root causes and to enhance the control environment, whilst significant progress has been noted, the process is not yet complete. Our external auditors (under a new audit engagement partner, due to mandatory audit partner rotation) adjusted their audit approach for the current period by adopting a more substantive approach and by extending the scope and extent of procedures to include specific areas of focus as identified by the Group Audit Committee.

The combination of the changes referred to above together with the occurrence of certain significant events (refer to note 45 and note 47) in the post balance sheet period, contributed to the late publication of the annual financial statements. The Board is confident that the unique circumstances which impacted our year end process are unlikely to recur in future and the Banking Group will be able to meet its reporting timelines as it has done in the past.

[1] *During the year, a detailed review confirmed that there were errors affecting prior periods which required restatement as set out in Note 43.*

Strategic update

The Banking Group has conducted a strategic review with the aim of focusing on its higher ROE generating businesses, where it has strong competitive capabilities in its Rental Finance and focused banking activities. In this regard, the Banking Group recently announced the disposal of its Capital Equipment Finance and Commercial Property Finance loan books to African Bank Limited, to the value of R3.26 billion. This sale is subject to relevant conditions which are expected to be fulfilled early next year. While there will be costs associated with transitioning to the new strategy, the outcome will result in a more efficient and streamlined business.

The execution of this strategy will enable the Banking Group to focus on strengthening and unlocking the potential of its core Rental Finance and focused banking activities, which have delivered excellent returns over many years.

Directors and company secretary

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

[1] *Appointed Chair of the Board on 25 November 2021.*
[2] *Appointed Group Chief Executive Officer 1 January 2018.*

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 2023, 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 169 comprise:

- the consolidated and separate statements of financial position as at 30 June 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies, excluding the sections marked as "unaudited" in Note 44 to the consolidated financial statements.

Basis for opinion

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

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasfin Bank Limited Annual Financial Statements for the year ended 30 June 2023", 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.

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

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

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

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 accordance with our responsibilities in terms of sections 44(2) and 44(3) read with Section 45 of the Auditing Profession Act, we report that we identified a suspected reportable irregularity in terms of the Auditing Profession Act. We reported such matters to the Independent Regulatory Board for Auditors ("the IRBA"). We subsequently, and within the 30 day period prescribed by the Auditing Profession Act, reported to the IRBA that the suspected reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as a result thereof, if relevant.

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 six years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor

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

8 December 2023

Consolidated and Separate statements of financial position

at 30 June 2023

			Consolidated			Separate		
	Accounting policy	Note	**2023 R'000**	2022 R'000 Restated[1]	2021 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]	2021 R'000 Restated[1]
Assets								
Cash and cash equivalents[1]	1.11	4	**772 108**	722 865	1 212 258	**749 222**	659 880	1 235 993
Negotiable securities	1.13	5	**1 293 411**	1 790 340	2 085 077	**1 293 411**	1 790 340	2 085 076
Trading assets	1.13	6	**32 798**	56 653	43 307	**29 576**	56 456	44 526
Trade and other receivables[1]	1.13	7	**512 772**	600 232	477 087	**469 907**	690 788	585 139
Non-current assets held for sale	1.13	8	**–**	–	6 700	**–**	–	–
Loans and advances[1]	1.13	9	**9 027 568**	8 110 679	6 716 554	**4 855 289**	4 758 746	3 486 617
Securitised assets[1]		9.1	**–**	–	–	**4 073 075**	3 246 720	3 083 319
Current taxation asset	1.16		**47 826**	39 711	21 734	**2 400**	–	–
Investment securities[1]	1.13	10	**324 316**	298 440	292 222	**324 316**	298 165	292 006
Loans to entities in the Group	1.13	37	**194 197**	194 112	186 116	**587 842**	528 297	514 600
Property, equipment and right-of-use assets	1.6, 1.9.2	13	**156 242**	176 177	55 398	**154 381**	173 692	53 636
Investment property	1.4	14	**–**	–	–	**–**	–	–
Intangible assets and goodwill	1.5	15	**107 155**	140 130	153 856	**68 692**	96 369	104 798
Deferred tax asset	1.16	12	**20 255**	4 825	3 311	**17 027**	328	–
Investments in subsidiaries and structured entities	1.3	11	**–**	–	–	**177 058**	186 144	188 117
Total assets			**12 488 648**	12 134 164	11 253 620	**12 802 196**	12 485 925	11 673 827
Liabilities								
Funding under repurchase agreements	1.13	16	**351 885**	803 976	700 067	**351 885**	803 976	700 067
Trading liabilities	1.13	6	**27 683**	59 459	47 987	**27 683**	56 675	40 821
Current taxation liability	1.16		**–**	2	2 069	**–**	–	–
Trade and other payables[1]	1.13	17	**596 058**	748 090	632 382	**670 068**	847 100	672 254
Intercompany loans for securitised assets[1]		9.2	**–**	–	–	**4 073 075**	3 246 720	3 083 319
Bank overdraft	1.11	4	**113 081**	68 541	30 392	**–**	381	13
Provisions	1.8	18	**32 752**	45 028	41 564	**29 930**	46 420	35 360
Lease liabilities	1.9	19	**145 353**	150 818	35 107	**143 245**	148 432	33 126
Deposits from customers	1.13	20	**5 871 306**	5 472 504	5 128 289	**6 318 022**	6 018 723	5 577 053
Debt securities issued	1.13	21	**3 720 138**	2 991 426	2 741 583	**–**	–	–
Long-term loans	1.13	22	**76 488**	299 521	510 904	**76 488**	294 021	505 566
Deferred tax liability	1.16	12	**146 055**	138 247	107 824	**–**	–	10 789
Loans from entities in the Group	1.13	37	**–**	–	2 749	**58**	3 277	3 277
Total liabilities			**11 080 799**	10 777 612	9 980 917	**11 690 454**	11 465 725	10 661 645
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]			**944 373**	893 076	809 227	**648 266**	556 724	548 706
Total equity			**1 407 849**	1 356 552	1 272 703	**1 111 742**	1 020 200	1 012 182
Total liabilities and equity			**12 488 648**	12 134 164	11 253 620	**12 802 196**	12 485 925	11 673 827

[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 2023

	Accounting policy	Note	Consolidated 2023 R'000	Consolidated 2022 R'000 Restated[1]	Separate 2023 R'000	Separate 2022 R'000 Restated[1]
Interest income	1.14	26	**1 463 111**	1 029 905	1 487 673	1 043 113
Interest income calculated using the effective interest method[1]	1.14	26	**1 420 475**	991 017	1 444 651	1 000 284
Other interest income[1]	1.14	26	**42 636**	38 888	43 022	42 829
Interest expense[1]	1.14	27	**(761 583)**	(469 791)	(1 067 554)	(716 869)
Interest expense calculated using the effective interest method[1]	1.14	27	**(761 583)**	(469 790)	(1 067 758)	(725 073)
Other interest expense	1.14	27	**–**	(1)	204	8 204
Net interest income			**701 528**	560 114	420 119	326 244
Non-interest income			**306 740**	363 915	613 316	451 851
Net fee and commission income	1.14	28	**38 947**	59 576	349 711	272 686
Fee and commission income[1]	1.14	28	**155 236**	151 805	436 256	337 624
Fee and commission expense[1]	1.14	28	**(116 289)**	(92 229)	(86 545)	(64 938)
Gains or losses on financial instruments[1]	1.13	29	**116 525**	135 192	223 693	137 767
Net gains or losses on the derecognition of financial instruments at amortised cost	1.13	29	**17 168**	25 849	6 647	9 801
Other gains or losses on financial instruments[1]	1.13	29	**99 357**	109 343	217 046	127 966
Other income on non-financial assets[1]	1.14	30	**151 268**	169 147	39 912	41 398
Total income			**1 008 268**	924 029	1 033 435	778 095
Credit impairment charges[1]	1.13 & 2.2	40.3.5	**(78 044)**	(19 614)	(81 327)	(12 127)
Net income after impairments			**930 224**	904 415	952 108	765 968
Total operating costs			**(886 991)**	(775 664)	(877 226)	(759 067)
Staff costs	1.15	31	**(459 932)**	(426 766)	(392 890)	(379 183)
Other operating expenses[1]		32	**(422 896)**	(348 898)	(480 173)	(379 884)
Impairment of non-financial assets	1.12	33	**(4 163)**	–	(4 163)	–
Profit for the year before income tax			**43 233**	128 751	74 882	6 901
Income tax expense	1.16	34	**8 064**	(34 902)	16 660	11 117
Profit for the year			**51 297**	93 849	91 542	18 018
Total comprehensive income for the year			**51 297**	93 849	91 542	18 018

[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 2023

Consolidated	Ordinary share capital/ stated capital R'000	Ordinary share premium R'000	Distri-butable reserves R'000	Total ordinary share-holders' equity R'000	Total share-holders' equity R'000
2023					
Restated balance at the beginning of the year	**3 600**	**459 876**	**893 076**	**1 356 552**	**1 356 552**
Total comprehensive income for the year	**–**	**–**	**51 297**	**51 297**	**51 297**
Profit for the year	**–**	**–**	**51 297**	**51 297**	**51 297**
Balance at 30 June 2023	**3 600**	**459 876**	**944 373**	**1 407 849**	**1 407 849**
2022					
Opening balance at the beginning of the year	3 600	459 876	882 581	1 346 057	1 346 057
Adjustment on correction of error (Note 43)	–	–	(73 354)	(73 354)	(73 354)
Restated opening balance	3 600	459 876	809 227	1 272 703	1 272 703
Total comprehensive income for the year	–	–	93 849	93 849	93 849
Profit for the year	–	–	93 849	93 849	93 849
Transactions with owners recognised directly in equity	–	–	(10 000)	(10 000)	(10 000)
Dividends to ordinary shareholders	–	–	(10 000)	(10 000)	(10 000)
Restated balance at 30 June 2022	3 600	459 876	893 076	1 356 552	1 356 552

Consolidated and Separate statements of changes in equity *continued*

for the year ended 30 June 2023

Separate	Ordinary share capital/ stated capital R'000	Ordinary share premium R'000	Distri-butable reserves R'000	Total ordinary share-holders' equity R'000	Total share-holders' equity R'000
2023					
Restated opening balance at the beginning of the year	**3 600**	**459 876**	**556 724**	**1 020 200**	**1 020 200**
Total comprehensive income for the year	**–**	**–**	**91 542**	**91 542**	**91 542**
Profit for the year			**91 542**	**91 542**	**91 542**
Balance at 30 June 2023	**3 600**	**459 876**	**648 266**	**1 111 742**	**1 111 742**
2022 Restated					
Opening balance	3 600	459 876	614 649	1 078 125	1 078 125
Adjustment on correction of error (note 43)			(65 943)	(65 943)	(65 943)
Restated opening balance	3 600	459 876	548 706	1 012 182	1 012 182
Total comprehensive income for the year	–	–	18 018	18 018	18 018
Profit for the year	–	–	18 018	18 018	18 018
Transactions with owners recognised directly in equity	–	–	(10 000)	(10 000)	(10 000)
Dividends to ordinary shareholders	–	–	(10 000)	(10 000)	(10 000)
Restated balance at 30 June 2022	3 600	459 876	556 724	1 020 200	1 020 200

Dividend per share

	Consolidated		Separate	
	2023 Cents per share	2022 Cents per share	**2023 Cents per share**	2022 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 2023

		Consolidated		Separate	
	Note	**2023 R'000**	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Cash flows from operating activities					
Interest received[1]		**1 335 100**	907 641	**813 573**	550 449
Interest paid[1]		**(772 736)**	(470 318)	**(498 357)**	(323 793)
Fee and commission income received[1]		**155 236**	151 805	**436 256**	337 624
Fee and commission expense paid[1]		**(116 289)**	(92 229)	**(86 545)**	(64 937)
Net trading and other income/(expenses)[1]		**201 886**	226 145	**99 284**	100 924
Cash payments to employees and suppliers[1]		**(783 299)**	(648 510)	**(782 818)**	(635 558)
Cash (outflow)/inflow from operating activities	36.1	**19 898**	74 534	**(18 607)**	(35 291)
Dividends received		**17 633**	17 515	**82 628**	57 507
Taxation paid	36.2	**(7 675)**	(26 037)	**(2 438)**	–
Dividends paid	36.3	**–**	(10 000)	**–**	(10 000)
Cash flows from operating activities before changes in operating assets and liabilities		**29 856**	56 012	**61 583**	12 216
Changes in operating assets and liabilities		**(720 366)**	(735 804)	**125 703**	(498 733)
(Increase) in loans and advances[1]		**(878 296)**	(1 236 197)	**(52 058)**	(1 183 088)
Decrease/(Increase) in trading assets[1]		**39 532**	(2 839)	**42 559**	(1 425)
Decrease in negotiable securities[1]		**551 875**	291 834	**551 875**	291 834
Decrease/(Increase) in trade and other receivables[1]		**56 695**	(126 082)	**190 256**	(107 933)
Increase in deposits from customers[1]		**400 541**	344 065	**301 039**	441 593
(Decrease)/Increase in trade and other payables[1]		**(153 015)**	112 780	**(178 016)**	171 268
Decrease in provisions		**(41 485)**	(38 655)	**(42 022)**	(34 493)
Decrease in long-term loans		**(223 033)**	(211 383)	**(217 533)**	(211 545)
(Decrease)/Increase in funding under repurchase agreements[1]		**(441 405)**	119 201	**(441 405)**	119 202
(Decrease)/Increase in trading liabilities		**(31 775)**	11 472	**(28 992)**	15 854
Net cash (outflow)/inflow from operating activities		**(690 510)**	(679 792)	**187 286**	(486 517)
Cash flows from investing activities					
Proceeds from the disposal of property and equipment		**360**	3 671	**360**	1 439
Proceeds from the disposal of investment property		**–**	(1 162)	**–**	–
Proceeds on disposal of subsidiary		**80**	–	**80**	–
Proceeds from the disposal of non-current assets held for sale		**–**	6 700	**–**	–
Acquisition of property and equipment		**(8 563)**	(38 394)	**(8 563)**	(38 393)
Acquisition of intangible assets		**(6 256)**	(15 666)	**(6 256)**	(15 665)
Acquisition of investment securities[1]		**(15)**	(703)	**(15)**	(703)
Net cash paid on acquisition of subsidiaries		**–**	–	**–**	1 973
Advances made to loans to entities in the Group[1]		**–**	(31 500)	**(65 337)**	(42 429)
Payments received from loans to entities in the Group[1]		**11 958**	32 042	**15 152**	50 604
Net cash outflow from investing activities		**(2 436)**	(45 012)	**(64 579)**	(43 174)
Cash flows from financing activities					
Proceeds from issuance of debt securities[1]		**1 711 000**	1 286 000	**–**	–
Settlement of debt securities[1]		**(983 310)**	(1 041 260)	**–**	–
Repayment of lease liabilities[1]		**(12 812)**	(30 697)	**(12 534)**	(30 009)
Increase in bank overdraft[2]		**113 081**	–	**–**	–
Repayments made to loans from entities in the Group		**–**	–	**(3 221)**	–
Net cash inflow/(outflow) from financing activities		**827 959**	214 043	**(15 755)**	(30 009)
Net increase/(decrease) in cash and cash equivalents		**135 013**	(510 761)	**106 953**	(559 700)
Cash and cash equivalents at beginning of the year[1]	4	**654 324**	1 181 866	**659 499**	1 235 980
Effect of exchange rate movements on cash and cash equivalents[1]		**(17 229)**	(16 781)	**(17 229)**	(16 781)
Cash and cash equivalents at the end of the year[1]	4	**722 108**	654 324	**749 222**	659 499

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *Refer to accounting policy Note 1.11 for the treatment of the bank overdraft.*

Notes to the consolidated and separate financial statements

For the year ended 30 June 2023

1. Accounting policies

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

1.1 Reporting entity

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

1.2 Basis of preparation

The Consolidated and Separate Annual Financial Statements have been prepared in accordance with 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.

The Consolidated and Separate Annual Financial Statements were authorised for issue by the Board of directors on 8 December 2023.

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 2023 financial year-end.

Updating a reference to the Conceptual Framework (Amendments to IFRS 3)

An outdated reference in IFRS 3 to the Conceptual Framework has been updated without any significant changes to its requirements.

Proceeds before intended use (Amendments to IAS 16)

This amendment prohibits an entity from reducing the cost of an item of property, plant and equipment through deducting the proceeds from the sale of items produced whilst bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items and the costs of producing them are to be recognised in profit or loss.

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*

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

This amendment indicates which costs an entity should include as the costs of fulfilling a contract when assessing whether a contract is onerous.

Annual improvements to IFRS Standards 2018 – 2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

Changes were made to IFRS 1 *First-time adoption of International Financial Reporting Standards* and IAS 41 *Agriculture*.

An illustrative example has been removed from IFRS 16 *Leases* to prevent potential confusion regarding the treatment of lease incentives.

IFRS 9 *Financial Instruments* 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

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

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

1.2.2 Interest rate benchmarks and reference interest rate reform

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

On 2 November 2022, ZARONIA was published for the purposes of observing the rate. On 3 November 2023, the SARB confirmed that the observation period for ZARONIA ended and that market participants may use it as a reference rate in financial contracts going forward. The Market Practitioners Group ("MPG") has designated ZARONIA as the successor rate to replace JIBAR. The SARB noted that the transition away from JIBAR to ZARONIA is a multi-year initiative and that the MPG will provide detailed information regarding the transition roadmap and offer further guidance on the salient aspects of transition in due course. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Company. The Company is in the process of assessing which financial instruments could be impacted by the transition to ZARONIA and will monitor the transition plan to ensure readiness.

1.2.3 Accounting policy elections

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

Asset/liability	Options	Election and implication	Accounting policy
Property and equipment, including right-of-use assets	Cost/revaluation model	*Banking Group* • Buildings are carried at cost less accumulated depreciation • Computer equipment, furniture and fittings and motor vehicles are carried at cost less accumulated depreciation	1.6
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

1. Accounting policies *continued*

1.3 Basis of consolidation

1.3.1 Business combinations

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

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

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

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

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill (refer to Note 1.5.1). If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a gain on bargain purchase.

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

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

Goodwill is tested annually for impairment (refer to Note 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.

1.3.3 Non-controlling interests

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

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

1.3.4 Loss of control

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

1.3.5 Structured entities

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

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

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

1. Accounting policies *continued*

1.3 Basis of consolidation *continued*

1.3.5 Structured entities *continued*

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

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

The Banking Group has consolidated the following structured entities:

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

1.3.6 Associates

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

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

Associate companies held by and managed by Private Equity and Property Equity business units

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

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

1.4 Investment properties

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. Accounting policies *continued*

1.5 Intangible assets and goodwill

1.5.1 Goodwill

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

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

1.5.2 Software and distributor relationships

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

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

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

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

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

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

1.6 Property, equipment and right-of-use assets

1.6.1 Owned assets

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

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

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

1.6.2 Right-of-use assets

Refer to Note 1.9.2.

1. Accounting policies *continued*

1.6 Property, equipment and right-of-use assets *continued*

1.6.3 Depreciation

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

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

- Buildings: 20 years
- Computer equipment: two to five years
- Furniture and fittings: six to ten years
- Motor vehicles: five years
- Buildings and leasehold improvements: five to ten years
- Right-of-use assets: shorter of the lease term and the asset's useful life

1.6.4 Profit or loss on disposal

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

1.7 Currencies

1.7.1 Functional and presentation currency

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

All entities in the Banking Group operate in the Republic of South Africa with a functional currency of ZAR.

1.7.2 Transactions and balances

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

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

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

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

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

1.8 Provisions

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

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

1.9 Leases

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

Contracts may contain lease and non-lease components.

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

1. Accounting policies *continued*

1.9 Leases *continued*

1.9.1 Banking Group as the lessor

Rental, lease, and instalment sale contracts are financing transactions, with rentals and instalments receivable, less unearned finance charges, being reflected as loans and advances in the statement of financial position. Finance income is recognised over the term of the lease using the effective interest method.

1.9.2 Banking Group as the lessee

The Banking Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date (i.e. the date on which a lessor makes the underlying asset available for use to the lessee), plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

1. Accounting policies *continued*

1.10 Share capital

1.10.1 Ordinary share capital

Ordinary shares are classified as equity.

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

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

1.11 Cash and cash equivalents

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

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

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

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

1.12 Impairment of non-financial assets

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

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

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

1.12.1 Calculation of recoverable amount

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

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

1.12.2 Impairment reversals

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

1. Accounting policies *continued*

1.13 Financial instruments

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

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

Financial instruments are initially recognised at fair value.

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

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

1.13.1 Amortised cost

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

1.13.2 Financial instruments at FVTPL

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

Financial assets and financial liabilities at FVTPL are measured at fair value, with fair value gains and losses reported in non-interest income, apart from those related to interest rate swaps which are reported as part of Other gains or losses on financial instruments.

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

1.13.3 Classification and measurement of financial assets

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

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

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

1.13.4 Business model assessment

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

- The stated policies and objectives for the portfolio and the practical implementation of those policies. Specifically, whether management's strategy focuses on earning contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising profits and cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to Sasfin's management;
- The risks that affect the performance of each portfolio and the strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how Sasfin's stated objective for managing the financial assets is achieved and how cash flows are realised.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

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

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

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

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

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

Financial assets that are held for trading (i.e. acquired for the purpose of selling in the short-term) 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.

1.13.6 Reclassifications

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

1.13.7 Impairments

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

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

The Banking Group measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition which are measured as 12-month ECL (refer to Note 40).

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

1.13.8 Measurement of ECL (Refer to Note 40)

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

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Banking Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts, letters of credit and loan commitments: the expected payments to reimburse the holder less any amounts that the Banking Group expects to recover.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.8 Measurement of ECL (Refer to Note 40) *continued*

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

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

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

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

- 12-month 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.

1.13.9 Low credit risk

A financial instrument can have a low credit risk when:

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

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.10 Significant Increase in Credit Risk (SICR)

Credit risk needs to be re-assessed at each reporting period, for each financial instrument, to determine whether there is a SICR. To make that assessment, the 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.

Negotiable Securities and Intercompany Loans

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

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.11 Restructured financial assets

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

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

1.13.12 Default and curing

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

Quantitative criteria
The borrower is more than 90 days past due or in excess of its original contractual payments/margin/limits, excluding Immaterial Arrears as well as any extensions of more than 90 days from the original contractual payment date. Immaterial Arrears is defined as an amount that is less than 5% of the next contractual instalment.

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

- the client has been flagged as legal;
- significant financial difficulty of a borrower;
- default or delinquency by a borrower;
- distressed restructuring of credit obligations. Per IFRS 9, distressed restructures will be credit-impaired but per Prudential Authority Directive 7/2015 (section 6.1) these should as a minimum be classified as special mention;
- indications that a borrower would enter provisional or final liquidation or business rescue;
- repayment of the principal amount and/or accrued interest has been overdue for more than 90 days, and the net realisable value of security is insufficient to cover the payment of the principal amount and accrued interest;
- the principal amount and accrued interest are fully secured, but the repayment of the principal amount and/or accrued interest has been overdue for more than 12 months; and
- significant deficiencies exist that threaten the obligor's business, cash flow or payment capability, which deficiencies may include the items specified below:
  - The credit history or performance record of the obligor is not satisfactory;
  - Labour disputes or unresolved management problems may affect the business, production or profitability of the obligor;
  - Increased borrowings are not in proportion with the obligor's business;
  - The obligor is experiencing difficulty with the repayment of obligations to other creditors; or
  - Construction delays or other unplanned adverse events resulting in cost overruns are likely to require loan restructuring.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.12 Default and curing *continued*

Qualitative criteria continued

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

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

Should the debtor be defined as a "High Care" account, it will cure to Stage 2 and not Stage 1. Also, should the client still represent a SICR, curing may only take place to Stage 2. For distressed restructured loans that were in default, there must be at least six consecutive monthly payments under the revised terms to cure.

1.13.13 Write-offs

Loans and advances as well as debt securities are written off when there is no reasonable expectation of recovering a financial asset in its entirety 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.

1.13.14 Presentation of allowance for ECL in the statement of financial position

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

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

1.13.15 Derecognition of financial assets

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

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

The Bank 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 9 for more details.

1. Accounting policies *continued*

1.13 Financial instruments *continued*

1.13.16 Classification and measurement of financial liabilities

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

1.13.17 Derecognition of financial liabilities

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

1.13.18 Repurchase agreements

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

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

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

1.13.19 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.

1.13.20 Negotiable securities

The Banking Group measures negotiable securities at amortised cost.

1.14 Total income

1.14.1 Net interest income

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

Interest income and interest expense on financial instruments and finance lease receivables are recognised using the effective interest method.

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

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

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

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

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

1. Accounting policies *continued*

1.14 Total income *continued*

1.14.2 Non-interest income

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

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

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

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

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

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

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

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

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

1. Accounting policies *continued*

1.15 Employee benefits

1.15.1 Short-term benefits

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

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

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

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

1.15.2 Defined contribution plan

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

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

1.16 Taxation

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

1.16.1 Current tax

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

1.16.2 Deferred tax

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

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

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

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

Deferred tax is not recognised on:

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

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

1.17 Commitments, contingent assets and contingent liabilities

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

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

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

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

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

2. Critical estimates, judgements and assumptions

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

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

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

2.1 Impact of economic conditions

The world economic growth continues to slow down with higher inflation rates experienced in most countries and monetary policy driving higher interest rates to counter same.

In February 2023, South Africa was grey listed by the Financial Action Task Force (FATF) for falling short of certain international standards for the combating of money laundering and other serious financial crimes. Eskom loadshedding, infrastructure issues, high inflation and water shortages have had a marked negative widespread impact on the economy.

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

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

2.2 Credit impairment

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

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

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

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

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

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

The IFRS 9 *Expected Credit Loss* (ECL) requires a forward-looking overlay on the calculated loan book ECL to ensure the timely recognition of future expected credit losses. To capture economic changes accurately and forecast the required levels of impairment provisions expected to be held, the Group uses statistical modelling.

Various macro-economic factors were statistically tested for the current financial year, to identify key drivers in the context of power shortages, weak economic outlook, high inflation, and an increasing interest rate environment. PPI Electricity, ZAR/USD and Investment to GDP were identified as the most significant drivers of the book and were used in the model. For each of the scenarios listed below for 2023, the variables over the next 12 months are disclosed.

2. Critical estimates, judgements and assumptions *continued*

2.2 Credit impairment *continued*

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

A weighted probability scenario approach was applied to determine the model derived scalar as per the table below. Given the conservative internal view on the economic outlook, a management overlay was further applied to determine the final scalar.

	Best		Expected		Worst		Blended[1]	
	12 Months average (%)	Lifetime average (%)	12 Months average (%)	Lifetime average (%)	12 Months average (%)	Lifetime average (%)	12 Months average (%)	Lifetime average (%)
2023								
Factors								
PPI of electricity	**155.95**	**168.16**	**170.84**	**193.69**	**177.14**	**220.73**	**171.23**	**197.28**
Rand/USD exchange rate	**15.03**	**15.39**	**17.78**	**18.50**	**19.87**	**22.77**	**18.02**	**19.11**
Investment to GDP (%)	**16.06**	**16.6**	**15.38**	**15.88**	**14.33**	**14.72**	**15.22**	**15.71**
Scenario probability (%)	**5%**		**77%**		**18%**		**Combination[1]**	
Scalar	**1.2**		**1.4**		**1.64**		**1.44**	
Consolidated	**R'000**		**R'000**		**R'000**		**R'000**	
Impact on ECL[2]	**(10 299 581)**		**(1 716 597)**		**8 582 984**		**Base**	
Separate	**R'000**		**R'000**		**R'000**		**R'000**	
Impact on ECL[2]	**(4 557)**		**(759)**		**3 797**		**272 239**	

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

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

	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.*

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 R3.5 million to the income statement if 40% of the gross carrying amount of negotiable securities held at amortised cost suffered a SICR and moved from Stage 1 to Stage 2 as at 30 June 2023. 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 a net present value (NPV) and ECL of the Land Bank, being a Stage 3 exposure, expert judgement was applied. The calculation of the ECL for the financial year ended 30 June 2023 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. Due to the fact that the liability solution, as at the date of this report, has not been finalised, Sasfin appropriately discounted the expected cashflows accordingly. Various cash flow scenarios were built ranging from an expected case to mild stress to severe stress, each then discounted using an expected, best case and worst-case credit risk premium. The final NPV was then calculated as a blended NPV by attaching probabilities to each of the potential outcomes to derive a final proposed ECL. The range between best case and worse-case was R38.9 million to R110.6 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.

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

2. Critical estimates, judgements and assumptions *continued*

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

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

The Banking Group's valuation methodologies comprise:

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

Assumptions and inputs used in the valuation methodologies comprise:

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

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

Fair value hierarchy

Valuation models

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

2. Critical estimates, judgements and assumptions *continued*

2.6 Intangible assets and goodwill (refer to Note 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 complete the software for use;
- it will be possible to use the software, and the Banking Group intends to use the software to increase efficiencies and/or support the business;
- there are sufficient resources available to complete the software; and
- the costs can be reliably measured.

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

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

Internally developed software, that is still in the development phase is assessed annually for impairment (Refer to Note 1.5).

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

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

2.6.2 Goodwill

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

2. Critical estimates, judgements and assumptions *continued*

2.7 Current and deferred taxation (refer to Notes 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 what was initially calculated, the impact will be accounted for in the period in which the outcome is known.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date for recoverability. These assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Management's judgement surrounding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management assumption in determining whether the deferred tax assets should be recognised is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Banking Group to utilise the deferred tax assets in the medium term.

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

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

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

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

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

2.10 Prescription

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

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 2023 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.
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 beginning on or after 1 January 2023.
IAS 12 amendments	*Deferred tax related to assets and liabilities arising from a single transaction* These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2023.

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

Pronouncement	Title and details	Effective date
IAS 12 amendments	*International tax reform – pillar two model rules* These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development (OCCDs) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. These amendments are not expected to have an impact on the Banking Group.	Required disclosure per the amendment is effective for annual periods beginning on or after 1 January 2023.
IAS 1 amendments	*Classification of liabilities as current or non-current* Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and, instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. The amendments clarified that a company has a right to defer settlement of a liability if the company complies with those conditions at that date. As part of the amendment it specified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. For liabilities that a company is only required to assess compliance with covenants within twelve months after the reporting date (or further), it would have no effect on the classification of a liability. However, for such liabilities the amendment requires separate disclosure of the information about the covenants, the carrying amount of the related liabilities and the facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants in the Annual Financial Statements. It also clarified that an entity does not have a right to defer settlement (and therefore classify it as current), if the liability could become repayable within twelve months at the discretion of the counterparty or third party or depending on an uncertain future event or outcome that is unaffected by the company's future actions. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2024.

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

Pronouncement	Title and details	Effective date
IFRS 16 amendments	*Lease Liability in a Sale and Leaseback* The amendment clarifies how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent account of the lease liability such that it recognises no gain or loss relating to the right of use it retains. The amendment is to applied retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2024.
IFRS 7 and IAS 7 amendments	*Supplier Finance Arrangements – new disclosure requirements* The amendments made to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* is to enhance the usefulness of information provided by entities in relation to supplier finance arrangements. The amendments are intended to assist the users of the financial statements to better understand the effect of such arrangements on the entity's liabilities, cash flows and exposure to liquidity risk. As part of the amendment, the amendment clarifies the characteristics of supplier finance arrangements and disclosure requirements. The disclosure requirements includes the requirement for an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2024.
IAS 21 amendment	*Lack of Exchangeability* The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* aims to clarify how an entity should assess whether a currency is exchangeable, how to determine the spot exchange rate when exchangeability is lacking and disclosure in the financial statements to enable the financial users to understand the impact of a currency not being exchangeable. These amendments are not expected to have an impact on the Banking Group.	Annual periods beginning on or after 1 January 2025.

4. Cash and cash equivalents

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Funds on call[1]	**364 802**	142 007	**342 573**	79 492
Balance with the SARB[2]	**155 219**	153 234	**155 219**	153 234
Fixed deposits[3]	**657**	470	**–**	–
Money market funds at fair value through profit or loss[1]	**251 430**	427 154	**251 430**	427 154
Total per statement of financial position	**772 108**	722 865	**749 222**	659 880
Less: Bank overdraft[4]	**–**	(68 541)	**–**	(381)
Total per statement of cash flows	**772 108**	654 324	**749 222**	659 499

[1] *Money market funds at fair value through profit or loss were further disaggregated from funds on call in the current year. In addition, a multi-asset fund did not meet the definition of a cash equivalent and was reclassified to investment securities at fair value through profit or loss. The prior year was amended accordingly. Please refer to Note 43 for further detail.*

[2] *The balance with the SARB is for minimum reserve requirements and is available for use subject to certain restrictions and limitations imposed by the central bank.*

[3] *The funds are easily accessible if required by the Banking Group.*

[4] *The bank overdraft is not included in the calculation of cash and cash equivalents presented in the statement of cash flows in the current year as it forms part of financing activities.*

5. Negotiable securities

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Treasury bills[1]	**1 151 463**	1 643 725	**1 151 463**	1 643 725
Land Bank bills	**203 478**	270 293	**203 478**	270 293
Negotiable securities before impairments	**1 354 941**	1 914 018	**1 354 941**	1 914 018
Credit loss allowance[2]	**(61 530)**	(123 678)	**(61 530)**	(123 678)
Net negotiable securities	**1 293 411**	1 790 340	**1 293 411**	1 790 340

[1] *Treasury bills to the value of R393 million (2022: R607 million) have been pledged for the SARB refinancing auction. Government bonds of R100 million (2022: R210 million) have been pledged on behalf of SasSec.*

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

6. Trading assets and liabilities

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Financial assets	**32 798**	56 653	**29 576**	56 456
Derivatives	**32 798**	56 653	**29 576**	56 456
Financial liabilities	**27 683**	59 459	**27 683**	56 675
Derivatives	**27 683**	59 459	**27 683**	56 675

Financial assets and liabilities are held for trade facilitation and relate to the Foreign Exchange Contracts trading.

Financial assets held for trade facilitation are economically hedged by financial liabilities held for trade facilitation, minimising the Banking Group's exposure to foreign exchange risk.

7. Trade and other receivables[4]

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[2]	**2023 R'000**	2022 R'000 Restated[2]
Financial assets	**356 135**	448 220	**452 975**	618 209
Insurance coverage assets	**–**	52 203	**–**	52 203
Receivables from companies in the Group[2]	**148 034**	125 902	**251 961**	327 305
Sundry receivables[1,2]	**52 725**	7 705	**51 498**	57 202
Trade receivables[2]	**155 376**	262 410	**149 516**	181 499
Non-financial assets	**176 942**	155 441	**37 584**	75 515
Other receivables[2]	**7 561**	29 323	**7 561**	29 323
Prepaid expenses	**30 023**	36 066	**30 023**	36 066
Value Added Tax[2]	**139 358**	90 052	**–**	10 126
Other receivables before impairments	**533 077**	603 661	**490 559**	693 724
Credit loss allowance[3]	**(20 305)**	(3 429)	**(20 652)**	(2 936)
Net trade and other receivables	**512 772**	600 232	**469 907**	690 788

[1] *Significant increase from prior year due to recoveries from duplicate and excess client balances in foreign exchange (forex), increase in a debtor and an increase in the Visa deposit from R40.9 million to R49.2 million.*
[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.*
[4] *The note was re-presented to distinguish between contractual financial instruments and non-contractual financial instruments. There has been no impact on the primary financial statements.*

8. Non-current assets held for sale

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Investment property				
Fair value at the beginning of the year	**–**	6 700	**–**	–
Transfer to Investment property (refer to note 14)	**–**	(6 700)	**–**	–
Total non-current assets held for sale	**–**	–	**–**	–

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

[1] *Loans and advances with a carrying amount of R4.073 billion (2022: R3.247 billion) have been ceded as security for the debt securities issued, refer to Note 21.*

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

[3] *During the year, a strategic decision was taken to transfer certain outstanding loans and advances to a third party (for which substantially all the risk and rewards of ownership were transferred) resulting in derecognition of these loans and advances. Further, there was also the transfer of a profit participation (in terms of which the Banking Group retained all the risks and rewards of ownership), as such this was not derecognised. No associated liabilities were linked to the transferred financial assets for which risks and rewards were retained. For the transferred profit participation, the Banking Group is still exposed to the variability of the amounts to be received. The carrying amount is R24 million for the profit participation.*

9. Loans and advances *continued*

Separate	Total R'000	Less than 1 year R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2023							
Loans and advances at amortised cost							
Gross investment in leases	**4 338 896**	**1 538 119**	**1 170 444**	**853 404**	**526 141**	**220 987**	**29 801**
Equipment finance	2 003 041	731 623	536 981	397 338	236 307	94 663	6 129
Capital equipment finance	2 335 855	806 496	633 463	456 066	289 834	126 324	23 672
Less: Unearned finance income	**(953 440)**	**(394 479)**	**(293 465)**	**(166 763)**	**(75 322)**	**(21 186)**	**(2 225)**
Equipment finance	(442 075)	(192 981)	(134 623)	(74 801)	(31 863)	(7 337)	(470)
Capital equipment finance	(511 365)	(201 498)	(158 842)	(91 962)	(43 459)	(13 849)	(1 755)
Net investment in leases[1]	**3 385 456**	**1 143 640**	**876 979**	**686 641**	**450 819**	**199 801**	**27 576**
Equipment finance	1 560 966	538 642	402 358	322 537	204 444	87 326	5 659
Capital equipment finance	1 824 490	604 998	474 621	364 104	246 375	112 475	21 917
Trade and Debtor finance	690 213						
Other loans	480 506						
Loans and advances before expected credit losses	**4 556 175**						
Credit loss allowance[2]	(272 241)						
Total loans and advances at amortised cost	**4 283 934**						
Loans and advances at fair value	**571 355**						
Specialised lending[3]	571 355						
Total loans and advances[1]	**4 855 289**						

[1] *Loans and advances with a carrying amount of R4.073 billion (2022: R3.247 billion) have been ceded as security for the debt securities issued, refer to Note 21.*
[2] *For key management inputs and assumptions around ECL refer to Note 40.*
[3] *During the year, a strategic decision was taken to transfer certain outstanding loans and advances to a third party (for which substantially all the risk and rewards of ownership were transferred) resulting in derecognition of these loans and advances. Further, there was also the transfer of a profit participation (in terms of which the Banking Group retained all the risks and rewards of ownership), as such this was not derecognised. No associated liabilities were linked to the transferred financial assets for which risks and rewards were retained. For the transferred profit participation, the Banking Group is still exposed to the variability of the amounts to be received. The carrying amount is R24 million for the profit participation.*

9. Loans and advances *continued*

Consolidated	Total R'000	Less than 1 year R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2022 Restated[3]							
Loans and advances at amortised cost							
Gross investment in leases	8 421 351	3 297 156	2 341 675	1 565 270	879 098	330 611	7 541
Equipment finance[3]	5 963 276	2 392 566	1 639 724	1 079 249	619 783	230 174	1 780
Capital equipment finance[3]	2 458 075	904 590	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]	6 936 727	2 592 756	1 903 329	1 334 696	786 472	312 574	6 900
Equipment finance	4 897 098	1 877 722	1 328 637	916 683	554 039	218 405	1 612
Capital equipment finance	2 039 629	715 034	574 692	418 013	232 433	94 169	5 288
Trade and Debtor finance	707 601						
Other loans	564 293						
Loans and advances before expected credit losses	8 208 621						
Credit loss allowance[2]	(475 233)						
Total loans and advances at amortised cost	7 733 388						
Loans and advances at fair value	377 291						
Specialised lending	377 291						
Total loans and advances[3]	8 110 679						

[1] *Loans and advances with a carrying amount of R4.073 billion (2022: R3.24 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.*

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 Restated[3]							
Loans and advances at amortised cost							
Gross investment in leases	4 070 801	1 488 262	1 113 504	790 360	462 460	210 074	6 141
Equipment finance[3]	2 052 034	762 470	546 826	382 005	240 112	120 241	380
Capital equipment finance[3]	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]	3 341 862	1 164 215	895 960	668 778	409 699	197 653	5 557
Equipment finance	1 671 456	592 015	435 511	318 995	210 996	113 670	269
Capital equipment finance	1 670 406	572 200	460 449	349 783	198 703	83 983	5 288
Trade and Debtor finance	707 601						
Other loans	564 293						
Loans and advances before expected credit losses	4 613 756						
Credit loss allowance[2]	(232 301)						
Total loans and advances at amortised cost	4 381 455						
Loans and advances at fair value	377 291						
Specialised lending	377 291						
Total loans and advances[3]	4 758 746						

[1] *Loans and advances with a carrying amount of R4.073 billion (2022: R3.24 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.*

9. Loans and advances *continued*

9.1 Securitised assets[1]

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

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

Separate	Total R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
Securitised assets							
2023							
Gross investment in leases	**5 466 013**	**2 186 148**	**1 545 846**	**1 037 083**	**557 513**	**137 038**	**2 385**
Equipment finance	**4 537 425**	**1 847 351**	**1 277 543**	**854 439**	**450 297**	**107 795**	**–**
Capital Equipment finance	**928 588**	**338 797**	**268 303**	**182 644**	**107 216**	**29 243**	**2 385**
Less: Unearned finance income	**(1 152 916)**	**(560 139)**	**(348 180)**	**(175 507)**	**(61 482)**	**(7 443)**	**(165)**
Equipment finance	**(957 573)**	**(470 062)**	**(288 240)**	**(143 954)**	**(49 627)**	**(5 690)**	**–**
Capital Equipment finance	**(195 343)**	**(90 077)**	**(59 940)**	**(31 553)**	**(11 855)**	**(1 753)**	**(165)**
Net investment in leases	**4 313 097**	**1 626 009**	**1 197 666**	**861 576**	**496 031**	**129 595**	**2 220**
Equipment finance	**3 579 852**	**1 377 289**	**989 303**	**710 485**	**400 670**	**102 105**	**–**
Capital Equipment finance	**733 245**	**248 720**	**208 363**	**151 091**	**95 361**	**27 490**	**2 220**
Securitised assets before expected credit losses	**4 313 097**						
Credit loss allowance (Refer note 40.3.1)	**(240 022)**						
Total securitised assets at amortised cost	**4 073 075**						
Total securitised assets	**4 073 075**						

[1] *This is a newly added note due to prior periods having been restated, please refer to Note 43 for additional information.*

9. Loans and advances *continued*

9.1 Securitised assets *continued*

Separate	Total R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
Securitised assets							
2022 – Restated[1]							
Gross investment in leases	4 202 643	1 756 891	1 186 759	745 133	403 073	110 570	217
Equipment finance	3 761 533	1 576 292	1 051 486	667 466	366 106	99 966	217
Capital Equipment finance	441 110	180 599	135 273	77 667	36 967	10 604	–
Less: Unearned finance income	(727 140)	(367 852)	(212 374)	(104 412)	(37 642)	(4 854)	(6)
Equipment finance	(657 051)	(331 885)	(191 344)	(94 976)	(34 405)	(4 435)	(6)
Capital Equipment finance	(70 089)	(35 967)	(21 030)	(9 436)	(3 237)	(419)	–
Net investment in leases	3 475 503	1 389 039	974 385	640 721	365 431	105 716	211
Equipment finance	3 104 482	1 244 407	860 142	572 490	331 701	95 531	211
Capital Equipment finance	371 021	144 632	114 243	68 231	33 730	10 185	–
Securitised assets before expected credit losses	3 475 503						
Credit loss allowance (Refer note 40.3.1)	(228 783)						
Net securitised assets	3 246 720						

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

9.2 Intercompany loans for securitised assets[1]

	2023 R'000	2022 R'000
Intercompany loans for securitised assets – liability represented by transfers to:		
SASP	**4 073 075**	3 246 720
Total	**4 073 075**	3 246 720

[1] *This is a newly added note due to prior periods having been restated, please refer to Note 43 for additional information.*

10. Investment securities

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Investments at fair value through profit or loss	**324 316**	298 440	**324 316**	298 165
Listed equity investments	**–**	275	**–**	–
Private Equity investments	**219 352**	192 865	**219 352**	192 865
Multi-asset fund[1]	**104 964**	105 300	**104 964**	105 300
	324 316	298 440	**324 316**	298 165

[1] *Refers to a multi-asset fund that did not meet the definition of cash equivalents. Prior year was amended accordingly. Please refer to note 43 for further detail.*

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

Material associate[1]

	Innovent Investment Holdings (Pty) Limited[2]	
	2023 R'000	2022 R'000
	Fair value through profit or loss	
Dividends received	**–**	–
Summarised financial information:		
Current assets	**340 202**	353 333
Non-current assets	**423 190**	285 575
Current liabilities	**288 211**	188 184
Non-current liabilities	**164 933**	117 827
Total equity	**310 248**	332 897
Revenue	**624 589**	548 003
Profit or loss from continuing operations	**60 958**	74 262
Total comprehensive income	**60 958**	74 262

[1] *This disclosure has been enhanced from prior year by including disclosures of the material associates in line with IFRS 12 Disclosures of Interest in Other Entities.*
[2] *The amounts presented are before group eliminations due to information not being readily available.*

11. Investments in subsidiaries and structured entities

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Unlisted investments				
Carrying amount at the beginning of the year	**–**	–	**186 144**	188 117
Less impairment: Benal Property Investments (Proprietary) Limited[1]	**–**	–	**(9 086)**	(1 973)
Less disposal: Benal Property Investments (Proprietary Limited)[2]	**–**	–	**–**	–
Carrying amount at the end of the year	**–**	–	**177 058**	186 144

[1] *Benal was impaired during the prior year to its recoverable amount of R9.086 million.*
[2] *During the current year, Benal was disposed-off and deconsolidated.*

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
12. Deferred tax assets and liabilities				
Deferred tax assets	**20 255**	4 825	**17 027**	328
Deferred tax liabilities	**(146 055)**	(138 247)	**–**	–

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	2023			2022		
	Assets R'000	**Liabilities R'000**	**Net R'000**	Assets R'000	Liabilities R'000	Net R'000
Consolidated						
Equipment finance	**(96 151)**	**(158 771)**	**(254 922)**	–	(245 881)	(245 881)
Tax losses[1]	**114 473**	**3 248**	**117 721**	634	93 733	94 367
Fair value adjustment	**(47 215)**	**–**	**(47 215)**	(23)	(55 602)	(55 625)
Prepayments	**(4 023)**	**–**	**(4 023)**	–	(3 018)	(3 018)
Impairments	**2 160**	**–**	**2 160**	–	19 002	19 002
Provisions	**45 053**	**11 151**	**56 204**	4 214	52 683	56 897
Investment property	**–**	**–**	**–**	–	–	–
Intangible assets	**–**	**(1 683)**	**(1 683)**	–	(3 113)	(3 113)
Property, equipment and right-of-use assets	**(30 581)**	**–**	**(30 581)**	–	(34 077)	(34 077)
Lease liabilities	**38 499**	**–**	**38 499**	–	40 077	40 077
Other temporary differences	**(1 960)**	**–**	**(1 960)**	–	(2 051)	(2 051)
Net tax assets/(liabilities)	**20 255**	**(146 055)**	**(125 800)**	4 825	(138 247)	(133 422)
Separate						
Equipment finance	**(96 150)**	**–**	**(96 150)**	(96 811)	–	(96 811)
Tax losses	**114 473**	**–**	**114 473**	90 175	–	90 175
Fair value adjustment	**(47 215)**	**–**	**(47 215)**	(55 602)	–	(55 602)
Prepayments	**(4 023)**	**–**	**(4 023)**	(3 018)	–	(3 018)
Impairments	**2 160**	**–**	**2 160**	19 002	–	19 002
Provisions	**41 824**	**–**	**41 824**	42 633	–	42 633
Property and equipment	**(30 581)**	**–**	**(30 581)**	(34 077)	–	(34 077)
Lease liabilities	**38 499**	**–**	**38 499**	40 077	–	40 077
Other temporary differences	**(1 960)**	**–**	**(1 960)**	(2 051)	–	(2 051)
Net tax assets/(liabilities)	**17 027**	**–**	**17 027**	328	–	328

[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 R436 158 (2022: R349 656), while the Bank has actual losses of R423 973 (2022: R333 982) that have been recognised.*

The Banking Group has historically applied a conservative approach to certain tax allowances relating to timing differences on lease assets. The impact is that higher tax was paid in the past. In the current year, the decision has been taken to revise the estimate of allowances allowed prospectively in terms of the relevant tax legislation. The prospective adjustments will impact temporary timing differences.

12. Deferred tax assets and liabilities *continued*

Movements in temporary differences during the year

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

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[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.*

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

	Computer equipment[1] R'000	Furniture and fittings[1] R'000	Motor vehicles R'000	Land and buildings R'000	Right-of-use asset R'000	Total R'000
Consolidated						
2023						
Cost at the beginning of the year	**114 921**	**14 238**	**2 587**	**43 661**	**206 698**	**382 105**
Additions	**7 350**	**216**	**–**	**996**	**7 097**	**15 659**
Disposals	**(1 642)**	**–**	**–**	**–**	**(2 059)**	**(3 701)**
Cost at the end of the year	**120 629**	**14 454**	**2 587**	**44 657**	**211 736**	**394 063**
Accumulated depreciation and impairment at the beginning of the year	**(86 918)**	**(7 718)**	**(2 454)**	**(27 181)**	**(81 657)**	**(205 928)**
Depreciation charge for the year	**(12 438)**	**(1 327)**	**(55)**	**(3 204)**	**(18 535)**	**(35 559)**
Disposals	**1 607**	**–**	**–**	**–**	**2 059**	**3 666**
Accumulated depreciation and impairment at the end of the year	**(97 749)**	**(9 045)**	**(2 509)**	**(30 385)**	**(98 133)**	**(237 821)**
Carrying amount at the beginning of the year	**28 003**	**6 520**	**133**	**16 480**	**125 041**	**176 177**
Carrying amount at the end of the year	**22 880**	**5 409**	**78**	**14 272**	**113 603**	**156 242**
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	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[1]	28 003	6 520	133	16 480	125 041	176 177

[1] *In the prior year assets of R0.787 million and R1.163 million were retired for computer equipment and furniture and fittings respectively.*

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

	Computer equipment[1] R'000	Furniture and fittings[1] R'000	Motor vehicles R'000	Land and buildings R'000	Right-of-use asset R'000	Total R'000
Separate						
2023						
Cost at the beginning of the year	**113 806**	**13 275**	**2 472**	**43 452**	**203 679**	**376 684**
Additions	**7 351**	**216**	**–**	**996**	**7 097**	**15 660**
Disposals	**(1 642)**	**–**	**–**	**–**	**(2 059)**	**(3 701)**
Cost at the end of the year	**119 514**	**13 491**	**2 472**	**44 448**	**208 717**	**388 643**
Accumulated depreciation and impairment at the beginning of the year	**(85 804)**	**(6 757)**	**(2 339)**	**(27 007)**	**(81 085)**	**(202 992)**
Depreciation charge for the year	**(12 437)**	**(1 335)**	**(55)**	**(3 170)**	**(17 947)**	**(34 944)**
Disposals	**1 607**	**8**	**–**	**–**	**2 059**	**3 674**
Accumulated depreciation and impairment at the end of the year	**(96 634)**	**(8 084)**	**(2 394)**	**(30 177)**	**(96 973)**	**(234 262)**
Carrying amount at the beginning of the year	**28 002**	**6 518**	**133**	**16 445**	**122 594**	**173 692**
Carrying amount at the end of the year	**22 880**	**5 407**	**78**	**14 272**	**111 744**	**154 381**
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	–	15 466	133 013	171 407
Disposals	(799)	(1 566)	–	–	–	(2 365)
Cost at the end of the year	113 806	13 275	2 472	43 453	203 679	376 685
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

[1] *In the prior year assets of R0.787 million and R1.163 million were retired for computer equipment and furniture and fittings respectively.*

14. Investment property

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
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	**–**	(1 162)	**–**	–
Disposal of investment property	**–**	(5 538)	**–**	–
Fair value at the end of the year	**–**	–	**–**	–

15. Intangible assets and goodwill

	Distributor relation-ships R'000	**Purchased software R'000**	**Internally generated intangible assets[1] R'000**	**Goodwill[2] R'000**	**Total R'000**
Consolidated					
2023					
As at 1 July 2022					
Cost	**50 938**	**–**	**223 486**	**31 353**	**305 777**
Accumulated amortisation and impairment	**(37 695)**	**–**	**(127 117)**	**(835)**	**(165 647)**
Carrying amount at the beginning of the year	**13 243**	**–**	**96 369**	**30 518**	**140 130**
Additions	**–**	**–**	**6 256**	**–**	**6 256**
Amortisation	**(5 297)**	**–**	**(29 771)**	**–**	**(35 068)**
Impairment	**–**	**–**	**(4 163)**	**–**	**(4 163)**
Carrying amount at the end of the year	**7 946**	**–**	**68 691**	**30 518**	**107 155**
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	–	104 798	30 518	153 856
Additions	–	–	15 665	–	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

[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 11.11% (2022: 10.58%), a terminal growth rate of 1% (2022: 1%) (South African GDP-based growth rate) and a three-year pre-tax budgeted cash flow forecast[3] was used to discount expected future cash flows.[4] The recoverable amount for the Forex Cash Generating Unit was less than the carrying value resulting in an impairment on these internally generated intangible assets.*

[2] *The Banking Group assesses the recoverable amount based on value in use of the CGU, which is R51.624 million (2022: R43.03 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 11.11% (2022: 10.58%), a terminal growth rate of 1% (2022: 1%) (South African GDP-based growth rate) and a three-year budgeted cash flow forecast is used to discount expected future cash flows.*

[3] *Pre-tax budgeted inputs were adjusted for macroeconomic drivers including GDP, inflation, credit risk, exchange rates, and other cost drivers for a three-year period from 2024 to 2026.*

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

15. Intangible assets and goodwill *continued*

	Distributor relation-ships R'000	Purchased software R'000	Internally generated intangible assets[1] R'000	Goodwill[2] R'000	Total R'000
Separate					
2023					
As at 1 July 2022					
Cost	**–**	**–**	**223 486**	**835**	**224 321**
Accumulated amortisation and impairment	**–**	**–**	**(127 117)**	**(835)**	**(127 952)**
Carrying amount at the beginning of the year	**–**	**–**	**96 369**	**–**	**96 369**
Additions	**–**	**–**	**6 257**	**–**	**6 257**
Amortisation	**–**	**–**	**(29 771)**	**–**	**(29 771)**
Impairment			**(4 163)**	**–**	**(4 163)**
Carrying amount at the end of the year	**–**	**–**	**68 692**	**–**	**68 692**
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

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 11.11% (2022: 10.58%), a terminal growth rate of 1% (2022: 1%) (South African GDP-based growth rate) and a three-year pre-tax budgeted cash flow forecast[3] was used to discount expected future cash flows.[4] The recoverable amount for the Forex Cash Generating Unit was less than the carrying value resulting in an impairment on these internally generated intangible assets.*

2 *The Banking Group assesses the recoverable amount based on value in use of the CGU, which is R51.624 million (2022: R43.03 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 Bankings Group's weighted average cost of capital of 11.11% (2022: 10.58%), a terminal growth rate of 1% (2022: 1%) (South African GDP-based growth rate) and a three-year budgeted cash flow forecast is used to discount expected future cash flows.*

3 *Pre-tax budgeted inputs were adjusted for macroeconomic drivers including GDP, inflation, credit risk, exchange rates, and other cost drivers for a three-year period from 2024 to 2026.*

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

16. Funding under repurchase agreements

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Funding under repurchase agreements	**351 885**	803 976	**351 885**	803 976
	351 885	803 976	**351 885**	803 976

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

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

17. Trade and other payables

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Financial Liabilities[3]	**484 071**	667 585	**560 923**	770 392
Payables to entities in the Group[1]	**27 478**	20 193	**124 630**	180 639
Other payables[1 2]	**110 087**	59 868	**94 440**	31 368
Accounts payable[1]	**346 506**	587 524	**341 853**	558 385
Non-financial liabilities[3]	**111 987**	80 505	**109 145**	76 708
Audit fees and other services	**10 886**	13 941	**8 300**	11 102
Accruals[1]	**3 434**	16 263	**3 434**	16 012
Value-Added Taxation[1]	**97 667**	50 301	**97 411**	49 594
	596 058	748 090	**670 068**	847 100

1 *Prior periods have been restated, please refer to Note 43 for additional information.*
2 *Primarily comprises of accruals for commission payable to suppliers and transactional income owed to Hello Paisa.*
3 *The note was re-presented to distinguish between contractual financial instruments and non-contractual financial instruments. There has been no impact on the primary financial statements.*

18. Provisions[1]

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Leave pay provision	**13 518**	15 028	**10 696**	12 420
Bonus provision	**19 234**	30 000	**19 234**	34 000
	32 752	45 028	**29 930**	46 420

Movements in each class of provision

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

18. Provisions *continued*
Movements in each class of provision *continued*

	Bonus provision R'000	Leave pay provision R'000	Total R'000
Consolidated			
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			
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 and continued employment by the Banking Group.

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
19. Lease liabilities				
Reconciliation of lease liabilities				
Opening lease liabilities	**150 818**	35 107	**148 432**	33 126
Finance costs (refer to Note 27)	**13 670**	13 229	**13 461**	12 997
Additions[1]	**7 097**	136 896	**7 097**	135 804
Capital repayments	**(12 812)**	(30 697)	**(12 534)**	(30 009)
Interest repayments	**(13 420)**	(3 717)	**(13 211)**	(3 486)
Total capitalised lease liabilities	**145 353**	150 818	**143 245**	148 432

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

The total cash outflow for leases included in the lease liability in 2023 was R26.232 million (2022: R34.414 million) for the Banking Group and R25.745 million (2022: R33.495 million) for the Company. Refer to Note 41 for the maturity analysis of the undiscounted contractual cash flows.

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

20. Deposits from customers

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Current deposits	**923 184**	674 394	**923 184**	674 394
Call deposits	**1 826 607**	1 771 292	**1 980 561**	1 946 151
Notice deposits	**1 510 783**	979 680	**1 527 600**	980 135
Fixed deposits	**1 517 341**	2 011 826	**1 793 286**	2 382 731
Negotiable certificates of deposits	**93 391**	35 312	**93 391**	35 312
	5 871 306	5 472 504	**6 318 022**	6 018 723

21. Debt securities issued

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Category analysis				
Rated	**3 720 138**	2 991 426	**–**	–

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 2023.

They bear interest at between three-month JIBAR+ 1.3000% and three-month JIBAR+ 2.9000%, with various maturity dates (refer to Note 41).

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

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

- Series 1: The net default trigger level is between 2.625% and 4% and the 2.625% trigger will fall away when those specific notes mature (2022: Same as 2023). At June 2023 the average net default rate was at 1.362% (2022: 1.088%) and no breaches were recorded. The average yield of 27.204% (2022: 24.78%) remains above the required yield test of prime rate plus 5.000% (2022: prime plus 5.000%). The debt securities issued as at 30 June 2023 is R1 679 080 935 (2022: R1 363 446 398).
- Series 2: The 0.125% (2022: negative 0.305%) net default rate remains well below the net default trigger level of 4.000% (2022: 4.000%), and with an average yield of 20.458% (2022: 18.98%) remains above the required yield test of prime rate plus 3.000% (2022: prime plus 3.000%). The debt securities issued as at 30 June 2023 is R505 897 460 (2022: R352 569 517).
- Series 3: The net default trigger level is 4.500% (2022: 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 2023 the average net default rate was at 1.161% (2022: 1.161%) and no breaches were recorded. The average yield of 20.838% (2022: 17.64%) remains above the required yield test of prime plus 4.000% (2022: prime plus 4.000%). The debt securities issued as at 30 June 2023 is R1 535 159 387 (2022: R1 275 410 362).

22. Long-term loans

		Consolidated		Separate	
		2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Represented by:	**Repayment date:**				
FMO – European DFI loans facility	October 2022	**–**	195 000	**–**	195 000
Other[1]	July 2022 – December 2026	**76 488**	104 521	**76 488**	99 021
Total		**76 488**	299 521	**76 488**	294 021

[1] *These refer to SARB COVID Guaranteed loans.*

Long-term loans are interest-bearing or interest rate linked, and the interest rates are individually negotiated. The Banking Group has not had any defaults of principal or interest or other breaches with respect to its long-term loans during the year ended 30 June 2023.

23. Ordinary share capital

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Authorised				
710 000 000 (2022: 710 000 000) ordinary shares of 1 cent each	**7 100**	7 100	**7 100**	7 100
Issued				
360 000 000 (2022: 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	
	2023 R'000	2022 R'000	**2023 R'000**	2022 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

25. Commitments and contingent liabilities

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Letters of credit[1]	**37 125**	115 806	**37 125**	115 806
Financial guarantees[1]	**29 779**	26 355	**29 779**	26 355
Loan commitments[1]	**104 911**	146 290	**104 911**	146 290
Capital expenditure	**11**	355	**11**	355
	171 826	288 806	**171 826**	288 806

[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 both plaintiff and defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of legal proceedings. Nevertheless, based on management's knowledge from investigation, analysis and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being "likely to succeed and material". There are two matters in which the Banking Group is involved which are considered to be "unlikely to succeed but material should they succeed"; only one of these matters is not expected to be enrolled for trial in the forthcoming year. 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 consolidated 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.

Notices of intention to sanction by regulator

On or about 1 October 2023, Sasfin Bank received notifications from the South African Reserve Bank ("SARB", "Regulator") of its intention to impose administrative sanctions for alleged contraventions of certain provisions of the Financial Intelligence Centre Act 38 of 2001 read with the Money Laundering and Terrorist Financing Control Regulations, and provisions of the Exchange Control Regulations and the Banks Act 94 of 1990, read with the Financial Sector Regulation Act 9 of 2017.

The notification of an "intention to sanction" is part of a process required by law in terms of which the Regulator sets out the findings on which its intention to sanction is based, together with the form of the intended administrative sanction(s). As required by law, the regulated institution concerned (in this instance, Sasfin Bank) must be given the opportunity to respond to the notice, make representations (or additional representations as the case may be) relating to the factual and legal basis of the findings on which the intended sanctions may be imposed, and to make submissions as to why some, or all, of the intended sanctions should not be imposed. Should the Regulator, having considered the foregoing, impose a sanction, the regulated institution is further entitled to a reconsideration of the findings by taking the matter on appeal and/or review.

The administrative sanctions available to the Regulator may include one or more of a caution, a reprimand, an instruction to remediate the alleged non-compliance(s), suspension or restriction of certain business activities, and/or financial penalties. In arriving at a final decision on the form and extent of sanction, the Regulator is required to consider all submissions received from the regulated institution. Furthermore, the process prior to the issue of a final sanction is confidential.

25. Commitments and contingent liabilities *continued*

Notices of intention to sanction by regulator *continued*

Sasfin Bank has considered the Regulator's notifications of intention to sanction and has submitted a comprehensive response on 30 November 2023. Sasfin Bank's engagements with the SARB in respect of the notices of intention to sanction are at an early stage. It is therefore not yet possible to reliably estimate the timing, form of resolution, or quantum of any potential sanctions, as there are numerous considerations and factors that may affect any outcome or final determination by the SARB. Based on external legal opinion obtained, no further statements have been made concerning the financial effects of the contingent liability, so as not to compromise the results of the proceedings or the interests of Sasfin Bank. However, the resulting financial impact, based on the SARB's current notice of intention to sanction, could be material. Sasfin Bank is therefore of the view that this matter should be disclosed as a contingent liability.

Financial support

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

26. Interest income

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Interest income calculated using the effective interest method	**1 420 475**	991 017	**1 444 651**	1 000 284
Interest income	**10 630**	4 283	**9 534**	4 268
Deposits with banks[1]	**15 425**	9 694	**4 393**	2 770
Negotiable securities	**123 679**	119 386	**123 679**	119 386
Equipment finance[1]	**739 609**	555 688	**227 294**	179 673
Capital equipment finance[1]	**326 371**	183 523	**243 538**	141 837
Trade and Debtor finance	**74 173**	47 226	**74 173**	47 226
Interest income on securitised assets[1]	**–**	–	**581 371**	398 779
Loans to entities in the group	**13 583**	11 274	**63 664**	46 402
Other secured loans[2]	**87 954**	47 090	**87 954**	47 090
Unsecured loans	**29 051**	12 853	**29 051**	12 853
Other interest income	**42 636**	38 888	**43 022**	42 829
Specialised lending	**20 863**	20 067	**20 864**	20 067
Trading assets and other interest income	**(383)**	(3 941)	**2**	–
Money market fund[1]	**22 156**	22 762	**22 156**	22 762
Total interest income	**1 463 111**	1 029 905	**1 487 673**	1 043 113
Total interest income	**1 463 111**	1 029 905	**1 487 673**	1 043 113
Interest income on items measured at amortised cost	**1 420 475**	991 017	**1 444 651**	1 000 284
– Performing financial assets[1]	**1 348 116**	926 375	**1 400 646**	966 960
– Credit impaired financial assets[1]	**72 359**	64 642	**44 005**	33 324
Interest income on items measured at fair value through profit or loss	**42 636**	38 888	**43 022**	42 829

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *Other loans consist of revolving credit facilities, overdrafts and term loans.*

27. Interest expense

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000 Restated[1]
Interest expense calculated using the effective interest method	**761 583**	469 790	**1 067 758**	725 073
Funding under repurchase agreements	**43 950**	26 742	**43 950**	26 746
Call deposits	**115 424**	64 271	**127 872**	73 792
Notice deposits	**109 651**	39 772	**109 837**	41 269
Fixed deposits	**142 337**	121 660	**150 396**	126 582
Lease liabilities	**13 671**	13 229	**13 461**	12 997
Bank overdraft	**9 486**	1 305	**1 491**	598
Debt securities	**286 943**	157 703	**–**	–
Interest on intercompany loans for securitised assets[1]	**–**	–	**581 371**	398 779
Long-term borrowings	**9 818**	33 909	**9 077**	33 143
Current accounts	**21 456**	9 740	**21 456**	9 740
Other deposits and loan accounts	**8 847**	1 459	**8 847**	1 427
Other interest expense	**–**	1	**(204)**	(8 204)
Trading liabilities and other	**–**	1	**(204)**	(8 204)
Total interest expense	**761 583**	469 791	**1 067 554**	716 869

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

28. Net fee and commission income

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Fee and commission income	**155 236**	151 805	**436 256**	337 624
Confirming fees	**43 031**	38 342	**43 031**	38 341
Commission income	**26 287**	18 955	**26 287**	18 601
Administration fees[1]	**29 371**	37 415	**91 736**	77 252
Revenue share income	**–**	–	**223 887**	150 841
Other fee and commission income[1 2]	**56 547**	57 093	**51 315**	52 589
Fee and commission expense	**(116 289)**	(92 229)	**(86 545)**	(64 938)
Other fee and commission expense	**(4 368)**	(4 202)	**(4 367)**	(4 202)
Commission expense[3]	**(60 835)**	(49 447)	**(31 100)**	(22 156)
Commission paid to suppliers[3]	**(51 086)**	(38 580)	**(51 078)**	(38 580)
Net fee and commission income	**38 947**	59 576	**349 711**	272 686

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *Refer to accounting policy Note 1.14.2 for additional information.*
[3] *A portion of this amount (2023: R33 million and 2022: R24 million) consists of payments made to suppliers which was disaggregated, as well as an amount for a prior period error, refer to Note 43 for additional information.*

29. Gains or losses on financial instruments

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000 Restated[3]
Net gains or losses on the derecognition of financial instruments at amortised cost	**17 168**	25 849	**6 647**	9 801
Settlement profits[1]	**15 671**	25 205	**5 149**	9 157
Realised foreign exchange gains[2]	**1 497**	644	**1 498**	644
Other gains or losses on financial instruments	**99 357**	109 343	**217 046**	127 966
Dividend income	**17 633**	17 515	**82 628**	57 507
Fair value adjustments on financial instruments held at fair value through profit or loss	**34 075**	35 520	**34 054**	33 488
Gain on intercompany loan for securitised assets[3]	**–**	–	**52 715**	(19 337)
Unrealised gains[2]	**15 678**	10 506	**15 678**	10 506
Realised gains on derivative instruments[2]	**15 372**	29 844	**15 372**	29 844
Realised gains on foreign exchange[2]	**16 599**	15 958	**16 599**	15 958
Total gains or losses on financial instruments	**116 525**	135 192	**223 693**	137 767

[1] *Settlement profits represent the gain earned or loss incurred on the settlement of a deal as a result of termination or upgrade. This gain or loss is calculated as the difference between the settlement received from the customer and any remaining rentals due by the customer as well as any unearned finance income.*
[2] *In the current year, net gains/(losses) on derivatives are separately disclosed from realised gains/(losses) on financial instruments. Prior year disclosure has been amended accordingly. No impact on the primary financial statements.*
[3] *Prior periods have been restated, please refer to Note 43 for additional information.*

30. Other income on non-financial assets

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Income received from rent for use assets[1]	**125 536**	139 584	**17 287**	16 979
Rental income from investment property	**–**	6	**–**	–
Profit on disposal of property and equipment	**333**	1 576	**333**	1 024
Profit on loss of control of subsidiary[2]	**2 640**	–	**1 344**	–
Sundry income[1 3]	**22 759**	27 981	**20 948**	23 395
	151 268	169 147	**39 912**	41 398

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *During the current year Benal (Pty) Limited was sold and deconsolidated.*
[3] *A significant part of this balance comprises of the write back of creditors past their prescription period, rental recoveries, insurance premium refunds and interest receivable on overpayments to SARS. In the prior year, the balance comprised of various individually insignificant line items, including SWIFT charges received, rental recoveries as well as an amount of R22.2 million that related to an insurance claim payout on investment property that was razed to the ground on 9 July 2021.*

31. Staff costs

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Salaries and wages	**387 099**	368 337	**325 774**	325 774
Executive Directors', Alternate Directors' and Prescribed Officers' remuneration (refer to Note 37.3)	**30 186**	26 678	**30 186**	26 678
Contributions to defined contribution plans	**42 647**	31 751	**37 346**	26 731
	459 932	426 766	**392 890**	379 183

32. Other operating expenses

	Consolidated 2023 R'000	Consolidated 2022 R'000 Restated[1]	Separate 2023 R'000	Separate 2022 R'000 Restated[1]
The following items are included in operating expenses:				
Fees paid to auditors	**11 549**	19 329	**9 881**	16 725
Audit fees – Current year	**12 103**	18 510	**10 496**	16 430
– (Over)/Under provision prior year	**(554)**	524	**(615)**	–
Regulatory fees	**–**	295	**–**	295
Administration and management fees	**32 808**	17 739	**131 820**	92 322
Amortisation of intangible assets	**35 068**	29 392	**29 771**	24 094
Computer costs	**147 535**	113 712	**147 529**	113 712
Consulting fees	**47 823**	26 403	**47 289**	26 058
Depreciation	**35 559**	51 552	**34 944**	50 935
Operational loss[1]	**41 851**	23 923	**35 308**	2 747
Marketing costs	**13 759**	13 002	**13 261**	12 840
Occupation and accommodation	**12 758**	11 324	**10 508**	11 033

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

33. Impairments of non-financial assets

	Consolidated 2023 R'000	Consolidated 2022 R'000	Separate 2023 R'000	Separate 2022 R'000
Software	**4 163**	–	**4 163**	–
Internally developed software	**4 163**	–	**4 163**	–
	4 163	–	**4 163**	–

34. Income tax expense

	Consolidated 2023 R'000	Consolidated 2022 R'000	Separate 2023 R'000	Separate 2022 R'000
Current tax expense	**(442)**	5 993	**–**	–
Current year	**–**	6 416	**–**	–
(Over)/under provision in prior years	**(442)**	(423)	**–**	–
Deferred tax expense/(credit)	**(7 622)**	28 909	**(16 660)**	(11 117)
Current year	**(7 075)**	34 084	**(16 596)**	(10 783)
Under/(over) provision in prior years	**(547)**	(387)	**(64)**	(387)
Under/(over) provision as a result of rate change	**–**	(4 788)	**–**	53
	(8 064)	34 902	**(16 660)**	(11 117)

34. Income tax expense *continued*

Reconciliation of taxation rate	%	%	%	%
South African normal tax rate	**27.00**	28.00	**27.00**	28.00
Adjusted for:[1]	**(45.65)**	(0.89)	**(49.25)**	(189.09)
Exempt income[2]	**(41.92)**	(5.28)	**(47.64)**	(256.92)
Non-deductible expenses	**7.36**	9.33	**3.63**	85.01
Additional deductible tax allowances	**(2.27)**	(0.53)	**(1.31)**	(9.92)
Capital gains	**–**	0.05	**–**	
Effect of tax rates in foreign entity	**–**	–	**–**	–
(Over)/Under provision in prior years	**(2.29)**	(0.63)	**(1.54)**	(5.61)
Fair value adjustments	**(4.14)**	(0.08)	**(2.39)**	(2.45)
Tax rate change[3]	**–**	(3.75)	**–**	0.80
Other	**(2.40)**	–	**–**	–
Effective rate	**(18.65)**	27.11	**(22.25)**	(161.09)
Losses, balances of allowances and credits for which a deferred tax assets have been raised:				
Estimated tax losses available to offset future taxable income	**436 158**	349 656	**423 973**	333 982

[1] *Prior year reconciliation of taxation rate was changed to more accurately reflect the impact of the restatements noted in Note 43.*
[2] *Exempt income comprises exempt dividends.*
[3] *During the 2022 year, the South African Government announced a decrease in the South African rate of corporation tax from 28% to 27% effective for years of assessment ending on/after 1 March 2023. As a result, the deferred tax balances at 30 June 2022 have been adjusted to reflect this substantively enacted rate change.*

The Banking Group has historically applied a conservative approach to certain tax allowances relating to timing differences on lease assets. The impact is that higher tax was paid in the past. In the current year, the decision has been taken to revise the estimate of allowances allowed prospectively in terms of the relevant tax legislation. The prospective adjustments will impact temporary timing differences.

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000

35. Securitisation

	2023 R'000	2022 R'000	**2023 R'000**	2022 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	**4 073 075**	3 246 720[1]	**–**	–
Carrying and fair value of associated liabilities	**(3 720 138)**	(2 991 426)	**–**	–
Net carrying amount and fair value	**352 937**	255 294	**–**	–

[1] *Prior year has been restated to align to the assets transferred in SASP.*

The Banking Group refinanced a further R861 million (2022: R1.186 billion) worth of rental agreements during the year (refer to Note 21).

36. Notes to the statement of cash flows

36.1 Cash inflow from operating activities

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Reconciliation of operating profit to cash flows from operating activities				
Profit before income tax	**43 233**	128 751	**74 882**	6 901
Adjusted for:	**(23 335)**	(54 217)	**(93 489)**	(42 192)
Profit on disposal of property and equipment	**(333)**	(1 576)	**(333)**	(1 024)
Non-cash interest received[1]	**(127 998)**	(122 264)	**(674 098)**	(492 664)
Non-cash interest paid[1]	**(11 404)**	(10 038)	**568 946**	383 565
Dividend received	**(17 633)**	(17 515)	**(82 628)**	(57 507)
Net credit impairment charges	**78 044**	19 614	**81 327**	12 127
Credit impairment charges[1]	**78 044**	19 614	**28 612**	31 464
Credit impairment charges on securitised assets[1]	**–**	–	**52 715**	(19 337)
(Gain)/Loss on intercompany loans for securitised assets[1]	**–**	–	**(52 715)**	19 337
Gains on disposal of financial instruments held at fair value through profit or loss	**(31 349)**	(35 711)	**(20 827)**	(19 663)
Settlement profits	**(15 671)**	(25 205)	**(5 149)**	(9 157)
Unrealised foreign exchange gains[1]	**(15 678)**	(10 506)	**(15 678)**	(10 506)
Fair value adjustments on financial instruments[1]	**(34 047)**	(41 034)	**(34 057)**	(36 161)
Movement in provisions	**29 208**	42 120	**25 532**	45 553
Fair value loss on investment property	**–**	1 162	**–**	–
Impairment of goodwill/intangible assets/property, equipment and right-of-use assets	**4 163**	–	**4 163**	–
Impairment of subsidiary	**–**	–	**9 006**	–
Depreciation	**35 559**	51 553	**34 944**	50 937
Amortisation of intangible assets	**35 068**	29 392	**29 771**	24 094
Exchange rate fluctuations on cash held[1]	**17 229**	16 781	**17 229**	16 781
Interest on lease liabilities	**238**	10 375	**251**	9 512
VAT penalty interest[1]	**–**	2 924	**–**	2 921
Disposal of subsidiary	**(80)**	–	**–**	–
	19 898	74 534	**(18 607)**	(35 291)

36.2 Taxation paid

	Consolidated 2023	Consolidated 2022	Separate 2023	Separate 2022
Unpaid at the beginning of the year	**39 709**	19 665	**–**	–
Charge to the income statement	**442**	(5 993)	**–**	–
Unpaid at the end of the year	**(47 826)**	(39 709)	**(2 400)**	–
	(7 675)	(26 037)	**(2 400)**	–

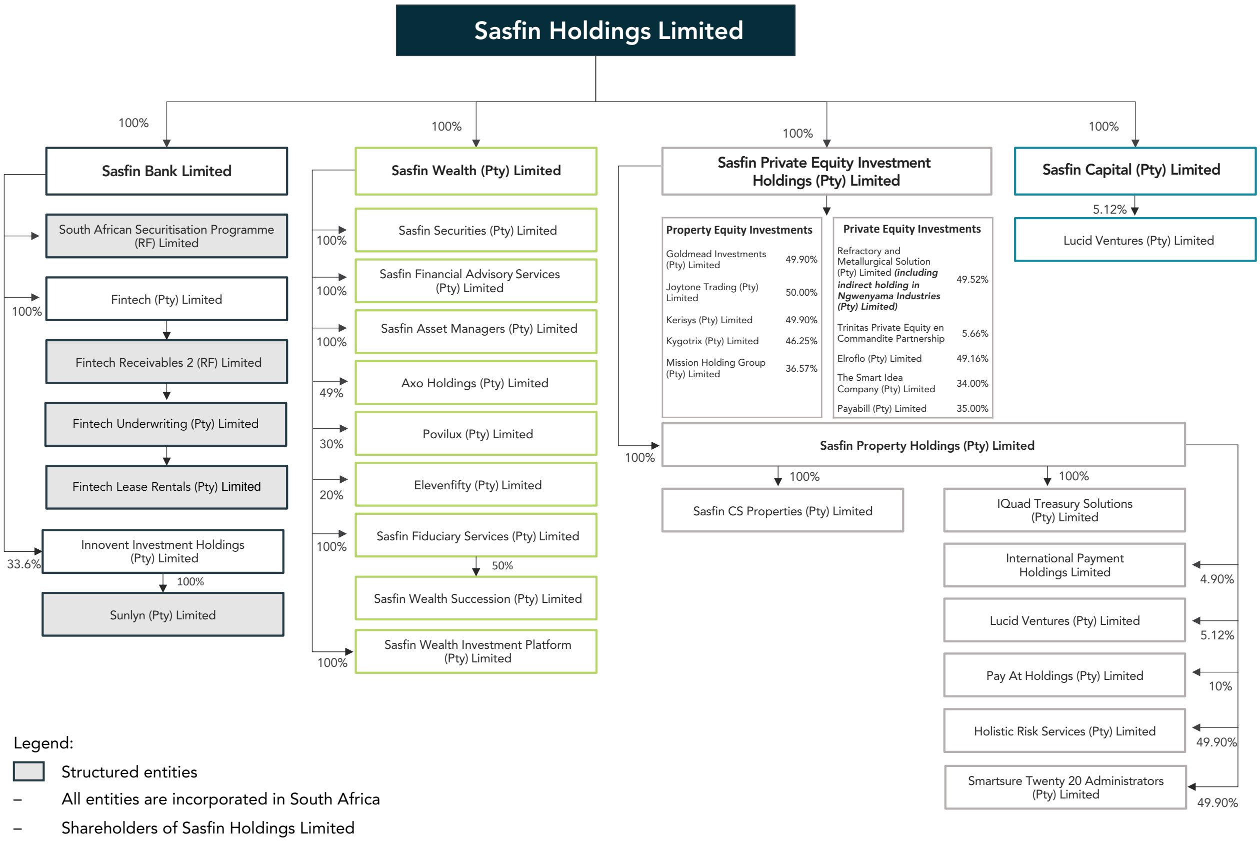
36.3 Dividends paid

	Consolidated 2023	Consolidated 2022	Separate 2023	Separate 2022
Charge to distributable reserves	**–**	(10 000)	**–**	(10 000)
	–	(10 000)	**–**	(10 000)

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

37. Related-party transactions

37.1 Subsidiaries and controlled structured entities



* *Shareholders of Sasfin Holdings Limited*

Non-Public:

- *Unitas Enterprises Limited (2023: 15 398 174 shares (47.67%); 2022: 15 398 174 shares (47.67%)), a wholly owned company of The Erwin Discretionary Settlement Trust, of which Roland Sassoon and Michael Sassoon are discretionary beneficiaries.*
- *Wipfin Investments (Proprietary) Limited (2023: 8 107 662 shares (25.10%); 2022: 8 107 662 shares (25.10%)), a wholly owned subsidiary of Women Investment Portfolio Holdings Limited (WIPHOLD).*
- *CV Partners Limited (2023: 3 332 388 shares (10.32%)); (2022: 2 321 079 shares (7.19%)).*
- *Sasfin Share Incentive Trust (2023: 1 436 052 shares (4.45%)); 2022: 1 436 052 shares (4.45%)).*

Public

- *2023: 4 027 165 shares (12.46%); 2022: 7 249 478 shares (22.73%).*

37. Related-party transactions *continued*

37.1 Subsidiaries and controlled structured entities *continued*

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

Benal Property Investments (Pty) Limited was disposed of during the current financial year to an unrelated third party at arm's length.

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:

	2023 R'000	2022 R'000
Deposits	**122 869**	160 838

Various business bank accounts are held by related party entities with the Group. Directors of the company also hold transactional and other deposit accounts with the Group which are entered into on an arm's length basis.

37. Related-party transactions *continued*

37.3 Key management personnel and related remuneration

Directors' and Prescribed Officers' remuneration

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

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

37. Related-party transactions *continued*

37.3 Key management personnel and related remuneration *continued*

Directors' and Prescribed Officers' remuneration *continued*

	Services as Directors R	Cash package[1] R	Other benefits[2] R	Incentive bonus[3] R	Total 2022[5] R	Incentive bonus[4] payable in Sept 2022 R
2022[5]						
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	–	–	–	563 750	–
RWR Buchholz	702 475	–	–	–	702 474	–
GP de Kock	950 634	–	–	–	950 634	–
GC Dunnington[c]	372 700	–	–	–	372 700	–
T van der Mescht[d]	240 656	–	–	–	240 656	–
TH Njikizana	541 221	–	–	–	541 221	–
MR Thompson	633 811	–	–	–	633 811	–
EA Wilton	686 257	–	–	–	686 257	–
Non-independent, Non-Executive Directors						
RDEB Sassoon	404 459	–	–	–	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
	5 095 962	17 294 682	3 461 641	5 921 250	31 773 535	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 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.*
[5] *In the prior year, the column, "Total" did not cast correctly as the total column did not correctly sum the services as directors for the independent non-executive directors. This was corrected with no impact on the primary financial statements.*
[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*

37.4 Associates

37.4.1 List of associates

Name	Nature of business	Consolidated % ownership 2023	Consolidated % ownership 2022	Separate % ownership 2023	Separate % ownership 2022
Associates recognised at fair value through profit or loss					
Innovent Investment Holdings (Pty) Ltd	Financial services holding company	**33.60**	33.60	**33.60**	33.60

37.5 Transactions and balances with associates

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

Associates in the Banking Group are designated as at fair value through profit or loss. The collective amounts included in the Banking Group's consolidated financial statements relating to these transactions, are as follows:

	2023 R'000	2022 R'000
Statement of Financial Position		
Deposits from customers[1]	**559**	460
Statement of Profit or Loss and Other Comprehensive Income		
Interest expense	**3**	25

[1] *The line item was amended from prior year to reflect the transactions from associates more accurately.*

37.6 Transactions and balances with entities in the Group

		Consolidated 2023 R'000	Consolidated 2022 R'000	Separate 2023 R'000	Separate 2022 R'000 Restated[1]
37.6.1	**Loans to/(from) entities in the Group**				
	Loans to/(from) subsidiaries	**–**	–	**393 645**	330 908
	South African Securitisation Programme (RF) Ltd	**–**	–	**393 645**	334 185
	SASP (Series 1)[1]			**211 391**	135 969
	SASP (Series 2)[1]			**50 746**	58 215
	SASP (Series 3)[1]			**131 508**	140 001
	Benal Property Investments (Pty) Ltd	**–**	–	**–**	(3 277)
	Loans to fellow subsidiaries	**194 197**	194 112	**194 197**	194 112
	Sasfin Securities (Pty) Ltd	**54 193**	62 195	**54 193**	62 195
	Sasfin Private Equity Investment Holdings (Pty) Ltd	**140 004**	131 917	**140 004**	131 917
	Total loans to entities in the Group	**194 197**	194 112	**587 842**	525 020

[1] *The note has been amended to reflect the amount receivable per SASP Series to Sasfin Bank Limited. No impact on the primary financial statements.*

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

37. Related-party transactions *continued*

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

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
37.6.2 Guarantees, commitments and contingencies to/(from) entities in the Group				
Sasfin Securities (Pty) Ltd	**10 000**	10 000	**10 000**	10 000
Total guarantees with entities in the Group	**10 000**	10 000	**10 000**	10 000

A guarantee in favour of the JSE to assist with the daily capital requirements of Sasfin Securities (Pty) Ltd.

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000 Restated[1]
37.6.3 Intercompany (payables)/receivable with entities in the Group				
(Payables to)/receivables from Holding Company	**8 157**	(1 764)	**8 157**	(1 764)
Sasfin Holdings Ltd	**8 157**	(1 764)	**8 157**	(1 764)
(Payables to)/receivables from subsidiaries	**–**	–	**6 775**	69 907
Sunlyn (Pty) Ltd	**–**	–	**306**	(3 408)
South African Securitisation Programme (RF) Ltd	**–**	–	**123 351**	174 001
SASP (Series 1)[1]	**–**	–	**18 406**	60 897
SASP (Series 2)[1]	**–**	–	**78 395**	61 294
SASP (Series 3)[1]	**–**	–	**26 550**	51 810
Fintech Underwriting Pty Ltd	**–**	–	**(98 463)**	(128 344)
Fintech Lease Rentals Pty Ltd	**–**	–	**506**	(24 642)
Fintech (Pty) Ltd	**–**	–	**(18 925)**	52 300
Receivables from fellow subsidiaries	**112 399**	101 684	**112 399**	101 684
Sasfin Securities (Pty) Ltd	**6 940**	5 334	**6 940**	5 334
Sasfin Financial Advisory Services (Pty) Ltd	**940**	748	**940**	748
Sasfin Private Equity Investment Holdings (Pty) Ltd	**18 018**	11 066	**18 018**	11 066
Sasfin Capital (Pty) Ltd	**85 544**	83 751	**85 544**	83 751
Sasfin Property Holdings (Pty) Ltd	**509**	244	**509**	244
Sasfin Asset Managers (Pty) Ltd	**448**	541	**448**	541
Total intercompany receivables with entities in the Group	**120 556**	99 920	**127 331**	169 827
Intercompany loans for securitised assets[2]				
Represented by transfers to SASP	**–**	–	**4 073 075**	3 246 720
Total intercompany loan for securitised assets	**–**	–	**4 073 075**	3 246 720

[1] *The note has been amended to reflect the amount receivable per Series from SASP. No impact on the primary financial statements is noted.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information.*

37. Related-party transactions *continued*

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

		Consolidated		Separate	
		2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
37.6.4	**Funds on call and deposits with entities in the Group**				
	Funds on call and deposits with Holding Company	**(28 340)**	(26 376)	**(28 340)**	(26 376)
	Sasfin Holdings Ltd	**(28 340)**	(26 376)	**(28 340)**	(26 376)
	Funds on call and deposits from subsidiaries		–	**(421 078)**	(546 217)
	Sunlyn (Pty) Ltd	**–**	–	**(1 090)**	(5 359)
	South African Securitisation Programme (RF) Ltd	**–**	–	**(371 497)**	(521 370)
	Benal Property Investments (Pty) Ltd	**–**	–	**–**	(2 609)
	Fintech (Pty) Ltd	**–**	–	**(16 818)**	(455)
	Fintech Underwriting (Pty) Ltd	**–**	–	**(22 687)**	(460)
	Fintech Lease Rentals (Pty) Ltd	**–**	–	**(8 986)**	(15 964)
	Funds on call and deposits from fellow subsidiaries	**(213 040)**	(186 497)	**(213 040)**	(186 497)
	Iquad Treasury Solutions (Pty) Ltd	**(13)**	(9)	**(13)**	(9)
	Sasfin Wealth (Pty) Ltd	**(8 876)**	(3 161)	**(8 876)**	(3 161)
	Sasfin Securities (Pty) Ltd	**(49 152)**	(62 488)	**(49 152)**	(62 488)
	Sasfin Financial Advisory Services (Pty) Ltd	**(17 967)**	(20 364)	**(17 967)**	(20 364)
	Sasfin Asset Managers (Pty) Ltd	**(40 537)**	(30 044)	**(40 537)**	(30 044)
	Sasfin Wealth Investment Platform (Pty) Ltd	**(74)**	(151)	**(74)**	(151)
	Sasfin Private Equity Investment Holdings (Pty) Ltd	**(53 663)**	(28 669)	**(53 663)**	(28 669)
	Sasfin Capital (Pty) Ltd	**(29 869)**	(30 239)	**(29 869)**	(30 239)
	Sasfin Property Holdings (Pty) Ltd	**(5 713)**	(6 484)	**(5 713)**	(6 484)
	Sasfin Wealth Succession (Pty) Ltd	**(14)**	(9)	**(14)**	(9)
	Sasfin Fiduciary Services(Pty) Ltd	**(112)**	–	**(112)**	–
	Sasfin SC Properties (Pty) Ltd (previously SCS Properties (Pty) Ltd)	**(7 050)**	(4 879)	**(7 050)**	(4 879)
	Total funds on call and deposits with entities in the Group	**(241 380)**	(212 873)	**(662 458)**	(759 090)
37.6.5	**Trading assets/(liabilities) with entities in the Group**				
	Trading assets/(liabilities) with subsidiaries	**–**	–	**(67)**	2 210
	South African Securitisation Programme (RF) Ltd	**–**	–	**(67)**	2 210
	Total trading assets/(liabilities) with entities in the Group	**–**	–	**(67)**	2 210

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

37. Related-party transactions *continued*
37.6 Transactions and balances with entities in the Group *continued*

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
37.6.6 Transactions with holding companies, subsidiaries and fellow subsidiaries				
Holding Company				
Sasfin Holdings Limited	**(39 078)**	(24 962)	**(39 078)**	(24 962)
Interest paid	**(378)**	(186)	**(378)**	(186)
Dividends paid	**–**	(10 000)	**–**	(10 000)
Management fees expense	**–**	(14 776)	**–**	(14 776)
Administration fees expense	**(38 700)**	–	**(38 700)**	–
Subsidiaries				
Sunlyn (Pty) Ltd	**–**	–	**(100 258)**	(75 814)
Administration fees paid	**–**	–	**(100 258)**	(75 814)
South African Securitisation Programme (RF) Ltd	**–**	–	**327 062**	269 584
Interest received	**–**	–	**50 081**	43 333
Interest paid	**–**	–	**(29 332)**	(16 717)
Administration fees received	**–**	–	**59 994**	50 063
Dividend received	**–**	–	**20 000**	40 000
Management fees received	**–**	–	**2 432**	2 064
Revenue share income	**–**	–	**223 887**	150 841
Fintech (Pty) Ltd	**–**	–	**(185)**	–
Interest paid	**–**	–	**(185)**	–
Fintech Underwriting (Pty) Ltd	**–**	–	**(27)**	–
Interest paid	**–**	–	**(27)**	–
Fintech Lease Rentals (Pty) Ltd	**–**	–	**(412)**	(543)
Interest paid	**–**	–	**(412)**	(543)
Dividend received	**–**	–	**–**	–
Fellow subsidiaries				
Sasfin Wealth (Pty) Ltd[1]	**(293)**	(29)	**(293)**	(29)
Interest paid	**(293)**	(29)	**(293)**	(29)
Sasfin Financial Advisory Services (Pty) Ltd[1]	**(976)**	(304)	**(976)**	(304)
Interest paid	**(976)**	(304)	**(976)**	(304)
Sasfin Asset Managers (Pty) Ltd[1]	**(1 429)**	(3 558)	**(1 429)**	(3 558)
Interest paid	**(1 429)**	(3 558)	**(1 429)**	(3 558)
Sasfin Securities (Pty) Ltd	**(1 268)**	(2 980)	**(1 268)**	(2 980)
Interest received	**3 659**	3 678	**3 659**	3 678
Interest paid[1]	**(1 917)**	(1 259)	**(1 917)**	(1 259)
Administration fees paid[1]	**(1 212)**	(1 997)	**(1 212)**	(1 997)
Fee and commission expense[1]	**(1 798)**	(3 402)	**(1 798)**	(3 402)
Sasfin Private Equity Investment Holdings (Pty) Ltd[2]	**14 859**	13 814	**14 859**	13 814
Interest received	**9 924**	7 596	**9 924**	7 596
Administration fees income	**6 045**	6 886	**6 045**	6 886
Interest paid	**(1 110)**	(668)	**(1 110)**	(668)
Sasfin Capital (Pty) Ltd	**(433)**	587	**(433)**	587
Administration fees income	**1 122**	730	**1 122**	730
Interest paid[1]	**(1 555)**	(143)	**(1 555)**	(143)
Sasfin Property Holdings (Pty) Ltd	**1 992**	2 470	**1 992**	2 470
Administration fees income	**2 421**	2 470	**2 421**	2 470
Interest paid	**(429)**	–	**(429)**	–
Total transactions with entities in the Group	**(26 626)**	(14 962)	**199 554**	258 513

[1] *The prior year amount for Consolidated results were amended to reflect the transaction with the fellow subsidiary. No impact on primary financial statements.*
[2] *Prior year amounts for interest paid was amended to more accurately reflect the balance with the subsidiary. No impact on primary financial statements.*

38. Classification of assets and liabilities

Accounting classification and fair values

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

	Fair value through profit or loss R'000	Fair value through profit or loss (held for trading) R'000	Amortised cost R'000	Outside scope of IFRS 9[1] R'000	Total R'000
Consolidated					
2023					
Assets					
Cash and cash equivalents	251 430	–	520 678	–	772 108
Negotiable securities	–	–	1 293 411	–	1 293 411
Trading assets	32 798	–	–	–	32 798
Trade and other receivables	–	–	335 830	176 942	512 772
Loans and advances	571 355	–	8 456 213	–	9 027 568
Current taxation assets	–	–	–	47 826	47 826
Investment securities	324 316	–	–	–	324 316
Investments at fair value through profit or loss	324 316	–	–	–	324 316
Loans to entities in the Group	–	–	194 197	–	194 197
Deferred tax asset	–	–	–	20 255	20 255
Property, equipment and right-of-use assets	–	–	–	156 242	156 242
Intangible assets and goodwill	–	–	–	107 155	107 155
Total assets	**1 179 899**	**–**	**10 800 329**	**508 420**	**12 488 648**
Liabilities					
Funding under repurchase agreements	–	–	351 885	–	351 885
Trading liabilities	27 683	–	–	–	27 683
Current taxation liability	–	–	–	–	–
Trade and other payables	–	–	484 071	111 987	596 058
Bank overdraft	–	–	113 081	–	113 081
Provisions	–	–	–	32 752	32 752
Deposits from customers	–	–	5 871 306	–	5 871 306
Lease liabilities	–	–	145 353	–	145 353
Debt securities issued	–	–	3 720 138	–	3 720 138
Long-term loans	–	–	76 488	–	76 488
Deferred tax liabilities	–	–	–	146 055	146 055
Total liabilities	**27 683**	**–**	**10 762 322**	**290 794**	**11 080 799**

[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.

	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
Separate					
2023					
Assets					
Cash and cash equivalents	**251 430**	**–**	**497 792**	**–**	**749 222**
Trading assets	**29 576**	**–**	**–**	**–**	**29 576**
Negotiable securities	**–**	**–**	**1 293 411**	**–**	**1 293 411**
Trade and other receivables	**–**	**–**	**432 323**	**37 584**	**469 907**
Loans and advances	**571 355**	**–**	**4 283 934**	**–**	**4 855 289**
Securitised assets	**–**	**–**	**4 073 075**	**–**	**4 073 075**
Current taxation assets	**–**	**–**	**–**	**2 400**	**2 400**
Deferred tax assets	**–**	**–**	**–**	**17 027**	**17 027**
Investment securities	**324 316**	**–**	**–**	**–**	**324 316**
Investments at fair value through profit or loss	**324 316**	**–**	**–**	**–**	**324 316**
Loans to entities in the Group	**–**	**–**	**587 842**	**–**	**587 842**
Property, equipment and right-of-use assets	**–**	**–**	**–**	**154 381**	**154 381**
Intangible assets and goodwill	**–**	**–**	**–**	**68 692**	**68 692**
Investments in subsidiaries and structured entities	**–**	**–**	**–**	**177 058**	**177 058**
Total assets	**1 176 677**	**–**	**11 168 377**	**457 142**	**12 802 196**
Liabilities					
Funding under repurchase agreements	**–**	**–**	**351 885**	**–**	**351 885**
Trading liabilities	**27 683**	**–**	**–**	**–**	**27 683**
Trade and other payables	**–**	**–**	**560 923**	**109 145**	**670 068**
Intercompany loans for securitised assets	**–**	**–**	**4 073 075**	**–**	**4 073 075**
Provisions	**–**	**–**	**–**	**29 930**	**29 930**
Deposits from customers	**–**	**–**	**6 318 022**	**–**	**6 318 022**
Lease liabilities	**–**	**–**	**143 245**	**–**	**143 245**
Debt securities issued	**–**	**–**	**–**	**–**	**–**
Long-term loans	**–**	**–**	**76 488**	**–**	**76 488**
Deferred tax liabilities	**–**	**–**	**–**	**–**	**–**
Loans from entities in the Group	**–**	**–**	**58**	**–**	**58**
Total liabilities	**27 683**	**–**	**11 523 696**	**139 075**	**11 690 454**

[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.

	Fair value through				
	profit or loss R'000	profit or loss (held for trading) R'000	Amortised cost R'000	Outside scope of IFRS 9[1] R'000	Total R'000
Consolidated					
2022 Restated[3]					
Assets					
Cash and cash equivalents[2]	427 154	–	295 711	–	722 865
Trading assets[5]	56 653	–	–	–	56 653
Negotiable securities	–	–	1 790 340	–	1 790 340
Trade and other receivables[3 4]	–	–	444 791	155 441	600 232
Loans and advances[3]	377 291	–	7 733 388	–	8 110 679
Current taxation assets	–	–	–	39 711	39 711
Investment securities[3]	298 440	–	–	–	298 440
Investments at fair value through profit or loss[3]	298 440	–	–	–	298 440
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	1 159 538	–	10 458 342	516 284	12 134 164
Liabilities					
Funding under repurchase agreements	–	–	803 976	–	803 976
Trading liabilities	59 459	–	–	–	59 459
Current taxation liability	–	–	–	2	2
Trade and other payables[3 4]	–	–	667 585	80 505	748 090
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	–	10 454 371	263 782	10 777 612

[1] *Refers to non-financial instruments.*
[2] *In the current year cash and cash equivalents was restated to separately reflect money market funds; these money market funds are measured at fair value through profit or loss. Furthermore, there was a restatement for money market funds that did not meet the definition of cash equivalents. Refer to note 43 for further detail.*
[3] *Prior periods have been restated, please refer to Note 43 for additional information.*
[4] *The amount was amended to more accurately reflect the contractual and non-contractual portions of these balances. There has been no impact on the primary financial statements.*
[5] *Prior periods have been restated; a portion of this balance (R0.2 million) was previously classified as held for trading. This has been moved to profit or loss.*

38. Classification of assets and liabilities *continued*

Accounting classification and fair values *continued*

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

	Fair value through profit or loss R'000	Fair value through profit or loss (held for trading) R'000	Amortised cost R'000	Outside scope of IFRS 9[1] R'000	Total R'000
Separate					
2022 Restated[3]					
Assets					
Cash and cash equivalents[2]	427 154	–	232 726	–	659 880
Trading assets	56 456	–	–	–	56 456
Negotiable securities	–	–	1 790 340	–	1 790 340
Trade and other receivables[3]	–	–	615 273	75 515	690 788
Loans and advances[3]	377 291	–	4 381 455	–	4 758 746
Securitised assets[3]			3 246 720	–	3 246 720
Deferred tax assets	–	–	–	328	328
Investment securities[3]	298 165	–	–	–	298 165
Investments at fair value through profit or loss[3]	298 165	–	–	–	298 165
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	1 159 066	–	10 794 811	532 048	12 485 925
Liabilities					
Funding under repurchase agreements	–	–	803 976	–	803 976
Trading liabilities	56 675	–	–	–	56 675
Trade and other payables[3,4]	–	–	770 392	76 708	847 100
Intercompany loans for securitised assets[3]			3 246 720		3 246 720
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	–	11 285 922	123 128	11 465 725

1 *Refers to non-financial instruments.*
2 *In the current year cash and cash equivalents was restated to separately reflect money market funds; these money market funds are measured at fair value through profit or loss. Furthermore, there was a restatement for money market funds that did not meet the definition of cash equivalents. Refer to note 43 for further detail.*
3 *Prior periods have been restated, please refer to Note 43 for additional information.*
4 *The amount was amended to more accurately reflect the contractual and non-contractual portions of these balances. There has been no impact on the primary financial statements.*

38. Classification of assets and liabilities *continued*

38.1 Financial assets and liabilities measured at fair value

	2023				2022			
	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	**29 106**	**360 086**	**790 707**	**1 179 899**	56 732	532 650	570 156	1 159 538
Cash and cash equivalents[1 2]	**–**	**251 430**	**–**	**251 430**	–	427 154	–	427 154
Investment securities – excluding equity accounted associates[1]	**–**	**104 964**	**219 352**	**324 316**	275	105 300	192 865	298 440
Loans and advances at fair value through profit or loss	**–**	**–**	**571 355**	**571 355**	–	–	377 291	377 291
Trading assets	**29 106**	**3 692**	**–**	**32 798**	56 457	196	–	56 653
Trading liabilities	**27 348**	**335**	**–**	**27 683**	56 676	2 783	–	59 459
Trading liabilities	**27 348**	**335**	**–**	**27 683**	56 676	2 783	–	59 459
Separate								
Financial assets	**29 106**	**356 864**	**790 707**	**1 176 677**	56 456	532 454	570 156	1 159 066
Cash and cash equivalents[1 2]	**–**	**251 430**	**–**	**251 430**	–	427 154	–	427 154
Investment securities – excluding equity accounted associates	**–**	**104 964**	**219 352**	**324 316**	–	105 300	192 865	298 165
Loans and advances at fair value through profit or loss	**–**	**–**	**571 355**	**571 355**	–	–	377 291	377 291
Trading assets	**29 106**	**470**	**–**	**29 576**	56 456	–	–	56 456
Trading liabilities	**27 348**	**335**	**–**	**27 683**	56 675	–	–	56 675
Trading liabilities	**27 348**	**335**	**–**	**27 683**	56 675	–	–	56 675

[1] *This has been valued at the underlying investment funds market value.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information.*

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.

	2023				2022			
	Invest-ment securities R'000	**Loans and advances at fair value through profit or loss R'000**	**Invest-ment property – non-current assets held for sale R'000**	**Investment property – continuing operations R'000**	Invest-ment securities[1] R'000	Loans and advances at fair value through profit or loss R'000	Invest-ment property – non-current assets held for sale R'000	Investment property – continuing operations R'000
Consolidated								
Balance at the beginning of the year	**192 865**	**377 291**	**–**	**–**	187 174	311 718	6 700	–
Additions	**15**	**–**	**–**	**–**	–	–	–	–
Total gains or losses in profit or loss	**26 700**	**59 845**	**–**	**–**	4 988	48 145	–	(1 162)
Disposal of investments	**–**	**–**	**–**	**–**	–	–	–	(5 538)
Advances	**–**	**199 886**	**–**	**–**	703	99 850	–	–
Repayments	**(228)**	**(65 667)**	**–**	**–**	–	(82 422)	–	–
Transfers	**–**	**–**	**–**	**–**	–	–	(6 700)	6 700
Balance at the end of the year	**219 352**	**571 355**	**–**	**–**	192 865	377 291	–	–
Separate								
Balance at the beginning of the year	**192 865**	**377 291**	**–**	**–**	187 174	311 718	–	–
Total gains or losses in profit or loss	**26 700**	**59 845**	**–**	**–**	4 988	48 145	–	–
Disposal of investments	**–**	**–**	**–**	**–**	–	–	–	–
Advances	**–**	**199 886**	**–**	**–**	703	99 850	–	–
Additions	**15**	**–**	**–**	**–**				
Repayments	**(228)**	**(65 667)**	**–**	**–**	–	(82 422)	–	–
Balance at the end of the year	**219 352**	**571 355**	**–**	**–**	192 865	377 291	–	–

[1] *In the prior year, the consolidated balance at the beginning of the year incorrectly included a level 1 instrument as well as the total gains or losses in profit or loss. This was amended with no impact on the primary financial statements.*

38. Classification of assets and liabilities *continued*

38.3 Gains or losses from fair value measurements

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

	Consolidated		Separate	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Gains/(losses) on level 3 instruments held at the reporting date[1]	**26 700**	22 313	**26 700**	22 313

[1] *Refer to Note 2.5.*

38.4 Sensitivity analysis of valuations using unobservable inputs

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

		Range inputs		
	Unobservable inputs	**2023 R'000**	2022 R'000	Relationship of unobservable inputs to fair value
Loans and advances at fair value	Vacancy rate	**7%-8% (weighted average 8%)**	7%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value.
	Capitalisation rate	**11.5%-12.5% (weighted average 12%)**	11%	
Investment securities: Investment in Private Equity	Weighted average cost of capital (WACC)	**20.5%**	19.9%	The higher the WACC, the lower the fair value.
	Marketability and minority discounts	**24.3%**	24.3%	The higher the discount, the lower the fair value.
	Revenue	**7.3%**	1.0%	The higher the revenue growth, the higher the fair value.

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	**2023 Potential effect recorded in profit or loss favourable R'm**	2022 Potential effect recorded in profit or loss favourable R'm	**2023 Potential effect recorded in profit or loss (unfavourable) R'm**	2022 Potential effect recorded in profit or loss (unfavourable) R'm
Consolidated							
Investment securities: Property Equity[1]	Vacancy rate	50/(50) bps	Property equity	**0.72**	0.72	**(0.48)**	(0.71)
	Capitalisation rate	100/(50) bps	Property equity	**2.02**	2.15	**(1.58)**	(1.97)
Investment securities: Private Equity	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**13.07**	11.80	**(11.20)**	(9.97)
	Marketability and minority discounts	100/(100) bps	Private equity	**5.01**	4.47	**(4.95)**	(4.29)
	Revenue growth	100/(100) bps	Private equity	**15.09**	7.19	**(14.62)**	(6.00)
Separate							
Investment securities: Property Equity[1]	Vacancy rate	50/(50) bps	Property equity	**0.72**	0.72	**(0.48)**	(0.71)
	Capitalisation rate	100/(50) bps	Property equity	**2.02**	2.15	**(1.58)**	(1.97)
Investment securities: Private Equity	Weighted Average Cost of Capital (WACC)	100/(100) bps	Private equity	**13.07**	11.80	**(11.20)**	(9.97)
	Marketability and minority discounts	100/(100) bps	Private equity	**5.01**	4.47	**(4.95)**	(4.29)
	Revenue growth	100/(100) bps	Private equity	**15.09**	7.19	**(14.62)**	(6.00)

[1] *Prior year included the amount for Loans and advances at FVTPL. This amount has been disaggregated to only reflect the impact on Investment securities.*

38. Classification of assets and liabilities *continued*

38.5 Market risk sensitivity on investment securities

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

	2023			2022		
	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
Impact on gains or losses recognised in profit or loss for the year	**–**	**–**	**–**	53	59	65
Unlisted						
Equity securities at fair value	**197 417**	**219 352**	**241 287**	173 579	192 865	212 152
Impact on gains or losses recognised in profit or loss for the year	**23 838**	**26 487**	**29 135**	4 489	4 988	5 487
Separate						
Unlisted						
Equity securities at fair value	**197 417**	**219 352**	**241 287**	173 579	192 865	212 152
Impact on gains or losses recognised in profit or loss for the year	**23 838**	**26 487**	**29 135**	4 489	4 988	5 487

38. Classification of assets and liabilities *continued*
38.6 Financial assets and financial liabilities not measured at fair value

	2023				
		Fair value		Total fair value	Amortised Cost
	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	R'000
Consolidated					
Financial assets	**–**	**1 828 236**	**8 936 786**	**10 765 022**	**10 800 329**
Cash and cash equivalents	–	520 678	–	520 678	520 678
Negotiable securities	–	1 307 558	–	1 307 558	1 293 411
Trade and other receivables	–	–	335 830	335 830	335 830
Loans and advances[1]	–	–	8 406 759	8 406 759	8 456 213
Loans to entities in the Group	–	–	194 197	194 197	194 197
Financial liabilities	**3 720 138**	**6 336 272**	**560 559**	**10 616 969**	**10 616 969**
Funding under repurchase agreements	–	351 885	–	351 885	351 885
Trade and other payables	–	–	484 071	484 071	484 071
Bank overdraft	–	113 081	–	113 081	113 081
Deposits from customers	–	5 871 306	–	5 871 306	5 871 306
Debt securities issued	3 720 138	–	–	3 720 138	3 720 138
Long-term loans	–	–	76 488	76 488	76 488
Separate					
Financial assets	**–**	**1 805 350**	**9 893 173**	**11 698 523**	**11 739 732**
Cash and cash equivalents	–	497 792	–	497 792	497 792
Negotiable securities		1 307 558	–	1 307 558	1 293 411
Trade and other receivables	–	–	432 323	432 323	432 323
Loans and advances[1]	–	–	4 824 587	4 824 587	4 855 289
Securitised assets			4 048 421	4 048 421	4 073 075
Loans to entities in the Group	–	–	587 842	587 842	587 842
Financial liabilities		**6 669 907**	**5 462 056**	**12 131 963**	**11 380 451**
Funding under repurchase agreements	–	351 885	–	351 885	351 885
Trade and other payables	–	–	560 923	560 923	560 923
Intercompany loans for securitised assets	–	–	4 824 587	4 824 587	4 073 075
Bank overdraft	–	–	–	–	–
Deposits from customers	–	6 318 022	–	6 318 022	6 318 022
Long-term loans	–	–	76 488	76 488	76 488
Loans from entities in the Group	–	–	58	58	58

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*

	2022 Restated[3]				
	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	–	2 086 051	8 372 291	10 458 342	10 458 342
Cash and cash equivalents[2,3]	–	295 711	–	295 711	295 711
Negotiable securities	–	1 790 340	–	1 790 340	1 790 340
Trade and other receivables[3,4]	–	–	444 791	444 791	444 791
Loans and advances[1 3]	–	–	7 733 388	7 733 388	7 733 388
Loans to entities in the Group	–	–	194 112	194 112	194 112
Financial liabilities	2 991 426	6 345 021	967 106	10 303 553	10 303 553
Funding under repurchase agreements	–	803 976	–	803 976	803 976
Trade and other payables[3,4]	–	–	667 585	667 585	667 585
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	–	2 023 066	8 771 745	10 794 811	10 794 811
Cash and cash equivalents[3]	–	232 726	–	232 726	232 726
Negotiable securities	–	1 790 340	–	1 790 340	1 790 340
Trade and other receivables[3,4]	–	–	615 273	615 273	615 273
Loans and advances[1,3]	–	–	4 381 455	4 381 455	4 381 455
Securitised assets[3]	–	–	3 246 720	3 246 720	3 246 720
Loans to entities in the Group	–	–	528 297	528 297	528 297
Financial liabilities	–	6 823 080	4 314 410	11 137 490	11 137 490
Funding under repurchase agreements	–	803 976	–	803 976	803 976
Trade and other payables[3,4]	–	–	770 392	770 392	770 392
Intercompany loans for securitised assets[3]	–	–	3 246 720	3 246 720	3 246 720
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.*
2 *In the current year the disclosure on money market funds was corrected; these money market funds are measured at fair value through profit or loss and have been excluded from cash and cash equivalents above.*
3 *Prior periods have been restated, please refer to Note 43 for additional information.*
4 *The amount was amended to more accurately reflect contractual financial instruments. There has been no impact on the primary financial statements.*

39. Financial risk management

Risk management is an essential component of value creation and the protection of that value. Implemented effectively, it improves performance, encourages innovation and supports the achievement of the Banking Group's strategic objectives. The 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, securitised assets, loans to entities in the group financial guarantees issued, carry facilities granted and letters of credit issued. For risk management reporting purposes, the Banking Group considers and consolidates all elements of credit risk exposure (individual obligor default risk as well as country and sector risk).

Management of credit risk

The Board of directors has delegated responsibility for the management of credit risk to the CLEC. The Group credit department, which reports to the Group Chief Operating Officer, is responsible for management of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, and the legal department, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, impairments, and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits, as approved and reviewed regularly by the Board, are allocated to business unit credit officers and credit committees. Larger facilities may require approval by the Executive Credit Committee and/or the CLEC;
- Reviewing and assessing credit risk. Group Credit assesses all credit exposures, prior to facilities being committed to customers by the business unit concerned;
- Managing post-implementation credit risk in line with the Group's credit policies and Board Risk Appetite;
- Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances, deposits with banks and investment securities (refer to Note 40.1);
- Developing and maintaining the Group's risk indicators in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk system is used in determining where impairment provisions (i.e. provisions for credit losses) may be required against specific credit exposures. The current risk framework consists of five grades reflecting varying degrees of risk of default, availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive/committee. Risk grades are subject to regular reviews by Banking Group Risk;
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Group Credit on the credit quality of local portfolios, and appropriate corrective action is taken;
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Banking Group in the management of credit risk;
- Managing, together with the relevant business unit and legal department (where appropriate) the underperforming and non-performing exposures; and
- Ensuring that appropriate expected credit losses are raised in line with accounting standards.

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

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

40. Credit risk *continued*

Management of credit risk *continued*

Securitisation

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

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

Deposits with other banks and money market funds

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

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

Credit impairment

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

Write-off policy

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

Credit risk measurement and determination

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

SARB risk bucket/Credit risk grade	Categorisation of counterparty (IFRS 9)
A Good Book	Stage 1[1] and Stage 2[2]
B Special Mention	Stage 2[3]
C Substandard	Stage 3[4]
D Doubtful	Stage 3
E Loss	Stage 3

[1] *Up to date until 7 days overdue.*
[2] *More than 7 days overdue up to 30 days overdue.*
[3] *More than 30 days overdue up to 90 days overdue.*
[4] *Refer to Note 1.13, under heading default and curing, for the definition of credit impaired.*

Collateral for loans and advances

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

Concentration risk

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

40. Credit risk *continued*

40.1 Credit risk exposure analysis

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

Consolidated	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2023					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1]		520 678	520 678	–	–
Negotiable securities[2]		1 293 411	1 354 941	61 530	4.54
Loans and advances[3,6]		8 456 213	8 980 019	523 806	5.83
Equipment finance		4 854 523	5 251 453	396 930	7.56
Capital equipment finance		2 514 913	2 557 847	42 934	1.68
Trade and Debtor finance		682 851	690 213	7 362	1.07
Other loans		404 816	480 506	75 690	15.75
Guarantees[4]		(890)	–	890	–
Trade and other receivables[5]		512 772	533 077	20 305	3.81
Loans to entities in the Group		194 197	194 201	4	–
Gross carrying amount		10 977 271	11 582 916	605 645	5.23
Off-balance sheet exposure to credit risk					
Letters of credit		37 125	37 125		
Loan commitments		104 911	104 911		
Financial guarantees issued		29 779	29 779		
Total exposure to off-balance sheet credit risk		171 815	171 815		
Credit loss allowance on off-balance sheet credit risk recognised[4]		–			
Maximum credit exposures on financial assets at FVTPL					
Cash and cash equivalents		251 430			
Loans and advances		571 355			
Trading assets		32 798			
Investment securities		324 316			
		1 179 899			
Total net amount of exposure to credit risk		12 328 985			

1 *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it is immaterial. Refer to Note 4 for significant changes in the balance.*
2 *Refer to Note 5 for significant changes in the balance.*
3 *Refer to Note 9 for significant changes in the balance.*
4 *The ECL on off-balance sheet exposures is included as part of the Loans and advances total ECL. This ECL is included as part of each product's ECL charge to which it relates.*
5 *Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R176.942 million that are not subject to credit risk exposure.*
6 *Loans and advances in Stage 1 with a Gross carrying amount of R460 682 million and ECL of R3 928 million have been transferred from Stage 1 to Stage 2 due to SICR based on forward-looking information. The impact on the coverage ratio for Stage 1 is minimal and there is a decrease in Stage 2 coverage of 61.44%.*

A Stage 1			A and B Stage 2[6]			Default (C, D and E) Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
520 678	–	–	–	–	–	–	–	–
1 151 463	1 649	0.14	–	–	–	203 478	59 881	29.43
7 823 512	68 428	0.87	220 972	20 728	9.38	935 535	434 650	46.46
4 647 150	50 513	1.09	95 470	13 923	14.58	508 833	332 494	65.34
2 404 558	8 934	0.37	24 946	1 171	4.69	128 343	32 829	25.58
561 247	1 834	0.33	63 721	1 427	2.24	65 245	4 101	6.29
210 557	6 257	2.97	36 835	4 207	11.42	233 114	65 226	27.98
–	890	–	–	–	–	–	–	–
517 719	6 253	1.21	2 612	1 306	50.00	12 746	12 746	100.00
194 201	4	–	–	–	–	–	–	–
10 207 573	76 334	0.75	223 584	22 034	9.85	1 151 759	507 277	44.04
37 125								
104 911								
29 779								
171 815								

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

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

Consolidated	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2022 Restated[8]					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1]		295 710	295 710	–	–
Negotiable securities[2]		1 790 340	1 914 018	123 678	6.46
Loans and advances[3 7 8]		7 733 388	8 208 621	475 233	5.79
Equipment finance		4 517 220	4 897 098	379 878	7.76
Capital equipment finance		2 006 976	2 039 629	32 653	1.60
Trade and Debtor finance		700 984	707 601	6 617	0.94
Other loans		509 879	564 293	54 414	9.64
Guarantees[5]		(1 671)	–	1 671	–
Trade and other receivables[6 8]		600 232	603 661	3 429	0.57
Loans to entities in the Group		194 112	194 112	–	–
		10 613 782	11 216 122	602 340	5.46
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[5]		–	–	–	–
Maximum credit exposures on financial assets at FVTPL					
Cash and cash equivalents[8]		427 154			
Loans and advances		377 291			
Trading assets		56 653			
Investment securities[4]		298 440			
		1 159 538			
Total net amount of exposure to credit risk		12 061 771			

1 *Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it would be immaterial. Refer to Note 4 for significant changes in the balance.*
2 *Refer to Note 5 for significant changes in the balance.*
3 *Refer to Note 9 for significant changes in the balance.*
4 *In the prior year, this amount was incorrectly reflected. This has been amended accordingly.*
5 *The ECL on off-balance sheet exposures is included as part of the Loans and advances Total ECL. This ECL is included as part of each product ECL charge to which it relates.*
6 *Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R155 441 million that are not subject to credit risk exposure.*
7 *A loss allowance based only on arrear information at an individual deal level may not appropriately cater for the level of deterioration that is contained in the performing loans. To cater for this shortfall, a transfer rate can be estimated by the percentage of performing deals that roll to under-performing and non-performing over a 12-month period. Based on these estimates this amounts to c. R465 million exposure for the 2022 financial year. The corresponding ECL is not considered material.*
8 *Prior periods by restatements. Please refer to Note 43 for additional information.*

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Exposure R’000	12-month ECL R’000	Coverage ratio %	Exposure R’000	Lifetime ECL R’000	Coverage ratio %	Exposure R’000	Lifetime ECL R’000	Coverage ratio %
295 710	–	–	–	–	–	–	–	–
1 643 725	2 084	0.13	–	–	–	270 293	121 594[4]	44.99
7 112 244	92 778	1.30	264 906	23 973	9.05	831 471	358 482	43.11
4 320 676	77 504	1.79	89 727	14 046	15.65	486 695	288 328	59.24
1 871 411	7 023	0.38	60 471	1 836	3.04	107 747	23 794	22.08
615 181	3 371	0.55	62 684	1 228	1.96	29 736	2 018	6.79
304 976	3 209	1.05	52 024	6 863	13.19	207 293	44 342	21.39
–	1 671	–	–	–	–	–	–	–
603 661	3 429	0.57	–	–	–	–	–	–
194 112	–	–	–	–	–	–	–	–
9 849 452	98 291	1.02	264 906	23 973	9.05	1 101 764	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.

Separate	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2023					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1]		497 792	497 792	–	–
Negotiable securities[2]		1 293 411	1 354 941	61 530	4.54
Loans and advances[3]		4 283 934	4 556 175	272 241	5.98
Equipment finance		1 407 506	1 560 966	153 460	9.83
Capital equipment finance		1 789 651	1 824 490	34 839	1.91
Trade and Debtor finance		682 851	690 213	7 362	1.07
Other loans		404 816	480 506	75 690	15.75
Guarantees[4]		(890)	–	890	–
Securitised assets		4 073 075	4 313 097	240 023	5.56
Trade and other receivables[5]		469 907	490 559	20 652	4.21
Loans to entities in the Group		587 842	587 842	–	–
Net carrying amount		11 205 960	11 800 406	594 446	5.04
Off-balance sheet exposure to credit risk					
Letters of credit		37 125	37 125	–	–
Loan commitments		104 911	104 911	–	–
Financial guarantees issued		29 779	29 779	–	–
Total exposure to off-balance sheet credit risk		171 815	171 815	–	–
Credit loss allowance on off-balance sheet credit risk recognised[4]		–			
Maximum credit exposures on financial assets at FVTPL					
Cash and cash equivalents		251 430			
Loans and advances		571 355			
Trading assets		29 576			
Investment securities		324 316			
		1 176 677			
Total net amount of exposure to credit risk		12 554 452			

[1] Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these, as it is immaterial. Refer to Note 4 for significant changes in the balance.
[2] Refer to Note 5 for significant changes in the balance.
[3] Refer to Note 9 for significant changes in the balance.
[4] The ECL on off-balance sheet exposures is included as part of the Loans and advances total ECL. This ECL is included as part of each product's ECL charge to which it relates.
[5] Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R37 584 that is not subject to credit risk exposure.
[6] Loans and advances in Stage 1 with a Gross carrying amount of R203 283 million and ECL of R1 416 million has been transferred from Stage 1 to Stage 2 due to SICR based on forward-looking information. The impact on the coverage ratio for Stage 1 is minimal and there is a decrease in Stage 2 coverage of 52.03%.

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
497 792	–	–	–	–	–	–	–	–
1 151 463	1 649	0.14	–	–	–	203 478	59 881	29.43
3 782 070	29 904	0.79	152 059	11 703	7.70	622 046	230 634	37.08
1 312 048	14 615	1.11	37 606	5 447	14.48	211 312	133 398	63.13
1 698 218	6 308	0.37	13 897	622	4.48	112 375	27 909	24.84
561 247	1 834	0.33	63 721	1 427	2.24	65 245	4 101	6.29
210 557	6 257	2.97	36 835	4 207	11.42	233 114	65 226	27.98
–	890	–	–	–	–	–	–	–
3 947 193	37 478	0.95	67 403	8 812	13.07	298 501	193 733	64.90
475 201	6 600	1.39	2 612	1 306	50.00	12 746	12 746	100.00
587 842	–	–	–	–	–	–	–	–
10 441 561	75 631	0.72	222 074	21 821	9.83	1 136 771	496 994	43.72
37 125	–	–	–	–	–	–	–	–
104 911	–	–	–	–	–	–	–	–
29 779	–	–	–	–	–	–	–	–
171 815	–	–	–	–	–	–	–	–

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

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

Separate	Credit risk grading ECL staging	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2022 Restated[1]					
Maximum credit exposures of financial assets at amortised cost					
Cash and cash equivalents[1,2]		497 792	497 792	–	–
Negotiable securities[3]		1 790 340	1 914 018	123 678	6.46
Loans and advances[1,4,7]		4 381 455	4 613 756	232 301	5.03
Equipment finance[1]		1 530 735	1 671 456	140 721	8.42
Capital equipment finance[1]		1 641 528	1 670 406	28 878	1.73
Trade and Debtor finance		700 984	707 601	6 617	0.94
Other loans		509 879	564 293	54 414	9.64
Guarantees[5]		(1 671)	–	1 671	–
Securitised assets		3 246 719	3 475 503	228 784	6.59
Trade and other receivables[1,6]		690 789	693 724	2 935	0.42
Loans to entities in the Group		528 297	528 297	–	–
Net carrying amount		11 135 392	11 723 090	587 698	5.01
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[5]		–	–		
Maximum credit exposures on financial assets at FVTPL					
Cash and cash equivalents[1]		427 154			
Loans and advances		377 291			
Trading assets		56 456			
Investment securities[8]		298 165			
		1 159 066			
Total net amount of exposure to credit risk		12 582 909			

[1] *Prior periods by restatements. 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 would be immaterial. Refer to Note 4 for significant changes in the balance.*
[3] *Refer to Note 5 for significant changes in the balance.*
[4] *Refer to Note 9 for significant changes in the balance.*
[5] *The ECL on off-balance sheet exposures is included as part of the Loans and advances Total ECL. This ECL is included as part of each products ECL charge to which it relates.*
[6] *Refer to Note 7 for significant changes in the balance. Includes non-financial assets of R75 515 million that are not subject to credit risk exposure.*
[7] *A loss allowance based only on arrear information at an individual deal level may not appropriately cater for the level of deterioration that is contained in the performing loans. To cater for this shortfall, a transfer rate can be estimated by the percentage of performing deals that roll to under-performing and non-performing over a 12-month period. Based on these estimates this amounts to c. R465 million exposure for the 2022 financial year. The corresponding ECL is not considered material.*
[8] *In the prior year, this amount was incorrectly reflected. This has been amended accordingly.*

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
497 792	–	–	–	–	–	–	–	–
1 643 725	2 084	0.13	–	–	–	270 293	121 594[4]	44.99
3 864 639	40 793	1.06	219 497	17 113	7.80	529 620	174 395	32.93
1 435 510	26 890	1.87	45 894	7 238	15.77	190 052	106 593	56.09
1 508 972	5 652	0.37	58 895	1 784	3.03	102 539	21 442	20.91
615 181	3 371	0.55	62 684	1 228	1.96	29 736	2 018	6.79
304 976	3 209	1.05	52 024	6 863	13.19	207 293	44 342	21.39
–	1 671	–	–	–	–	–	–	–
3 149 630	50 211	1.59	41 220	6 171	14.97	284 653	172 402	60.57
693 724	2 935	0.42	–	–	–	–	–	–
528 297	–	–	–	–	–	–	–	–
10 377 807	96 023	0.93	260 717	23 284	8.93	1 084 566	468 391	43.19
115 806								
146 290								
26 355								
288 451								

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
2023				
Maximum credit exposures of financial assets at amortised cost				
Securitised assets				
Equipment finance	**3 347 925**	**3 579 852**	**231 927**	**6.48**
Capital equipment finance	**725 149**	**733 245**	**8 096**	**1.10**
Net carrying amount	**4 073 075**	**4 313 097**	**240 023**	**5.56**
2022				
Securitised assets				
Equipment finance	2 877 123	3 104 482	227 359	7.32
Capital equipment finance	367 244	371 021	3 777	1.02
Net carrying amount	3 244 367	3 475 503	231 136	6.65

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

	Consolidated		Separate	
	2023 R'000	2022 R'000 Restated[1]	**2023 R'000**	2022 R'000 Restated[1]
Concentration risk of gross advances[2]				
Sectoral analysis				
Agriculture	**558 559**	309 716	**429 211**	223 355
Community, social and personal services	**2 135 538**	1 963 598	**724 076**	760 363
Construction	**309 170**	285 625	**165 314**	174 500
Electricity and water	**72 586**	51 148	**42 657**	28 651
Finance, real estate and business services[1]	**1 789 902**	1 883 244	**1 006 936**	1 204 330
Manufacturing[3]	**1 257 551**	1 239 911	**714 331**	804 331
Mining[3]	**304 301**	247 039	**192 059**	180 320
Trade, repairs of vehicles and goods as well as hotels and restaurants[3]	**1 674 776**	1 796 876	**847 912**	1 099 951
Transport and communication[3]	**948 202**	729 441	**532 106**	455 000
Other activities not adequately defined[1]	**672 604**	367 765	**644 743**	348 697
Total[1]	**9 723 189**	8 874 363	**5 299 345**	5 279 498

[1] *Prior periods have been restated, please refer to Note 43 for additional information.*
[2] *Amount includes loans and advances at amortised cost, fair value loans through profit or loss, loan commitments, financial guarantees and letters of credit.*
[3] *Prior year sectoral analysis numbers were amended to more accurately reflect the concentration risk.*

A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
Total exposure R'000	Total ECL R'000	Coverage ratio %	Total exposure R'000	Total ECL R'000	Coverage ratio %	Lifetime exposure R'000	Total ECL R'000	Coverage ratio %
3 240 966	**34 853**	**1.08**	**56 354**	**8 261**	**14.66**	**282 532**	**188 813**	**66.83**
706 227	**2 625**	**0.37**	**11 049**	**551**	**4.99**	**15 969**	**4 920**	**30.81**
3 947 193	**37 478**	**1.45**	**67 403**	**8 812**	**13.07**	**298 501**	**193 733**	**64.90**
2 785 393	48 840	1.75	39 644	6 117	15.43	279 445	172 402	61.69
364 237	1 371	0.38	1 576	54	3.43	5 208	2 352	45.16
3 149 630	50 211	2.13	41 220	6 171	14.97	284 653	174 754	61.39

40. Credit risk *continued*

40.1 Credit risk exposure analysis *continued*

Securitised assets – Credit risk exposure analysis

Concentration risk of advances	2023 R'000	2022 R'000 Restated[1]
Sectorial analysis		
Agriculture	**128 635**	85 449
Community, social and personal services	**1 386 889**	1 178 258
Construction	**141 279**	108 913
Electricity and water	**29 752**	22 460
Finance, real estate and business services	**767 397**	662 026
Manufacturing	**537 581**	424 905
Mining	**99 364**	66 081
Trade and accommodation	**790 293**	633 513
Transport and communication	**401 253**	272 756
Other activities not adequately defined[1]	**30 654**	21 142
Total	**4 313 097**	3 475 503

[1] *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		
	2023 R'000	2023 %	2022 %	2023 R'000	2023 %	2022 %
Aaa/AAA/AAA	**216 610**	**15.99**	39.85	**216 610**	**15.99**	39.85
Aa1/AA+/AA+	**934 853**	**68.99**	51.96	**934 853**	**68.99**	51.96
Unassigned[1]	**203 478**	**15.02**	8.19	**203 478**	**15.02**	8.19
	1 354 941	**100.00**	100.00	**1 354 941**	**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.*

40.2 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.
Other secured loans	The primary collateral held for commercial property finance comprises first and second covering mortgage bonds and, in some instances, suretyships. The collateral is measured in terms of market-related property valuations.

40. Credit risk *continued*

40.2 Collateral and other security enhancements *continued*

40.2.1 Description of collateral for loans and advances *continued*

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

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

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

		Security						
	Gross exposure R'000	Stock R'000	Fixed assets R'000	Receiv-ables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unse-cured R'000
Consolidated								
2023								
Loans and advances								
Equipment finance[1]	**5 251 453**	**–**	**5 172 559**	**–**	**–**	**–**	**5 172 559**	**78 894**
Capital equipment finance[1]	**2 557 847**	**–**	**2 483 470**	**–**	**–**	**–**	**2 483 470**	**74 377**
Trade and Debtor finance	**690 213**	**236 358**	**42 896**	**208 896**	**1 352**	**143 481**	**632 983**	**57 230**
Other loans[2]	**480 506**	**8 389**	**6 148**	**38 552**	**159 882**	**172 529**	**385 500**	**95 006**
Specialised lending	**571 355**	**–**	**–**	**–**	**–**	**–**	**–**	**571 355**
	9 551 374	**244 747**	**7 705 073**	**247 448**	**161 234**	**316 010**	**8 674 512**	**876 862**
2022 – Restated[3]								
Loans and advances								
Equipment finance[1]	4 897 098	–	4 826 813	–	–	–	4 826 813	70 285
Capital equipment finance[1]	2 039 629	–	1 964 669	–	–	–	1 964 669	74 960
Trade and Debtor finance	707 601	234 077	45 862	235 655	696	–	516 290	191 311
Other loans[2]	564 293	–	–	68 799	–	2 400	71 199	493 094
Specialised lending	377 291	5 771	–	5 631	315 037	6 827	333 266	44 025
	8 585 912	239 848	6 837 344	310 085	315 733	9 227	7 712 237	873 675

[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 to "Other loans" to better reflect their nature and to align with Sasfin's products.*

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

40. Credit risk *continued*

40.2 Collateral and other security enhancements *continued*

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

	Gross exposure R'000	Security Stock R'000	Fixed assets R'000	Receivables R'000	Property R'000	Pledges/ deposits R'000	Total R'000	Unsecured R'000
Separate								
2023								
Loans and advances								
Equipment finance[1]	**1 560 966**	**–**	**1 497 427**	**–**	**–**	**–**	**1 497 427**	**63 539**
Capital equipment finance[1]	**1 824 490**	**–**	**1 750 225**	**–**	**–**	**–**	**1 750 225**	**74 265**
Securitised assets[3]	**4 313 097**	**–**	**4 313 097**	**–**	**–**	**–**	**4 313 097**	**–**
Trade and Debtor finance	**690 213**	**236 358**	**42 896**	**208 896**	**1 352**	**143 481**	**632 983**	**57 230**
Other loans[2]	**480 506**	**8 389**	**6 148**	**38 552**	**159 882**	**172 529**	**385 500**	**95 006**
Specialised lending	**571 355**	**–**	**–**	**–**	**–**	**–**	**–**	**571 355**
	9 440 627	**244 747**	**7 609 793**	**247 448**	**161 234**	**316 010**	**8 579 232**	**861 395**
2022 – Restated[3]								
Loans and advances								
Equipment finance[1]	1 671 456	–	1 601 448	–	–	–	1 601 448	70 008
Capital equipment finance[1]	1 670 406	–	1 593 648	–	–	–	1 593 648	76 758
Securitised assets[3]	3 475 503	–	3 458 411	–	–	–	3 458 411	17 092
Trade and Debtor finance	707 601	234 077	45 862	235 655	696	–	516 290	191 311
Other loans[2]	564 293	–	–	68 799	–	2 400	71 199	493 094
Specialised lending	377 291	5 771	–	5 631	315 037	6 827	333 266	44 025
	8 466 550	239 848	6 699 369	310 085	315 733	9 227	7 574 262	892 288

[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 to "Other loans" to better reflect their nature and to align with Sasfin's products.*
[3] *Prior periods have been restated, please refer to Note 43 for additional information.*

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

Collateral for securitised assets	Gross exposure R'000	Fixed assets R'000	Total R'000	Unsecured R'000
2023				
Securitised assets				
Equipment finance	**3 579 852**	**3 579 852**	**3 579 852**	**–**
Capital equipment finance	**733 245**	**733 245**	**733 245**	**–**
	4 313 097	**4 313 097**	**4 313 097**	**–**
2022				
Securitised assets				
Equipment finance	3 104 482	3 087 390	3 087 390	17 092
Capital equipment finance	371 021	371 021	371 021	–
	3 475 503	3 458 411	3 458 411	17 092

40. Credit risk *continued*

40.2 Collateral and other security enhancements *continued*

40.2.3 Collateral held against individually impaired assets

		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	Unse-cured R'000
Consolidated								
2023								
Loans and advances								
Equipment finance[1]	**508 833**	**–**	**497 804**	**–**	**–**	**–**	**497 804**	**11 029**
Capital equipment finance[1]	**128 343**	**–**	**85 585**	**–**	**–**	**–**	**85 585**	**42 758**
Trade and Debtor finance	**65 245**	**230**	**8 684**	**49 661**	**–**	**4 037**	**62 612**	**2 633**
Other loans[2]	**233 114**	**–**	**–**	**–**	**145 444**	**20 898**	**166 342**	**66 772**
	935 535	**230**	**592 073**	**49 661**	**145 444**	**24 935**	**812 343**	**123 192**
2022								
Loans and advances								
Equipment finance[1]	486 695	–	469 497	–	–	–	469 497	17 198
Capital equipment finance[1]	107 747	–	85 049	–	–	–	85 049	22 698
Trade and Debtor finance	29 736	3 428	697	213	–	–	4 338	25 398
Other loans[2]	207 293	–	23 095	–	120 771	–	143 866	63 427
	831 471	3 428	578 338	213	120 771	–	702 750	128 721
Separate								
2023								
Loans and advances								
Equipment finance[1]	**211 312**	**–**	**202 711**	**–**	**–**	**–**	**202 711**	**8 601**
Capital equipment finance[1]	**112 375**	**–**	**80 080**	**–**	**–**	**–**	**80 080**	**32 295**
Securitised assets[3]	**298 501**	**–**	**288 037**	**–**	**–**	**–**	**288 037**	**10 464**
Trade and Debtor finance	**65 245**	**230**	**8 684**	**49 661**	**–**	**4 037**	**62 612**	**2 633**
Other loans[2]	**233 114**	**–**	**–**	**–**	**145 444**	**20 898**	**166 342**	**66 772**
	920 547	**230**	**579 512**	**49 661**	**145 444**	**24 935**	**799 782**	**120 765**
2022								
Loans and advances								
Equipment finance[1]	190 052	–	190 052	–	–	–	190 052	–
Capital equipment finance[1]	102 539	–	80 080	–	–	–	80 080	22 459
Securitised assets[3]	284 653	-	284 415	-	-	-	284 415	239
Trade and Debtor finance	29 736	3 428	697	213	–	–	4 338	25 398
Other loans[2,3]	207 293	–	23 095	–	120 771	–	143 866	63 427
	814 273	3 428	578 339	213	120 771	–	702 751	111 523

[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.*

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

40. Credit risk *continued*

40.2 Collateral and other security enhancements *continued*

40.2.3 Collateral held against individually impaired assets *continued*

Collateral held against individually impaired assets	Gross exposure R'000	Fixed assets R'000	Total R'000	Unsecured R'000
2023				
Securitised assets				
Equipment finance	**282 532**	**282 532**	**282 532**	**–**
Capital equipment finance	**15 969**	**5 505**	**5 505**	**10 464**
	298 501	**288 037**	**288 037**	**10 464**
2022				
Securitised assets				
Equipment finance	279 445	279 445	279 445	–
Capital equipment finance	5 208	4 970	4 970	239
	284 653	284 415	284 415	239

40. Credit risk *continued*

40.3 Credit loss allowance analysis

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

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

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

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Trade and Debtor finance				
Credit loss allowance balance beginning of the year	3 371	1 228	2 018	6 617
Transfer between stages	(1 625)	432	1 501	308
Stage 1 to Stage 2	(124)	–	–	(124)
Stage 2 from Stage 1	–	432	–	432
Stage 1 to Stage 3	(1 501)		–	(1 501)
Stage 3 from Stage 1	–	–	1 501	1 501
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	88	(233)	582	437
ECL on new exposure raised	2 399	306	2 595	5 300
Subsequent changes in ECL[2]	1 067	491	(84)	1 474
Change in ECL due to derecognition	(3 378)	(1 030)	(429)	(4 837)
Impaired accounts written off	–	–	(1 500)	(1 500)
Credit loss allowance balance end of the year	1 834	1 427	4 101	7 362
Consolidated				
2023				
Other loans[1]				
Credit loss allowance balance beginning of the year	3 209	6 863	44 342	54 414
Transfer between stages	(7 440)	2 859	8 099	3 518
Stage 1 to Stage 2	(245)	–	–	(245)
Stage 2 from Stage 1	–	2 966	–	2 966
Stage 1 to Stage 3	(7 195)	–	–	(7 195)
Stage 3 from Stage 1	–	–	7 195	7 195
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	(107)	–	(107)
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	904	904
Net expected credit losses (released)/raised	10 488	(5 515)	12 785	17 758
ECL on new exposure raised	307	–	–	307
Subsequent changes in ECL[2]	10 320	(5 383)	23 939	28 876
Change in ECL due to derecognition	(139)	(132)	(11 154)	(11 425)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	6 257	4 207	65 226	75 690

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

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Guarantees				
Credit loss allowance balance beginning of the year	1 671	–	–	1 671
Transfer between stages	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses raised	(781)			(781)
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL	(781)	–	–	(781)
Change in ECL due to derecognition	–	–	–	–
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the year	890	–	–	890
Consolidated				
2023				
Total loans and advances				
Credit loss allowance balance beginning of the year	92 778	23 973	358 482	475 233
Transfer between stages[1]	(11 803)	3 970	82 462	74 629
Stage 1 to Stage 2	(1 654)	–	–	(1 654)
Stage 2 from Stage 1	–	15 265	–	15 265
Stage 1 to Stage 3	(10 557)	–	–	(10 557)
Stage 3 from Stage 1	–	–	65 216	65 216
Stage 2 to Stage 1	–	(6 429)	–	(6 429)
Stage 1 from Stage 2	321	–	–	321
Stage 2 to Stage 3	–	(5 000)	–	(5 000)
Stage 3 from Stage 2	–	–	22 003	22 003
Stage 3 to Stage 1	–	–	(5 192)	(5 192)
Stage 1 from Stage 3	87	–	–	87
Stage 3 to Stage 2	–	–	(469)	(469)
Stage 2 from Stage 3	–	134	904	1 038
Net expected credit losses (released)/raised	(12 547)	(7 215)	(6 294)	(26 056)
ECL on new exposure raised	29 999	6 921	16 506	53 426
Subsequent changes in ECL[3]	(28 685)	(9 633)	78 163	39 845
Change in ECL due to derecognition	(13 861)	(4 503)	(31 875)	(50 239)
Impaired accounts written off[2]	–	–	(69 088)	(69 088)
Credit loss allowance balance end of the year	68 428	20 728	434 650	523 806

[1] *It is the Banking Group's practice to transfer the ECL between stages, by comparing the ECL stage for an exposure at the beginning of the reporting period to the ECL stage of that exposure at the end of the reporting period, for those exposures that have not yet been settled.*
[2] *The contractual amounts outstanding on loans and advances that were written off during the period and that are still subject to enforcement activities amounts to R69.1 million.*
[3] *Subsequent changes in ECL include repayments, curing of number of days and ageing of exposures requiring additional ECL.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2023				
Equipment finance				
Credit loss allowance balance beginning of the year	**26 890**	**7 238**	**106 593**	**140 721**
Transfer between stages	**(589)**	**(1 047)**	**14 401**	**12 765**
Stage 1 to Stage 2	**(260)**	**–**	**–**	**(260)**
Stage 2 from Stage 1	**–**	**2 606**	**–**	**2 605**
Stage 1 to Stage 3	**(446)**	**–**	**–**	**(446)**
Stage 3 from Stage 1	**–**	**–**	**11 220**	**11 220**
Stage 2 to Stage 1	**–**	**(1 843)**	**–**	**(1 843)**
Stage 1 from Stage 2	**77**	**–**	**–**	**77**
Stage 2 to Stage 3	**–**	**(1 921)**	**–**	**(1 921)**
Stage 3 from Stage 2	**–**	**–**	**6 109**	**6 109**
Stage 3 to Stage 1	**–**	**–**	**(2 578)**	**(2 578)**
Stage 1 from Stage 3	**40**	**–**	**–**	**40**
Stage 3 to Stage 2	**–**	**–**	**(350)**	**(351)**
Stage 2 from Stage 3	**–**	**111**	**–**	**111**
Net expected credit losses (released)/raised	**(11 686)**	**(744)**	**12 404**	**(26)**
ECL on new exposure raised	**9 126**	**3 492**	**7 766**	**20 384**
Subsequent changes in ECL[1]	**(18 523)**	**(2 383)**	**25 358**	**4 452**
Change in ECL due to derecognition	**(2 289)**	**(1 853)**	**(3 130)**	**(7 272)**
Impaired accounts written off	**–**	**–**	**(17 590)**	**(17 590)**
Credit loss allowance balance end of the year	**14 615**	**5 447**	**133 398**	**153 460**

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2023				
Capital equipment finance				
Credit loss allowance balance beginning of the year	**5 652**	**1 784**	**21 442**	**28 878**
Transfer between stages	**(118)**	**(530)**	**21 787**	**21 139**
Stage 1 to Stage 2	**(10)**	**–**	**–**	**(10)**
Stage 2 from Stage 1	**–**	**427**	**–**	**427**
Stage 1 to Stage 3	**(117)**	**–**	**–**	**(117)**
Stage 3 from Stage 1	**–**	**–**	**12 344**	**12 344**
Stage 2 to Stage 1	**–**	**(140)**	**–**	**(140)**
Stage 1 from Stage 2	**9**	**–**	**–**	**9**
Stage 2 to Stage 3	**–**	**(817)**	**–**	**(817)**
Stage 3 from Stage 2	**–**	**–**	**9 443**	**9 443**
Stage 3 to Stage 1	**–**	**–**	**–**	**–**
Stage 1 from Stage 3	**–**	**–**	**–**	**–**
Stage 3 to Stage 2	**–**	**–**	**–**	**–**
Stage 2 from Stage 3	**–**	**–**	**–**	**–**
Net expected credit losses (released)/raised	**774**	**(632)**	**(15 320)**	**(15 178)**
ECL on new exposure raised	**3 655**	**523**	**1 629**	**5 807**
Subsequent changes in ECL[1]	**(2 387)**	**(1 102)**	**(8 201)**	**(11 690)**
Change in ECL due to derecognition	**(494)**	**(53)**	**(7 556)**	**(8 103)**
Impaired accounts written off	**–**	**–**	**(1 192)**	**(1 192)**
Credit loss allowance balance end of the year	**6 308**	**622**	**27 909**	**34 839**

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. The contractual amounts outstanding on loans and advances that were written off during the period and that are still subject to enforcement activities amounts to R69.1 million.

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

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

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

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

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

[2] *The contractual amounts outstanding on loans and advances that were written off during the period and that are still subject to enforcement activities amounts to R69.1 million.*

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

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

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
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*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
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*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2022				
Trade and Debtor finance[1]				
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[2]				
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*
40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
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	–	12 920
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*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2022				
Equipment finance[1]				
Credit loss allowance balance beginning of the year	25 617	9 533	157 184	192 334
Transfer between stages[1]	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[2]				
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*
40.3.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2022				
Trade and Debtor finance[1]				
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[2]				
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] *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 reflect 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*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
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*

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

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Securitised assets	53 496	11 580	188 101	253 177
Credit loss allowance balance beginning of the year				
Transfers between stages[10]	(1 276)	(5 712)	23 842	16 854
Stage 1 from Stage 2	343	–	–	343
Stage 1 from Stage 3	100	–	–	100
Stage 1 to Stage 2[5]	(667)	–	–	(667)
Stage 1 to Stage 3[3]	(1 052)	–	–	(1 052)
Stage 2 from Stage 1	–	3 572	–	3 572
Stage 2 from Stage 3[4]	–	29	–	29
Stage 2 to Stage 1[6]	–	(5 267)	–	(5 267)
Stage 2 to Stage 3	–	(4 046)	–	(4 046)
Stage 3 from Stage 1	–	–	18 990	18 990
Stage 3 from Stage 2	–	–	10 529	10 529
Stage 3 to Stage 1[1]	–	–	(5 536)	(5 536)
Stage 3 to Stage 2[2]	–	–	(141)	(141)
Total Transfers	(2 008)	304	(4 661)	(6 365)
ECL on new exposure raised	17 538	1 565	2 265	21 368
Subsequent changes in ECL[7]	(13 253)	179	3 779	(9 295)
Change in ECL due to derecognition[8]	(6 293)	(1 440)	(10 705)	(18 438)
Impaired accounts written off[9]	–	–	(34 883)	(34 883)
Credit loss allowance balance end of the year	50 212	6 172	172 399	228 783

1 *Customers are up to date and six consecutive payments paid on due date and no SICR exists.*
2 *Customers that are still in high care or the customer still displays signs of SICR. Distressed restructures that were in default and made six consecutive monthly payments under the revised terms.*
3 *Customers classified as credit-impaired. For the definition refer to accounting policies note 1.7.*
4 *Customers classified as credit-impaired. For the definition refer to accounting policies note 1.7.*
5 *Customers defined as "high care" showing signs of SICR. SICR takes into account technical arrears (account past due for up to seven days) and materiality (an amount that is equal to or less than 5% of the next instalment due). Refer to accounting policies note 1.5.*
6 *Customers up to date and no qualitative indicators of SICR are present.*
7 *Include ECL move in the current stage for increases/decreases in customer exposures.*
8 *Settlement of accounts.*
9 *No further reasonable expectation of further recovery exists.*
10 *It is the Company's practice to transfer the ECL between stages, by comparing the ECL stage for an exposure at the beginning of the reporting period to the ECL stage of that exposure at the end of the reporting period, for those exposures that have not yet been settled.*

40.3.2 Reconciliation of ECL on negotiable securities

	Stage 1 R'000	**Stage 2 R'000**	**Stage 3 R'000**	**Total R'000**
Consolidated				
2023				
Credit loss allowance on 1 July 2022	**2 084**	**–**	**121 594**	**123 678**
Net expected credit losses (released)/raised	**(435)**	**–**	**(61 713)**	**(62 148)**
Subsequent changes in ECL	**(435)**	**–**	**(61 713)[1]**	**(62 148)**
Credit loss allowance on 30 June 2023	**1 649**	**–**	**59 881**	**61 530**

1 *There was a reversal of ECL in the current year as the agreed upon repayments are up to date.*

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.2 Reconciliation of ECL on negotiable securities *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2023				
Credit loss allowance on 1 July 2022	2 084	–	121 594	123 678
Net expected credit losses (released)/raised	(435)	–	(61 713)	(62 148)
Subsequent changes in ECL	(435)	–	(61 713)	(62 148)
Credit loss allowance on 30 June 2023	1 649	–	59 881	61 530

[1] *There was a reversal of ECL in the current year as the agreed upon repayments are up to date.*

40.3.3 Reconciliation of ECL on trade and other receivables

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Credit loss allowance on 1 July 2022	3 429	–	–	3 429
Net expected credit losses raised	2 824	1 306	12 746	16 876
ECL on new exposure raised	2 824	1 306	12 746	16 876
Credit loss allowance on 30 June 2023	6 253	1 306	12 746	20 305

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Separate				
2023				
Credit loss allowance on 1 July 2022	2 935	–	–	2 935
Net expected credit losses raised	3 665	1 306	12 746	17 717
ECL on new exposure raised	3 665	1 306	12 746	17 717
Credit loss allowance on 30 June 2023	6 600	1 306	12 746	20 652

40.3.4 Reconciliation of ECL on loans to companies in the Group

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Consolidated				
2023				
Credit loss allowance on 1 July 2022	–	–	–	–
Transfers between stages[1]	–	–	–	–
Transfer from stage 2				
Net expected credit losses raised	4	–	–	4
ECL on new exposure raised	4	–	–	4
Change in ECL due to derecognition	–	–	–	–
Credit loss allowance on 30 June 2023	4	–	–	4

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

40. Credit risk *continued*

40.3 Credit loss allowance analysis *continued*

40.3.5 Credit impairment charges recognised in profit or loss

	2023 R'000	2022 R'000 Restated[2]	2023 R'000	2022 R'000 Restated[2]
Consolidated				
Net ECL recognised	**84 506**	42 780	**80 203**	3 440
Loans and advances[1, 2]	**129 921**	41 460	**71 643**	24 818
Letters of credit, carry facilities, loan commitments and financial guarantees issued	**(782)**	(1 201)	**(782)**	(1 820)
Negotiable securities	**(62 148)**	(415)	**(62 148)**	(415)
Trade and other receivables	**16 876**	2 936	**17 716**	2 936
Loans to companies in the Group	**639**	–	**1 059**	(2 742)
Intercompany loan for securitised assets[2]	**–**	–	**52 715**	(19 337)
Recoveries of loans and advances previously written off	**(21 415)**	(23 166)	**(13 829)**	(15 567)
Trade and other receivables written off – previously not provided for	**14 953**	–	**14 953**	–
	78 044	19 614	**81 327**	(12 127)

[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 Ratio (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
2023			
Discounted maturity			
Assets			
Cash and cash equivalents	772 108	772 108	772 108
Negotiable securities	1 293 411	1 151 462	298 856
Trading assets	32 798	32 798	14 153
Trade and other receivables	512 772	356 135	356 135
Loans and advances	9 027 568	9 060 152	389 459
Current taxation asset	47 826	–	–
Investment securities	324 316	104 964	104 964
Investments at fair value through profit or loss	324 316	104 964	104 964
Loans to entities in the group	194 197	194 197	–
Property, equipment and right-of-use assets	156 242	–	–
Intangible assets and goodwill	107 155	–	–
Deferred tax assets	20 255	–	–
Total assets	**12 488 648**	**11 671 816**	**1 935 675**
Undiscounted maturity			
Liabilities			
Funding under repurchase agreements	351 885	351 885	351 885
Trading liabilities[2]	27 683	27 188	12 578
Current taxation liability	–	–	–
Trade and other payables	596 058	484 071	484 056
Bank overdraft	113 081	113 081	113 081
Provisions	32 752	–	–
Lease liabilities	145 353	197 192	2 248
Deposits from customers	5 871 306	5 983 566	3 080 351
Debt securities issued	3 720 138	4 613 989	–
Long-term loans	76 488	86 633	2 406
Deferred tax liabilities	146 055	–	–
Loans from entities in the group	–	–	–
Total liabilities	**11 080 799**	**11 857 605**	**4 046 605**
Off–balance sheet liquidity exposures			
Letters of credit	37 125	37 125	37 125
Loan commitments	104 911	104 911	104 911
Guarantees	29 779	29 779	29 779
Capital expenditure	11	11	11
Total off–balance sheet liquidity exposures	**171 826**	**171 826**	**171 826**

[1] Non-contractual refers to non-financial instruments, the related ECL on the instrument and Land Bank.
[2] Includes derivative instruments Refer to Note 42.3 for the maturity analysis
This table represents the contractual maturities of assets and liabilities, as opposed to their "business as usual" maturity profiles.

1 – 3 months R'000	4 – 12 months R'000	1 – 2 years R'000	2 – 3 years R'000	3 – 4 years R'000	4 – 5 years R'000	More than 5 years R'000	Non-contractual[1] R'000	Total R'000
–	–	–	–	–	–	–	–	772 108
346 354	289 642	–				216 610	141 949	1 293 411
12 400	6 245	–	–	–	–	–	–	32 798
–	–	–				–	156 637	512 772
277 780	528 473	1 534 352	2 272 582	1 998 482	1 935 405	123 619	(32 584)	9 027 568
–	–	–	–	–	–	–	47 826	47 826
–	–	–	–	–	–	–	219 352	324 316
–	–	–	–	–	–	–	219 352	324 316
–	27 556	26 633	–	140 008	–	–	–	194 197
–	–	–	–	–	–	–	156 242	156 242
–	–	–	–	–	–	–	107 155	107 155
–	–	–	–	–	–	–	20 255	20 255
636 534	851 916	1 560 985	2 272 582	2 138 490	1 935 405	340 229	816 832	12 488 648
–	–	–	–	–	–	–	–	351 885
8 726	5 884	–	–	–	–	–	–	27 188
–	–	–	–	–	–	–	–	–
15	–	–	–	–	–	–	111 987	596 058
–	–	–	–	–	–	–	–	113 081
–	–	–	–	–	–	–	32 752	32 752
4 500	19 498	25 711	27 236	28 147	30 682	59 170	–	197 192
1 370 612	1 360 844	97 328	51 574	–	22 857	–	–	5 983 566
266 570	429 253	974 818	1 077 379	629 882	1 236 087	–	–	4 613 989
4 812	21 655	28 874	28 886	–	–	–	–	86 633
–	–	–	–	–	–	–	146 055	146 055
–	–	–	–	–	–	–	–	–
1 655 235	1 837 134	1 126 731	1 185 075	658 029	1 289 626	59 170	290 794	12 148 399
–	–	–	–	–	–	–	–	37 125
–	–	–	–	–	–	–	–	104 911
–	–	–	–	–	–	–	–	29 779
–	–	–	–	–	–	–	–	11
–	–	–	–	–	–	–	–	171 826

41. Liquidity risk *continued*

41.1 Contractual maturity analysis *continued*

Consolidated	Carrying amount R'000	Gross inflow/ outflow R'000	Less than 1 month R'000
2022 Restated[2]			
Discounted maturity			
Assets			
Cash and cash equivalents[2]	722 865	722 865	722 864
Negotiable securities[1]	1 790 340	1 643 725	302 196
Trading assets	56 653	56 653	22 058
Trade and other receivables[2,5]	600 232	448 220	448 220
Loans and advances[2]	8 110 679	7 752 897	344 984
Current taxation asset	39 711	–	–
Investment securities	298 440	105 575	105 300
Investments at fair value through profit or loss	298 440	105 575	105 300
Loans to entities in the group	194 112	194 112	–
Property, equipment and right-of-use assets	176 177	–	–
Intangible assets and goodwill	140 130	–	–
Deferred tax assets	4 825	–	–
Total assets	12 134 164	10 924 047	1 945 624
Undiscounted maturity			
Liabilities			
Funding under repurchase agreements	803 976	803 976	803 976
Trading liabilities[2,3]	59 459	59 459	27 816
Current taxation liability	2	–	
Trade and other payables[2,5]	748 090	667 585	667 585
Bank overdraft	68 541	66 146	66 146
Provisions	45 028	–	–
Lease liabilities	150 818	213 334	2 044
Deposits from customers[4]	5 472 504	5 472 505	2 775 999
Debt securities issued	2 991 426	3 321 351	–
Long-term loans	299 521	319 801	28
Deferred tax liabilities	138 247	–	–
Loans from entities in the group	–	–	–
Total liabilities	10 777 612	10 924 157	4 343 594
Off-balance sheet liquidity exposures			
Letters of credit	146 290	146 290	146 290
Loan commitments	115 806	115 806	115 806
Guarantees	26 355	26 355	26 355
Capital expenditure	355	355	355
Total off-balance sheet liquidity exposures	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, the related ECL on the instrument and Land Bank.*
[2] *Prior periods have been restated, please refer to Note 43 for additional information.*
[3] *Includes derivative instruments. Refer to Note 42.3 for the maturity analysis*
[4] *In the current year, the amounts were adjusted to correctly reflect the undiscounted amounts. No impact on the primary financial statements.*
[5] *The amount was amended to more accurately reflect contractual financial instruments. There has been no impact on the primary financial statements.*
[6] *Disclosure of narrower (more) time bands has been provided to enable an understanding of the entity's liquidity risk exposure. In particular, for the single 'time band' of 1 – 5 years. This has been updated for 2023, however this disclosure was not available for the prior year.*

1 – 3 months R'000	4 – 12 months R'000	1 – 5[6] years R'000	More than 5 years R'000	Non-contractual[1] R'000	Total R'000
–	–	–	–	–	722 865
247 931	886 268	–	207 330	146 615	1 790 340
22 285	12 310	–	–	–	56 653
–	–	–	–	152 012	600 232
231 749	1 456 173	5 710 971	9 020	357 782	8 110 679
–	–	–	–	39 711	39 711
–	–	275	–	192 865	298 440
–	–	275	–	192 865	298 440
26 259	35 936	131 917	–	–	194 112
–	–	–	–	176 177	176 177
–	–	–	–	140 130	140 130
–	–	–	–	4 825	4 825
528 224	2 390 686	5 843 163	216 350	1 210 117	12 134 164
–	–	–	–	–	803 976
19 610	12 033	–	–	–	59 459
–	–	–	–	2	2
–	–	–	–	80 505	748 090
–	–	–	–	–	66 145
–	–	–	–	45 028	45 028
4 149	18 643	131 800	56 698	–	213 334
1 202 156	844 412	499 563	150 375	–	5 472 505
472 328	550 265	2 298 758	–	–	3 321 351
108 636	123 016	81 247	6 874	–	319 801
–	–	–	–	138 247	138 247
–	–	–	–	–	–
1 806 879	1 548 369	3 011 368	213 946	263 783	11 187 939
–	–	–	–	–	146 290
–	–	–	–	–	115 806
–	–	–	–	–	26 355
–	–	–	–	–	355
–	–	–	–	–	288 806

41. Liquidity risk *continued*

41.1 Contractual maturity analysis *continued*

Separate	Carrying amount R'000	Gross inflow/ outflow R'000	Less than 1 month R'000
2023			
Discounted maturity			
Assets			
Cash and cash equivalents	749 222	749 222	749 222
Negotiable securities	1 293 411	1 151 462	298 856
Trading assets	29 576	29 576	11 236
Trade and other receivables	469 907	452 975	452 975
Loans and advances	4 855 289	4 850 639	361 771
Securitised assets	4 073 075	4 118 056	30 212
Investment securities	324 316	104 964	104 964
Investments at fair value through profit or loss	324 316	104 964	104 964
Loans to entities in the group	587 842	587 842	393 649
Property, equipment and right-of-use assets	154 381	–	–
Intangible assets and goodwill	68 692	–	–
Deferred tax assets	17 027	–	–
Current taxation asset	2 400	–	–
Investments in subsidiaries and structured entities	177 058	–	–
Total assets	**12 802 196**	**12 044 736**	**2 402 885**
Undiscounted maturity			
Liabilities			
Funding under repurchase agreements	351 885	351 885	351 885
Trading liabilities[2]	27 683	27 188	12 578
Trade and other payables	670 068	560 923	560 923
Intercompany loans for securitised assets	4 073 075	4 118 054	30 212
Bank overdraft	–	–	–
Provisions	29 930	–	–
Lease liabilities	143 245	194 770	2 190
Deposits from customers	6 318 022	6 431 512	3 510 684
Long-term loans	76 488	86 633	2 406
Deferred tax liabilities	–	–	–
Loans from entities in the group	58	58	58
Total liabilities	**11 690 454**	**11 771 025**	**4 470 936**
Off-balance sheet liquidity exposures			
Loan commitments	104 911	104 911	104 911
Letters of credit	37 125	37 125	37 125
Guarantees	29 779	29 779	29 779
Capital expenditure	11	11	11
Total off-balance sheet liquidity exposures	**171 826**	**171 826**	**171 826**

This table represents the contractual maturities of assets and liabilities, as opposed to their "business as usual" maturity profiles.
[1] Non-contractual refers to non-financial instruments, the related ECL on the instrument and Land Bank.
[2] Includes derivative instruments Refer to Note 42.3 for the maturity analysis.
This table represents the contractual maturities of assets and liabilities, as opposed to their "business as usual" maturity profiles.

1 – 3 months R'000	4 – 12 months R'000	1 – 2 years R'000	2 – 3 years R'000	3 – 4 years R'000	4 – 5 years R'000	More than 5 years R'000	Non-contractual[1] R'000	Total R'000
–	–	–	–	–	–	–	–	749 222
346 354	289 642	–	–	–	–	216 610	141 949	1 293 411
12 094	6 246	–				–	–	29 576
–	–	–	–	–	–	–	16 932	469 907
262 385	302 669	823 938	1 128 616	890 318	965 421	115 521	4 650	4 855 289
15 353	224 889	703 841	1 097 440	1 105 286	935 148	5 887	(44 981)	4 073 075
–	–	–	–	–	–	–	219 352	324 316
–	–	–				–	219 352	324 316
–	27 556	26 633	–	140 004	–	–	–	587 842
–	–	–	–	–	–	–	154 381	154 381
–	–	–	–	–	–	–	68 692	68 692
–	–	–	–	–	–	–	17 027	17 027
–	–	–	–	–	–	–	2 400	2 400
–	–	–	–	–	–	–	177 058	177 058
636 186	851 002	1 554 412	2 226 056	2 135 608	1 900 569	338 018	757 460	12 802 196
–	–	–				–	–	351 885
8 726	5 884	–				–	–	27 188
–	–	–				–	109 145	670 068
15 353	224 889	703 841	1 097 440	1 105 286	935 148	5 887	(44 981)	4 073 075
–	–	–				–	–	–
–	–	–				–	29 930	29 930
4 381	18 949	24 950	26 436	28 012	30 682	59 170	–	194 770
1 388 225	1 360 844	97 328	51 574	–	22 857	–	–	6 431 512
4 812	21 655	28 874	28 886	–	–	–	–	86 633
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	58
1 421 497	1 632 221	854 993	1 204 336	1 133 298	988 687	65 057	94 094	11 865 119
–	–	–	–	–	–	–	–	104 911
–	–	–	–	–	–	–	–	37 125
–	–	–	–	–	–	–	–	29 779
–	–	–	–	–	–	–	–	11
–	–	–	–	–	–	–	–	171 826

41. Liquidity risk *continued*

41.1 Contractual maturity analysis *continued*

Separate	Carrying amount R'000	Gross inflow/ outflow R'000	Less than 1 month R'000
2022 Restated[2]			
Discounted maturity			
Assets			
Cash and cash equivalents[2]	659 880	659 880	659 880
Negotiable securities	1 790 340	1 643 725	302 196
Trading assets[3]	56 456	56 456	22 058
Trade and other receivables[2,5]	690 788	618 209	618 209
Loans and advances[2]	4 758 746	4 229 904	372 787
Securitised assets[2]	3 246 720	3 473 847	114 921
Investment securities[2]	298 165	–	–
Investments at fair value through profit or loss	298 165	–	–
Loans to entities in the group	528 297	528 297	334 185
Property, equipment, and right-of-use assets	173 692	–	–
Intangible assets and goodwill	96 369	–	–
Deferred tax assets	328	–	–
Investments in subsidiaries and structured entities	186 144	–	–
Total assets	12 485 925	11 210 318	2 424 236
Undiscounted maturity			
Liabilities			
Funding under repurchase agreements	803 976	803 976	803 976
Trading liabilities[2,3]	56 675	56 675	25 032
Trade and other payables[2,5]	847 100	770 392	770 392
Intercompany loans for securitised assets[2]	3 246 720	3 473 847	114 921
Bank overdraft	381	381	381
Provisions	46 420	–	–
Lease liabilities	148 432	210 221	1 989
Deposits from customers[4]	6 018 723	6 018 723	3 322 217
Long-term loans	294 021	309 144	–
Deferred tax liabilities	–	–	–
Loans from entities in the group	3 277	–	–
Total liabilities	11 465 725	11 645 015	5 038 908
Off-balance sheet liquidity exposures			
Loan commitments	146 290	146 290	146 290
Letters of credit	115 806	115 806	115 806
Guarantees	26 355	26 355	26 355
Capital expenditure	355	355	355
Total off-balance sheet liquidity exposures	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.*
2. *Prior periods have been restated, please refer to Note 43 for additional information.*
3. *Includes derivative instruments. Refer to Note 42.3 for the maturity analysis*
4. *In the current year, the amounts were adjusted to correctly reflect the undiscounted amounts. No impact on the primary financial statements.*
5. *The amount was amended to more accurately reflect contractual financial instruments. There has been no impact on the primary financial statements.*

1 – 3 months R'000	4 – 12 months R'000	1 – 5[5] years R'000	More than 5 years R'000	Non-contractual[5] R'000	Total R'000
–	–		–	–	659 880
247 931	886 268		207 330	146 615	1 790 340
22 088	12 310		–	–	56 456
–	–		–	72 579	690 788
432 752	855 422	2 522 412	46 531	528 842	4 758 746
21 867	199 562	3 136 821	2 332	(228 783)	3 246 720
–	–		–	298 165	298 165
–	–		–	298 165	298 165
26 259	35 935	131 918	–	–	528 297
–	–	–	–	173 692	173 692
–	–	–	–	96 369	96 369
–	–	–	–	328	328
–	–	–	–	186 144	186 144
750 897	1 989 497	5 791 151	256 193	1 273 951	12 485 925
–	–	–	–	–	803 976
19 610	12 033	–	–	–	56 675
–	–	–	–	76 708	847 100
21 867	199 562	3 136 821	2 332	(228 783)	3 246 720
–	–	–	–	–	381
–	–	–	–	46 420	46 420
3 977	18 179	129 378	56 698	–	210 221
1 202 156	844 412	499 563	150 375	–	6 018 723
108 476	122 594	78 074	–	–	309 144
–	–	–	–	–	–
–	–	–	–	3 277	3 277
1 356 086	1 196 780	3 843 836	209 405	(102 378)	11 542 637
–	–	–	–	–	146 290
–	–	–	–	–	115 806
–	–	–	–	–	26 355
–	–	–	–	–	355
–	–	–	–	–	288 806

41. Liquidity risk *continued*

41.2 Discounted maturity analysis: Current and non-current

Consolidated	2023 Current R'000	2023 Non-current R'000	2023 Total R'000	2022 Restated[1] Current R'000	2022 Restated[1] Non-current R'000	2022 Restated[1] Total R'000
Assets						
Cash and cash equivalents[1]	**772 108**	**–**	**772 108**	722 865	–	722 865
Negotiable securities	**934 852**	**358 559**	**1 293 411**	1 436 395	353 945	1 790 340
Trading assets	**32 798**	**–**	**32 798**	56 653	–	56 653
Trade and other receivables[1]	**512 772**	**–**	**512 772**	600 232	–	600 232
Loans and advances[1]	**1 195 712**	**7 831 856**	**9 027 568**	576 733	7 533 946	8 110 649
Current taxation asset	**47 826**	**–**	**47 826**	39 711	–	39 711
Investment securities[1]	**104 964**	**219 352**	**324 316**	105 300	193 140	298 440
Investments at fair value through profit or loss	**104 964**	**219 352**	**324 316**	105 300	193 140	298 440
Loans to entities in the Group	**27 556**	**166 641**	**194 197**	62 195	131 917	194 112
Property, equipment and right-of-use assets	**–**	**156 242**	**156 242**	–	176 177	176 177
Intangible assets and goodwill	**–**	**107 155**	**107 155**	–	140 130	140 130
Deferred tax assets	**–**	**20 255**	**20 255**	–	4 825	4 825
Total assets	**3 628 588**	**8 860 060**	**12 488 648**	3 600 084	8 534 080	12 134 164
Liabilities						
Funding under repurchase agreements	**351 885**	**–**	**351 885**	803 976	–	803 976
Trading liabilities	**27 683**	**–**	**27 683**	59 459	–	59 459
Current taxation liability	**–**	**–**	**–**	2	–	2
Trade and other payables[1]	**596 058**	**–**	**596 058**	748 090	–	748 090
Bank overdraft	**113 081**	**–**	**113 081**	68 541	–	68 541
Provisions	**32 752**	**–**	**32 752**	45 028	–	45 028
Lease liabilities	**26 246**	**119 107**	**145 353**	11 822	138 996	150 818
Deposits from customers	**5 698 374**	**172 932**	**5 871 306**	4 822 567	649 937	5 472 504
Debt securities issued	**695 823**	**3 024 315**	**3 720 138**	1 013 522	1 977 904	2 991 426
Long-term loans	**28 873**	**47 615**	**76 488**	222 602	76 919	299 521
Deferred tax liabilities	**–**	**146 055**	**146 055**	–	138 247	138 247
Loans from entities in the Group	**–**	**–**	**–**	–	–	–
Total liabilities	**7 570 775**	**3 510 024**	**11 080 799**	7 795 609	2 982 003	10 777 612

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

41. Liquidity risk *continued*

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

Separate	2023 Current R'000	2023 Non-current R'000	2023 Total R'000	2022 Restated[1] Current R'000	2022 Restated[1] Non-current R'000	2022 Restated[1] Total R'000
Assets						
Cash and cash equivalents[1]	**749 222**	**–**	**749 222**	659 880	–	659 880
Negotiable securities	**934 852**	**358 559**	**1 293 411**	1 436 395	353 945	1 790 340
Trading assets	**29 576**	**–**	**29 576**	56 456	–	56 456
Trade and other receivables[1]	**469 907**	**–**	**469 907**	690 788	–	690 788
Loans and advances[1]	**926 839**	**3 928 450**	**4 855 289**	1 660 961	3 097 785	4 758 746
Securitised assets[1]	**270 454**	**3 802 621**	**4 073 075**	256 350	2 990 370	3 246 720
Current taxation asset	**2 400**	**–**	**2 400**	–	–	–
Investment securities[1]	**104 964**	**219 352**	**324 316**	105 300	192 865	298 165
Investments at fair value through profit or loss[1]	**104 964**	**219 352**	**324 316**	105 300	192 865	298 165
Loans to entities in the Group	**421 205**	**166 637**	**587 842**	396 380	131 917	528 297
Property, equipment and right-of-use assets	**–**	**154 381**	**154 381**	–	173 692	173 692
Intangible assets and goodwill	**–**	**68 692**	**68 692**	–	96 369	96 369
Deferred tax assets	**–**	**17 027**	**17 027**	–	328	328
Investments in subsidiaries and structured entities	**–**	**177 058**	**177 058**	–	186 144	186 144
Total assets	**3 909 419**	**8 892 777**	**12 802 196**	5 262 510	7 223 415	12 485 925
Liabilities						
Funding under repurchase agreements	**351 885**	**–**	**351 885**	803 976	–	803 976
Trading liabilities	**27 683**	**–**	**27 683**	56 675	–	56 675
Trade and other payables[1]	**670 068**	**–**	**670 068**	847 100	–	847 100
Intercompany loans on securitised assets[1]	**270 454**	**3 802 621**	**4 073 075**	256 350	2 990 370	3 246 720
Bank overdraft	**–**	**–**	**–**	381	–	381
Provisions	**–**	**29 930**	**29 930**	46 420	–	46 420
Lease liabilities	**10 965**	**132 280**	**143 245**	11 340	137 092	148 432
Deposits from customers	**6 175 423**	**142 599**	**6 318 022**	5 368 785	649 938	6 018 723
Long-term loans	**76 488**	**–**	**76 488**	222 602	71 419	294 021
Deferred tax liabilities	**–**	**–**	**–**	–	–	–
Loans from entities in the Group	**58**	**–**	**58**	–	3 277	3 277
Total liabilities	**7 667 354**	**4 136 590**	**11 690 454**	7 613 629	3 852 096	11 465 725

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

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 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 Interest rate risk

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

Consolidated	Up to 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Total R'000
2023						
Assets						
Non-trading portfolios						
Cash and cash equivalents	616 889	–	–	–	–	616 889
Negotiable securities	502 334	346 354	289 642	–	216 610	1 354 940
Loans and advances	8 196 811	217 643	168 292	490 695	870	9 074 311
Loans to entities in the Group	194 193	–	–	–	–	194 193
Total assets	9 510 227	563 997	457 934	490 695	217 480	11 240 333
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	351 885	–	–	–	–	351 885
Bank overdraft	113 081	–	–	–	–	113 081
Deposits from customers	4 505 685	336 271	796 795	226 127	6 428	5 871 306
Lease Liabilities	42	136	385	1 545	–	2 108
Debt securities issued	–	3 720 138	–	–	–	3 720 138
Long-term loans	76 488	–	–	–	–	76 488
Total liabilities	5 047 181	4 056 545	797 180	227 672	6 428	10 135 006
Net pricing gap	4 268 853	(3 492 548)	(339 246)	457 216	211 052	1 105 327
Cumulative repricing gap	4 268 853	776 305	437 059	894 275	1 105 327	2 210 654
A 400 basis point (bps)[1] interest rate change will have the following effect on profit/loss:	–	–	–	–	–	–
400 bps parallel shock interest rate increase	23 029	11 478	60 064	(15)	–	94 556
400 bps parallel shock interest rate decrease	(19 578)	(4 912)	(36 424)	15	–	(60 899)

[1] *During 2023 the sensitivity analysis was modified due to the volatility and increases of the interest rate noted during the course of the year to use 400 bp as a parallel shock rate compared to 200 bp in prior years.*

42. Market risk *continued*

42.1 Interest rate risk *continued*

Consolidated	Up to 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Total R'000
2022 Restated						
Assets						
Non-trading portfolios						
Cash and cash equivalents[1]	258 167	–	–	–	–	258 167
Negotiable securities	270 293	–	–	–	–	270 293
Loans and advances[1]	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 (bps) interest rate change will have the following effect on profit/loss:						
200 bps 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

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

42. Market risk *continued*

42.1 Interest rate risk *continued*

Separate	Up to 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Total R'000
2023						
Assets						
Non-trading portfolios						
Cash and cash equivalents[1]	594 003	–	–	–	–	594 003
Negotiable securities	502 334	346 354	289 642	–	216 610	1 354 940
Loans and advances[1]	4 244 094	215 677	146 878	233 749	870	4 841 268
Securitised assets	3 866 543	1 925	21 310	229 586	–	4 119 364
Loans to entities in the Group	150 890	415 591	19 175	2 186	–	587 842
Total assets	9 357 864	979 547	477 005	465 521	217 480	11 497 417
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	351 885	–	–	–	–	351 885
Intercompany loans for securitised assets	3 866 543	1 925	21 310	229 586	–	4 119 364
Bank overdraft	–	–	–	–	–	–
Deposits from customers	4 952 401	336 271	796 795	226 127	6 428	6 318 022
Long-term loans	76 488	–	–	–	–	76 488
Total liabilities	9 247 317	338 196	818 105	455 713	6 428	10 865 759
Net pricing gap	110 547	641 351	(341 100)	9 808	211 052	631 658
Cumulative repricing gap	110 546	751 898	410 798	420 606	631 658	1 263 315
A 400 basis point (bps)[1] interest rate change will have the following effect on profit/loss:	–	–	–	–	–	–
400 bps parallel shock interest rate increase	3 610	10 265	53 975	–	–	67 851
400 bps parallel shock interest rate decrease	(2 789)	(7 310)	(46 582)	–	–	(56 681)

[1] *During 2023 the sensitivity analysis was modified due to the volatility and increases of the interest rate noted during the course of the year to use 400 bp as a parallel shock rate compared to 200 bp in prior years.*

42. Market risk *continued*

42.1 Interest rate risk *continued*

Separate	Up to 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Total R'000
2022 Restated						
Assets						
Non-trading portfolios						
Cash and cash equivalents[1]	133 638	–	–	–	–	133 638
Negotiable securities	270 293	–	–	–	–	270 293
Loans and advances[1]	4 455 507	–	–	–	–	4 455 507
Securitised assets	3 163 167	1 338	10 168	72 047	–	3 246 720
Loans to entities in the Group	131 917	334 185	–	–	–	466 102
Total assets	8 154 522	335 523	10 168	72 047	–	8 572 260
Liabilities						
Non-trading portfolios						
Funding under repurchase agreements and interbank	803 976	–	–	–	–	803 976
Intercompany loans for securitised assets	3 163 167	1 338	10 168	72 047	–	3 246 720
Bank overdraft	–	–	–	–	–	–
Deposits from customers	3 644 016	286 294	–	–	–	3 930 310
Long-term loans	294 021	–	–	–	–	294 021
Total liabilities	7 905 180	287 632	10 168	72 047	–	8 275 027
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 (bps) interest rate change will have the following effect on profit/loss:						
200 bps parallel shock interest rate increase	409	160	–	–	–	568
200 bps parallel shock interest rate decrease	688	(160)	–	–	–	528

[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 converted into ZAR

Consolidated	US Dollar R'000	Euro R'000	Japanese Yen R'000	British Pound R'000	Other R'000	Total R'000
2023						
Forward-exchange contracts	**(52 805)**	**(18 692)**	**(1 638)**	**(4 199)**	**(500)**	**(77 833)**
Import bills	**177 124**	**16 951**	**3 455**	**1 661**	**–**	**199 191**
Bank overdrafts	**–**	**–**	**–**	**–**	**–**	**–**
Bank balances	**37 560**	**20 195**	**652**	**9 956**	**2 161**	**70 523**
Trade receivables	**61 598**	**5 360**	**–**	**–**	**–**	**66 958**
Import suppliers	**(1 697)**	**(111)**	**–**	**–**	**–**	**(1 808)**
Usance creditors	**(11 374)**	**–**	**(2 455)**	**–**	**–**	**(13 829)**
Other payables	**(27 660)**	**(22 528)**	**(650)**	**(6 777)**	**(994)**	**(58 609)**
Total net (short)/ long position	**182 745**	**1 175**	**(636)**	**640**	**668**	**184 593**
Sensitivity – 5%[1]	**9 137**	**59**	**(32)**	**32**	**33**	**9 230**
2022						
Forward exchange contracts[2]	86 652	14 239	1 124	4 442	1 203	107 660
Import bills	209 812	12 254	1 139	11 986	–	235 190
Bank balances	42 023	57 138	30	8 513	2 247	109 951
Bank overdrafts	–	–	–	–	–	–
Trade receivables[2]	58 962	4 395	6 106	34 525	235	104 224
Import suppliers	(3 107)	–	–	(992)	–	(4 099)
Usance creditors	(36 531)	(788)	–	–	–	(37 319)
Other payables[2]	(469 137)	(46 626)	–	(40 725)	(11 212)	(567 699)
Total net (short)/ long position	(111 326)	39 824	8 399	16 758	(7 527)	(53 563)
Sensitivity – 5%[1]	(5 563)	1 991	420	838	(376)	(2 694)

[1] *This indicates the impact on profit or loss and equity that a 5% increase in foreign exchange rate will have. A decrease will have the opposite effect.*
[2] *Amounts have been restated to more accurately reflect the balances per foreign currency. As a result, the Total net (short)/long position and Sensitivity totals have changed. No impact on primary financial statements noted.*

42. Market risk *continued*

42.2 Currency risk *continued*

Separate	US Dollar R'000	Euro R'000	Japanese Yen R'000	British Pound R'000	Other R'000	Total R'000
2023						
Forward-exchange contracts	**(52 805)**	**(18 692)**	**(1 638)**	**(4 199)**	**(500)**	**(77 834)**
Import bills	**177 124**	**16 951**	**3 455**	**1 661**	**–**	**199 191**
Bank overdrafts	**–**	**–**	**–**	**–**	**–**	**–**
Bank balances	**37 560**	**20 195**	**652**	**9 956**	**2 161**	**70 524**
Import suppliers	**(1 697)**	**(111)**	**–**	**–**	**–**	**(1 808)**
Usance Creditors	**(11 374)**	**–**	**(2 455)**	**–**	**–**	**(13 829)**
Other payables	**(27 660)**	**(22 528)**	**(650)**	**(6 777)**	**(994)**	**(58 609)**
Trade receivables	**61 598**	**5 360**	**–**	**–**	**–**	**66 958**
Total net (short)/ long position	**182 746**	**1 175**	**(636)**	**641**	**667**	**184 593**
Sensitivity – 5%[1]	**9 137**	**59**	**(32)**	**32**	**33**	**9 230**
2022						
Forward exchange contracts[2]	86 652	14 239	1 124	4 442	1 203	107 660
Import bills	209 812	12 254	1 139	11 986	–	235 191
Bank balances	42 023	57 138	30	8 513	2 247	109 951
Bank overdrafts	–	–	–	–	–	–
Trade receivables[2]	58 962	4 395	6 106	34 525	235	104 223
Import suppliers	(3 107)	–	–	(992)	–	(4 099)
Usance creditors	(36 531)	(788)	–	–	–	(37 319)
Other payables[2]	(469 137)	(46 626)	–	(40 725)	(11 212)	567 700
Total net (short)/long position	(111 326)	40 612	8 399	17 749	(7 527)	(52 093)
Sensitivity – 5%[1]	(5 563)	2 031	420	887	376	(1 849)

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

[2] *Amounts have been restated to more accurately reflect the balances per foreign currency. As a result, the Total net (short)/long position and Sensitivity totals have changed. No impact on primary financial statements noted.*

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

Consolidated	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2023						
Assets						
Cash and cash equivalents	37 560	20 195	9 956	701 585	2 812	772 108
Trading assets	24 589	3 521	466	4 122	100	32 798
Negotiable securities	–	–	–	1 293 411	–	1 293 411
Trade and other receivables	61 598	5 360	–	445 814	–	512 772
Loans and advances	179 646	16 951	1 661	8 825 856	3 454	9 027 568
Current taxation asset	–	–	–	47 826	–	47 826
Investment securities	–	703	–	323 613	–	324 316
– Investments at fair value through profit or loss	–	703	–	323 613	–	324 316
Loans to entities in the Group	–	–	–	194 197	–	194 197
Deferred tax assets	–	–	–	20 255	–	20 255
Property, equipment and right-to-use assets	–	–	–	156 242	–	156 242
Intangible assets and goodwill	–	–	–	107 155	–	107 155
Total assets	303 933	46 730	12 083	12 120 076	6 366	12 488 648
Liabilities						
Funding under repurchase agreements	–	–	–	351 885	–	351 885
Trading liabilities	23 545	3 159	412	485	82	27 683
Current taxation liabilities	–	–	–	–	–	–
Trade and other payables	40 334	22 639	6 777	494 733	31 575	596 058
Provisions	–	–	–	32 752	–	32 752
Bank overdraft	–	–	–	113 081	–	113 081
Deposits from customers	–	–	–	5 871 306	–	5 871 306
Lease liabilities	–	–	–	145 353	–	145 353
Debt securities issued	–	–	–	3 720 138	–	3 720 138
Long-term loans	–	–	–	76 488	–	76 488
Deferred tax liabilities	–	–	–	146 055	–	146 055
Total liabilities	63 879	25 798	7 189	10 952 276	31 657	11 080 799

42. Market risk *continued*

42.2 Currency risk *continued*

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

Separate	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2023						
Assets						
Cash and cash equivalents	37 560	20 195	9 956	678 698	2 813	749 222
Trading assets	24 589	3 521	466	900	100	29 576
Negotiable securities	–	–	–	1 293 411	–	1 293 411
Securitised assets	–	–	–	4 073 075	–	4 073 075
Trade and other receivables	61 598	5 360	–	402 949	–	469 907
Loans and advances	179 646	16 951	1 661	4 653 577	3 454	4 855 289
Current Taxation	–	–	–	2 400	–	2 400
Investment securities	–	703	–	323 613	–	324 316
– Investments at fair value through profit or loss	–	703	–	323 613	–	324 316
Loans to entities in the Group	–	–	–	587 842	–	587 842
Property, equipment and right-to-use assets	–	–	–	154 381	–	154 381
Intangible assets and goodwill	–	–	–	68 692	–	68 692
Deferred tax assets	–	–	–	17 027	–	17 027
Investments in subsidiaries and structured entities	–	–	–	177 058	–	177 058
Total assets	**303 393**	**46 730**	**12 083**	**12 433 623**	**6 367**	**12 802 196**
Liabilities						
Funding under repurchase agreements	–	–	–	351 885	–	351 885
Trading liabilities	23 187	3 060	411	973	52	27 683
Trade and other payables	40 732	22 639	6 777	595 822	4 098	670 068
Intercompany loans for securitised assets	–	–	–	4 073 075	–	4 073 075
Provisions	–	–	–	29 930	–	29 930
Bank overdraft	–	–	–	–	–	–
Deposits from customers	–	–	–	6 318 022	–	6 318 022
Lease liabilities	–	–	–	143 245	–	143 245
Long-term loans	–	–	–	76 488	–	76 488
Deferred tax liabilities	–	–	–	–	–	–
Loans from entities in the Group	–	–	–	58	–	58
Total liabilities	**63 919**	**25 699**	**7 188**	**11 589 498**	**4 150**	**11 690 454**

42. Market risk *continued*

42.2 Currency risk *continued*

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

Consolidated	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2022 Restated[1]						
Assets						
Cash and cash equivalents[1]	42 023	57 135	8 513	612 917	2 277	722 865
Trading assets[2,3]	44 961	3 900	596	4 519	2 677	56 653
Negotiable securities	–	–	–	1 790 340	–	1 790 340
Trade and other receivables[1,2]	58 962	4 395	34 525	496 008	6 342	600 232
Loans and advances[1]	209 812	12 254	11 986	7 875 488	1 139	8 110 679
Current taxation asset	–	–	–	39 711	–	39 711
Investment securities	–	703	–	297 737	–	298 440
– Investments at fair value through profit or loss	–	703	–	297 737	–	298 440
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	355 758	78 387	55 620	11 631 964	12 435	12 134 164
Liabilities						
Funding under repurchase agreements	–	–	–	803 976	–	803 976
Trading liabilities[2,3]	46 263	3 755	492	6 780	2 169	59 459
Current taxation liabilities	–	–	–	2	–	2
Trade and other payables[1]	508 775	47 414	41 717	138 972	11 212	748 090
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	555 038	51 169	42 209	10 115 815	13 381	10 777 612

1 *Prior periods have been restated, please refer to Note 43 for additional information.*
2 *The bucketing of the currencies disclosed for Trade and other receivables, Trading assets and Trading liabilities have been corrected in the current year with no impact on the primary financial statements.*
3 *In the prior year, the net position between Trading assets and Trading liabilities was disclosed rather than the gross exposure. This has been corrected in the current year with no impact on the primary financial statements noted.*

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

Separate	US Dollar R'000	Euro R'000	British Pound R'000	South African Rand R'000	Other R'000	Total R'000
2022 Restated[1]						
Assets						
Cash and cash equivalents[1]	42 023	57 138	8 513	549 929	2 277	659 880
Trading assets	44 961	3 900	596	4 322	2 677	56 456
Negotiable securities	–	–	–	1 790 340	–	1 790 340
Trade and other receivables[1]	58 962	4 395	34 525	586 564	6 342	690 788
Loans and advances[1]	209 812	12 254	11 986	4 523 555	1 139	4 758 746
Securitised assets	–	–	–	3 246 720	–	3 246 720
Investment securities	–	703	–	297 462	–	298 165
– Investments at fair value through profit or loss	–	703	–	297 462	–	298 165
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	355 758	78 390	55 620	11 983 722	12 435	12 485 925
Liabilities						
Funding under repurchase agreements	–	–	–	803 976	–	803 976
Trading liabilities	46 263	3 755	492	3 996	2 169	56 675
Trade and other payables[1]	508 775	47 414	41 717	237 982	11 212	847 100
Intercompany loans for securitised assets[1]	–	–	–	3 246 720	–	3 246 720
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
Loans from entities in the Group	–	–	–	3 277	–	3 277
Total liabilities	555 038	51 169	42 209	10 803 928	13 381	11 465 725

1 *Prior periods have been restated, please refer to Note 43 for additional information.*
2 *The bucketing of the currencies disclosed for Trade and other receivable, Trading assets and Trading liabilities have been corrected in the current year with no impact on the primary financial statements.*
3 *In the prior year, the net position between Trading assets and Trading liabilities was disclosed rather than the gross exposure. This has been corrected in the current year with no impact on the primary financial statements noted.*

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					
2023					
Interest rate swaps	**3 155**	**3 155**	**3 222**	**(67)**	**45**
Exchange rate contracts	**1 960**	**1 960**	**29 576**	**(27 616)**	**–**
Total derivatives[2]	**5 115**	**5 115**	**32 798**	**(27 683)**	**45**
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)
Separate					
2023					
Interest rate swaps	**(67)**	**(67)**	**–**	**(67)**	**1 658 000**
Exchange rate contracts	**1 966**	**1 966**	**28 676**	**(26 710)**	**–**
Total derivatives	**1 899**	**1 899**	**28 676**	**(26 777)**	**1 658 000**
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

[1] *During 2021 Sasfin Asia Limited was liquidated. Therefore, no further notional principal on exchange rate contracts was required to be hedged.*
[2] *Interest rate swaps were fair valued on a discounted basis using forward interest rates. Foreign exchange contracts were valued using applicable forward rates.*

43. Correction of prior period errors

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, amendments to certain disclosures, and the year end review, the following material prior period errors were identified and adjusted for:

Consolidated and Separate Financial Statements

Business and Commercial Banking (BCB) reconciliations

Due to operational errors, certain reconciling items relating to recoveries (including contractual and non-contractual recoveries) from clients or foreign beneficiaries were incorrectly offset against trade and other payables instead of being recognised in trade and other receivables. This resulted in an understatement of trade and other payables and trade and other receivables on the consolidated and separate statement of financial position amounting to R79.2 million in 2022, and an understatement of trade and other payables and trade and other receivables on the statement of financial position amounting to R21.1 million in 2021.

Asset Finance balance sheet substantiation

Through the balance sheet substantiation process, it was identified that certain balances and transactions were incorrectly accounted for in prior financial years. The material errors identified related to the following:

Legal costs in trade and other receivables

Incorrect system entries resulted in the capitalisation of legal fees to trade and other receivables instead of these fees being expensed as credit impairment charges on write-off of these loans. As a result, trade and other receivables to the value of R11.7 million for Consolidated results were written off (R5.7 million to credit impairment charges in the 2022 statement of profit or loss and other comprehensive income and R6 million to the 2022 opening retained earnings). For the Separate results, trade and other receivables to the value of R6.7 million were written off (R2.9 million to credit impairment charges in the 2022 statement of profit or loss and other comprehensive income and R3.8 million to the 2022 opening retained earnings).

In addition, in cases where legal fees had been capitalised on loans and advances that were already written off subsequent legal fees were incurred to attempt to recover the outstanding balances; these legal fees were incorrectly capitalised to trade and other receivables, instead of being expensed as incurred. In correcting the error, these legal fees have now been expensed. Items that were incorrectly capitalised to trade and other receivables amount to R15.3 million in Consolidated results (of which R3.8 million impacts operating expense in the 2022 statement of profit or loss and other comprehensive income and R11.5 million impacts the 2022 opening retained earnings). For Separate results, items that were incorrectly capitalised to trade and other receivables amount to R14.9 million (of which R4.3 million impacts operating expense in the 2022 statement of profit or loss and other comprehensive income and R10.6 million impacts the 2022 opening retained earnings).

43. Correction of prior period errors *continued*

Asset Finance balance sheet substantiation *continued*

Further to the above, other unsubstantiated individually immaterial credit balances included in trade and other receivables have also been written off and included in the related column in the table below. This includes R3.8 million in the Separate results relating to the 2022 opening retained earnings.

Commission payable to suppliers included in trade and other receivables

Commission payable to suppliers includes income received on leases that have reached their end of term.

During the current year, it was identified that a commission expense of R21 million in the Consolidated and Separate results (R7 million in the 2022 statement of profit or loss and R14 million in 2022 opening retained earnings) for commission payable to suppliers was not raised in the respective prior financial periods.

In addition, commission expense incurred to the value of R38 million in both the Consolidated and Separate results in 2022 were incorrectly netted off against the other income on non-financial assets line item instead of being shown on a gross basis in the fee and commission expense line item.

In the Consolidated results, other individually immaterial unsubstantiated trade receivable balances related to commission expense were also written off and included in the related column in the table below.

Individually immaterial errors

In addition to the above material errors, further reconciling items were identified that were not individually material; however, when considered in aggregate, these resulted in certain financial statements line items in the consolidated and separate financial statements being materially misstated.

These errors are outlined below, together with the respective financial statement line items impacted:

Cash and cash equivalents

A misstatement was identified in the cash and cash equivalent balances as a result of incorrect reversals and processing of certain transactions. This resulted in the overstatement of R10.4 million in the Consolidated results and an understatement of R1.2 million in the Separate results in respect of the cash and cash equivalents and retained earnings line items on the Separate statement of financial position for the 2022 opening balances.

As part of the reversal of the above entries in the 2022 reporting period, incorrect journal entries were processed which resulted in an overstatement of trade and other receivables and an understatement of the credit impairment charge of R5.8 million. These line items have been restated.

Other loans and advances

Amounts that were not recoverable from non-performing customers were incorrectly recorded in loans and advances within the statement of financial position at 30 June 2022. These non-recoverable amounts should have been expensed for those years. The non recoverable balances have now been written off to profit or loss in the respective financial period to which they relate to. For the Consolidated and Separate financial statements these write offs amounted to R1.2 million in 2022 and R5.0 million in the opening balance of 2022.

Creditors control and sundry creditors in trade and other payables

Unsubstantiated reconciling items were identified on the creditors control and in the sundry creditors control accounts, respectively.

Creditors control and sundry creditors control accounts

Unsubstantiated reconciling items were identified in the creditors control account (classified within trade payables), which resulted in an increase in trade payables of R5.8 million in 2022 for both Consolidated and Separate results. These amounts were reversed to profit and loss. Additional items impacting trade and other payables have been restated. These items are individually immaterial, and specific descriptions of the items have not been included in the narrative.

The sundry creditors error was made up of a number of immaterial items for both Consolidated and Separate results. This error resulted in the misstatement of trade and other payables, trade and other receivables and retained earnings within the statement of financial position at 30 June 2022. The misstatements also impacted the other income line item in the non-financial assets and other operating expenses line item in the statement of profit or loss and other comprehensive income for the year ended 30 June 2022.

Capitalised commissions in trade and other payables

Errors in relation to capitalised commissions for both Consolidated and Separate results arose from the incorrect allocation of evergreen income to capitalised commissions as opposed to other income in the statement of profit or loss; and the incorrect allocation of unrelated expenses to the capitalised commission account as opposed to being expensed in profit or loss. Additionally, incorrect allocations of commission balances payable were made to intercompany accounts included in trade and other receivables.

For the Separate results, this resulted in the understatement to the 2022 opening balance of trade and other payables of R8.7 million and an overstatement of opening retained earnings balances in 2022 of R7.2 million and the understatement of R1.5 million for trade and other receivables in the 2022 opening balances. The Consolidated impact is immaterial given that the majority of errors relate to balances within the Banking Group.

43. Correction of prior period errors *continued*

Asset Finance balance sheet substantiation *continued*

Unallocated receipts included within loans and advances

Unsubstantiated balances included in the unallocated receipts account have been written off.

In performing a reconciliation between various system reports, it was identified that certain reconciling amounts in the reconciliation were unsubstantiated which resulted in a misstatement of the loans and advances line item within the statement of financial position at 30 June 2022. For the Separate results, this resulted in the understatement of loans and advances of R2.9 million (R6.3 million understatement in 2022 and R3.4 million overstatement in the 2022 opening balance).

In addition, there were other individually immaterial line items which impacted the financial statements for the period ended 30 June 2022. The nature of these errors ranged from unsubstantiated balances within trade and other payables; trade and other receivables; incorrect capturing of invoice amounts resulting in over or understatements in amounts owed to third parties; incorrect treatment of recoveries from third parties; incorrect treatment of reloaded deals, which resulted in the overstatement in the net investment in the lease; and reconciliation issues within the asset finance balance sheet substantiation.

Restatement of ISP

Interest on arrears balances or "late fee interest" was incorrectly excluded from the calculation of interest in suspense (ISP), which resulted in overstatements of interest income calculated using the effective interest method and credit impairment charges in the statement of profit or loss and other comprehensive income.

Both the interest charged and related credit impairment charges were incorrectly overstated by R12.5 million in the Consolidated results in 2022. In the Separate results, both the interest charged and related credit impairment charges were incorrectly overstated by R4.4 million in 2022.

Interest income on stage 3 assets was also incorrectly reversed to interest income calculated using the effective interest method for deals that have been cured or written off. This resulted in an overstatement of both the interest income calculated using the effective interest method and credit impairment charges line items which were both overstated by R21.5 million in the Consolidated and R14.2 million in the Separate results for 2022.

Other

Fee and commission expense

Fee and commission expenses of R12.4 million were incorrectly netted off against fee and commission income in both the Consolidated and Separate results as opposed to being presented separately on a gross basis in the statement of profit or loss and other comprehensive income for the period ended 30 June 2022. This error had no impact on the profit in the 2022 financial year.

Documentation fees

The Banking Group charges client's documentation fees for originating deals. The documentation fees were incorrectly treated as revenue from contracts with customers, instead of taking these fees into account as part of the initial measurement of the net investment in the lease, through the inclusion of the amount as a fixed payment of the lease under IFRS 16 *Leases*.

This should have formed part of the gross investment in the lease which is equal to the lease payments (including the documentation fees) receivable by the lessor, plus any unguaranteed residual accruing to the lessor.

This resulted in an overstatement to loans and advances and retained earnings of R10.1 million (R4.1 million in 2022 and R6.1 million in 2021); an understatement of interest income calculated using the effective interest method of R11.4 million; an overstatement of fee and commission income of R15.4 million and retained earnings of R6.1 million as at 30 June 2022 and for the period then ended.

System VAT correction

In prior years, system generated erroneous VAT entries were created upon the transfer of loans between Sasfin Bank Limited and South African Securitisation Programme (RF) Limited as part of securitisations of capital equipment finance instalment deals. This resulted in VAT input being claimed in Sasfin Bank Limited and levying of VAT output in South African Securitisation Programme (RF) Limited. The resulting VAT payable and VAT receivable balances have been increased by R38.1 million as at 30 June 2022 for both Consolidated and Separate results. These balances increased by R21.7 million as at 30 June 2021 for both Consolidated and Separate results. The potential interest payable to SARS relating to over claiming of VAT from the above, amounts to R11.5 million which is included in trade and other payables, of which R8.6 million is included in retained earnings at 30 June 2022 and R2.9 million is reflected in other operating expense for 2022 in both the Consolidated and Separate results.

43. Correction of prior period errors *continued*

Cash equivalents

Cash and cash equivalent balances incorrectly included an investment in a money market fund that did not meet the definition of a cash equivalent in the prior years. The 2022 amount was R105.3 million (2021: R104.8 million) in both the Consolidated and Separate results and has been reclassified from cash and cash equivalents to the investment securities line item at 30 June 2022.The interest earned on the money market funds was incorrectly classified as interest income calculated using the effective interest rate instead of other interest income, as the investment did not meet the requirements of solely payments of principal and interest in prior years. In order to correct this error, an amount of R22.7 million was reclassified from interest income calculated using the effective interest method to other interest income for the year ended 30 June 2022 for both the Consolidated and Separate results. There was no impact on profit for the 2022 year.

Statement of cash flows

Incorrect classification of debt securities in the Consolidated results

Cash flows relating to debt securities were incorrectly classified in the consolidated statement of cash flows in the Consolidated results as cash flows from operating activities instead of cash flows from financing activities in the prior year. Cash flows relating to debt securities issued have now been appropriately classified in financing activities (as opposed to being included in cash flows from operating activities) on a gross basis instead of a net basis. The settlement of debt securities of R1 billion and proceeds from issuance of debt securities of R1.3 billion in the 2022 financial period are now shown separately. In addition, the prior year interest paid amount in the Consolidated results was overstated by R5.1 million.

Incorrect presentation of loans to entities in the group

Cash flows relating to loans to entities in the Group were incorrectly presented on a net basis rather than being presented on a gross basis in investing activities. The Consolidated results have been restated to present advances made to entities in the Group of R31.5 million and repayments received from entities in the Group of R32.0 million. The Separate results have been restated to present advances made to entities in the Group of R42.4 million and repayments received from entities in the Group of R50.7 million.

Non-cash and incorrect mapping errors

Non-cash interest income was incorrectly included within the interest received line item. For the Consolidated results, in total this was R43.4 million consisting of R32.1 million non-cash interest related to loans and advances and R11.3 million non-cash interest earned on loans to entities in the Group. For the Separate results, in total this was R54.5 million consisting of R32.5 million non-cash interest related to loans and advances and R22.0 million non-cash interest earned on loans to entities in the Group.

Corrections have been made to the interest paid line item. For the Consolidated results, the correction of the interest paid amount resulted in a net increase of R0.5 million. This net interest paid line item was adjusted by an increase in interest paid of R15.1 million to correct for an understatement in interest paid and a corresponding change in the funding under repurchase agreements in the cash outflow from operating activities line item, a reduction of R5.1 million non-cash interest paid on debt securities and a corresponding change in debt securities issued in the cash outflow from operating activities line item, and a decrease of R9.5 million in the non-cash interest adjustment relating to finance lease liabilities which was incorrectly adjusted for in the line-item cash payments to employees and suppliers instead of the interest paid line.

For the Separate results, in total, a net increase in interest paid of R5.7 million is noted, consisting of an increase in interest paid of R15.1 million relating to funding under repurchase agreements, and a decrease of R9.4 million in the non-cash interest adjustment relating to finance lease liabilities which which was incorrectly adjusted for in the line-item cash payments to employees and suppliers instead of the interest paid line.

Additionally, the net trading and other income line item was understated by R5.7 million as this amount was incorrectly reflected in the acquisition and gains or losses recognised in profit or loss of investment securities line item in the cash flows from investing activities in both the Consolidated and Separate results.

The cash movement in the net trading and other income line item incorrectly included unrealised gains for both Consolidated and Separate results of R46.5 million which are non-cash movements. The trading assets movement in the cash flows from operating activities was also overstated by this amount. These have been adjusted for in the statement of cash flows.

Effect of exchange rate movements on cash and cash equivalents

The effect of exchange rate movements on cash and cash equivalents was not accounted for appropriately in 2022, in both the Consolidated and Separate results. This has been corrected by including the unfavourable effect of exchange rate movements in the Effect of exchange rate movements in the separate line item as part of the cash and cash equivalents reconciliation and increasing the net trading and other income/(expenses) line item by R16.8 million.

Other immaterial non-cash items resulted in misstatements within the cash generated from operating activities line items, investing activities and financing activities sections of the statement of cash flows for the period ended 30 June 2022 which are included in the table below.

In addition to the correction of the statement of cash flows per this cash flow section, the other restatements above also had an impact on the statement of cash flows as reflected in the table below. These errors have been corrected by restating each of the affected financial statement line items for the prior periods affected.

43. Correction of prior period errors *continued*

Separate Financial Statements

Derecognition of securitised rental agreements disposed of by SBL to SASP

SBL may, from time to time and in terms of the sale agreements, sell equipment leases to SASP subject to the satisfaction of certain conditions precedent (i.e., eligibility criteria) prior to each sale. SBL, as the Servicer, will continue to administer the equipment leases, as agent on behalf of SASP. It should be noted that from a legal perspective a 'true sale' of these securitised rental leases has occurred.

During the 2023 financial year-end audit, it was identified that the rental agreements that are securitised, which were sold by SBL to SASP, did not meet the derecognition criteria for IFRS 9 as substantially all of the risks and rewards of ownership of the loans and advances were not transferred and SBL continues to control the asset even though a legal sale had occurred. Consequently, SBL should have continued to recognise these rental agreements on its balance sheet. This has resulted in a new line item called "Securitised assets" recognised in the Separate statement of financial position of SBL, to account for the rental agreements (the related interest income was increased by R399 million and expected credit losses were decreased by R19 million in the Statement of profit or loss and other comprehensive income in the 2022 reporting period). Furthermore, a "Intercompany loan for securitised assets" is recognised reflecting an amount payable to SASP on the securitised loans and advances. An interest expense (R399 million) is recognised. In addition, to account for the value movements in the "Intercompany loans for securitised assets" liability arising from expected credit losses and other value changes in the underlying securitised assets which increase or decrease the "Intercompany loans from securitised assets" liability to SASP, a loss on financial instruments (R19 million) is recognised. No impact is noted on the statement of cash flows as no cash was received or paid by the Bank.

Restatement of intercompany eliminations

In prior years an intergroup elimination was not correctly posted during the consolidation process. This resulted in an understatement to cash and cash equivalents and trade and payables in the Separate results of R49.9 million (2021: R108.9 million). This error had no impact on retained earnings or on the profit for the 2022 financial year.

The following tables summarise the impacts on the Consolidated financial statements.

	As previously reported R'000	BCB Reconciliations R'000
30 June 2022		
Consolidated statement of financial position		
Assets		
Cash and cash equivalents	838 589	–
Trade and other receivables	507 535	79 257
Loans and advances	8 123 796	–
Investment securities	193 140	–
Total assets	12 065 008	79 257
Liabilities		
Trade and other payables	578 691	79 257
Total liabilities	10 608 213	79 257
Equity		
Distributable reserves	993 319	–
Total equity	1 456 795	–
Total liabilities and equity	12 065 008	79 257

Asset finance recon-ciliations R’000	Restatement of ISP R’000	Other R’000	System VAT correction R’000	Cash Equivalents R’000	Statement of Cash flows changes R’000	Restated R’000
(10 424)	–	–	–	(105 300)	–	722 865
(24 622)	–	–	38 062	–	–	600 232
(2 991)	–	(10 126)	–	–	–	8 110 679
–	–	–	–	105 300	–	298 440
(38 037)	–	(10 126)	38 062	–	–	12 134 164
40 546	–	–	49 596	–	–	748 090
40 546	–	–	49 596	–	–	10 777 612
–						
(78 583)	–	(10 126)	(11 534)	–	–	893 076
(78 583)	–	(10 126)	(11 534)	–	–	1 356 552
(38 037)	–	(10 126)	38 062	–	–	12 134 164

43. Correction of prior period errors *continued*

	As previously reported R'000	BCB Reconciliations R'000
30 June 2022		
Consolidated statement of profit or loss and other comprehensive income		
Interest and similar income	1 052 536	–
Interest and similar income calculated using the effective interest rate method	1 036 410	–
Other interest income	16 126	–
Net interest income	582 745	–
Non-interest income	366 678	–
Net fee and commission income	113 939	–
Fee and commission income	155 650	–
Fee and commission expense	(41 711)	–
Other income on non-financial assets	117 547	–
Total income	949 423	–
Credit impairment charges	(47 984)	–
Net income after impairments	901 439	–
Total operating costs	(745 799)	–
Other operating expenses	(319 033)	–
Profit for the year before income tax	155 640	–
Profit for the year	120 738	–
Total comprehensive income for the year	120 738	–

Asset finance recon-ciliations R'000	Restatement of ISP R'000	Other R'000	System VAT correction R'000	Cash Equivalents R'000	Statement of Cash flows changes R'000	Restated R'000
–	(34 045)	11 414	–	–	–	1 029 905
–	(34 045)	11 414	–	(22 762)	–	991 017
–	–	–	–	22 762	–	38 888
–	(34 045)	11 414	–	–	–	560 114
12 705	–	(15 468)	–	–	–	363 915
(38 895)	–	(15 468)	–	–	–	59 576
(806)	–	(3 039)	–	–	–	151 805
(38 089)	–	(12 429)	–	–	–	(92 229)
51 600	–	–	–	–	–	169 147
12 705	(34 045)	(4 054)	0	–	–	924 029
(5 675)	34 045	–	–	–	–	(19 614)
7 030	–	(4 054)	–	–	–	904 415
(26 936)	–	–	(2 929)	–	–	(775 664)
(26 936)	–	–	(2 929)	–	–	(348 898)
(19 906)	–	(4 054)	(2 929)	–	–	128 751
(19 906)	–	(4 054)	(2 929)	–	–	93 849
(19 906)	–	(4 054)	(2 929)	–	–	93 849

43. Correction of prior period errors *continued*

	As previously reported R'000
30 June 2022	
Consolidated statement of cash flows	
Cash flows from operating activities	
Interest received	973 670
Interest paid	(469 791)
Fee and commission income received	155 650
Fee and commission expense paid	(41 711)
Net trading and other income/(expenses)	115 971
Cash payments to employees and suppliers	(608 345)
Cash (outflow)/inflow from operating activities	125 444
Cash flows from operating activities before changes in operating assets and liabilities	106 922
Changes in operating assets and liabilities	(539 101)
(Increase) in loans and advances	(1 307 116)
Decrease/(increase) in trading assets	43 606
Decrease in negotiable securities	295 152
Decrease/(Increase) in trade and other receivables	(57 417)
Increase in deposits from customers	344 215
(Decrease)/Increase in trade and other payables	27 274
(Decrease)/Increase in funding under repurchase agreements and interbank	103 909
Increase in debt securities issued	249 843
Net cash from operating activities	(432 179)
Cash flows from investing activities	
Acquisition of investment securities	–
Advances/(Repayments) made to entities in the group	(10 745)
Advances made to loans to entities in the Group	–
Payments received from loans to entities in the Group	–
Acquisition and gains of losses recognised in profit or loss of investment securities	(5 750)
Net cash outflow from investing activities	(61 346)
Cash flows from financing activities	
Proceeds from issuance of debt securities	–
Settlement of debt securities	–
Repayment of lease liabilities	(33 550)
Net cash inflow/(outflow) from financing activities	(33 550)
Net increase/(decrease) in cash and cash equivalents	(527 075)
Cash and cash equivalents at beginning of the year	1 297 123
Effect of exchange rate movements on cash and cash balances	–
Cash and cash equivalents at the end of the year	770 048

BCB Recon-ciliations R'000	Asset finance recon-ciliations R'000	Restatement of ISP R'000	Other R'000	System VAT correction R'000	Cash Equivalents R'000	Statement of Cash flows changes R'000	Restated R'000
–	–	(34 045)	11 414	–	–	(43 398)	907 641
–	–	–	–	–	–	(527)	(470 318)
–	(806)	–	(3 039)	–	–	–	151 805
–	(38 089)	–	(12 429)	–	–	–	(92 229)
–	51 600	–	–	–	–	58 574	226 145
–	(26 935)	–	–	(2 927)	–	(10 303)	(648 510)
–	(14 231)	(34 045)	(4 054)	(2 927)	–	4 346	74 534
–	(14 231)	(34 045)	(4 054)	(2 927)	–	4 346	56 012
–	16 841	34 045	–	2 927	–	(250 517)	(735 804)
–	–	34 045	–	–	–	36 874	(1 236 197)
–	–	–	–	–	–	(46 445)	(2 839)
–	–	–	–	–	–	(3 318)	291 834
(58 205)	5 879	–	–	(16 339)	–	–	(126 082)
–	–	–	–	–	–	(150)	344 065
58 205	10 962	–	–	19 266	–	(2 927)	112 780
–	–	–	–	–	–	15 292	119 201
–	–	–	–	–	–	(249 843)	–
–	2 610	–	(4 054)	–	–	(246 171)	(679 792)
–	–	–	–	–	–	(703)	(703)
–	–	–	–	–	–	10 745	–
–	–	–	–	–	–	(31 500)	(31 500)
–	–	–	–	–	–	32 042	32 042
–	–	–	–	–	–	5 750	–
–	–	–	–	–	–	16 334	(45 012)
–	–	–	–	–	–	1 286 000	1 286 000
–	–	–	–	–	–	(1 041 260)	(1 041 260)
–	–	–	–	–	–	2 853	(30 697)
–	–	–	–	–	–	247 593	214 043
–	2 610	–	(4 054)	–	–	17 756	(510 761)
–	(10 425)	–	–	–	(104 832)	–	1 181 866
–	–	–	–	–	–	(16 781)	(16 781)
–	(10 425)	–	–	–	(105 300)	–	654 324

43. Correction of prior period errors *continued*

	As previously reported R'000	BCB Recon-ciliations R'000
1 July 2021		
Consolidated statement of financial position		
Assets		
Cash and cash equivalents	1 327 515	–
Trade and other receivables	453 054	21 052
Loans and advances	6 722 551	–
Investment securities	187 390	–
Total assets	11 246 009	21 052
Liabilities		
Trade and other payables	551 417	21 052
Total liabilities	9 899 952	21 052
Equity		
Distributable reserves	882 581	–
Total equity	1 346 057	–
Total liabilities and equity	11 246 009	21 052

Asset finance reconciliations R'000	Restatement of ISP R'000	Other R'000	System VAT correction R'000	Cash Equivalents R'000	Statement of Cash flows changes R'000	Restated R'000
(10 425)	–	–	–	(104 832)	–	1 212 258
(18 743)	–	–	21 723	–	–	477 087
75	–	(6 072)	–	–	–	6 716 554
–	–	–	–	104 832	–	292 222
(29 093)	–	(6 072)	21 723	–	–	11 253 620
29 584	–	–	30 328	–	–	632 382
29 584	–	–	30 328	–	–	9 980 917
(58 677)	–	(6 072)	(8 605)	–	–	809 227
(58 677)	–	(6 072)	(8 605)	–	–	1 272 703
(29 093)	–	(6 072)	21 723	–	–	11 253 620

43. Correction of prior period errors *continued*

The following tables summarise the impacts on the Separate financial statements.

	As previously reported R'000	BCB Recon-ciliations R'000	Asset finance recon-ciliations R'000	Restatement of ISP R'000
30 June 2022				
Separate statement of financial position				
Assets				
Cash and cash equivalents	714 061	–	1 256	–
Trade and other receivables	608 128	79 257	(34 659)	–
Loans and advances	4 775 070	–	(6 198)	–
Securitised assets	–	–	–	–
Investment securities	192 865	–	–	–
Total assets	9 121 750	79 257	(39 601)	–
Liabilities				
Trade and other payables	655 634	79 257	12 752	–
Intercompany loans for securitised assets	–	–	–	–
Total liabilities	8 027 539	79 257	12 752	–
Equity				
Distributable reserves	630 735	–	(52 352)	–
Total equity	1 094 211	–	(52 352)	–
Total liabilities and equity	9 121 750	79 257	(39 601)	–

Other R'000	Restatement of Inter-company eliminations R'000	System VAT correction R'000	Cash Equivalents R'000	Derecognition of securitised rental agreements by SBL to SASP R'000	Statement of Cash flows changes R'000	Restated R'000
–	49 863	–	(105 300)	–	–	659 880
–	–	38 061	–	–	–	690 788
(10 126)	–	–	–	–	–	4 758 746
–	–	–	–	3 246 720	–	3 246 720
–	–	–	105 300	–	–	298 165
(10 126)	49 863	38 061	–	3 246 720	–	12 485 925
–	49 863	49 594	–	–	–	847 100
–	–	–	–	3 246 720	–	3 246 720
–	49 863	49 594	–	3 246 720	–	11 465 725
(10 126)	–	(11 533)	–	–	–	556 724
(10 126)	–	(11 533)	–	–	–	1 020 200
(10 126)	49 863	38 061	–	–	–	12 485 925

43. Correction of prior period errors *continued*

	As previously reported R'000	BCB Recon-ciliations R'000	Asset finance recon-ciliations R'000	Restatement of ISP R'000
30 June 2022				
Separate statement of profit or loss and other comprehensive income				
Interest income	651 543	–	–	(18 623)
Interest income calculated using the effective interest method	631 476	–	–	(18 623)
Other interest income	20 067	–	–	–
Interest expense	(318 090)	–	–	–
Interest expense calculated using the effective interest method	(326 294)	–	–	–
Other interest expense	8 204	–	–	–
Net interest income	333 453	–	–	(18 623)
Non-interest income	484 786	–	1 870	–
Net fee and commission income	331 066	–	(42 911)	–
Fee and commission income	345 474	–	(4 811)	–
Fee and commission expense	(14 408)	–	(38 100)	–
Gains and losses on financial instruments	157 104	–	–	–
Other gains or losses on financial instruments	147 303	–	–	–
Other income on non-financial assets	(3 384)	–	44 782	–
Total income	818 239	–	1 870	(18 623)
Credit impairment charges	(52 783)	–	2 696	18 623
Net income after impairments	765 456	–	4 567	–
Total operating costs	(750 487)	–	(5 653)	–
Other operating expenses	(371 304)	–	(5 653)	–
Profit for the year before income tax	14 969	–	(1 086)	–
Profit for the year	26 086	–	(1 086)	–
Total comprehensive income for the year	26 086	–	(1 086)	–

Other R'000	Restatement of Inter-company eliminations R'000	System VAT correction R'000	Cash Equivalents R'000	Derecognition of securitised rental agreements by SBL to SASP R'000	Statement of Cash flows changes R'000	Restated R'000
11 414	–	–	–	398 779	–	1 043 113
11 414	–	–	(22 762)	398 779	–	1 000 284
–	–	–	22 762	–	–	42 829
–	–	–	–	(398 779)	–	(716 869)
–	–	–	–	(398 779)	–	(725 073)
–	–	–	–	–	–	8 204
11 414	–	–	–	–	–	326 244
(15 468)	–	–	–	(19 337)	–	451 851
(15 468)	–	–	–	–	–	272 686
(3 039)	–	–	–	–	–	337 624
(12 429)	–	–	–	–	–	(64 938)
–	–	–	–	(19 337)	–	137 767
–	–	–	–	(19 337)	–	127 966
–	–	–	–	–	–	41 398
(4 054)	–	–	–	(19 337)	–	778 096
–	–	–	–	19 337	–	(12 127)
(4 054)	–	–	–	–	–	765 969
–	–	(2 928)	–	–	–	(759 067)
–	–	(2 928)	–	–	–	(379 884)
(4 054)	–	(2 928)	–	–	–	6 901
(4 054)	–	(2 928)	–	–	–	18 018
(4 054)	–	(2 928)	–	–	–	18 018

43. Correction of prior period errors *continued*

	As previously reported R'000	BCB Recon-ciliations R'000	Asset finance recon-ciliations R'000	Restatement of ISP R'000
30 June 2022				
Separate statement of cash flows				
Cash flows from operating activities				
Interest received	612 111	–	–	(18 623)
Interest paid	(318 090)	–	–	–
Fee and commission income received	345 474	–	(4 811)	–
Fee and commission expense paid	(14 408)	–	(38 100)	–
Net trading and other income/(expenses)	(4 408)	–	42 085	–
Cash payments to employees and suppliers	(616 908)	–	(5 653)	
Cash (outflow)/inflow from operating activities	3 771	–	(6 479)	(18 623)
Cash flows from operating activities before changes in operating assets and liabilities	51 278	–	(6 479)	(18 623)
Changes in operating assets and liabilities	(467 424)	–	3 783	18 623
(Increase) in loans and advances	(1 239 334)	–	(2 338)	18 623
Decrease/(Increase) in trading assets	45 022	–	–	–
Decrease in negotiable securities	295 151	–	–	–
Decrease/(Increase) in trade and other receivables	(41 510)	(58 205)	8 121	–
Increase in deposits from customers	441 670	–	–	–
Increase/(Decrease) in trade and other payables	157 852	58 205	(2 000)	–
(Decrease)/Increase in funding under repurchase agreements and interbank	103 909	–	–	–
Net cash from operating activities	(416 146)	–	(2 696)	–
Cash flows from investing activities				
Acquisition of investment securities	–	–	–	–
Acquisition and gains or losses recognised in profit or loss of investment securities	(5 691)	–	–	–
Advances/(Repayments) made to entities in the Group	(13 697)	–	–	–
Advances made to entities in the Group	–	–	–	–
Repayments received from entities in the Group	–	–	–	–
Net cash outflow from investing activities	(70 034)	–	–	–
Cash flows from financing activities				
Repayment of lease liabilities	(30 704)	–	–	–
Net cash inflow/(outflow) from financing activities	(30 704)	–	–	–
Net increase/(decrease) in cash and cash equivalents	(516 884)	–	(2 696)	–
Cash and cash equivalents at beginning of the year	1 230 564	–	1 256	–
Effect of exchange rate movements on cash and cash balances	–	–	–	–
Cash and cash equivalents at the end of the year	713 680	–	1 256	–

Other R'000	Restatement of Inter-company eliminations R'000	System VAT correction R'000	Cash Equivalents R'000	Derecognition of securitised rental agreements by SBL to SASP R'000	Statement of Cash flows changes R'000	Restated R'000
11 414	–	–	–	–	(54 453)	550 449
–	–	–	–	–	(5 703)	(323 793)
(3 039)	–	–	–	–	–	337 624
(12 429)	–	–	–	–	–	(64 937)
–	–	–	–	–	63 247	100 924
–	–	(2 927)	–	–	(10 070)	(635 558)
(4 054)		(2 927)	–	–	(6 979)	(35 291)
(4 054)		(2 927)	–	–	(6 979)	12 216
4 054	(59 129)	2 927	–	–	(1 567)	(498 733)
4 054	–	–	–	–	35 907	(1 183 088)
–	–	–	–	–	(46 447)	(1 425)
–	–	–	–	–	(3 317)	291 834
–	–	(16 339)	–	–	–	(107 933)
–	–	–	–	–	(77)	441 593
–	(59 129)	19 266	–	–	(2 926)	171 268
–	–	–	–	–	15 293	119 202
–	(59 129)	–	–	–	(8 546)	(486 517)
–	–	–	–	–	(703)	(703)
–	–	–	–	–	5 691	–
–	–	–	–		13 697	–
–	–	–	–	–	(42 429)	(42 429)
–	–	–	–	–	50 604	50 604
–	–	–	–	–	26 860	(43 174)
–	–	–	–	–	695	(30 009)
–	–	–	–	–	695	(30 009)
–	(59 129)	–	–	–	19 009	(559 700)
–	108 992	–	(104 832)	–	–	1 235 980
–	–	–	–	–	(16 781)	(16 781)
–	49 863	–	(105 300)	–	–	659 499

43. Correction of prior period errors *continued*

	As previously reported R'000	BCB Recon-ciliations R'000	Asset finance recon-ciliations R'000	Restatement of ISP R'000
30 June 2021				
Separate statement of financial position				
Assets				
Cash and cash equivalents	1 230 577	–	1 256	–
Trade and other receivables	568 902	21 052	(26 538)	–
Loans and advances	3 503 921	–	(11 232)	–
Securitised assets	–	–	–	–
Investment securities	187 174	–	–	–
Total assets	8 481 327	21 052	(36 514)	–
Liabilities				
Trade and other payables	497 130	21 052	14 752	–
Intercompany loans for securitised assets	–	–	–	–
Total liabilities	7 403 202	21 052	14 752	–
Equity	–	–	–	–
Reserves	614 649	–	(51 266)	–
Total equity	1 078 125	–	(51 266)	–
Total liabilities and equity	8 481 327	21 052	(36 514)	–

Other R'000	Restatement of Inter-company eliminations R'000	System VAT correction R'000	Cash Equivalents R'000	Derecognition of securitised rental agreements by SBL to SASP R'000	Statement of Cash flows changes R'000	Restated R'000
–	108 992	–	(104 832)	–	–	1 235 993
–	–	21 723	–	–	–	585 139
(6 072)	–	–	–	–	–	3 486 617
–	–	–	–	3 083 319	–	3 083 319
–	–	–	104 832	–	–	292 006
(6 072)	108 992	21 723	–	3 083 319	–	11 673 827
–	108 992	30 328	–	–	–	672 254
–	–	–	–	3 083 319	–	3 083 319
–	108 992	30 328	–	3 083 319	–	10 661 645
–	–	–	–	–	–	–
(6 072)	–	(8 605)	–	–	–	548 706
(6 072)	–	(8 605)	–	–	–	1 012 182
(6 072)	108 992	21 723	–	–	–	11 673 827

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 Capital Adequacy Assessment Process (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.

44. Capital management *continued*

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.

	2023 % Unaudited	2022 % Unaudited Restated[1]
Consolidated		
Common Equity Tier 1 Capital	**16.838**	15.852
Additional Tier 1 Capital	**–**	–
Total Tier 1 Capital	**16.838**	15.852
Tier 2 Capital	**0.862**	0.907
Total Capital	**17.700**	16.759
Stakeholder Capital adequacy ratio minimum requirements		
Regulator:		
– National Common Equity Tier 1	**8.000**	8.000
– National Total Tier 1	**11.000**	11.000
– Total Capital	**13.500**	13.500
Separate		
Common Equity Tier 1 Capital	**14.177**	12.875
Additional Tier 1 Capital	**–**	–
Total Qualifying Capital	**14.177**	12.875
Tier 2 Capital	**0.507**	0.782
Total Capital	**14.684**	13.657
Stakeholder Capital adequacy ratio minimum requirements		
Regulator:		
– National Common Equity Tier 1	**8.000**	8.000
– National Total Tier 1	**11.000**	11.000
– Total Capital	**13.500**	13.500

[1] *Prior periods have been restated.*

45. Events after the reporting date

45.1 Refinancing of SASP notes

The Banking Group successfully re-financed R263 million in August 2023 in Class A notes. During November 2023, the Banking Group completed another successful re-financing of R323 million in Class A notes, R31 million in Class B notes and R25 million in Class C notes resulting in a total re-financing of R379 million.

45.2 Contingent liability assessment

Refer to Note 25 Commitments and contingent liabilities.

45.3 Binding heads of agreement for disposal of Capital Equipment Finance business and Commercial Property Finance business to African Bank Limited

Sasfin Bank and SPEIH entered into binding heads of agreement with African Bank Limited ("the Purchaser") on or about 12 October 2023, in terms of which it is intended that, subject to certain suspensive conditions, Sasfin Bank will, as one indivisible transaction, dispose of its Capital Equipment Finance business ("CEF Business") and its Commercial Property Finance business ("CPF Business"), as going concerns, to the Purchaser; and SPEIH (and Sasfin Bank to the extent applicable) will dispose of various shares and claims in entities in which the CPF Business has equity participation rights ("CPF Shares and Claims") to the Purchaser by no later than 28 February 2024 or such later date as may be agreed ("the Closing Date").

The estimated aggregate consideration for the disposal, including CPF Shares and Claims of circa R112 million, is approximately R3.26 billion as at February 2023.

The rationale for the transaction is that, as communicated in the Group's interim results released on 2 March 2023, the Group has concluded its strategic review, resulting in the Group focusing on its higher ROE generating businesses, where it has strong competitive capabilities in its Wealth, Rental Finance and focused Banking activities.

The value of the net assets that are the subject of the CEF Business as at 30 June 2023 was R2.5 billion and the profit after tax attributable to such net assets for the year ended 30 June 2023 was R66 million.

The purchase price payable for the CEF Business will be equal to the sum of the gross value of the CEF loan book (i.e. the outstanding amount owing to Sasfin Bank under the CEF Loan Book at the Closing Date), net of the provision for expected credit losses plus R100 million goodwill.

The value of the net assets that are the subject of the CPF Business including the CPF Shares and Claims as at 30 June 2023 was R890 million and the loss after tax attributable to such net assets for the year ended 30 June 2023 was R15.3 million.

The purchase price payable will be equal to the sum of the gross value of the CPF loan book (i.e. the outstanding amount owing to Sasfin Bank under the CPF Loan Book at the Closing Date), net of the provision for expected credit losses plus 33.3% of all profits actually realised following the Closing Date from profit share arrangements and/or agreements subsisting in respect of the CPF Loan Book as at the Closing Date, and which profits were not included in the Final CPF Loan Book Value.

CPF Shares and Claims are separately identifiable components of this transaction. The closing date of the appropriate pre-emptive rights will be the date on which requisite waiver/s as required in respect of any particular Sale Company are obtained and any regulatory approvals, exemptions and/or waivers which are required for the transfer of the relevant CPF Shares and Claims have been obtained by no later than 6 months after the Closing Date. The value of the CPF Shares and Claims was R120 million as at 30 June 2023.

The transaction is subject to relevant conditions and is expected to be concluded in early 2024.

45.4 Disposal of Sasfin Forex Risk Solutions

During July 2023, Sasfin Bank received a non-binding offer for the sale of the Sasfin Forex Risk Solution (FRS) business forming part of the Business and Commercial Banking (BCB) operating segment. At 30 June 2023, the offer was still under consideration and no formal approval from the appropriate level of management had been obtained.

On 27 November 2023, in line with its strategic review, management approved the disposal of the FRS business of SBL as a going concern. The agreements were finalised with a purchase price of R10 and an effective date of the transaction being 30 November 2023. The purchaser acquired the client contracts and/or relations from FRS and the staff transferred to the purchaser in terms of section 197 of the Labour relations Act on 1 December 2023.

46. Going concern

Over the last twelve months, South Africa's economic and political landscape has faced significant challenges, marked by subdued growth and dwindling business optimism. This stems from the country's grey listing, disruptions in supply chains, particularly in relation to rail and ports, sluggish demand, high inflation, rising fuel prices, and consistent hikes in interest rates. Against this backdrop, the Banking Group posted a profit for the year of R51.297 million (2022: R93.849 million), for the year ended 30 June 2023 due to higher credit impairment charges on stage 3, lower commission income and gains and losses on financial instruments and higher staff costs as a result of annual increase and headcount increases. The Bank's profit for the year increased by 408% to R91.542 million (2022: R18.018 million). This is largely due to dividend income and revenue share from subsidiaries offset by increase in operating costs due to increases in staff costs as a result of the annual increase and headcount increases. Total income has increased to R1 008.268 million (2022: R924.029 million) for the Banking Group and the Bank at R1 033.435 million (2022: R778.095 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 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 opportunities. The Banking Group's capital adequacy ratio (CAR) and LCR are above the required regulatory minimums. The directors are not aware of any material factors, other than those included in this report, that may adversely impact the Banking Group.

47. Report in terms of Section 45 of the Audit Profession Act

In accordance with their responsibilities in terms of sections 44(2) and 44(3) read with Section 45 of the Auditing Profession Act ("APA"), the Banking Group's external auditors, PwC, on 22 September 2023 reported to the Independent Regulatory Board for Auditors ("the IRBA") that, in their view, a suspected reportable irregularity may have occurred, following which Sasfin Bank was informed of these reports.

The suspected reportable irregularity arose, primarily, from findings emanating from an investigation mandated by the Prudential Authority of the South African Reserve Bank ("SARB") in terms of its powers under section 135 of the Financial Sector Regulation Act, 2017 ("the Reports").

The investigation looked into allegations that Sasfin Bank contravened provisions of various laws, including the Financial Intelligence Centre Act, 2001, the Banks Act, 1990 and the Exchange Control Regulations, 1961 (refer to note 26), and that certain prescribed officers and the Board of the entities may have failed to adequately discharge their duties under section 76(3)(c) of the Companies Act, 2008 read with sections 60 and 60B of the Banks Act, 1990.

Subsequent to the initial report to the IRBA and, as required in terms of the APA, PwC engaged with Sasfin Bank in order to consider the matter further and undertook work to gather additional audit evidence. On 22 October 2023 and, in accordance with its obligations in terms of Section 45 of the APA, PwC notified the IRBA that in their professional opinion, the suspected reportable irregularity is no longer taking place and that adequate remedial actions have been taken for the prevention or recovery of any loss as a result thereof, if relevant.

The investigations mandated by the SARB and covered by the Reports considered activities from as far back as January of 2014. The Reports provided an overview of the different modus operandi of criminal syndicates which targeted Sasfin as a vehicle for illicit transactions, including the export of foreign currency, and took advantage of alleged internal control failures.

The Banking Group also commissioned a leading international audit firm to conduct a forensic investigation into the modus operandi by staff implicated in the financial misconduct. We have previously reported on this matter, noting that the Group is cooperating with authorities. To date, the Banking Group has terminated relationships with implicated businesses through which the syndicates had operated, and has disciplined implicated employees, resulting in terminations and the opening of criminal cases where deemed appropriate.

The Reports and the findings of the independent forensic investigation were considered by our lawyers who did not find evidence to implicate any past or present member of the Board or senior management in the alleged financial misconduct.

Glossary of terms

Term	Definition
ALCO	Asset and Liability Committee
ARR	Alternative Risk-Free
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
bps	Basis points
CAR	Capital Adequacy Ratio
CGU	Cash-generating unit
CLEC	Credit and Large Exposures Committee
Companies Act	Companies Act No. 71, of 2008 as amended
DFI	Development Finance Institutions
EAD	Exposure at Default
ECL	Expected Credit Losses
Efficient	Efficient Group Limited
FATF	Financial Action Task Force
Fintech	Fintech (Proprietary) Limited
FLI	Forward-looking information
FMO	Dutch Entrepreneurial Development Bank
Forex	Foreign exchange
FVTPL	Fair Value Through Profit or Loss
GAC or the Committee	Group Audit Committee
GDP	Gross Domestic Product
GIA	Group Internal Audit
GRCMC	Group Risk and Capital Management Committee
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICAAP	Capital Adequacy Assessment Process
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
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange Limited
KING IV	King IV Report on Corporate Governance for South Africa, 2016
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
Libor	London Interbank Offered Rate
NPV	Net Present Value
NSFR	Net Stable Funding Ration

Term	Definition
OCI	Other Comprehensive Income
PA	Prudential Authority
PD	Probability of default
PPI	Producer Price Index
PwC	PricewaterhouseCoopers Inc.
REMCO	HR and Remuneration Committee
Reporting date	8 December 2023
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
TVM	Time Value of Money
USD	United States Dollar
VAR	Value-at-Risk
VAT	Value-added taxation
VIU	Value-in-use
WACC	Weighted Average Cost of Capital
WIPHOLD	Women Investment Portfolio Holdings Limited
ZAR	South African Rand
ZARONIA	South African Rand Overnight Index Average
ZJS	Funding Curve Variation

Notes

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] 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 Gugu Dingaan Nontobeko Ndhlazi
Group Company Secretary	Charissa de Jager
Alternative Non-Executive Director	Shaun Rosenthal
Transfer secretaries	Computershare Investor Services (Pty) Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg 2196
Independent sponsor	Questco Corporate Advisory (Pty) Limited
Auditors	PricewaterhouseCoopers Inc. (PwC)
Registered office	140 West Street, Sandown, Sandton, Johannesburg, Gauteng, 2196 Tel: +27 11 809 7500 Fax: +27 11 887 6167/2489
Postal address	PO Box 95104 Grant Park Johannesburg 2051
Website	www.sasfin.com
Email	investorrelations@sasfin.com
Company registration number	1987/002097/06
Tax reference number	9300/204/71/7

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