

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
AUDITED ANNUAL FINANCIAL STATEMENTS
31 December 2021

Preparer: Gary Nyamugama, CA(SA)
Designation: Product Controller Global Finance, Corporate and
Investment Banking, Absa Group Limited

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

TABLE OF CONTENTS

for the year ended 31 December 2021

Contents

Directors' responsibilities and approval	1
Company secretary's certificate	2
Corporate governance report	3
Audit committee report	11
Independent auditor's report	12
Directors' report	15
Statement of comprehensive income	17
Statement of financial position	18
Statement of changes in equity	19
Statement of cash flows	20
Summary of accounting policies	21
Notes to the annual financial statements	30

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

DIRECTORS' RESPONSIBILITIES AND APPROVAL

As at 31 December 2021

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of iMpumelelo CP Note Programme 1 (RF) Limited ("the Company") at the end of the financial year and the financial performance and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- All directors will endeavour to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach;
- The board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The board and management identify all key areas of risk across the Company and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function outsourced from Absa Group Limited Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The Company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act of South Africa and comply in all material respects with International Financial Reporting Standards (IFRS) and all applicable legislation.

The directors have no reason to believe that the Company will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditor to report on the annual financial statements. Their report to the shareholders of the Company is set out on pages 12 to 14 of this report.

The directors' report on pages 15 to 16 and financial statements of the Company which appears on pages 17 to 57 were approved by the board of directors on 31 March 2022 and are signed on its behalf by:



ML De Nysschen
Sandton

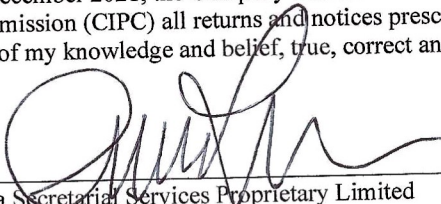


JR Burnett
Sandton

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
COMPANY SECRETARY'S CERTIFICATE
As at 31 December 2021

To the shareholders of iMpumelelo CP Note Programme 1 (RF) Limited,

In accordance with the provisions of section 88(2)(e) of the Companies Act of South Africa, I, in my capacity as a duly authorised representative of the Company Secretary hereby certify that, in respect of the year ended 31 December 2021, the Company has filed with the Commissioner of the Companies and Intellectual Property Commission (CIPC) all returns and notices prescribed by the Act and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.



Absa Secretarial Services Proprietary Limited
(Represented by: Gerrie van Rooyen)
31 March 2022

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

CORPORATE GOVERNANCE REPORT

As at 31 December 2021

The Company's corporate governance practices are guided by the Companies Act No. 71 of 2008 (as amended), the Companies Memorandum of incorporation (MoI) and the recommendations of the King Code on Corporate Governance for South Africa, 2016 (King IV).

The Board of Absa Group Limited (Group Board) sets the overarching governance principles to be upheld and practiced by all entities (related or inter-related) to assist in embedding good governance practices in the Group. The Absa Group's governance standards, described in the Group Governance Framework, were adopted by the Board during 2019.

King IV is the main governance code for South African companies. The Company has adopted the application of the Code on a proportional basis (to the extent beneficial to the entity's governance). The Company's application of King IV is set out in the King IV application register, included on page 6 of these annual financial statements. In addition to the Group's requirements, the Company is also required to apply King IV by the JSE Listings Requirements based on the proportionality principle.

The Board of Directors (the Board) are of the opinion that the Company has applied the principles and recommendations of the Code in all material aspects for the period under review.

The Board of Directors are responsible for delivering sustainable value through oversight of the management of the Company's business; challenging and approving strategic plans proposed by management; and monitoring implementation of the strategy and plans in the context of the approved risk appetite, the available opportunities and the macro and regulatory environment.

Management of the Company

The Board is responsible for delivering sustainable value to the shareholder. In this regard, the Board oversees the management of the Company's business by challenging and approving the strategy and plans proposed by management. The Board has delegated the day-to-day management of the Company to CIB SPV Management Team, whose performance the Board monitors through regular operational and financial reporting.

Board Composition

The Board comprises four directors, one executive and three independent non-executive directors. The independent non-executive directors are outsourced from TMF Corporate Services (Pty) Limited in terms of a service level agreement with the iMpumelelo Owner Trust.

Professional Advice

The Board and individual directors may procure independent professional advice at the expense of the Company in the discharge of their responsibilities.

Company Secretarial and Governance support

The day-to-day company secretarial and corporate governance support duties are managed by a dedicated, qualified and skilled Company Secretary who represents Absa Secretarial Services Proprietary Limited, the duly appointed Company Secretary, with support from the Head of Secretarial Services for South Africa and a statutory administration team within the Group Secretariat.

The Company Secretary also provides guidance and advice to the Board as a whole, and to individual directors on their duties and responsibilities as directors, which should be discharged in the best interest of the Company.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****CORPORATE GOVERNANCE REPORT (continued)*****As at 31 December 2021***

Audit Committee

The Board relies on the Audit Committee (AC) for input on the audit and compliance functions from the submissions made by the Group Internal Audit, Group Risk and Compliance functions of Absa Bank.

Notwithstanding the role of the AC in relation to the audit function, the board remains at all times responsible for monitoring the effectiveness of the Company's control environment, the review and approval of the annual financial statements, and engages with representatives of the internal and external audit for assurance of the integrity of the financial and related information.

All audit issues raised during the audit for the financial year-ended 31 December 2021 were submitted to, considered and resolved by the Board.

Internal Audit

The internal audit function is conducted by the Absa Group Limited internal audit.

Remuneration policy

The Company is a ring-fenced special purpose vehicle, and all services are outsourced to external service providers and as such has no employees and thus does not have a remuneration committee.

Director remuneration:

The independent non-executive directors are not employees of the Company and receive fees for their services as directors. These directors' fees were paid to TMF Corporate Services (South Africa) Proprietary Limited in terms of a service level agreement. The independent non-executive directors are employed and remunerated by TMF Corporate Services (South Africa) Proprietary Limited on a separate basis.

The executive director of the Company who is an employee of the Absa Bank Limited does not receive any fees for their services as a director of the Company.

Risk Management

The Company's risk is governed and managed in terms of the Group Enterprise Risk Management Framework and related policies. The Board and executive management are responsible for the Company's risk governance and management within the overall context of the Group's risk appetite and principal risks. The Company's Audit Committee in conjunction with Absa Corporate and Investment Banking (CIB), a division of Absa Bank Limited, develop appropriate risk processes for managing risks.

The Board believes that risk of the Company is adequately managed.

Compliance

The Company relies on the compliance function of Absa Group Limited.

The board, being ultimately responsible for compliance of the Company, engages with management regularly to discuss and develop compliance processes for the Company.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****CORPORATE GOVERNANCE REPORT (continued)*****As at 31 December 2021***

Sustainability reporting and disclosure

The Company is a ring-fenced special purpose vehicle whose sustainability is determined by the length of time of the transaction for which the Company has been incorporated. The Company is consolidated into the financial results of Absa Group Limited. The Board is however responsible in ensuring the accuracy of the financial information which is reported to all the relevant stakeholders.

Managing Stakeholder relationships

The Absa Group has in place a Stakeholder Management Policy, which is applicable to iMpumelelo CP Note Programme 1 (RF) Ltd. The Board and the Manager are responsible for proactively engaging with material stakeholders in an inclusive manner that balances their needs, interests and expectations, and to address their concerns in the best way possible.

IT Governance

The Company's Information Technology is governed in terms of the Absa Group IT governance policy and is reliant on systems and information technology infrastructure housed within the Absa Group. The Group Information Technology Committee assists the Group Board with effective oversight of information and technology governance for the Group.

Conflicts of interest

The board reviews the declarations of other financial interest and other directorships on an ongoing basis at board meetings and have considered the declarations during the period under review.

Fundamental and affected transactions

There were no fundamental transactions for the period under review.

King Report on Corporate Governance

The King Report on Corporate Governance for South Africa 2016 (“King IV” or the “Code”) is the main governance code applicable to companies in South Africa. The principles and practices of the Code are to be applied to the extent required and beneficial to a company (the proportionality principle), taking into consideration a number of factors such as the size of turnover, resources, complexity and nature of business.

The Board has satisfied itself that for the year under review the Company has applied the principles of King IV to the extent deemed necessary or has put alternative measures in place. Further information on the Company’s corporate governance is disclosed under “Corporate Governance Statement” of the Annual Financial Statements (“AFS”).

Application of each principle of King IV is expected to result in certain governance outcomes categorised as “primary” or “secondary” depending on the degree of impact on governance of applying the practices under the principle.

Leadership and Organisational Ethics

Expected Outcomes - (i) Ethical Culture (primary), (ii) Legitimacy (primary), (iii) Effective Control (secondary), (iv) Good Performance (secondary)

Principle 1 - The governing body should lead ethically and effectively.

Principle 2 - The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board is committed to the highest standards of corporate governance and in this regard the directors collectively and individually execute their duties and responsibilities in accordance with standards of behaviour required by relevant regulation and legislation, the Company’s Memorandum of Incorporation (MoI) and the Board Charter. The directors are also committed to and adhere to ethical standards of behaviour.

The Board, in conjunction with the Company’s Social and Ethics Committee, is responsible for overseeing ethics and ethical conduct in the Company.

Responsible Corporate Citizenship and Regulatory Compliance

Expected Outcomes - (i) Ethical culture (primary), (ii) Legitimacy (primary), (iii) Good performance (secondary)

Principle 3 - The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

Principle 13 - The governing body should govern compliance with laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Company’s corporate citizenship and regulatory compliance are governed in accordance with the framework set by the Board of Absa Group Limited (Group Board) (if applicable). The Board in conjunction with the Social and Ethics Committee are responsible to review, develop and align policies to enhance and ensure the company remains a good corporate citizen.

The Board complies with regulation relevant to its oversight responsibilities and ensures that management also complies with laws applicable to the Company. In formulating the Company’s strategy, the Board has regard to matters relevant to its corporate citizenship status (including the impact of the Company’s operations on the social and economic environments).

King Report on Corporate Governance (continued)

Strategy and Performance

Expected Outcomes - (i) Good performance (primary), (ii) Effective Control (secondary)

Principle 4 - The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board is responsible for creating and delivering sustainable value for the shareholder and benefits to the company's stakeholders by overseeing the management of the business. The Board (i) approves the company's strategic objectives, business plans and annual budgets, (ii) and monitors management's implementation of the strategy and plans according to the approved risk appetite, the available opportunities, and the macro and regulatory environment.

Reporting and Assurance

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary), iii) Ethical culture (secondary), (iv) Legitimacy (secondary)

Principle 5 - The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.

Principle 15 - The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The company's primary report is the annual financial statements in which the company's business activities and financial performance are reported.

The Board oversees preparation of the annual financial statements and ensures that the state of affairs of the Company and its financial wellbeing are fairly presented through application of appropriate assurance processes supported by an effective control environment. The Audit Committee (AC) assists the board in overseeing assurance services and the effectiveness of the control environment in order to ensure the objectivity and integrity of the financial statements. The Board is ultimately responsible for the integrity of the report and approves the financial statements.

Board's Primary Role and Responsibility

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary)

Principle 6 - The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Company's Board of Directors (the "Board") is the focal point of the Company's corporate governance. The Company's customized Memorandum of Incorporation (MoI), King IV, the Companies Act No. 71 of 2008 (as amended) ("the Companies Act") determine the governance of the Company. The Board is the focal point and custodian of the Company's corporate governance, and its role, responsibilities and procedural conduct are documented the Company's MoI, the Companies Act.

The Board is the focal point and custodian of the Company's corporate governance, and its role, responsibilities and procedural conduct are documented the Company's MoI, the Companies Act.

King Report on Corporate Governance (continued)

Board Composition

Expected Outcomes - Good performance (primary)

Principle 7 - The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Directors are appointed with due regard to relevant legislation, the constitution of the company and the skills and expertise, industry knowledge, gender and race diversity required to enable the board to function effectively.

Newly appointed directors only serve until the first Annual General Meeting after their appointment unless they are elected by the shareholder. Each director serves a maximum of three terms of three years' each, and will only continue beyond 9 years on approval of the Shareholder, and subject to their performance and behaviour meeting the Board's standards.

The current membership of the Board is included in the directors' report.

Delegation to Management and Committees

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary)

Principle 8 - The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

Principle 10 - The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The Shareholder delegates authority to the Board through the Company's MoI and shareholder resolutions passed at the shareholder's meetings.

The Board determines the levels of authority of management and the AC and the matters reserved for the Board's own authority. The role and functions of the AC is governed by terms of reference approved by and regularly reviewed by the Board. The Board remains ultimately responsible for delegated responsibilities, and in this regard, the Board receives regular reports on material matters discussed and decisions taken at the AC meetings through the chairman. The Board remains ultimately responsible for any delegated approvals made by committees on its behalf.

Board and committee performance evaluations

Expected Outcomes - Good performance (primary)

King Report on Corporate Governance (continued)

Principle 9 - The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The effectiveness of the Board and performance of individual directors and the Chairman are assessed biennially (previously annually), against set criteria. Matters arising, including areas requiring improvement, and remedial plans are presented to the Board. Remediation is coordinated by the Company Secretary and monitored by the Board until the next evaluation.

The Chairman engages with individual directors on the outcomes of the peer reviews to address the areas for development or those of concern. A board self-assessment was conducted in October 2021.

Risk Governance

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary)

Principle 11 - The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board oversees the Company's risk management within the framework of the Group's enterprise risk management framework (incorporating the principal and key risks). Risk levels appropriate for the Company's business are determined by management and approved by the Board. The AC assists the Board in executing its oversight role over risk management.

Executive management of the Company is responsible for embedding risk in the organisation and does this through various programmes, including by ensuring that employees receive the necessary training to be able to identify, mitigate, manage and, when necessary, escalate actual or potential risks within their work environment.

Technology and information Governance

Expected Outcomes - (i) Effective control (primary)

Principle 12 - The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Group Information Technology Committee of Absa Group Limited has overall oversight responsibility for information and technology governance in the Group and the systems employed by the Company.

The Board acting through the Manager of the Company is responsible for the following oversight duties over the management of IT in general, including monitoring the following, as set out in the Group Governance Framework:

- The resilience of the technology systems, infrastructure and applications in supporting customers and employees.
- The robustness and resilience of processes to identify and exploit technology and information opportunities to improve the entity's performance and sustainability.

King Report on Corporate Governance (continued)

- Planning, testing and user acceptance in relation to new systems and applications.
- The use of information (and data) to sustain and enhance the entity's intellectual capital and strategic advantage.
- The continual monitoring of security of information, including personal information of customers, employees and other stakeholders.

Executive management is responsible for the day-to-day management of IT.

Remuneration Governance

Expected Outcomes - (i) Ethical culture (primary), (ii) Good performance (primary), (iii) Legitimacy (primary), (iv) Effective control (secondary)

Principle 14 - The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Company pays a corporate service fee to TMF for the provision of non-executive directors. The independent non-executive directors of the Company are remunerated separately by TMF. The Absa appointed director who is an employee of Absa Bank Limited is remunerated as an employee and not separately for his role as a director of the Company.

Shareholder Relationships

Expected Outcomes - (i) Legitimacy (primary), (iv) Good performance (secondary)

Principle 16 - In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Company's stakeholders are integral to the success of the business. The Board proactively engages with material stakeholders in an inclusive manner that balances their needs, interests and expectations, and to address their concerns in the best way possible.

This allows the Company to manage issues effectively and timeously and reduces the likelihood of reputational risks. The Board understands that communication with stakeholders in respect of financial and non-financial information is vital and open interaction is actively pursued.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

AUDIT COMMITTEE REPORT

for the year ended 31 December 2021

Members of the Audit Committee and independent non-executive directors

R Thanthony 27 February 2015

ML De Nysschen 01 December 2018

JN Wheeler 01 December 2018

Meetings held by the Audit Committee

The audit committee performed the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 as amended by holding meetings with the key role players and by the unrestricted access granted to the external auditors. The committee held a meeting on 17 March 2021, 26 October 2021 and 30 March 2022 during which it fulfilled its responsibilities in terms of the audit committee charter, in order to be able to recommend approval of the Company's financial statements to the Board.

Expertise and experience of finance function

Absa Secretarial Services Proprietary Limited, as Company Secretary provides ongoing Company Secretarial administration to iMpumelelo CP Note Programme 1 (RF) Limited ("the Issuer"). Absa Bank Limited, acting through its Corporate and Investment Banking Division ("CIB") is the administrator of the Issuer. The committee satisfied itself that the composition, experience and skills set of the finance function met the Company's requirements.

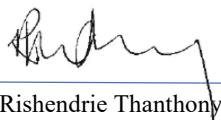
Independence of external auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 as amended and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided in terms of the Companies Act 71 of 2008 as amended that internal governance processes within the firm support and demonstrate the claim to independence. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Discharge of responsibilities and Audited Annual Financial Statements

Following the review by the committee of the audited annual financial statements of the Company for the year ended 31 December 2021 and based on the information provided to it, the committee considers that, in all material respects, the Company complies with the provisions of the Companies Act No 71 of 2008, as amended, International Financial Reporting Standards, and that the accounting policies applied are appropriate. Following the review of the audited annual financial statements, the committee recommended the Company's 2021 audited annual financial statements for approval to the Board on 30 March 2022. The committee further concurred with the Board and management that the adoption of the going-concern status in preparation of the annual audited financial statements is appropriate.

On behalf of the audit committee:



Rishendrie Thanthony

Chairperson: Audit Committee

31 March 2022

Independent Auditor's Report to the Shareholders of Impumelelo CP Note Programme 1 (RF) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Impumelelo CP Note Programme 1 (RF) Limited ('the company') set out on pages 17 to 57 which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the company and 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 of the company and 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 57-page document titled "Impumelelo CP Note Programme 1 (RF) Limited Annual Financial Statements for the year ended 31 December 2021", which includes the Directors' Report as required by the Companies Act of South Africa as well as the Corporate Governance Report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

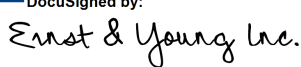
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Impumelelo CP Note Programme 1 (RF) Limited for 4 years.

DocuSigned by:

0E6C6AED5AE24A1...

Ernst & Young Inc.
Director - Jan H Labuschagne
Registered Auditor
Chartered Accountant (SA)
31 March 2022

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****DIRECTORS' REPORT*****for the year ended 31 December 2021***

Company registration number	2013/211998/06																
Country of incorporation and domicile	South Africa																
Date of publication	30 March 2022																
Nature of business and principal activities	A special purpose company that issues commercial paper to finance the acquisition of assets. The ongoing accounting, risk management and administration are performed by Absa Bank Limited.																
Directors	<table> <tr> <th>Name</th><th>Appointment date</th></tr> <tr> <td>Independent non-executive directors</td><td></td></tr> <tr> <td>R Thanthony</td><td>27 February 2015</td></tr> <tr> <td>JN Wheeler</td><td>01 December 2018</td></tr> <tr> <td>O Ferreira (Alternate)</td><td>31 January 2017</td></tr> <tr> <td>ML De Nysschen</td><td>01 December 2018</td></tr> <tr> <td>Executive directors</td><td></td></tr> <tr> <td>JR Burnett</td><td>01 January 2017</td></tr> </table>	Name	Appointment date	Independent non-executive directors		R Thanthony	27 February 2015	JN Wheeler	01 December 2018	O Ferreira (Alternate)	31 January 2017	ML De Nysschen	01 December 2018	Executive directors		JR Burnett	01 January 2017
Name	Appointment date																
Independent non-executive directors																	
R Thanthony	27 February 2015																
JN Wheeler	01 December 2018																
O Ferreira (Alternate)	31 January 2017																
ML De Nysschen	01 December 2018																
Executive directors																	
JR Burnett	01 January 2017																
Registered office	7th Floor Absa Towers West 15 Troye Street Johannesburg Gauteng 2000																
Business address	7th Floor Absa Towers West, 15 Troye Street Johannesburg 2000 South Africa																
Holding company	iMpumelelo Owner Trust																
Ultimate holding company	iMpumelelo Owner Trust - Absa Bank Limited guarantees 100% of the notes issued by iMpumelelo, and hence maintains control of the Company in accordance with IFRS 10. The Company is consolidated into Absa Bank Limited.																
Bankers	Absa Bank Limited																
Auditors	Ernst & Young Inc 102 Rivonia Road Sandton 2196 PwC was identified as the intended auditor for the reporting period ending 31 December 2022, subject to Company's Annual General Meeting (AGM) approval. EY's appointment will be terminated after the conclusion of the 31 December 2021 audit.																
Supervised by	These annual financial statements are prepared under the direction and supervision of the Head of Asset Classes Product Control, Corporate and Investment Banking, Absa Bank Limited, Jan Luus, CA(SA).																

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

DIRECTORS' REPORT (continued)*for the year ended 31 December 2021*

Company secretary	Absa Secretarial Services Proprietary Limited (Represented by: Gerrie van Rooyen)
Date of incorporation	13 November 2013
Review of operations	<p>The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.</p> <p>The COVID-19 pandemic has had a devastating impact on the global economy and has resulted in significant changes to government actions, economic and market drivers as well as consumer behaviour. This in turn has had a significant impact on the risks that the company is exposed to. This high degree of uncertainty has forced the company to reassess assumptions, and existing methods of estimation and judgements, used in the preparation of these financial results. There remains a risk that future performance and actual results may differ from the judgements and assumptions used.</p>
Review of financial results	The financial results of the Company are set out in the attached financial statements. The results do not, in the opinion of the directors, require further explanation.

Key performance indicators	2021 R	2020 R
Profit for the year	56 249 833	54 793 981
Total comprehensive income	61 667 408	42 685 791
Taxation	(21 874 935)	(20 999 005)
Dividends declared and paid	55 000 000	70 000 000
Net assets	33 113 951	26 446 543
Net current liabilities	(6 135 585 433)	(5 563 161 879)

Authorised and issued share capital	There were no changes to the authorised or issued share capital for the year under review. The share capital is disclosed in note 15.
Events after the reporting date	Events material to the understanding of these annual financial statements that occurred between the financial year end and the date of this report have been disclosed in note 28.
Going concern	The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.
Special resolution	No special resolutions were passed during the year.
Dividends paid	A dividend of R55,000,000 was paid to preference shareholders during the year (2020: R70,000,000).

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	2021 R	2020 R
Net interest income			
Effective interest income		363 244 803	501 465 861
Other interest income		41 017 660	74 017 233
Interest income	4	404 262 463	575 483 094
Non-interest income from contracts with customers			
Other fee income		703 800	-
		703 800	-
Total income		404 966 263	575 483 094
Administration expenses	6	(306 459)	(352 979)
Other expenses	6	(5 541 604)	(6 418 399)
Finance costs	5	(307 933 791)	(478 669 645)
Fair value adjustments		(14 440 043)	(13 213 347)
Expected credit loss	6	1 380 402	(1 035 738)
Profit before tax		78 124 768	75 792 986
Taxation	7	(21 874 935)	(20 999 005)
Profit for the year		56 249 833	54 793 981
Items that will or may be reclassified subsequently to profit or loss:			
Movement in Fair Value of Debt Instruments measured at FVOCI			
Fair Value gains arising during the reporting period		7 979 148	(17 199 659)
Deferred Tax		(2 106 834)	4 708 740
Expected credit loss		(454 739)	382 729
		5 417 575	(12 108 190)
Total other comprehensive income/(loss) for the year, net of tax		5 417 575	(12 108 190)
Total comprehensive income for the year, net of tax		61 667 408	42 685 791

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	2021 R	2020 R
Assets			
<i>Non-current assets</i>			
Investments	9	-	891 583 453
Loans and advances	10	6 167 760 303	4 695 702 882
Deferred tax assets	13	939 081	2 322 087
Total non-current assets		6 168 699 384	5 589 608 422
<i>Current assets</i>			
Other receivables	11	796 542	796 542
Investments	9	899 667 028	1 010 629 191
Loans and advances	10	766 714 998	1 849 736 790
Related party receivables	26	1 075 534	4 497
Current tax assets	17	-	5 158 078
Cash and cash equivalents	19	106 070 489	38 034 672
Total current assets		1 774 324 591	2 904 359 770
Total assets		7 943 023 975	8 493 968 192
Equity and liabilities			
Equity			
<i>Capital and reserves</i>			
Share capital	15	10	10
Preference share capital	15	1	1
Fair value reserves		(2 691 265)	(8 108 840)
Retained income		35 805 205	34 555 372
Total equity		33 113 951	26 446 543
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	14	1 617 229	3 157 116
Debt securities in issue	12	7 900 931 811	8 448 244 669
Other financial liabilities	22.1	7 327 039	16 119 864
Current tax liabilities		33 945	-
Total current liabilities		7 909 910 024	8 467 521 649
Total liabilities		7 909 910 024	8 467 521 649
Total equity and liabilities		7 943 023 975	8 493 968 192

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share Capital R	Preference share capital R	Fair value reserves R	Retained income R	Total equity R
Balance at 1 January 2020	10	1	3 999 350	49 761 391	53 760 752
Profit for the year	-	-	-	54 793 981	54 793 981
Other comprehensive loss for the year	-	-	(12 108 190)	-	(12 108 190)
Total comprehensive income for the year	-	-	(12 108 190)	54 793 981	42 685 791
Dividends declared	-	-	-	(70 000 000)	(70 000 000)
Balance at 31 December 2020	10	1	(8 108 840)	34 555 372	26 446 543
Note	15				
Balance at 1 January 2021	10	1	(8 108 840)	34 555 372	26 446 543
Profit for the year	-	-	-	56 249 833	56 249 833
Other comprehensive income for the year	-	-	5 417 575	-	5 417 575
Total comprehensive income for the year	-	-	5 417 575	56 249 833	61 667 408
Dividends declared	-	-	-	(55 000 000)	(55 000 000)
Balance at 31 December 2021	10	1	(2 691 265)	35 805 205	33 113 951
Note	15				

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	Notes	2021 R	2020 R
Cash flows from operating activities			
Cash used in operations	16	(14 509 612)	(15 478 999)
Dividends paid	18	(55 000 000)	(70 000 000)
Finance costs paid	20	(331 014 120)	(508 374 922)
Interest received	21	404 197 350	590 542 746
Income taxes paid	17	(17 406 742)	(25 603 374)
Net cash used in operating activities		(13 733 124)	(28 914 549)
Cash flows from investing activities			
Loans and advances extended		(4 080 000 000)	(1 000 000 000)
Loans and advances settled		3 086 000 000	525 000 000
Proceeds from disposal of Investments		1 000 000 000	200 000 000
Net cash generated by/(used in) investing activities		6 000 000	(275 000 000)
Cash flows from financing activities			
Proceeds from issue of debt securities		7 786 250 000	8 390 339 338
Debt securities in issue settled		(7 710 482 530)	(8 117 250 000)
Net cash generated by financing activities		75 767 470	273 089 338
Net increase/(decrease) in cash and cash equivalents		68 034 346	(30 825 211)
Cash and cash equivalents at the beginning of the year		38 038 052	68 863 264
Cash and cash equivalents at the end of the year	19	106 072 398	38 038 053

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Summary of Accounting Policies

for the year ended 31 December 2021

1. STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRS-IC) and the requirements of the Companies Act of South Africa, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021. For details of the new and revised accounting policies refer to note 29.

2.2 BASIS OF PREPARATION

Apart from certain items that are carried at fair valued amounts, as explained in the accounting policies below, the financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The financial statements are presented in South African Rands (R), the presentation currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 REVENUE RECOGNITION

NET INTEREST INCOME

Interest revenue and interest charges which are calculated using the effective interest method are separately presented in the statement of comprehensive income. Effective interest on loans and advances at amortised cost and debt instruments at fair value through other comprehensive income, as well as the interest expense on financial liabilities held at amortised cost, are calculated using the effective interest rate method. This results in the allocation of interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Due to the large number of products and types (both assets and liabilities), there are no individual estimates that are material to the results or financial position.

The Company also presents as part of net interest income, albeit separate from effective interest income and effective interest expense, other interest income and other interest charges, which are not calculated on the effective interest method.

IFRS 9 requires interest income to be calculated on stage 1 or stage 2 financial assets by multiplying the EIR by the gross carrying amount of such assets. Dissimilar to stage 1 and stage 2 assets, IFRS 9 requires interest income on stage 3 financial assets to be calculated based on the net carrying value of the exposure, that is, the gross carrying value less the ECL allowance. In order to practically give effect to this requirement, the Company first suspends the recognition of contractual interest, and second, multiplies the net carrying value by the EIR. Unrecognised interest (which is referred to as interest in suspense (IIS)) is the difference between the interest calculated on the gross carrying amount of the financial asset (that is, the interest charged), and the net interest amount, calculated based on the net carrying amount of the financial asset. In some instances, an entity may recover cash flows which are in excess of the cumulative interest previously recognised over the life of the instrument. The IIS recovered is presented as a gain within ECL.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts on behalf of third parties. The Company recognises the revenue from contracts with customers when it transfers control over to the customers.

2.4 TAXATION

Income tax expense represents the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities.

CURRENT TAXATION

Income tax payable on taxable profits ("current taxation") is recognised as an expense in the reporting period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior reporting period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 TAXATION (continued)

DEFERRED TAXATION

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the reporting date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

CURRENT AND DEFERRED TAX

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.5 FINANCIAL INSTRUMENTS

2.5.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract, which is the trade date or the settlement date.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate or released in full when previously unobservable inputs become observable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

On initial recognition, the Company classifies its financial assets into the following measurement categories:

- Amortised cost.
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:

- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is, whether the cash flows represent solely payments of principal and interest).

Business model assessment:

The business model reflects how the Company manages the financial assets in order to generate cash flows and returns. The Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The factors considered in determining the business model include:

- i. how the financial assets' performance is evaluated and reported to management.
- ii. how the risks within the portfolio are assessed and managed; and
- iii. the frequency, volume, timing for past sales, sales expectations in future periods, and the reasons for such sales.

The Company reclassifies debt instruments when, and only when, the business model for managing those assets changes. Such changes are highly unlikely and therefore expected to be very infrequent.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

In making the assessment of whether the contractual cash flows have SPPI characteristics, the Company considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin.

Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the Company considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Debt Instruments:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The Company classifies its debt instruments as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Debt Instruments: (continued)

- Amortised cost - Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as effective interest within Effective interest income using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.
- Fair value through other comprehensive income - This classification applies to financial assets which meet the SPPI test and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income, with the exception of interest income, expected credit losses and foreign exchange gains and losses that are recognised within profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to Net trading income in profit or loss. Interest income from these financial assets is included as Effective interest income using the effective interest rate method.
- Fair value through profit or loss - Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in profit or loss. The Company may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as Gains and losses from banking and trading activities or in profit or loss.

Financial Liabilities

Financial liabilities that are held at amortised cost are measured in accordance with the effective interest rate method. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability.

Financial liabilities classified as held for trading are subsequently measured at fair value through profit or loss, with changes in fair value being recognised in profit or loss.

A financial liability may be designated at fair value through profit or loss if (i) measuring the instrument at fair value eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (ii) if the instrument belongs to a group of financial assets or financial liabilities that are managed on a fair value basis, in accordance with a documented risk management or investment strategy. Own credit gains or losses arising from the valuation of financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income and are not subsequently recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.3 EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

The Company uses a mixed approach to impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis when they are only evident at this higher level. A collective approach will only be carried out when financial instruments share similar risk characteristics, which could include factors such as instrument type, collateral type, industry, geography and credit risk ratings.

The Company recognises expected credit losses based on unbiased forward-looking information.

Expected credit losses are recognised on:

- financial assets at amortised cost
- debt instruments at fair value through other comprehensive income

Impairment is recognised based on a three-stage approach:

- Stage 1: Exposures where there has not been a significant increase in credit risk since origination. For these exposures an expected credit loss is recognised based on the credit losses expected to result from default events that are possible within 12 months of the reporting date. Interest income is calculated based on the gross carrying value of these instruments.
- Stage 2: Exposures for which the credit risk has increased significantly since initial recognition. For these exposures lifetime expected credit losses should be recognised (i.e. credit losses from default events that are possible over the life of the instrument). The Company will assess whether a significant increase in credit risk has occurred based on (i) qualitative drivers including being marked as high risk or reflected on management's watch list; and (ii) quantitative drivers such as the change in the asset's cumulative weighted average lifetime probability of default (PD). Any exposure that is more than 30 days past due will also be included in this stage. Interest income is calculated based on the gross carrying value of these instruments.
- Stage 3: Exposures which are credit impaired. For these exposures, expected credit losses are based on lifetime losses. Assets are considered to be credit impaired when they meet the regulatory definition of default which includes unlikelihood to pay indicators as well as any assets that are more than 90 days past due. Interest income is calculated based on the carrying value net of the loss allowance.

Lifetime expected credit losses will no longer be recognised when there is evidence that the criteria are no longer met. This could include a history of timely payment performance. The low credit risk exemption in IFRS 9 has not been adopted by the Company.

The measurement of expected credit losses must reflect:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- the time value of money (represented by the effective interest rate); and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses comprise the unbiased probability weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. Expected credit losses are calculated (for both 12 months and lifetime losses) as a function of the exposure at default (EAD); PD and loss given default (LGD). These terms are interpreted as follows per the requirements of IFRS 9:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.3 EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS (continued)

- EAD is the estimated amount at risk in the event of a default (before any recoveries) including behavioural expectation of limit usage by customers in the various stages of credit risk.
- PD is the probability of default at a particular point in time, which may be calculated, based on the defaults that are possible to occur within the next 12 months; or over the remaining life; depending on the stage allocation of the exposure.
- LGD is the difference between the contractual cash flows due and the cash flows expected to be received, discounted to the reporting date at the effective interest rate. The expectation of cash flows take into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. The collection of any cash flows expected beyond the contractual maturity of the contract is also included.

Lifetime of financial instruments

For exposures in stage 2 and stage 3, the maximum lifetime over which expected credit losses should be measured, is the maximum contractual period over which the Company is exposed to credit risk. The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. In rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the Company uses the remaining contractual term of the financial instrument.

Certain credit exposures include both a drawn and an undrawn component and the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. In this case, expected credit losses are measured over the period that the Company is exposed to credit risk, even if that period extends beyond the maximum contractual period. This applies to overdrafts, credit cards and other revolving products.

These contracts are cancellable at very short notice and they have no fixed term but credit may continue to be extended for a longer period and may only be withdrawn after the credit risk of the borrower increases, which could be too late to prevent losses. For these types of products the expected life is based on the behavioural life, i.e. the period over which there is exposure to credit risk which is not expected to be mitigated by credit actions (e.g. limit decreases) even though the contract permits immediate limit decrease.

Forward looking information

Forward-looking information is factored into the measurement of expected losses through the use of multiple expected macro-economic scenarios that are either reflected in estimates of PD and LGD for material portfolios; or adjusted through expert credit judgement where the effects could not be statistically modelled.

Write-off

Loans and debt securities are written off when there is no realistic prospect of recovery.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Summary of Accounting Policies (continued)

for the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.4 DERECOGNITION OF FINANCIAL INSTRUMENTS

Derecognition of financial assets

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Company transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Company may retain an interest in it (continuing involvement) requiring the Company to repurchase it in certain circumstances for other than its fair value on that date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

On derecognition of a financial instrument, any difference between the carrying amount thereof and the consideration received is recognised in profit or loss.

2.5.5 EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ORDINARY SHARE CAPITAL

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when declared by the board.

PREFERENCE SHARE CAPITAL

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific future date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as an interest expense in profit or loss.

2.5.6 DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.6 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in financial liability non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Embedded derivatives are not separated from financial asset non-derivative host contracts and the entire contract, including any embedded derivatives, is assessed as a whole for classification purposes.

2.5.7 OFFSETTING

In accordance with IAS 32 Financial Instruments: Presentation, the Company reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.6 CASH AND CASH EQUIVALENTS

Cash comprises of cash on hand and demand deposits, and cash equivalents comprise of highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

2.7 SEGMENTAL REPORTING

Impumelelo CP Note Programme 1 (RF) Limited issues various debt security notes which enables investors to invest in various debt instruments. The information regarding the results of the reportable segment is disclosed in the annual financial statements as currently set out. Management views the entire entity as one segment, thus no further disclosures are required in accordance with IFRS 8 Operating segments.

3. JUDGEMENTS AND ESTIMATES

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

In most instances, this relates to disclosure rather than to the measurement of items.

The COVID-19 pandemic has had a significant impact on the risks that the company is exposed to, in particular credit risk, and has forced the company to reassess assumptions, and existing methods of estimation and judgements, used in the preparation of these financial statements. There remains a risk that future performance and actual results may differ from the judgements and assumptions used. Areas of estimates, judgements and assumptions that have been affected by the Covid-19 pandemic include determination of fair values and impairments of financial assets. Further detail on the application of judgements and estimates is included in the note below.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities, and prepayment and default rates. When valuing instruments by reference to comparable instruments, management takes into account the maturity, structure and rating of the instrument with which the position held is being compared.

The main assumptions and estimates which management considers when applying a model with valuation techniques are:

- The likelihood and expected timing of future cash flows on the instruments. These cash flows are usually governed by terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms in doubt. Future cash flows may be sensitive to change in market rates.

3. JUDGEMENTS AND ESTIMATES (continued)

- Selecting an appropriate discount rate for the instrument. Management bases the determination of this rate on its assessment of what a market participant would regard as the appropriate spread of the rates for the instrument over the appropriate risk-free rate.
- Judgement to determine what model to use to calculate fair value in areas where the choice of valuation model particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair value resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business condition. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments will be based on some market observable inputs even where the unobservable inputs are significant.

Recognition of loans and advances at fair value through profit and loss

Loans and advances recognised at fair value through profit and loss consist of fixed rate loans with variable rate funding, and interest rate swaps on the fixed rate loans to match the interest payments from the asset to the liability. The assets are thus held at fair value to net out the accounting mismatch caused by the derivatives' revaluing.

Recognition of investment securities at fair value through other comprehensive income

Investment securities, comprising listed bonds, are held with the objective of collecting contractual cash flows, consisting of interest and principal payments, and for sale in the ordinary course of business. They are thus recognised at fair value through other comprehensive income.

Expected Credit Losses

The Expected Credit Loss estimate was made considering all reasonable and available information, including our best estimate of the impact of multiple forward-looking economic scenarios. The Expected Credit Loss estimate is an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. Models, processes and assumptions applied in making the Expected Credit Loss estimate, including management adjustments, costs of collection of outstanding loan exposures, collateral valuation, assessment of significant increase in credit risk and credit impaired exposures, write-off points and the definition of default have been applied consistently and are appropriate in the context of IFRS.

ECL estimation must reflect an unbiased and probability-weighted estimate of future losses determined by evaluating a range of possible macroeconomic outcomes. Whilst economic activity across South Africa has started to recover due to the easing of lock-down restrictions, economic concerns remain due to high levels of unemployment and the risk of a possible resurgence of the virus. Such risks have been incorporated in the scenarios used to calculate the Company's ECL charge at 31 December 2021.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)****for the year ended 31 December 2021****3. JUDGEMENTS AND ESTIMATES (continued)**

A 40% probability weighting was applied to the baseline scenario; with a 30% probability weighting applied to both the upside and downside scenarios.

The key forward looking macro-economic information used by the credit model in the calculation of expected credit losses include externally sourced data on South Africa's Real Gross Domestic Product, Consumer Price Index, the Repo Rate and the Producer Price Index.

Default assets that are classified as in default are characterised by the distinct possibility that the borrower will default, and should the collateral pledged be insufficient to cover the asset, the company will sustain some loss when default occurs.

	2021	2020
	R	R
4. INVESTMENT INCOME		
Interest income		
Cash and Cash equivalents - effective interest rate	1 578 966	2 122 035
Bonds and Loans - effective interest rate	361 665 837	499 343 826
Loans recognised at fair value through profit and loss- effective interest	41 017 660	74 017 233
	404 262 463	575 483 094
5. FINANCE COSTS		
Interest expense		
Interest on debt securities in issue	307 933 791	478 669 645
	307 933 791	478 669 645
6. PROFIT FOR THE YEAR		
Profit for the year is stated after taking account of the following items:		
6.1 Expected credit losses		
Financial assets		
Cash and cash equivalents		
Stage1	(1 472)	(19 784)
	(1 472)	(19 784)
Loans and Advances		
Stage1	(924 191)	672 793
	(924 191)	672 793
Financial assets recognised at Fair Value through Other Comprehensive Income		
Stage1	(454 739)	382 729
	(454 739)	382 729
Total expected credit loss on financial assets	(1 380 402)	1 035 738

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	2021 R	2020 R
6. PROFIT FOR THE YEAR (continued)		
6.2 Auditors remuneration		
Audit fees	110 395	170 796
	110 395	170 796
6.3 Directors remuneration		
Directors fees	196 064	182 183
	196 064	182 183
6.4 Other expenses		
Management fees	5 224 561	6 787 740
Bank charges	20 323	476
Rating agency and custody fees	296 720	426 724
Tax penalty and related interest	-	(796 541)
	5 541 604	6 418 399
7 TAXATION		
7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS		
Current tax		
Normal tax - current year	22 598 765	19 748 595
	22 598 765	19 748 595
Deferred tax		
Deferred tax recognised in the current year	(723 830)	1 250 410
	(723 830)	1 250 410
Total income tax recognised in the current year	21 874 935	20 999 005
Reconciliation between operating profit and tax expense		
Profit before tax for the year	78 124 768	75 792 986
Income tax expense calculated at 28% (2020: 28%)	(21 874 935)	(21 222 036)
Effect of income that is exempt from taxation	-	223 032
Income tax expense recognised in profit or loss	(21 874 935)	(20 999 004)
	%	%
Tax rate reconciliation		
Statutory tax rate	28.00%	28.00%
Effective income tax rate	28.00%	28.00%

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Balances at the beginning of the reporting period R	Current period provision R	Reductions due to disposals / derecognition of financial assets R	Originated / purchased assets R	Total R
8. CREDIT RISK RECONCILIATION - EXPECTED CREDIT LOSS ALLOWANCE					
2021					
Cash and cash equivalents					
Stage 1	3 381	(1 472)	-	-	1 909
Total expected credit losses	3 381	(1 472)	-	-	1 909
Loans and Advances					
Stage 1	2 293 489	(523 842)	(1 020 060)	619 711	1 369 298
Total expected credit losses	2 293 489	(523 842)	(1 020 060)	619 711	1 369 298
Financial Assets held at Fair Value through Other Comprehensive Income					
Stage 1	1 062 355	(69 466)	(385 273)	-	607 616
Total expected credit losses	1 062 355	(69 466)	(385 273)	-	607 616
2020					
Cash and cash equivalents					
Stage 1	23 165	(19 784)	-	-	3 381
Total expected credit losses	23 165	(19 784)	-	-	3 381
Loans and Advances					
Stage 1	1 620 697	421 637	(469 805)	720 960	2 293 489
Total expected credit losses	1 620 697	421 637	(469 805)	720 960	2 293 489
Financial Assets held at Fair Value through Other Comprehensive Income					
Stage 1	679 626	412 760	(30 031)	-	1 062 355
Total expected credit losses	679 626	412 760	(30 031)	-	1 062 355

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	2021 R	2020 R
9. INVESTMENTS		
Listed investments		
Financial Assets held at Fair Value through Other Comprehensive Income		
Notional at beginning of period	1 900 000 000	2 100 000 000
Disposals during the period	(1 000 000 000)	(200 000 000)
Fair value adjustments at the end of the period	(3 678 440)	(10 690 052)
Accrued interest at the end of the period	3 345 468	12 902 696
Balance at end of year	899 667 028	1 902 212 644

During the year the company sold investments of R1,000,000,000; as part of the sale fair value losses of R109,760 were reclassified from OCI to profit or loss and a gain of R109,760 was recognised on the sale. The gains and losses are part of Fair value adjustments in profit or loss.

10. LOANS AND ADVANCES

Investments in loans recognised at amortised cost	5 686 250 000	5 592 250 000
Accrued interest on loans recognised at amortised cost	36 545 444	27 030 280
Investments in loans recognised at fair value through profit and loss	1 200 000 000	900 000 000
Accrued interest on loans recognised at fair value through profit and loss	6 458 852	6 347 178
Fair value adjustments on loans recognised at fair value through profit and loss	6 590 303	22 105 703
	6 935 844 599	6 547 733 161
Expected credit losses	(1 369 298)	(2 293 489)
Total carrying amount of loans and advances	6 934 475 301	6 545 439 672
Maturity of loans and advances		
Current	766 714 998	1 849 736 790
Non-current	6 167 760 303	4 695 702 882
	6 934 475 301	6 545 439 672

Loans and advances consist of loans with face values and the related interest at fixed and floating rates; floating rates are referenced to Jibar.

The average interest rate for the unlisted bonds and loans during the current reporting period was 5.30% (2020: 6.88%).

All the company's rights and interests to these balances are pledged to iMpumelelo Security SPV 1 (RF) Proprietary Ltd (refer to note 12).

Loans and advances recognised at fair value through profit and loss consist of fixed rate loans with variable rate funding, and interest rate swaps on the fixed rate loans to match the interest payments from the asset to the liability. The assets are thus held at fair value to net out the accounting mismatch caused by the derivatives' revaluing and provide a fair presentation of the underlying asset.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)****for the year ended 31 December 2021**

	2021 R	2020 R
11. OTHER RECEIVABLES		
Refundable tax penalty and related interest	796 542	796 542
	796 542	796 542
Current	796 542	796 542
	796 542	796 542

Accrued interest is presented with the Investments balance and the Loans and Advances balance as disclosed in notes 9 and 10, respectively.

Amounts due to related parties disclosed in note 26.

The tax penalty refunds relate penalties and the related interest levied in the year 2019 but which were subsequently waived in the prior year and credited to the Company's tax account with the South African Revenue Service.

12. DEBT SECURITIES IN ISSUE**Current liabilities**

Debt securities in issue	7 868 017 471	8 392 250 000
Accrued interest on debt securities	32 914 340	55 994 669
	7 900 931 811	8 448 244 669

Notes issued consist of unlisted notes bearing floating interest rates referencing to either Prime or JIBAR.

The average interest rate for the unlisted notes for the current year under review was 4.34% (2020: 5.5%).

In terms of the Security SPV guarantee, iMpumelelo Security SPV 1 (RF) Ltd holds and can realise security for the benefits of the noteholders in the event of a default. In brief, the security consists of the Company's rights, title and interests in and to the bank accounts and permitted investments, the collateral and all other benefits and rights flowing from the aforementioned rights and interests. The default event that drives the guarantee is iMpumelelo CP Note Programme 1 (RF) Limited defaulting on the notes and not the underlying borrowers defaulting on their loans.

During the year, the following cash flow items occurred:

The Company settled capital on debt securities of R8,310,482,529 (2020: R8,117,250,000).

Interest paid on the statement of cash flows is R331,014,120 (2020: R508,374,922).

The Company received proceeds of R7,786,250,000 (2020: R8,390,339,338) from the issue of debt securities.

Other cash adjustments of R1,910,662 were made in the prior year.

During the year, the following non-cash flow items occurred:

Interest expense for the year relating to debt securities R307,933,791 (2020: R478,669,64).

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

			2021 R	2020 R
13. DEFERRED TAX				
Deferred tax balances				
The net deferred tax asset at the end of the year is as follows:				
Deferred tax assets			939 081	2 322 087
Deferred tax assets and liabilities are attributable to the following:				
	Balance at 1 January R	Recognised in profit or loss R	Recognised in other comprehensive income R	Balance at 31 December R
2021				
Financial Assets at fair value through OCI	3 227 286	-	(2 106 836)	1 120 450
Derivatives	(1 424 409)	941 212	-	(483 197)
Expected Credit Losses	519 210	(217 382)	-	301 828
	2 322 087	723 830	(2 106 836)	939 081
2020				
Financial Assets at fair value through OCI	(1 481 455)	-	4 708 741	3 227 286
Derivatives	-	(1 424 409)	-	(1 424 409)
Expected Credit Losses	345 211	173 999	-	519 210
	(1 136 244)	(1 250 410)	4 708 741	2 322 087
			2021 R	2020 R
14. TRADE AND OTHER PAYABLES				
Trade payables			331 854	425 262
Amounts due to related parties (note 26)			1 285 375	2 731 854
			1 617 229	3 157 116

Accrued interest is presented with the Debt securities in issue balance as disclosed in note 12.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021***

	2021 R	2020 R
15. SHARE CAPITAL		
Authorised share capital		
100 (2020: 100) ordinary shares of no-par value per share.	100	100
Authorised preference share capital		
50 (2020: 50) cumulative redeemable preference share capital of no-par value per share.	50	50
Issued share capital		
10 (2020: 10) ordinary shares of no-par value per share.	10	10
	10	10
Issued preference share capital		
1 (2020: 1) cumulative redeemable preference share capital of no par value per share.	1	1
	1	1

Unissued shares

The unissued shares are under the control of the directors as at the reporting date, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Company.

Shares issued during the current reporting period:

There were no shares issued during the current reporting period.

Shares issued during the prior reporting period:

There were no shares issued during the prior reporting period.

All shares issued by the Company were paid in full.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)**for the year ended 31 December 2021**

	2021 R	2020 R
16. CASH USED IN OPERATIONS		
Profit before tax for the year	78 124 768	75 792 986
Finance costs	307 933 791	478 669 645
Interest income	(404 262 463)	(575 483 094)
Net loss/(gain) arising on financial assets designated as at fair value through profit or loss	14 440 043	(16 903 402)
Expected credit losses (see note 6)	(1 380 402)	1 035 738
Cash used in operations before working capital changes	(5 144 263)	(36 888 127)
Changes in working capital		
Increase in trade and other receivables	-	(796 542)
(Decrease)/increase in trade and other payables	(1 539 886)	1 123 825
(decrease)/Increase in derivative liabilities	(6 754 426)	21 081 845
Increase (decrease) in amounts receivable from related parties	(1 071 037)	-
Total changes in working capital	(9 365 349)	21 409 128
Cash used in operations	(14 509 612)	(15 478 999)
17. TAXATION PAID		
Tax receivable/(payable) at the beginning of the year	5 158 078	(696 701)
Current tax expense	(22 598 765)	(19 748 595)
Tax payable/(receivable) at the end of the year	33 945	(5 158 078)
	(17 406 742)	(25 603 374)
18. DIVIDENDS PAID		
Dividends declared and paid during the current year	55 000 000	70 000 000
	55 000 000	70 000 000
The preference dividend declared and paid during the year amounts to R55,000,000 per share in issue (1 share in issue).		
19. CASH AND CASH EQUIVALENTS		
Call account	26 037 053	29 729 066
Transaction account	80 035 345	8 308 986
Gross Cash and cash equivalents	106 072 398	38 038 052
Expected credit losses	(1 909)	(3 380)
Carrying amount	106 070 489	38 034 672
20. FINANCE COSTS PAID		
Finance costs	(307 933 791)	(478 669 645)
Accrued interest not paid at the beginning of the year	(55 994 669)	(85 699 946)
Accrued interest not paid at the end of the year	32 914 340	55 994 669
	(331 014 120)	(508 374 922)

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021***

	2021	2020
	R	R
21. INTEREST RECEIVED		
Interest Income	404 262 463	575 483 094
Accrued interest not received at the beginning of the year	46 284 651	61 344 303
Accrued interest not received at the end of the year	(46 349 764)	(46 284 651)
	404 197 350	590 542 746

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Fair value through profit/loss - mandatory R	Fair value through profit/loss - designated R	Fair value through OCI - instruments R	Amortised cost- instruments R	Amortised cost financial liabilities R	Total assets and liabilities R
22. FINANCIAL INSTRUMENTS						
22.1 CATEGORIES OF FINANCIAL INSTRUMENTS						
Assets as per Statement of Financial Position - 2021						
Loans and advances	-	1 213 049 155	-	5 721 426 146	-	6 934 475 301
Cash and cash equivalents	-	-	-	106 070 489	-	106 070 489
Investment securities	-	-	899 667 028	-	-	899 667 028
Trade and other receivables	-	-	-	796 542	-	796 542
Related party receivables	-	-	-	1 075 534	-	1 075 534
Total	-	1 213 049 155	899 667 028	5 829 368 711	-	7 942 084 894
Liabilities as per Statement of Financial Position - 2021						
Other financial liabilities	(7 327 039)	-	-	-	-	(7 327 039)
Debt securities in issue	-	-	-	(7 900 931 811)	-	(7 900 931 811)
Trade and other payables	-	-	-	(1 617 230)	-	(1 617 230)
Total	(7 327 039)	-	-	(7 902 549 041)	-	(7 909 876 080)

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Fair value through profit/loss - mandatory R	Fair value through profit/loss - designated R	Fair value through OCI - instruments R	Amortised cost- instruments R	Amortised cost financial liabilities R	Total assets and liabilities R
22. FINANCIAL INSTRUMENTS (continued)						
22.1 CATEGORIES OF FINANCIAL INSTRUMENTS (continued)						
Assets as per Statement of Financial Position - 2020						
Loans and advances	-	928 452 881	-	5 616 986 791	-	6 545 439 672
Cash and cash equivalents	-	-	-	38 034 672	-	38 034 672
Investment securities	-	-	1 902 212 644	-	-	1 902 212 644
Trade and other receivables	-	-	-	796 542	-	796 542
Related party receivables	-	-	-	4 497	-	4 497
Total	-	928 452 881	1 902 212 644	5 655 822 502	-	8 486 488 027
Liabilities as per Statement of Financial Position - 2020						
Other financial liabilities	(16 119 864)	-	-	-	-	(16 119 864)
Debt securities in issue	-	-	-	-	(8 448 244 669)	(8 448 244 669)
Trade and other payables	-	-	-	-	(3 157 116)	(3 157 116)
Total	(16 119 864)	-	-	-	(8 451 401 785)	(8 467 521 649)

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	R	R	R	R
22. FINANCIAL INSTRUMENTS (continued)				
22.2 DERIVATIVE FINANCIAL INSTRUMENTS				
Interest rate swaps	-	7 327 039	-	16 119 864
	-	7 327 039	-	16 119 864
Current portion	-	7 327 039	-	16 119 864
	-	7 327 039	-	16 119 864

23. RISK MANAGEMENT**23.1 CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements on the Company.

23.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Company's risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The risks arising from financial instruments to which the Company is exposed are credit risk, market risk and liquidity risk.

23.3 MARKET RISK

Market risk is the risk of reduction in the Company's earnings or capital due to:

- Traded market risk: the risk of the Company being impacted by changes in the level or volatility of market rates or prices. This includes changes in interest rates, inflation rates, credit spreads, property prices, equity and bond prices and foreign exchange levels.

- Non-traded market risk: the risk of the Company being exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates.

The Company's market risk management objectives include the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021***

23. RISK MANAGEMENT (continued)**23.4 INTEREST RATE RISK**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The notes and bonds expose the company to interest rate risk. This exposure and the effective interest rates on financial instruments on financial position date are linked to the general market interest rates and fluctuate accordingly.

The sensitivity analyses below have been determined based on the exposure to interest rates for the non-derivative instruments at the end of the reporting period. For both floating rate assets and liabilities, the analysis is prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Interest rate sensitivity analysis

	Increase in interest rate 2021 R	Decrease in interest rates 2021 R	Increase in interest rate 2020 R	Decrease in interest rates 2020 R
Changes in interest				
Increase/(decrease) in interest received	65 862 500	(65 862 500)	74 922 500	(74 922 500)
Increase/(decrease) in interest paid	(77 862 500)	77 862 500	(81 422 500)	81 422 500
Increase/(decrease) in profit before taxation	(12 000 000)	12 000 000	(6 500 000)	6 500 000

Some of the assets and liabilities are at fixed interest rates, exposing the Company to interest rate risk. Interest rate swaps are entered into to mitigate this risk.

23.5 CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Gross Maximum Exposure	12 months expected credit losses - stage 1
	R	Strong R
23. RISK MANAGEMENT (continued)		
23.5 CREDIT RISK (continued)		
23.5.1 MAXIMUM CREDIT RISK EXPOSURE		
2021		
Cash and cash equivalents	106 072 398	106 072 398
Loans and advances	5 722 795 444	5 722 795 444
Other receivables	796 542	796 542
Financial assets designated at Fair value	1 213 049 155	1 213 049 155
Related party receivables	1 075 534	1 075 534
Financial assets measured at Fair Value through Other Comprehensive Income	899 667 028	899 667 028
Total gross maximum exposure	7 943 456 101	7 943 456 101
Expected credit losses	(1 978 823)	(1 978 823)
Total financial assets per the statement of financial position	7 941 477 278	7 941 477 278
2020		
Cash and cash equivalents	38 038 052	38 038 052
Loans and advances	5 619 280 280	5 619 280 280
Other receivables	796 542	796 542
Financial assets designated at Fair value	928 452 881	928 452 881
Related party receivables	4 497	4 497
Financial assets measured at Fair Value through Other Comprehensive Income	1 902 212 644	1 902 212 644
Total gross maximum exposure	8 488 784 896	8 488 784 896
Expected credit losses	(2 296 869)	(2 296 869)
Total financial assets per the statement of financial position	8 486 488 027	8 486 488 027

The expected credit loss on the Other receivables and Related party balances has been judged by management as being immaterial.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021*****23. RISK MANAGEMENT (continued)****23.6 LIQUIDITY RISK**

Liquidity risk results from both the differences between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall time profile of the current statement of financial position as well the expected future structure. The Company's risk to liquidity is a result of insufficient funds being available in order to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The Series 1 Notes are fully supported by an irrevocable and unconditional guarantee issued by Absa Bank Limited (the "Absa Guarantee") to both the Series 1 Noteholders and the Issuer. The Absa Guarantee is specific to Series 1 and covers the Series 1 Noteholders against any payment obligations by the Issuer to the Noteholders arising from an Event of Default in terms of the Transaction Documents. The Absa Guarantee also provides an irrevocable and unconditional guarantee to the Issuer for any and all payment obligations incurred by the Issuer under the Transaction Documents. The Absa Guarantee also covers the Issuer against any Liquidity Shortfalls arising from a payment mismatch at the maturity date of the Notes.

Liquidity and interest risk tables

The following are the contractual maturities of financial liabilities including estimated interest payments.

	Less than 1 year R	1-5 years R	Total R
Liabilities			
2021			
Trade and other payables	1 617 230	-	1 617 230
Debt securities in issue	8 037 250 932	-	8 037 250 932
Other financial liabilities	15 983 275	(11 506 866)	4 476 409
	8 054 851 437	(11 506 866)	8 043 344 571
2020			
Trade and other payables	3 157 116	-	3 157 116
Debt securities in issue	8 448 244 669	-	8 448 244 669
Other financial liabilities	16 119 864	-	16 119 864
	8 467 521 649	-	8 467 521 649

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021***

	Less than 1 year R	1-5 years R	Total R
23. RISK MANAGEMENT (continued)			
23.6 LIQUIDITY RISK (continued)			
Assets			
2021			
Cash and cash equivalents	106 070 489	-	106 070 489
Other receivables	796 542	-	796 542
Loans and advances	853 060 387	7 204 180 054	8 057 240 441
Investments	922 413 813	-	922 413 813
Related party receivables	1 075 534	-	1 075 534
	1 883 416 765	7 204 180 054	9 087 596 819
2020			
Cash and cash equivalents	38 034 672	-	38 034 672
Other receivables	796 542	-	796 542
Loans and advances	1 849 736 790	4 695 702 882	6 545 439 672
Investments	-	1 902 212 644	1 902 212 644
Related party receivables	4 497	-	4 497
	1 888 572 501	6 597 915 526	8 486 488 027

The mechanism of an asset backed commercial paper (ABCP) conduit is to fund long-dated assets with short-term notes. The notes roll on maturity to match the final maturity of the assets. The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021*****24. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE**

Some of the below financial assets and financial liabilities have carrying amounts that approximate their fair values. The disclosed fair value of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because some of these financial assets and financial liabilities have floating interest rates.

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	R	R	R	R
Financial Assets				
Cash and cash equivalents	106 070 489	106 070 489	38 034 672	38 034 672
Loans and advances	5 721 426 146	5 721 426 146	5 616 986 791	5 616 986 791
Other receivables	796 542	796 542	796 542	796 542
Related Party receivables	1 075 534	1 075 534	4 497	4 497
Total	5 829 368 711	5 829 368 711	5 655 822 502	5 655 822 502
Financial Liabilities				
Trade and other payables	1 617 230	1 617 230	3 157 116	3 157 116
Notes issued	7 900 931 811	7 900 931 811	8 448 244 669	8 448 244 669
Total	7 902 549 041	7 902 549 041	8 451 401 785	8 451 401 785

24. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE (continued)

24.1. FAIR VALUE HIERARCHY

The following table provides an analysis of the Company's financial assets and financial liabilities that are not measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the instrument's fair value is observable. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined below.

Level 1

Items valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2

Items valued using inputs other than quoted prices as described above for Level 1 but which are observable for the asset or liability, either directly or indirectly, such as:

- quoted price for similar assets or liabilities in an active market.
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

Level 3

Items valued using significant inputs that are not only based on observable market data. These include inputs based on an entity's own assumptions and assumptions applied by other market participants in pricing similar assets.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021***

	Level 2 R	Total R
24. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE (continued)		
24.1. FAIR VALUE HIERARCHY (continued)		
2021		
Financial Assets		
Trade and other receivables		
Trade and other receivables	796 542	796 542
	796 542	796 542
Loans and advances		
Loans and advances	5 721 426 146	5 721 426 146
	5 721 426 146	5 721 426 146
Related Party receivables		
Related Party receivables	1 075 534	1 075 534
	1 075 534	1 075 534
Cash and cash equivalents		
Cash and cash equivalents	106 070 489	106 070 489
	106 070 489	106 070 489
Financial Liabilities		
Trade and other payables		
Trade and other payables	1 617 230	1 617 230
	1 617 230	1 617 230
Debt securities in issue		
Debt securities in issue	7 900 931 811	7 900 931 811
	7 900 931 811	7 900 931 811

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Level 2 R	Total R
24. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE (continued)		
24.1. FAIR VALUE HIERARCHY (continued)		
2020		
Financial Assets		
Trade and other receivables		
Trade and other receivables	796 542	796 542
	796 542	796 542
Loans and advances		
Loans and advances	5 616 986 791	5 616 986 791
	5 616 986 791	5 616 986 791
Related Party receivables		
Related Party receivables	4 497	4 497
	4 497	4 497
Cash and cash equivalents		
Cash and cash equivalents	38 034 672	38 034 672
	38 034 672	38 034 672
Financial Liabilities		
Trade and other payables		
Trade and other payables	3 157 116	3 157 116
	3 157 116	3 157 116
Debt securities in issue		
Debt securities in issue	8 448 244 669	8 448 244 669
	8 448 244 669	8 448 244 669

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021***

24. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE (continued)**24.2. VALUATION TECHNIQUES FOR THE LEVEL 2 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT HELD AT FAIR VALUE**

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments, which are not held at fair value, but whose fair value is categorised as Level 2. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations is set out in the table below:

<u>Category of asset</u>	<u>Types of financial instruments</u>	<u>Valuation techniques applied</u>	<u>Significant observable inputs</u>
Trade and other receivables	Debtors	Discounted cash flow	Interest rate curves
Loans and advances	Bonds and Loans	Discounted cash flow	Interest rate curves
Related Party receivables	Debtors	Discounted cash flow	Interest rate curves
Cash and cash equivalents	Bank deposits	Discounted cash flow	Interest rate curves
<u>Category of liability</u>	<u>Types of financial instruments</u>	<u>Valuation techniques applied</u>	<u>Significant observable inputs</u>
Trade and other payables	Creditors	Discounted cash flow	Interest rate curves
Debt securities in issue	Notes issued	Discounted cash flow	Interest rate curves

25. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES HELD AT FAIR VALUE**25.1 FAIR VALUE HIERARCHY**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Level 2 R	Level 3 R	Total R
25. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES HELD AT FAIR VALUE (continued)			
25.1 FAIR VALUE HIERARCHY (continued)			
2021			
Recurring fair value measurements			
Financial Assets			
Fair Value Through Profit and Loss			
Financial assets held at Fair Value through Profit or Loss	608 189 147	604 860 008	1 213 049 155
	608 189 147	604 860 008	1 213 049 155
Fair value through OCI			
Investments	899 667 028	-	899 667 028
	899 667 028	-	899 667 028
Financial Liabilities			
Derivative instruments in designated hedge accounting relationships			
Other financial liabilities	7 327 039	-	7 327 039
	7 327 039	-	7 327 039
2020			
Recurring fair value measurements			
Financial Assets			
Fair Value Through Profit and Loss			
Financial assets held at Fair Value through Profit or Loss	928 452 881	-	928 452 881
	928 452 881	-	928 452 881
Fair value through OCI			
Investments	1 902 212 644	-	1 902 212 644
	1 902 212 644	-	1 902 212 644
Financial Liabilities			
Derivative instruments in designated hedge accounting relationships			
Other financial liabilities	16 119 864	-	16 119 864
	16 119 864	-	16 119 864

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Level 2 R	Level 3 R	Total R
--	--------------	--------------	------------

25. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES HELD AT FAIR VALUE (continued)

25.2 FAIR VALUE MEASUREMENT PROCESSES

VALUATION TECHNIQUES FOR THE LEVEL 2 FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES HELD AT FAIR VALUE

The table below sets out information about the valuation techniques applied at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 2 in the fair value hierarchy. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations is set out in the table below:

<u>Category of asset/liability</u>	<u>Valuation technique applied</u>	<u>Significant observable inputs</u>
Investments	Discounted cash flow	Interest rate curves/Credit spread
Derivative Liabilities	Discounted cash flow	Interest rate curves
Loans and advances	Discounted cash flow	Interest rate curves/Credit spread

26. RELATED PARTIES

iMpumelelo Owner Trust owns 100% of the ordinary shares in the Company.

Absa Bank Limited invested in 100% of the Preference share capital.

Absa Bank Limited holds 76% (2020: 47%) of the notes issued on behalf of the Company under the Dealer Arrangement Agreement.

Absa Bank Limited has issued a guarantee in respect to 100% of these notes and hence controls the Company in accordance with IFRS 10. The Company is consolidated into Absa Bank Limited. Refer to note 23.5. Absa Corporate and Investment Bank, a division of Absa Bank Limited, administers the Company and receives a management fee as compensation.

	Admin and management fees paid R	Interest received R	Bank charges R
2021			
<i>Other</i>			
Absa Bank Limited	(5 224 561)	1 578 966	20 323
	(5 224 561)	1 578 966	20 323
2020			
<i>Other</i>			
Absa Bank Limited	(6 787 740)	2 122 035	476
	(6 787 740)	2 122 035	476

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

	Current amounts receivable R	Current amounts payable R	Cash and cash equivalents R	Preference share capital R
26. RELATED PARTIES (continued)				
2021				
<i>Other related parties</i>				
Absa Bank Limited	1 075 534	(5 988 043 479)	106 072 398	(1)
	1 075 534	(5 988 043 479)	106 072 398	(1)
2020				
<i>Other related parties</i>				
Absa Bank Limited	4 497	(3 932 250 000)	38 034 672	(1)
	4 497	(3 932 250 000)	38 034 672	(1)

Admin and management fee payable to Absa Bank Limited at the end of the reporting period R1,285,640 (2020: R2,731,854).

Interest on cash balances receivable from Absa Bank Limited R3,556 (2020: R4,497)

Other receivables from Absa Bank Limited R1,071,977 (2020: R0)

27. DIRECTORS EMOLUMENTS

Absa Group Limited representative directors are not remunerated for their services by the Company or any company in the Group as defined by the Companies Act. The Company's non-executive directors' fees of R196,064 (2020: R182,183) are paid to TMF Corporate Services (South Africa) Proprietary Limited for non-executive director services provided to the Company.

28. EVENTS AFTER THE REPORTING DATE

The financial statements were approved by the directors on the date in the statement of directors' responsibility.

Russia-Ukraine conflict

The Russia-Ukraine conflict has significantly increased already high levels of global uncertainty and is expected to impact global markets, outlooks and the expectations of the markets in which the Group operates. This is expected to materially heighten risks faced by financial market participants and the global and domestic economies. Active monitoring of the events unfolding in Europe and continuous assessments of the entity's exposure and potential risks, both direct and indirect, is ongoing as the impact on various markets will not be uniform. Sensitivity to energy inflation and certain commodity prices will be elevated and are being monitored. The entity has assessed that its direct exposure to Russia is currently negligible. The entity's focus remains on proactive risk and capital management to positively position itself as the spillover impact of the conflict unfolds. Risks are actively identified, and the consolidated response monitored to ensure effective implementation achieving the targeted result. Scenario analyses is used in the early detection of potential areas of weakness and to assess response effectiveness.

South African Corporate tax rate change

During the budget speech presented on the 23rd of February 2022, the finance minister announced a corporate tax rate reduction from 28% to 27%. Based on the assessment of the impact, the entity does not expect the tax rate change to have a significant impact on the deferred tax balances reported as at 31 December 2021.

The directors are not aware of any events, other than the aforementioned (as defined per IAS10 Events after the Reporting Period), after the reporting date of 31 December 2021 to the date of authorisation of these annual financial statements.

29. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised Standards

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies.

The Company adopted the following standards, interpretations and amended standards during the year:

Interest Rate Benchmark Reform (IBOR) Phase II	<i>Interest Rate Benchmark Reform (IBOR) Phase II</i> The amendments, which are applicable for financial periods beginning on or after 1 January 2021, address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are as follows: <ul style="list-style-type: none">• Modifications to financial instruments and lease liabilities which arise as a direct consequence of IBOR reform are accounted for by updating the effective interest rate.• Hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships must be amended to reflect modifications and amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.
--	---

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED**(Registration number: 2013/211998/06)****Notes to the annual financial statements (continued)*****for the year ended 31 December 2021***

29. NEW ACCOUNTING PRONOUNCEMENTS (continued)**New and revised International Financial Reporting Standards issued not yet effective**

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Standard	Annual periods beginning on or after
Annual Improve-ments	<p>Amendments resulting from annual improvements 2018-2020 Cycle for the following standards:</p> <ul style="list-style-type: none"> IFRS 1 - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. IFRS 9 - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. IFRS 16 - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. 	1 January 2022
IAS 1	<i>Classification of liabilities as current or non-current</i> - Amendments which aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	1 January 2023
IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> - The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number: 2013/211998/06)

Notes to the annual financial statements (continued)

for the year ended 31 December 2021

IAS 8	<i>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</i> - The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.	1 January 2023
-------	--	----------------

Apart from the instances detailed above the Company is in the process of assessing the potential impact that the adoption of these standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
CIPC ANNUAL RETURN AND iXBRL MANDATORY FIELDS
for the year ended 31 December 2021

Attestation by AFS reviewer:

True/False

I hereby attest that the below values and any assumptions applied have been reviewed and agrees to the final signed off Annual financial statements and the above values can be relied on as accurate and final and can be used and tagged as such in the iXBRL version which is filed with the CIPC.

Jan Luus, CA(SA)

TRUE

Tab 1000 cell F196

Mandatory Company information

FF Inputs

Pack reference

Declaration of audit/review opinion present

TRUE

Declaration of Directors responsibility report present

TRUE

Declaration of signature/s by authorised directors

TRUE

Disclosure of Social and Ethics committee

See Absa Group Limited annual financial statements

Full registered name of company

iMpumelelo CP Note Programme 1 (RF) Limited

Registration number of company

2013/211998/06

Date of end of reporting period

31 December 2021

Disclosure of directors' responsibility [text block]

TRUE

Date of approval of annual financial statements (director sign off date)

30 March 2022

Audit partner name

Janneman Labuschagne

Disclosure of directors' report [text block]

TRUE

Date of publication of financial statements

30 March 2022

Name of individual responsible for preparation or supervising preparation of financial statements

Gary Nyamugama, CA(SA)

Name of designated person responsible for compliance

Jan Luus, CA(SA)

Professional designation of individual responsible for preparation or supervising preparation of financial statements

Head of Asset Classes Product Control, Corporate and Investment Banking, Absa Bank Limited
BAGL01

Customer code

Description of nature of entity's operations and principal activities

A special purpose company that issues commercial paper to finance the acquisition of assets. The ongoing accounting, risk management and administration are performed by Absa Bank Limited.

Principal place of business of company

Johannesburg

Business address, country

South Africa

Tab 1000 line 132

Business address, city

Johannesburg

Tab 1000 Line 130

Business address, postal code

2000

Tab 1000 Line 131

Business address, street name

7th Floor Absa Towers West, 15 Troye Street

Tab 1000 Line 129

Postal address same as business address

False

Period covered by financial statements

January to December

Tab 1000 Line 29

Description of presentation currency

South African Rands

Nature of Financial statements

Company

Level of Rounding applied

R

Level of Assurance

AUDITED

Annual financial statements audited

TRUE

Audit report sign off date sign off

30 March 2022

****All above values are required in the annual return, where you see @@ it means it has not been populated, please go back to your pack and populate.**

Values extracted from FF

2021

2020

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
CIPC ANNUAL RETURN AND iXBRL MANDATORY FIELDS
for the year ended 31 December 2021

	R	R
Average number of employees	-	- tab 6060 line 97/tab6061 line 29(BNK)
Increase (decrease) in equity	6 667 408	
Cash and cash equivalents	106 072 398	38 038 052
Increase (decrease) in cash and cash equivalents	68 034 346	(30 825 211)
Cash flows from (used in) financing activities	75 767 470	273 089 338
Cash flows from (used in) investing activities	6 000 000	(275 000 000)
Cash flows from (used in) operating activities	(13 733 124)	(28 914 549)
Comprehensive income	61 667 408	42 685 791
Other comprehensive income	5 417 575	(12 108 190)
Tax expense (income), continuing operations	(21 874 935)	(20 999 005)
Profit (loss)	56 249 833	54 793 981
Profit (loss) before tax	78 124 768	75 792 986
Assets	7 043 356 947	7 483 339 001
Equity	33 113 951	26 446 543
Liabilities	7 909 910 024	8 467 521 649

Calculations or values manually calculated and inputted into FF template

Turnover: (no rounding is applied to this value) 390 526 220 - Tab 1000 cell F202

Points allocated to PI (roundup)

391

Guidance on revenue

Companies act sec 164 - defines turnover as gross revenue, allowed to deduct deductions as allowed by IFRS or discounts or direct taxes

Revenue is treated within IFRS 15, and should include gross fee income (therefore excluding fee expenses)

Whilst interest income is not within the scope of IFRS 15 (that is, its included in IFRS 9), IAS 1 does refer to effective interest as a component of revenue (revenue should exclude interest expense)

No costs of income should be included in revenue

For Insurance the following should be Revenue: Gross written premium, Gross change in unearned premium, Admin fee income, Insurance benefits and claims recovered (not the reinsurance one), Interest income and investment income.

External Liabilities

7 909 910 024

Tab 1000 cell F199

Points allocated to PI (roundup)

7 910

Liabilities less related party liabilities, deferred tax and internal provisions

Public Interest (PI) score: (as per pack)

8 301

Tab 1000 cell F196

Final PI recalculated with roundup

8 301

(Note this is the PI to be used for XBRL, the PI calc regulations were clarified and 1 point per million or portion thereof needs to be applied) Changed on 4 May2020.

Guidance on PI Calculation:

a number of points equal to the average number of employees of the company during the financial year;
one point for every R1 million (or portion thereof) in third party liability of the company, at the financial year end;
one point for every R1 million (or portion thereof) in turnover during the financial year; and
one point for every individual who, at the end of the financial year, is known by the company to have a beneficial interest in any of the company's issued securities;

'= Simplified formula: (Revenue + Total Liabilities - Related party liabilities -Deferred Tax)/1000 000 + Ave Employees + Beneficial interest

Maximum number of individuals with beneficial interest in securities of company, or members in case of non profit company

-

Tab 1000 lines 100-109