**AB FINCO 1 (RF) LIMITED**
**(Registration number: 2007/033844/06)**
**AUDITED ANNUAL FINANCIAL STATEMENTS**
**31 December 2020**

Preparer: Jan Luus CA(SA)
Designation: Head of Asset Classes Product Control, Corporate and Investment Banking, Absa Group Limited

**Contents**

**DIRECTORS' RESPONSIBILITIES AND APPROVAL**
***As at 31 December 2020***

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 AB Finco 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 13 to 15 of this report.

The directors' report on pages 16 to 17 and financial statements of the Company which appears on pages 18 to 52 were approved by the board of directors on 29 March 2021 and are signed on its behalf by:

DocuSigned by:

9007738ACFCC441...

ML De Nysschen
Sandton

DocuSigned by:

Jonathan Burnett

83D1D7FF3A4E4FA...

JR Burnett
Sandton

**AB FINCO 1 (RF) LIMITED**
**(Registration number: 2007/033844/06)**
**COMPANY SECRETARY'S CERTIFICATE**
***As at 31 December 2020***

To the shareholders of AB Finco 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 2020, 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)
29 March 2021

Corporate Governance

AB Finco 1 (RF) Limited ("AB Finco" or "the Company") was formerly known as Commissioner Street 1 (RF) Limited and changed its name during 2019. The name change was registered with the Commissioner of the Companies Intellectual Property Commission (CIPC) on 14 October 2019.

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

The Board of Directors ("Group Board") of Absa Group Limited ("Absa Group" or "the Group") 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. As a consolidated entity, the Absa Group's Group Governance Framework has been adopted by the Board of the Company during 2020.

King IV is the main governance code for South African companies and as the Company has adopted the application of the Code on a proportional basis (that is 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 to 10 of these annual financial statements. In addition to the Group's requirements, AB Finco is also required to apply King IV by the JSE Listings Requirements based on the proportionality principle.

The Board of Directors of the company ("the Board") are of the opinion that the Company has applied the principles and recommendations of the Code in all material aspects for the year ended 31 December 2020.

The Board is 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 administration of the Company to the Absa Corporate and Investment Banking, a division of Absa Bank Limited ("Absa Bank") in terms of a Service Level Agreement 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 nominated by the shareholder, Issuer Owner Trust and appointed through TMF Corporate Services (South Africa) Proprietary Limited ("TMF").

**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 ("Group Secretariat") the duly appointed Company Secretary with support from the Head of Secretarial Services for South Africa and a statutory administration team within Group Secretariat.

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

**Audit Committee**

The Board relies on the Audit Committee for input on 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 Audit Committee 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 2020 were submitted to, considered and addressed as necessary by the Audit Committee.

**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 does not receive any fees for his 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 Bank Limited.

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

**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 for ensuring the accuracy of the financial information which is reported to all the relevant stakeholders.

**Managing Stakeholder relationships**

Absa Group has in place a Stakeholder Management Policy, which is applicable to AB Finco 1. The Board and the management 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 submitted at board meetings of other financial interest and other directorships on an ongoing basis 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) and (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 and the Company's Memorandum of Incorporation (MoI). 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) and (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 its legislative responsibilities as set out by the JSE Listings Requirements (as applicable); and the framework set by the Board of Absa Group Limited (Group Board) (as 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) and (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) and (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 the 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 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) and (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 Memorandum of Incorporation (MoI), King IV, the Companies Act No. 71 of 2008 (as amended) (“the Companies Act”) determine the governance of the Company.

**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) and (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 Audit Committee and the matters reserved for the Board's own authority. The role and functions of the Audit Committee 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 Audit Committee meetings through the chairman. The Board remains ultimately responsibility 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 usually 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 would engage with individual directors on the outcomes of the peer reviews to address the areas for development or those of concern. The Board effectiveness and performance evaluations will be conducted by 2021. The Audit Committee effectiveness and performance evaluation was conducted during 2020.

**Risk Governance**

*Expected Outcomes - (i) Effective control (primary) and (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 Audit Committee assists the Board in executing its oversight role over risk management.

Executive management of the Company is responsible for embedding risk management 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 Administrator 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) and (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 Bank Limited 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) and (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.

The Company is, in line with section 94 of the Companies Act (the Act), required to have an audit committee.

**Members of the Audit Committee and independent non-executive directors**

| Name | Appointment date |
|---|---|
| R Thanthony | 27 February 2015 |
| JN Wheeler | 1 December 2018 |
| ML De Nysschen | 1 August 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 meetings on 26 March 2020, 27 October 2020 and 17 March 2021 during which it fulfilled its responsibilities in terms 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 AB Finco1 (RF) Limited. Absa Bank Limited, acting through its Corporate and Investment Banking Division ("CIB") is the administrator of the Company. 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 2020 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 2020 audited annual financial statements for approval to the Board on 29 March 2021. 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.

DocuSigned by:

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On behalf of the audit committee:

R Thanthony

Chairperson: Audit Committee

29 March 2021

EY
102 Rivonia Road
Sandton
Private Bag X14
Sandton
2146

Ernst & Young Incorporated
Co. Reg. No. 2005/002308/21
Tel: +27 (0) 11 772 3000
Fax: +27 (0) 11 772 4000
Docex 123 Randburg
ey.com

# Independent Auditor's Report To the Shareholders of AB Finco 1 (RF) Limited

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of AB Finco 1 (RF) Limited ('the company'), set out on pages 18 to 52, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 2020, and it's 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 52 page document titled "AB Finco 1 (RF) Limited Financial Statements for the year ended 31 December 2020" which includes the Directors' Report, the Audit Committee's Report, and the Company Secretary's Certificate 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 reports 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 the 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.

- 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.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

***Report on Other Legal and Regulatory Requirements***

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of AB Finco 1 (RF) Limited for 3 years.

DocuSigned by:
Ernst & Young Inc.
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Ernst & Young Inc.
Director – Jan H Labuschagne
Registered Auditor
Chartered Accountant (SA)
30 March 2021

| | | |
|---|---|---|
| **Company registration number** | 2007/033844/06 | |
| **Country of incorporation and domicile** | South Africa | |
| **Date of publication** | 29 March 2021 | |
| **Nature of business and principal activities** | The activities of AB Finco 1 (RF) Limited (the Company) are restricted by the Issuer Transaction Documents and will be limited to the issue of Notes, the purchase of Loan Agreements, the exercise of related rights and powers and other activities referred to in the Issuer Transaction Documents or reasonably incidental to such activities. | |
| **Directors** | **Name** | **Appointment date** |
| | Non-Executive independent directors | |
| | R Thanthony | 27/02/2015 |
| | O Ferreira (Alternative) | 31/01/2017 |
| | ML De Nysschen | 01/08/2018 |
| | JN Wheeler | 01/12/2018 |
| | Executive directors | |
| | JR Burnett | 05/11/2019 |
| **Registered office** | 7th Floor<br>Absa Towers West<br>15 Troye Street<br>Johannesburg<br>2000 | |
| **Business address** | 7th Floor<br>Absa Towers West<br>15 Troye Street<br>Johannesburg<br>2000 | |
| **Postal address** | PO Box 7735<br>Johannesburg<br>Gauteng<br>2000 | |
| **Holding company** | Issuer Owner Trust (IT002095/2019G). During 2020 the shares held by Commissioner Street Owner Trust were transferred to the Issuer Owner Trust. | |
| **Ultimate holding company** | Issuer Owner Trust. Absa Bank Limited holds 100% of the notes issued by the Company and hence control the Company in terms of IFRS10. As at 31 December 2020 the Company is consolidated into Absa Bank Limited, and therefore is also ultimately consolidated into Absa Group Limited. | |
| **Auditors** | Ernst & Young Inc.<br>102 Rivonia Road<br>Sandton<br>2196 | |

**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 Group Limited, Jan Luus CA(SA).

**Company secretary**

| Name | Appointment date |
|---|---|
| Absa Secretarial Services Proprietary Limited<br>(Represented by Gerrie van Rooyen) | 17/09/2018 |

**Date of incorporation**

26 November 2007

**Review of operations**

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.

**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 | **2020**<br>**R** | 2019<br>R |
|---|---|---|
| Profit for the year | **20 216 915** | 6 647 806 |
| Total comprehensive income | **20 216 915** | 6 647 806 |
| Taxation | **(7 455 053)** | 1 384 894 |
| Dividends declared and paid | **-** | - |
| Net assets/(liabilities) | **18 115 904** | (2 101 011) |
| Net current assets/(liabilities) | **16 939 439** | (3 485 905) |

**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 16.

**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 26.

**Going concern**

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

**AB FINCO 1 (RF) LIMITED**
**(Registration number: 2007/033844/06)**
**STATEMENT OF COMPREHENSIVE INCOME**
***for the year ended 31 December 2020***

| | Notes | 2020<br>R | 2019<br>R |
|---|---|---|---|
| Investment income | 4 | **347 924 693** | 9 041 677 |
| Other gains and losses | 5 | **-** | 431 |
| Other expenses | 8 | **(1 395 817)** | (779 604) |
| Finance costs | 6 | **(317 287 878)** | (10 333 371) |
| Expected credit loss | 8 | **(1 569 030)** | (4 033 177) |
| Other income | 7 | **-** | 11 366 956 |
| Profit before tax | | **27 671 968** | 5 262 912 |
| Taxation | 9 | **(7 455 053)** | 1 384 894 |
| Profit for the year | | **20 216 915** | 6 647 806 |
| **Total comprehensive income for the year, net of tax** | | **20 216 915** | 6 647 806 |

| | Notes | 2020 R | 2019 R |
|---|---|---|---|
| **Assets** | | | |
| *Non-current assets* | | | |
| Loans and advances | 11 | **4 536 670 833** | 4 264 150 944 |
| Deferred tax assets | 14 | **1 176 465** | 1 384 894 |
| Total non-current assets | | **4 537 847 298** | 4 265 535 838 |
| *Current assets* | | | |
| Trade receivables | 12 | **-** | 457 |
| Loans and advances | 11 | **343 286 741** | 231 610 968 |
| Cash and cash equivalents | 19 | **21 433 353** | 91 365 |
| Total current assets | | **364 720 094** | 231 702 790 |
| **Total assets** | | **4 902 567 392** | 4 497 238 628 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| *Capital and reserves* | | | |
| Share capital | 16 | **100** | 100 |
| Retained income/(accumulated loss) | | **18 115 804** | (2 101 111) |
| **Total equity** | | **18 115 904** | (2 101 011) |
| **Liabilities** | | | |
| *Non-current liabilities* | | | |
| Debt securities in issue | 13 | **4 536 670 833** | 4 264 150 944 |
| Total non-current liabilities | | **4 536 670 833** | 4 264 150 944 |
| *Current liabilities* | | | |
| Trade and other payables | 15 | **367 211** | 200 430 |
| Debt securities in issue | 13 | **346 251 772** | 234 988 265 |
| Current tax liabilities | | **1 161 672** | - |
| Total current liabilities | | **347 780 655** | 235 188 695 |
| **Total liabilities** | | **4 884 451 488** | 4 499 339 639 |
| **Total equity and liabilities** | | **4 902 567 392** | 4 497 238 628 |

**AB FINCO 1 (RF) LIMITED**
**(Registration number: 2007/033844/06)**
**STATEMENT OF CHANGES IN EQUITY**
***for the year ended 31 December 2020***

| | Share Capital<br>R | Retained income/(accumulated loss)<br>R | Total equity<br>R |
|---|---|---|---|
| Balance at 1 January 2019 | 100 | (8 748 917) | (8 748 817) |
| Total comprehensive income for the year | - | 6 647 806 | 6 647 806 |
| Balance at 31 December 2019 | 100 | (2 101 111) | (2 101 011) |
| Note | 16 | | |
| **Balance at 1 January 2020** | **100** | **(2 101 111)** | **(2 101 011)** |
| Total comprehensive income for the year | **-** | **20 216 915** | **20 216 915** |
| **Balance at 31 December 2020** | **100** | **18 115 804** | **18 115 904** |
| Note | 16 | | |

| | Notes | 2020<br>R | 2019<br>R |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash used in operations | 17 | **(1 228 579)** | (777 787) |
| Investment income | 21 | **337 568 339** | 1 090 850 |
| Finance costs paid | 20 | **(308 860 253)** | (1 863 272) |
| Income taxes paid | 18 | **(6 084 952)** | - |
| **Net cash generated by/(used in) operating activities** | | **21 394 555** | (1 550 209) |
| **Cash flows from investing activities** | | | |
| Loans and advances extended | | **(637 931 278)** | (4 490 566 038) |
| Loans and advances settled | | **262 575 507** | 24 599 256 |
| **Net cash used in investing activities** | | **(375 355 771)** | (4 465 966 782) |
| **Cash flows from financing activities** | | | |
| Debt securities in issue | | **637 931 278** | 4 490 566 038 |
| Debt securities in issue settled | | **(262 575 507)** | (22 960 682) |
| **Net cash generated by financing activities** | | **375 355 771** | 4 467 605 356 |
| **Net increase in cash and cash equivalents** | | **21 394 555** | 88 365 |
| Cash and cash equivalents at the beginning of the year | | **91 365** | 3 000 |
| **Cash and cash equivalents at the end of the year** | 19 | **21 485 920** | 91 365 |

## 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 2020. For details of the new and revised accounting policies refer to note 27.

### 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.

### 2.3 REVENUE RECOGNITION

***INVESTMENT INCOME***

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to that instrument's net carrying amount on initial recognition.

The Company also presents as part of investment 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.

### 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 TAXATION (continued)

***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.

***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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 FINANCIAL INSTRUMENTS (continued)

#### *2.5.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)*

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.

#### *2.5.2 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 FINANCIAL INSTRUMENTS (continued)

### *2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)*

***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:

- 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 Interest and similar income using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.

***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.

### *2.5.3 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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 FINANCIAL INSTRUMENTS (continued)

#### *2.5.3 EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS (continued)*

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 unlikeliness 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.

***Expected loss calculation***

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)*

***Expected loss calculation (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.

## 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.

### 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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5.6 *DERIVATIVE FINANCIAL INSTRUMENTS (continued)*

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 FVTPL. 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

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise 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

AB Finco 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.

The 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.

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.

Fair Value of financial instruments

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 services 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.

**Expected Credit losses**

Expected Credit Loss estimate was made considering all reasonable and supportable 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 2020.

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.

## 3. JUDGEMENTS AND ESTIMATES (continued)

**Deferred tax**

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

| | 2020<br>R | 2019<br>R |
|---|---|---|
| **4. INVESTMENT INCOME** | | |
| **Interest income** | | |
| Loans and Advances | **347 924 693** | 10 223 362 |
| Loan premium amortisation | - | (1 188 056) |
| Call accounts | - | 6 371 |
| | **347 924 693** | 9 041 677 |
| **5. OTHER GAINS AND LOSSES** | | |
| Net loss arising on financial assets designated as at Fair Value Through Profit and Loss | - | (4 276) |
| Gain on derivative financial instruments | - | 4 707 |
| | - | 431 |
| **6. FINANCE COSTS** | | |
| **Interest expense** | | |
| Debt securities in issue | **317 287 878** | 10 333 371 |
| | **317 287 878** | 10 333 371 |

## 7. OTHER INCOME

During the prior year R11,366,956 of notes in issue due to Absa Bank Limited were cancelled and the repayment obligations were waived by Absa Bank Limited when the historic transactions in the vehicle were unwound. The cancellation of the liability resulted in a saving to the entity, and was therefore recognized as other income since the saving of cash outflows were not attained through the ordinary course of business operations.

| | 2020<br>R | 2019<br>R |
|---|---|---|

## 8. PROFIT FOR THE YEAR

Profit for the year is stated after taking account of the following items:

| | 2020 R | 2019 R |
|---|---|---|

## 8. PROFIT FOR THE YEAR (continued)

### 8.1 Expected credit losses

**Financial assets**

| | 2020 R | 2019 R |
|---|---|---|
| Impairment loss recognised on Loans and advances, and cash | | |
| Stage1 | **1 569 030** | 4 033 177 |
| | **1 569 030** | 4 033 177 |
| Total expected credit loss on financial assets | **1 569 030** | 4 033 177 |

### 8.2 Auditors remuneration

| | 2020 R | 2019 R |
|---|---|---|
| Audit fees | **239 930** | 206 180 |
| | **239 930** | 206 180 |

### 8.3 Directors remuneration

| | 2020 R | 2019 R |
|---|---|---|
| Directors fees | **181 125** | 129 020 |
| | **181 125** | 129 020 |

### 8.4 Other expenses

| | 2020 R | 2019 R |
|---|---|---|
| Management fees | **383 333** | 387 500 |
| Administration fees and expenses | **573 457** | - |
| Other expenses | **-** | 46 900 |
| Bank charges | **17 972** | 10 004 |
| | **974 762** | 444 404 |

## 9 TAXATION

### 9.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

| | 2020 R | 2019 R |
|---|---|---|
| **Current tax** | | |
| Local normal tax - current year | **7 246 624** | - |
| | **7 246 624** | - |
| **Deferred tax** | | |
| Recognition of previously unrecognised tax losses | **-** | (2 515 056) |
| Expected credit losses | **(329 498)** | (846 968) |
| Utilisation of previously unrecognised tax losses | **537 927** | 1 977 130 |
| | **208 429** | (1 384 894) |
| Total income tax recognised in the current year | **7 455 053** | (1 384 894) |

The company has an estimated assessed tax loss of R0 (2019: R1,921,168) that is available for offset against future taxable income, resulting in a deferred tax asset of R0 (2019: R537,927). Historically the deferred tax balances were not recognised, as it was not expected that there would be future taxable revenue. During the prior year previously unrecognised deferred tax assets were reassessed and have been recognised as it has become probable that future taxable profits will be available against which they can be used.

| | 2020<br>R | 2019<br>R |
|---|---|---|

## 9 TAXATION (continued)

### 9.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS (continued)

| **Reconciliation between operating profit and tax expense** | | |
|---|---|---|
| Profit before tax for the year | **27 671 968** | 5 262 912 |
| Income tax expense calculated at 28% (2019: 28%) | **(7 748 151)** | (1 473 615) |
| Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets | **-** | 2 221 959 |
| Adjustments recognised in the current year in relation to the current tax of prior years | **293 098** | - |
| Capital gains tax | **-** | 636 550 |
| Income tax expense recognised in profit or loss | **(7 455 053)** | 1 384 894 |

The capital gains tax in 2019 of R636,550 relates to Other Income (refer Note 7).

| | Balances at the beginning of the reporting period R | Current period provision R | Originated / purchased assets R | Total R |
|---|---|---|---|---|
| **10. CREDIT RISK RECONCILIATION - EXPECTED CREDIT LOSS ALLOWANCE** | | | | |
| **2020** | | | | |
| **Cash and cash equvalent** | | | | |
| Stage 1 | **-** | **52 567** | **-** | **52 567** |
| Total expected credit losses | **-** | **52 567** | **-** | **52 567** |
| **Loans and Advances** | | | | |
| Stage 1 | **4 033 177** | **1 318 077** | **198 386** | **5 549 640** |
| Total expected credit losses | **4 033 177** | **1 318 077** | **198 386** | **5 549 640** |
| **2019** | | | | |
| **Loans and Advances** | | | | |
| Stage 1 | - | 4 033 177 | - | 4 033 177 |
| Total expected credit losses | - | 4 033 177 | - | 4 033 177 |

## 10. CREDIT RISK RECONCILIATION - EXPECTED CREDIT LOSS ALLOWANCE (continued)

The increase in the current period provision is as a result of a slight deterioration in the internal credit rating of some clients, compounded by the deterioration in the forward looking macro-economic variables used in the model.

| | 2020 R | 2019 R |
|---|---|---|

## 11. LOANS AND ADVANCES

| | 2020 R | 2019 R |
|---|---|---|
| Capital | **4 858 516 033** | 4 490 566 038 |
| Interest accrual | **26 991 181** | 9 229 051 |
| | **4 885 507 214** | 4 499 795 089 |
| Expected credit losses | **(5 549 640)** | (4 033 177) |
| Total carrying amount of loans and advances | **4 879 957 574** | 4 495 761 912 |
| **Maturity of loans and advances** | | |
| Current | **343 286 741** | 231 610 968 |
| Non-current | **4 536 670 833** | 4 264 150 944 |
| | **4 879 957 574** | 4 495 761 912 |

AB Finco 1 (RF) Limited bought the above loan exposures from Absa Bank Limited.

All the company's rights and interest to the Loans and Advances are pledged to AB Finco 1 Security SPV(RF) (Pty) Ltd (refer to note 13).

All outstanding loans and advances are ZAR denominated variable or fixed rate instruments.

## 12. TRADE RECEIVABLES

| | 2020 R | 2019 R |
|---|---|---|
| Accrued interest on call accounts | **-** | 457 |
| | **-** | 457 |

## 13. DEBT SECURITIES IN ISSUE

**Non-current liabilities**

| | 2020 R | 2019 R |
|---|---|---|
| Debt Securities in issue | **4 536 670 833** | 4 264 150 944 |
| | **4 536 670 833** | 4 264 150 944 |

**Current liabilities**

| | 2020 R | 2019 R |
|---|---|---|
| Debt Securities in issue | **321 845 200** | 226 415 094 |
| Accrued interest on debt securities in issue | **24 406 572** | 8 573 171 |
| | **346 251 772** | 234 988 265 |

## 13. DEBT SECURITIES IN ISSUE (continued)

In terms of the Security SPV Guarantee, AB Finco 1 Security SPV(RF) (Pty) Ltd holds and can realise security for the benefit of the Series Transaction Secured Creditors (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 AB Finco 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 issued various series of notes to the value of R637,931,278 (2019: R4,490,566,038), which are listed on the Johannesburg Securities Exchange (JSE), to investors. The notes constitute direct, secured, limited recourse obligations of the Company. The notes are secured by the underlying assets and the obligation to pay is limited to the cash available in each series. The notes were rated by GCR Ratings. GCR is registered as a Credit Rating Services Provided by the Financial Services Conduct Authority and is also recognised as a eligible External Credit Assessment Institution (ECAI) by the South African Reserve Bank.

The Company settled notes/capital to the value of R262,575,507 (2019: R22,960,682).

Interest paid on the statement of cash flows is R308,860,253 (2019: R1,863,272).

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

R11,366,956 of the historic debt securities in issue (MFS1B) due to Absa Bank Limited were cancelled and the repayment obligations were waived. Refer to note 7.

Interest expense for the year amounted to R317,287,878 (2019: R10,333,371).

**Terms and conditions of outstanding balances were as follows:**

| Details | Interest rate | Maturity | 2020 R | 2019 R |
|---|---|---|---|---|
| ABF001 - Variable (AA+ Rating) | 6.47% | 14/09/2026 | **1 002 515 068** | 1 001 819 178 |
| ABF003 - Variable (AA Rating) | 6.56% | 18/07/2024 | **1 010 627 616** | 1 001 841 096 |
| ABF007 - Variable (AA Rating) | 7.11% | 12/01/2030 | **2 275 127 299** | 2 495 478 935 |
| ABF004 - Fixed (AA+ Rating) | 9.65% | 30/06/2026 | **594 652 621** | - |
| | | | **4 882 922 604** | 4 499 139 209 |

## 14. DEFERRED TAX

**Deferred tax balances**

| | 2020 R | 2019 R |
|---|---|---|
| The net deferred tax asset at the end of the year is as follows: | | |
| Deferred tax assets | **1 176 465** | 1 384 894 |

## 14. DEFERRED TAX (continued)

**Deferred tax balances (continued)**

Deferred tax assets and liabilities are attributable to the following:

| | Balance at 1 January R | Recognised in profit or loss R | Balance at 31 December R |
|---|---|---|---|
| **2020** | | | |
| Impairments | **846 967** | **329 498** | **1 176 465** |
| Assessed losses | **537 927** | **(537 927)** | **-** |
| | **1 384 894** | **(208 429)** | **1 176 465** |
| **2019** | | | |
| Impairments | - | 846 967 | 846 967 |
| Assessed losses | - | 537 927 | 537 927 |
| - | - | 1 384 894 | 1 384 894 |

During 2019 R2 515 056 of previously unrecognised deferred tax assets were recognised, and were offset by a R1 977 130 tax charge. This resulted in a remaining deferred tax asset (relating to assessed losses) of R537 927 at the end of 2019. The full balance of R537 927 was utilised in 2020.

## 15. TRADE AND OTHER PAYABLES

| | 2020 R | 2019 R |
|---|---|---|
| Audit fees | **174 052** | 200 430 |
| Administration fees | **91 159** | - |
| Rating agency fees | **102 000** | - |
| | **367 211** | 200 430 |

| | 2020 R | 2019 R |
|---|---|---|

## 16. SHARE CAPITAL

**Authorised share capital**

| | 2020 R | 2019 R |
|---|---|---|
| 1 000 (2019: 1 000) ordinary shares of R1 per share. | **1 000** | 1 000 |
| 100 (2019: 100) non-cumulative redeemable preference shares of 0.01 per share. | **1** | 1 |

**Issued share capital**

| | 2020 R | 2019 R |
|---|---|---|
| 100 (2019: 100) ordinary shares of R1 per share. | **100** | 100 |
| 1 (2019: 1) non-cumulative redeemable preference shares of 0.01 per share. | **-** | - |
| | **100** | 100 |

**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 year**

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.

## 17. CASH USED IN OPERATIONS

| | 2020 R | 2019 R |
|---|---|---|
| Profit before tax for the year | **27 671 968** | 5 262 912 |
| Finance costs | **317 287 878** | 10 333 371 |
| Investment income | **(347 924 693)** | (10 229 733) |
| Net loss arising on financial assets designated as at fair value through profit or loss | **-** | 4 276 |
| Expected credit losses (see note 8) | **1 569 030** | 4 033 177 |
| Amortisation and discount on loans and advances (see note 11) | **-** | 1 188 056 |
| Other income | **-** | (11 366 956) |
| - Cash used in operations before working capital changes | **(1 395 817)** | (774 897) |
| **Changes in working capital** | | |
| Decrease/(increase) in trade and other receivables | **457** | (433) |
| Increase in trade and other payables | **166 781** | 2 878 |
| (Decrease (increase) in derivative liability | **-** | (5 335) |
| Total changes in working capital | **167 238** | (2 890) |
| Cash used in operations | **(1 228 579)** | (777 787) |

Investment income recognised in 2019 in profit and loss is net of R1,188,056 of premium amortisation on loans repaid.

| | | 2020<br>R | 2019<br>R |
|---|---|---|---|
| **18.** | **TAXATION PAID** | | |
| | Current tax expense | **(7 246 624)** | - |
| | Tax payable at the end of the year | **1 161 672** | - |
| | | **(6 084 952)** | - |

| | | | |
|---|---|---|---|
| **19.** | **CASH AND CASH EQUIVALENTS** | | |
| | Cash and bank balances | **21 485 920** | 5 786 |
| | Funds on call and deposits | **-** | 85 579 |
| | Gross Cash and cash equivalents | **21 485 920** | 91 365 |
| | Expected credit losses | **(52 567)** | - |
| | Carrying amount | **21 433 353** | 91 365 |

All the Company's rights and interest to these balances are pledged to the Security SPV (refer to note 13).

| | | | |
|---|---|---|---|
| **20.** | **FINANCE COSTS PAID** | | |
| | Interest expense | **(324 693 654)** | (10 333 371) |
| | Accrued interest payable at the beginning of the year | **(8 573 171)** | (103 072) |
| | Accrued interest payable at the end of the year | **24 406 572** | 8 573 171 |
| | | **(308 860 253)** | (1 863 272) |

Interest expense as per the SOCI of R317,287,878 has been adjusted with accrued interest of R7,405,778 on issued instruments.

| | | | |
|---|---|---|---|
| **21.** | **INVESTMENT INCOME** | | |
| | Interest income | **355 330 469** | 10 229 733 |
| | Accrued interest receivable at the beginning of the year | **9 229 051** | 90 168 |
| | Accrued interest receivable at the end of the year | **(26 991 181)** | (9 229 051) |
| | | **337 568 339** | 1 090 850 |

Interest income as per the SOCI of R347,924,693 has been adjusted for accrued interest of R7,405,778 on purchased instruments.

Interest income recognised in 2019 in profit and loss is net of R1,188,056 of premium amortisation on loans repaid.

## 22. FINANCIAL INSTRUMENTS

### 22.1 CATEGORIES OF FINANCIAL INSTRUMENTS

| | Amortised cost - debt instruments R | Amortised cost financial liabilities R | Total assets and liabilities R |
|---|---|---|---|
| **Assets as per Statement of Financial Position - 2020** | | | |
| Loans and advances | **4 879 957 574** | **-** | **4 879 957 574** |
| Cash and cash equivalents | **21 433 353** | **-** | **21 433 353** |
| Total | **4 901 390 927** | **-** | **4 901 390 927** |
| **Liabilities as per Statement of Financial Position - 2020** | | | |
| Debt securities in issue | **-** | **4 882 922 605** | **4 882 922 605** |
| Trade and other payables | **-** | **367 211** | **367 211** |
| Total | **-** | **4 883 289 816** | **4 883 289 816** |
| **Assets as per Statement of Financial Position - 2019** | | | |
| Loans and advances | 4 495 761 912 | - | 4 495 761 912 |
| Trade receivables | 457 | - | 457 |
| Cash and cash equivalents | 91 365 | - | 91 365 |
| Total | 4 495 853 734 | - | 4 495 853 734 |
| **Liabilities as per Statement of Financial Position - 2019** | | | |
| Debt securities in issue | - | 4 499 139 209 | 4 499 139 209 |
| Trade and other payables | - | 200 430 | 200 430 |
| Total | - | 4 499 339 639 | 4 499 339 639 |

## 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. RISK MANAGEMENT (continued)

### 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 that the Company's earnings or capital, or its ability to meet its objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rate, foreign exchange rate, equity prices, commodity prices and credit spreads. 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.

- the introduction of an interest rate risk management policy which uses a sensitivity analysis to simulate changes in the market and the effects thereof.

### 23.4 INTEREST RATE RISK

In the past the Company was exposed to interest rate risk as assets were earning at a fixed rate and funds were borrowed at both fixed and floating interest rates. The risk on these historic positions were managed with the use of interest rate swap contracts and forward interest rate contracts. As at 31 December 2020 all interest bearing assets and liabilities on the balance sheet are either at floating interest rates with matching maturity profiles between assets and liabilities, or are at fixed rate with matching profiles between assets and liablities. As a result the income is not sensitive to interest rate movements.

## 23. RISK MANAGEMENT (continued)

## 23.5 CREDIT RISK

### 23.5.1 MAXIMUM CREDIT RISK EXPOSURE

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.

The credit risk ratings are classified in terms of GCR Ratings as at 31 December 2020.

| | Gross Maximum Exposure | 12 months expected credit losses - stage 1 | |
|---|---|---|---|
| | | AA+ | AA |
| | R | R | R |
| **2020** | | | |
| Cash and balances at banks | **21 485 920** | **-** | **21 485 920** |
| Loans and advances | **4 885 507 214** | **1 597 504 327** | **3 288 002 887** |
| **Total gross maximum exposure** | **4 906 993 134** | **1 597 504 327** | **3 309 488 807** |
| Expected credit losses | **(5 602 207)** | **(1 234 728)** | **(4 367 479)** |
| **Total net exposure as per statement of financial position** | **4 901 390 927** | **-** | **-** |
| Assets not subject IFRS 9 requirements | **1 176 465** | **-** | **-** |
| **Total financial assets per the statement of financial position** | **4 902 567 392** | **1 596 269 599** | **3 305 121 328** |
| **2019** | | | |
| Cash and balances at banks | 91 365 | - | 91 365 |
| Loans and advances | 4 499 795 089 | 1 001 961 644 | 3 497 833 445 |
| **Total gross maximum exposure** | **4 499 886 454** | **1 001 961 644** | **3 497 924 810** |
| Expected credit losses | (4 033 177) | (502 374) | (3 530 803) |
| **Total financial assets per the statement of financial position** | **4 495 853 277** | **1 001 459 270** | **3 494 394 007** |

## 23. RISK MANAGEMENT (continued)

### 23.5 CREDIT RISK (continued)

| | Loans and advances R | Total R |
|---|---|---|
| **Credit exposure by industry** | | |
| **2020** | | |
| Development Financing - (AA+ Rating) | **1 002 835 617** | **1 002 835 617** |
| Telecommunication - (AA Rating) | **1 011 337 205** | **1 011 337 205** |
| Transportation - (AA Rating) | **2 276 665 681** | **2 276 665 681** |
| Local Government - (AA+ Rating) | **594 668 711** | **594 668 711** |
| Banks - (AA Rating) | **21 485 920** | **21 485 920** |
| **Gross Exposure** | **4 906 993 134** | **4 906 993 134** |
| Expected credit losses | **(5 602 207)** | **(5 602 207)** |
| **Net Exposure** | **4 901 390 927** | **4 901 390 927** |
| **Credit exposure by industry** | | |
| **2019** | | |
| Development Financing - (AA+ Rating) | 1 001 961 644 | 1 001 961 644 |
| Telecommunication - (AA Rating) | 1 001 917 808 | 1 001 917 808 |
| Transportation - (AA Rating) | 2 495 915 637 | 2 495 915 637 |
| **Gross Exposure** | **4 499 795 089** | **4 499 795 089** |
| Expected credit losses | (4 033 177) | (4 033 177) |
| **Net Exposure** | 4 495 761 912 | 4 495 761 912 |

### 23.6 LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Liquidity and interest risk tables**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principle cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

## 23. RISK MANAGEMENT (continued)

### 23.6 LIQUIDITY RISK (continued)

**Liabilities**

| | Less than 1 month R | 1-3 months R | 3-12 months R | 1-5 years R | 5+ years R | Total R |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Debt Securities in issue | **13 069 096** | **101 185 681** | **472 843 272** | **4 064 791 604** | **1 713 201 324** | **6 365 090 977** |
| Trade and other payables | **-** | **367 211** | **-** | **-** | **-** | **367 211** |
| | **13 069 096** | **101 552 892** | **472 843 272** | **4 064 791 604** | **1 713 201 324** | **6 365 458 188** |
| **2019** | | | | | | |
| Debt Securities in issue | 6 424 658 | 118 049 015 | 436 374 928 | 3 693 968 238 | 2 295 408 194 | 6 550 225 033 |
| Trade and other payables | - | 200 430 | - | - | - | 200 430 |
| | 6 424 658 | 118 249 445 | 436 374 928 | 3 693 968 238 | 2 295 408 194 | 6 550 425 463 |

**Assets**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

## 23. RISK MANAGEMENT (continued)

## 23.6 LIQUIDITY RISK (continued)

**Assets (continued)**

| | Less than 1 month R | 1-3 months R | 3-12 months R | 1-5 years R | 5+ years R | Total R |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Cash and cash equivalents | **21 485 920** | **-** | **-** | **-** | **-** | **21 485 920** |
| Loans and advances | **13 941 699** | **107 646 472** | **497 243 556** | **4 154 882 233** | **1 736 349 983** | **6 510 063 943** |
| | **35 427 619** | **107 646 472** | **497 243 556** | **4 154 882 233** | **1 736 349 983** | **6 531 549 863** |
| **2019** | | | | | | |
| Trade and other receivables | 457 | - | - | - | - | 457 |
| Cash and cash equivalents | 91 365 | - | - | - | - | 91 365 |
| Loans and advances | 6 693 151 | 123 312 623 | 458 184 982 | 3 788 350 848 | 2 332 207 495 | 6 708 749 099 |
| | 6 784 973 | 123 312 623 | 458 184 982 | 3 788 350 848 | 2 332 207 495 | 6 708 840 921 |

## 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 these assets and liabilities are at floating interest rates.

| | **2020** | | 2019 | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
| | **R** | **R** | R | R |
| **Financial Assets** | | | | |
| Cash and Cash equivalents | **21 433 353** | **21 433 353** | 91 365 | 91 365 |
| Loans and advances | **4 879 956 597** | **4 890 276 684** | 4 499 795 089 | 4 499 795 089 |
| Trade and other receivables | **-** | **-** | 457 | 457 |
| Total | **4 901 389 950** | **4 911 710 037** | 4 499 886 911 | 4 499 886 911 |
| **Financial Liabilities** | | | | |
| Debt securities in issue | **4 882 922 605** | **4 893 241 715** | 4 499 139 209 | 4 499 139 209 |
| Trade and other payables | **367 211** | **367 211** | 200 430 | 200 430 |
| Total | **4 883 289 816** | **4 893 608 926** | 4 499 339 639 | 4 499 339 639 |

### 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.

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

### 24.1. FAIR VALUE HIERARCHY (continued)

| | Level 2<br>R | Total<br>R |
|---|---|---|
| **2020** | | |
| **Financial Assets** | | |
| **Loans and advances** | | |
| Loans and advances | **4 879 956 597** | **4 879 956 597** |
| | **4 879 956 597** | **4 879 956 597** |
| **Financial Liabilities** | | |
| **Trade and other payables** | | |
| Trade and other payables | **367 211** | **367 211** |
| | **367 211** | **367 211** |
| **Debt securities in issue** | | |
| Debt securities in issue | **4 882 922 605** | **4 882 922 605** |
| | **4 882 922 605** | **4 882 922 605** |
| **2019** | | |
| **Financial Assets** | | |
| **Trade and other receivables** | | |
| Trade and other receivables | 457 | 457 |
| | **457** | **457** |
| **Loans and advances** | | |
| Loans and advances | 4 499 795 089 | 4 499 795 089 |
| | **4 499 795 089** | **4 499 795 089** |
| **Financial Liabilities** | | |
| **Trade and other payables** | | |
| Trade and other payables | 200 430 | 200 430 |
| | **200 430** | **200 430** |
| **Debt securities in issue** | | |
| Debt securities in issue | 4 499 139 209 | 4 499 139 209 |
| | **4 499 139 209** | **4 499 139 209** |

## 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:

| Category of asset | Types of financial instruments | Valuation techniques applied | Significant observable inputs |
|---|---|---|---|
| **Trade and other receivables** | Debtors | Discounted cash flow | Interest rate curves |
| **Loans and advances** | Loans | Discounted cash flow | Interest rate curves |

| Category of liability | Types of financial instruments | Valuation techniques applied | Significant observable inputs |
|---|---|---|---|
| **Trade and other payables** | Creditors | Discounted cash flow | Interest rate curves |
| **Debt securities in issue** | Notes issued | Discounted cash flow | Interest rate curves |

## 25. RELATED PARTIES

The following are defined as related parties of the Company:

• the parent;

• an entity controlled/jointly controlled or significantly influenced by the parent trust;

• key management personnel; and

• children and/or dependents and spouses or partners of the individuals referred to above.

## 25. RELATED PARTIES (continued)

| | Admin and management fees paid R | Interest received R | Interest paid R | Other income R | Directors fees paid R | Bank charges R |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| ***Other*** | | | | | | |
| Absa Bank Limited | **(383 333)** | **-** | **(317 287 878)** | **-** | **-** | **(17 972)** |
| TMF Corporate Services (South Africa) Proprietary Limited | **-** | **-** | **-** | **-** | **(181 125)** | **-** |
| | **(383 333)** | **-** | **(317 287 878)** | **-** | **(181 125)** | **(17 972)** |
| **2019** | | | | | | |
| ***Other*** | | | | | | |
| Absa Bank Limited | (387 500) | 6 371 | (10 333 371) | 11 366 956 | - | (10 004) |
| TMF Corporate Services (South Africa) Proprietary Limited | - | - | - | - | (129 020) | - |
| | (387 500) | 6 371 | (10 333 371) | 11 366 956 | (129 020) | (10 004) |

The Issuer Owner Trust owns 100% (2019: 100% was owned by Commissioner Street Owner Trust) of the ordinary shares in the Company.

Absa Bank Limited has invested in 100% (2019: 100%) of all notes issued by the Company. As a result, in terms of IFRS10, Absa Bank Limited controls the company.

Absa Corporate Investment Bank, a division of Absa Bank Limited, administers the Company and receives a management fee as compensation.

All Loans and advances has been purchased from Absa Bank Limited, and all Debt securities issues has been issued to Absa Bank Limited.

| | Current amounts receivable R | Current amounts payable R | Non-current amounts payable R |
|---|---|---|---|

**25. RELATED PARTIES (continued)**

| | Current amounts receivable R | Current amounts payable R | Non-current amounts payable R |
|---|---|---|---|
| **2020** | | | |
| ***Other related parties*** | | | |
| Absa Bank Limited | **21 485 920** | **(346 213 439)** | **(4 536 670 833)** |
| | **21 485 920** | **(346 213 439)** | **(4 536 670 833)** |
| **2019** | | | |
| ***Other related parties*** | | | |
| Absa Bank Limited | 91 365 | (234 988 266) | (4 264 150 944) |
| | 91 365 | (234 988 266) | (4 264 150 944) |

| | Directors' fees paid to TMF by other companies in the Group R | Total R |
|---|---|---|
| **2020** | | |
| **Directors compensation** | | |
| AB Finco 2 (RF) Limited | **113 675** | **113 675** |
| | **113 675** | **113 675** |
| | **113 675** | **113 675** |
| **2019** | | |
| **Directors compensation** | | |
| Commissioner Street No. 4 (RF) Limited | 144 073 | 144 073 |
| Commissioner Street No. 6 (RF) Limited | 159 239 | 159 239 |
| Commissioner Street No. 7 (RF) Limited | 33 440 | 33 440 |
| Commissioner Street No. 10 (RF) Limited | 146 342 | 146 342 |
| Commissioner Street No. 11 (RF) Limited | 157 975 | 157 975 |
| | 641 069 | 641 069 |
| | 641 069 | 641 069 |

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 directors’ fees of R181 125 (2019: R129 020) are paid to TMF Corporate Services (South Africa) Proprietary Limited for non-executive director services provided to the Company. Non-executive directors are employees of, and remunerated by TMF Corporate Services (South Africa) Proprietary Limited on a separate basis.

## 26. EVENTS AFTER THE REPORTING DATE

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

The directors are not aware of any significant events subsequent to the reporting date that would materially impact the outcome of these financial statements as currently presented.

## 27. 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 2020. 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:

| | |
|---|---|
| The Conceptual Framework | *The Conceptual Framework for Financial Reporting* sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies, and assistance to others in their efforts to understand and interpret the standards. |

**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** |
|---|---|---|
| IAS 1 | *Classification of liabilities as current or non-current* - 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 |

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.

**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 | AB Finco 1 (RF) Limited | |
| Registration number of company | 2007/033844/06 | |
| Date of end of reporting period | 31 December 2020 | |
| Disclosure of directors' responsibility [text block] | TRUE | |
| Date of approval of annual financial statements (director sign off date) | 29 March 2021 | |
| Audit partner name | JH Labuschagne | |
| Disclosure of directors' report [text block] | TRUE | |
| Date of publication of financial statements | 29 March 2021 | |
| Name of individual responsible for preparation or supervising preparation of financial statements | Jan Luus 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 Group Limited | |
| Customer code | BAGL01 | |
| Description of nature of entity's operations and principal activities | The activities of AB Finco 1 (RF) Limited (the Company) are restricted by the Issuer Transaction Documents and will be limited to the issue of Notes, the purchase of Loan Agreements, the exercise of related rights and powers and other activities referred to in the Issuer Transaction Documents or reasonably incidental to such activities. | |
| Principal place of business of company | Absa Towers West | |
| Business address, country | Johannesburg | Tab 1000 line 132 |
| Business address, city | Absa Towers West | Tab 1000 Line 130 |
| Business address, postal code | 15 Troye Street | Tab 1000 Line 131 |
| Business address, street name | 7th Floor | 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 | 29 March 2021 | |

**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.

**AB FINCO 1 (RF) LIMITED**
**(Registration number: 2007/033844/06)**
**CIPC ANNUAL RETURN AND iXBRL MANDATORY FIELDS**
***for the year ended 31 December 2020***

**Values extracted from FF**

| | 2020<br>R | 2019<br>R | |
|---|---|---|---|
| Average number of employees | - | - | tab 6060 line 97/tab6061 line 29(BNK) |
| Increase (decrease) in equity | **20 216 915** | | |
| Cash and cash equivalents | **21 485 920** | 91 365 | |
| Increase (decrease) in cash and cash equivalents | **21 394 555** | 88 365 | |
| Cash flows from (used in) financing activities | **375 355 771** | 4 467 605 356 | |
| Cash flows from (used in) investing activities | **(375 355 771)** | (4 465 966 782) | |
| Cash flows from (used in) operating activities | **21 394 555** | (1 550 209) | |
| Comprehensive income | **20 216 915** | 6 647 806 | |
| Other comprehensive income | - | - | |
| Tax expense (income), continuing operations | **(7 455 053)** | 1 384 894 | |
| Profit (loss) | **20 216 915** | 6 647 806 | |
| Profit (loss) before tax | **27 671 968** | 5 262 912 | |
| Assets | **4 902 567 392** | 4 497 238 628 | |
| Equity | **18 115 904** | (2 101 011) | |
| Liabilities | **4 884 451 488** | 4 499 339 639 | |

**Calculations or values manually calculated and inputted into FF template**

| | | | |
|---|---|---|---|
| **Turnover: (no rounding is applied to this value)** | **347 924 693** | - | Tab 1000 cell F202 |
| Points allocated to PI (roundup) | **348** | | |

*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** | **367 211** | | Tab 1000 cell F199 |
| Points allocated to PI (roundup) | **1** | | |
| Liabilities less related party liabilities, deferred tax and internal provisions | | | |
| **Public Interest (PI) score: (as per pack)** | 349 | | Tab 1000 cell F196 |
| **Final PI recalculated with roundup** | **349** | (Note this is the PI to be used for XBRL, the PI calc regulations were clarifies and 1 point per million or portion there of 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 |