Toyota Financial Services

Consolidated and Separate Annual Financial Statements
for the year ended 31 March 2025

Glossary

Abbreviation	Definition or Description	Abbreviation	Definition or Description
ARC	Audit, Risk and Compliance Committee	LGW	Loss Given Write off
B-BBEE	Broad-Based Black Economic Empowerment	NCA	National Credit Act
CPI	Consumer Price Index	NPL	Non Performing Loans
CSI	Corporate Social Initiatives	OCI	Other Comprehensive Income
DIC	Dealer Incentive Commission	OPEX	Operating Expenditure
EAD	Exposure at Default	PA	Prudential Authority
ECL	Expected Credit Loss/Losses	PAIA	Promotion of Access to Information Act No 2 of 2000
EIR	Effective Interest Rate	PASA	Payments Association of South Africa
ESG	Environmental, Social and Corporate Governance	PD	Probability of Default
FLI	Forward Looking Information	PI	Private Individual
FMR	Full Maintenance Rental	POPIA	Protection of Personal Information Act No 4 of 2013
FY	Financial Year	PWGD	Probability of Write Off Given Default
GDP	Gross Domestic Product	SAICA	South African Institute of Chartered Accountants
GIA	Group Internal Audit	SARB	South African Reserve Bank
GFV	Guaranteed Future Value	SARS	South African Revenue Services
HBA	Hollard Business Associates	SE	Self employed
IAS	International Accounting Standards®	SHE	Safety Health and Environment
IESBA	International Ethics Standard Boards for Accountants	SICR	Significant Increase in Credit Risk
IFRIC	International Financial Reporting Interpretations Committee®	SME	Small to Medium Enterprise
IFRS®	International Financial Reporting Standards as issued by the IASB (IFRS® Accounting Standards)	SPPI	Solely Payments of Principal and Interest
IRBA	Independent Regulatory Board for Auditors	SPV	Special Purpose Vehicle
ISA	International Standard on Auditing	TCF	Treating Customers Fairly
IT	Information Technology	TFSC	Toyota Financial Services Corporation
JIBAR	Johannesburg Interbank Average Rate	TSAM	Toyota South African Motors
JSE	JSE Limited	TTC	Through The Cycle
KING IV	King IV Report on Corporate Governance for South Africa, 2016	UN	United Nations
LECL	Lifetime Expected Credit Loss/Losses	VAPS	Value-Added Products
LGD	Loss Given Default	VAT	Value-Added Tax

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The consolidated and separate annual financial statements contained in this document have been prepared under the supervision of Mr M. Joubert CA (SA) (Chief Financial Officer).

This document is also available on the group's website: https://www.toyota.co.za/payment-options/toyota-financial-services/corporate-affairs

Directors' responsibility statement and approval of the consolidated and separate annual financial statements

The directors of Toyota Financial Services (South Africa) Limited are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements, comprising the consolidated and separate statement of comprehensive income, consolidated and separate statement of financial position, consolidated and separate statement of changes in equity, consolidated and separate statement of cash flows, and the notes to the consolidated and separate financial statements as at 31 March 2025.

These annual financial statements have been prepared in accordance with IFRS®, including interpretations issued by the IFRS® Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Debt and Specialist Securities Listings Requirements and the requirements of the Companies Act, no. 71 of 2008. Matthew Joubert, CA(SA), supervised the preparation of the annual financial statements for the year.

The directors are responsible for the Group and Company's system of internal control. To enable the directors to meet these responsibilities, they set the standards for internal control which include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. In discharging this responsibility, the directors rely on management to prepare the annual financial statements and for keeping adequate accounting records in accordance with the Group and Company's system of internal control.

The Group's system of controls includes control over security of the website and specifically establishing and controlling the process for electronically distributing annual financial statements and other financial information to shareholders.

The directors have reviewed the Group and Company's budgets and flow of funds forecasts and considered the Group and company's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review the directors are satisfied that it has adequate resources to continue in business for the foreseeable future and the going concern basis has been adopted in the preparation of the annual financial statements.

It is the responsibility of the Group's independent external auditors, PricewaterhouseCoopers Inc, to report on the fair presentation of the Group's consolidated and separate financial statements. The consolidated and separate financial statements have been audited in terms of section 29(1) of the Companies Act no. 71 of 2008 and their report is presented on pages 20 to 27 of these financial statements.

T.S.C. Manaka
Chief Executive Officer
05 June 2025

G. Msibi
Chairman
05 June 2025

Group Secretary's Certification

CERTIFICATION DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88(2)(E) OF THE COMPANIES ACT

I declare that, to the best of my knowledge, the company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

C. Low
Company Secretary
05 June 2025

Chief Executive and Chief Financial Officer Attestation

After due, careful and proper consideration, each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 28 to 87, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS®;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiary have been provided to effectively prepare the financial statements of the issuer;

(d) internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit, Risk and Compliance Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action; and

(f) we are not aware of any fraud involving directors.

T.S.C. Manaka	**M Joubert**
Chief Executive Officer	**Chief Financial Officer**
05 June 2025	**05 June 2025**

Audit, Risk and Compliance Committee's Report

The Toyota Financial Services (South Africa) Limited ("the Group") Audit, Risk and Compliance Committee's ("the Committee") main objective is to assist the Board in fulfilling its oversight responsibilities in respect of the financial and corporate reporting processes, internal controls, appropriateness of the accounting policies, and the effectiveness of the internal and external audit functions. It also provides independent oversight of the risk and compliance activities undertaken in the Company and Group. The committee also works closely with the Social and Ethics committee.

The responsibilities of the Committee are set out in the Companies Act, 71 of 2008 as amended (the "Act"), King IV and the JSE Debt and Specialist Securities Listings Requirements.

Composition of the Committee

The Committee comprised of three independent non-executive directors of the Group.

During FY2025, the Committee comprised A.W. Hedding – Chairman (independent non-executive director), N. Siyotula (independent non-executive director) and W Klaassen (independent non-executive director).The quorum for this forum is 2 independent non-executive directors which has been met for all meetings held during this financial year.

Members of the Committee satisfy the requirements to serve as members of an audit committee as provided in section 94 of the Act and have adequate knowledge and experience to carry out their duties.

Meetings are attended by representatives of both the internal and external auditors and certain members of management on an invitation basis, who provide the Committee with greater insight into specific areas or issues. The auditors have access to all records, assets and employees of the Group, as well as to the Chairman of the Committee.

The Committee Chairman reports to the Board on Committee activities each quarter and the matters discussed at each meeting, highlighting any key items that the Committee believes requires action and provides recommendations for their resolution.

Execution of Functions

The Committee has executed its duties and responsibilities during the financial year in accordance with its mandate.

Duties carried out by the Committee

In respect of the external auditors and external audit

- The Committee has satisfied itself that the external auditors are independent of the Group, and requisite assurance was sought and provided by the auditors that internal governance processes within the audit firm support and demonstrate its claim to independence. In terms of the conditions laid out in section 94(8) of the Companies Act and based on its assessment taking consideration of the criteria of King IV, the JSE Debt and Specialist Securities Listings Requirements and general guidance to Audit Committees, the Committee is satisfied with the performance and quality of the nominated external auditor and lead partner for the year ended 31 March 2025;
- The Committee also received from the external auditors all decision letters and explanations issued by the IRBA and summaries relating to monitoring procedures of deficiencies (if applicable) to confirm the suitability for appointment of the external auditors and the designated individual audit partner;
- Approved appointments and tenure of the auditors for the Company and the Group;
- Approved the external auditors' terms of engagement, the FY2025 audit plan and related scope of work and the appropriateness of the key risks identified;
- Approved the proposed audit fees for the year under review;
  The amounts paid to auditors for audit and non-audit services are disclosed in Note 8
- Pre-approved any proposed terms of engagement for the provision of non-audit services with external auditors;
- Considered the nature and extent of all non-audit services provided by the external auditors;
- Reviewed any significant audit findings and recommendations by external auditors and monitored progress reports on corrective actions required. Where any deficiencies in financial controls were identified, additional procedures were performed to validate the final results presented;
- Confirmed that there were no material unresolved matters;
- Monitors the public conduct of audit firms through media reports and follow up sessions with the external auditors;
- Five committee meetings were held during FY2025;
- Assessed and obtained assurance from the external auditors that their independence was not impaired in terms of the criteria specified by the IRBA as well as the criteria for internal governance processes;
- Obtained the information listed in paragraph 7.3(e)(iii) of the JSE Debt and Specialist Securities Listings Requirements, in its assessment of the suitability of PwC, as well as Louwrens van Velden CA(SA), for their appointments as External Auditor and audit partner, respectively, for the financial year ended 31 March 2025; and
- Ensured that a resolution is tabled at the Annual General Meeting for the appointment of the external auditor and audit partner for the financial year ending 31 March 2025.

Audit, Risk and Compliance Committee's Report

In respect of Financial Statements

- The Committee considered whether the going concern principle was appropriate for the preparation of the consolidated and separate annual financial statements. This included reviewing the budget and the expected operational and cash flow projections under different scenarios. This review is set out in more detail in Note 31. The Committee concluded that the going concern principle was appropriate;
- Reviewed analysis of the Company's and the Group's year to date performance on a quarterly basis;
- Reviewed the consolidated and separate annual financial statements and recommended them for adoption to the Board;
- Reviewed reports on the adequacy of credit impairments for performing and non-performing loans and impairment tests with respect to other assets;
- Considered feedback from the external auditors;
- Ensured that the consolidated and separate annual financial statements fairly present the financial position of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for the year then ended;
- Considered the accounting treatments of all significant transactions and accounting judgements;
- Considered the appropriateness of the accounting policies adopted;
- Considered the accounting treatment and impact of the Prior Year Restatement (Note 32) and the appropriateness of the disclosure thereof on the financial statements.
- Reviewed any significant legal and tax matters that could have material impact on those financial statements;
- Reviewed the JSE latest report on proactive monitoring, and those of prior years, of financial statements and ensured that their recommendations and findings have been considered in the preparation of the current year’s financial statements;
- Received and reviewed reports from both internal and external auditors, which included commentary on the effectiveness of the internal control environment, systems and processes;
- The Committee took cognisance of the key audit matters as reported in the independent external auditor’s report. This was done by considering the appropriateness of impairments in relation to the risk in the portfolio, as well as reviewing the impairment methodologies and related key judgements adopted in determining the impairment provisions. It also reviewed management’s judgements on significant accounting and external reporting issues and confirmed the external auditor’s agreement with the treatment thereof;
- Reviewed the process followed for the Chief Executive Officer and the Chief Financial Officer to provide responsibility statements in respect of the preparation of the annual financial statements and the maintenance of internal controls over the annual financial statement process, (refer to page 6); and
- Noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, content of annual financial statements and related matters.

In respect of internal control and internal audit

- The Committee ensured that the adequacy and efficiency of virtual controls were maintained, where the finance team continued to operate in a hybrid working environment. This was also confirmed by internal audit as part of their reviews;
- Received reports on the quality assessment of the internal audit function which indicated that their work generally conforms with the Institute of Internal Auditors International Standards;
- The Committee confirmed that the Group has established appropriate financial reporting procedures and that those procedures are operating effectively. Where any significant deficiencies have been identified, these were brought to the attention of the Board, and remedial actions have been or will be put in place where necessary;
- Evaluated the independence and effectiveness of the internal audit function;
- Reviewed significant issues raised by internal audit and the adequacy of corrective action taken to remedy the findings;
- The external auditors conducted an annual assessment of the internal audit function as performed the Group's Internal Audit as well as that performed on behalf of the Group by FirstRand GIA against International Standards on Auditing (ISA 610) and confirmed that the work of FirstRand GIA was reliable for the purposes of external audit;
- Noted there were no significant differences of opinion between internal audit and management;
- Internal audit confirmed to the Committee that based on the results of its work, nothing had emerged to indicate material weaknesses in the risk management and internal control processes, including internal financial controls. This assessment by internal audit formed the basis for the Committee’s recommendation to the Board in this regard; and
- Assessed the effectiveness of the internal audit function and the adequacy of available resources and found them to be adequate.

In respect of legal, regulatory and compliance requirements

- Reviewed the annual compliance mandate and plan;
- Received updates on material legislation affecting the Group and ensured intervention and implementation where changes in legislation affected the business; and
- Noted that no complaints were received through the Group’s ethics and fraud hotline concerning accounting matters, internal audit, internal financial controls, financial statements, potential violations of the law, and questionable accounting or auditing matters.

Audit, Risk and Compliance Committee's Report

In respect of risk management and information technology

- Considered reports on risk management including fraud and information technology risks as they pertain to financial reporting and the going concern assessment;
- Considered and approved the IFRS 9 macroeconomic forecast; and
- Considered updates on key internal and external audit findings in relation to the IT control environment, significant IT programs and IT intangible assets.

In respect of the coordination of assurance activities

- Ensured that a combined assurance model is applied to provide a coordinated approach to assurance activities;
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate;
- Considered the experience and expertise of the Chief Financial Officer and concluded that these were appropriate; and
- Continued focus on ensuring that the Group's financial systems, processes and controls are operating effectively, are consistent with the Group's complexity and are responsive to changes in the environment and industry.

Meeting attendance	27-May-24	22-Aug-24	21-Nov-24	26-Feb-25	24-Mar-25
A. W. Hedding	✔	✔	✔	✔	✔
N. Siyotula	✔	✔	✔	✔	✔
W Klaassen	✔	✔	✔	✔	✔

Conclusion

The Committee is satisfied that it has fulfilled its responsibilities and complied with its legal, regulatory and governance responsibilities.

On behalf of the Committee

A.W. Hedding
Chairperson
Audit, Risk and Compliance Committee
05 June 2025

Social and Ethics Committee's Report

The Toyota Financial Services (South Africa) Limited's ("the Company") Social and Ethics Committee ("the Committee") is accountable to the Board in discharging its oversight and reporting responsibilities on organisational ethics, responsible citizenship, stakeholder relationships and sustainable development implementation and management. The Committee has been charged with the governance of the applicable framework encompassing relevant aspects of the Companies Act of 2008 (as amended) and its regulations and King IV principles on governance, amongst others.

The Company executes its functions in terms of a formal charter which is reviewed and approved by the Board.

The members of the Committee are as follows:

- N. Siyotula (Chairperson) (Non-Executive Director)
- T.S.C Manaka (Executive Director)
- M Joubert (Executive Director)

The Committee is responsible for:

- Setting the ethical standard and conduct of the Company and its stakeholders, including its executives, staff, associated third parties & vendors and shareholders;
- The Company's performance as a good corporate citizen, as defined in the King IV Report on Corporate Governance for South Africa 2016 (King IV);
- Establishing the Framework and related policies for business ethics and conduct, Market Conduct, and Anti-Bribery and Corruption;
- Maintaining oversight over Transformation, Diversity, Equity and Inclusion;
- Maintain oversight on the social and economic development activities of the Company including health and safety, and the environment;
- Maintain oversight regarding stakeholder engagement, including the development of communities and associated sponsorships and donations;
- Guidance on the development and oversight on the implementation of the ESG programme and reporting; and
- Monitoring changes in legislation to ensure that the Company is compliant.

The committee met three times during the reporting period and undertook the following:

Transformation, Diversity, Equity and Inclusion

- **B-BBEE**: has been adopted by the Company's Board as a strategic imperative as the Company remains committed to its corporate responsibility in addressing economic transformation and redistribution within Corporate South Africa. This includes workforce transformation, transparent and fair procurement, and socio-economic development support. During the period, the Company's B-BBEE Programme had success in its initiatives on Enterprise Development, increased spend on black owned Small Medium Enterprises through strategic Procurement, Management Control in line with the approved Employment Equity Plan and Consumer Education. The Company's B-BBEE Level improved from a "Level 8" to a "Level 6 Discounted to 7". Currently the Company is targeting to achieve "Level 4" through the various initiatives in place.
- **Employment Equity**: The Company supports a creative, fair and inclusive environment. The Company, through Management and the Employment Equity Committee focused on successfully monitoring and tracking the implementation of its 5 Year Employment Equity Plan. Thus, reiterating its commitment to promoting diversity and inclusion.
- **Diversity**: Further to the Employment Equity Committee, the Company has implemented various mechanisms and forums to ensure that the diverse views and needs of employees in the Company are considered and surfaced. To that end, during the period, various initiatives were implemented by:
- Culture Champions, including initiatives such as Pride Month,
- WIIT (Women Impacting and Influencing at Toyota) a committee focused on programmes to identify and support the development of women in the Company; and
- The newly established T-MEN, focused on programmes to support men in the Company, with a focus on health, wellness and social engagement.
- **Employee Wellness**: was identified as a key focus for the company with Human Resources and Management encouraging the use of Employee Wellness Service Providers, which are available not only for employees but also their family members. The usage was tracked and used to identify trends which better enabled the Company to implement the relevant initiatives to support the physical, emotional, mental and financial concerns of employees.

Social and Ethics Committee's Report

- **Youth and Skills Development**: this continues to be a focus area for the Company's Employees and through the Company's well established learnership programmes. During the period, the Company continued with two intakes of unemployed youth into its Learnership Programme, totalling a number of 18 youths receiving skills development. This has enabled them to be active participants in the economy. Eight (8) of the learners have been absorbed into formal employment as a result of the learnership. This period the focus for the Company was to ensure the learner intake includes a proportionate number of individuals living with disabilities. Through the Company's Occupational Health and Safety Committee, efforts are underway to continuously identify mobility challenges for differently abled employee and ensure a safe and conducive working environment for all.

Ethical and Market Conduct

One of 'Toyota's driving principles is that "Toyota shall honour the language and spirit of the law of every country and region, and undertake open and fair business activities to be a strong corporate citizen of the world".

During the period under review the Company appointed external consultants to conduct a full review of its Customer Conduct principles and programme, with an emphasis on Treating Customers Fairly principles. The review was on the end-to-end Company practices, from product design and sales to customer service, complaints processes and customer off-boarding. The ensuing report revealed a positive picture demonstrating the Company's commitment to fair market principles. There is ongoing work to implement the best practise recommendations from the report in our continuous efforts to "put the customer at the Centre" of the Company's values and thereby ensuring sustainable business.

The Company has continued to focus efforts on the Ethics Programme by encouraging open engagements on the implementation of the Company's ethical policies. The tracking, monitoring and improvement of conflict-of-interest management in the Company by all stakeholders (employees, prospective employees, vendors and directors) has been a focus for the period. The focus is driven at Board level to ensure adherence from the top.

Ethics training continues to be mandatory for all employees including new joiners who must complete the training within a month of employment.

Sustainability (ESG)

Toyota's corporate mission is to "Produce Happiness for All", at the heart of this message is a focus on all stakeholders core to the sustainable future of Toyota.

To put this into effect, during the period, with the assistance of external consultants the Company conducted a review of its current environment to establish a materiality assessment benchmarking against peers and industry best practices. The outcome is the identification by the Company of its key materiality objectives and focus areas, which will inform its ESG programme and implementation thereof.

The Company's establishment of an ESG Committee and adoption of a CSI Policy is shaping the implementation of the ESG priorities in line with its materiality objectives, with a focus on upskilling women and the youth, in addition to volunteering towards communities around the Company.

The CSI of the Company are driven through the different forums such as WIIT, Human Resources and T-MEN. This has included a donation to Readathon to improve childhood literacy, the adoption of a Women and Children's home and conducting activities such as a stationary drive.

As a responsible lender, the Company's consumer education programme aimed at improving community financial literacy by running workshops and radio campaigns throughout South Africa, has continued.

The Company's focus on Empowerment Through Education was also driven through its programme of funding students at tertiary level towards the completion of their studies in the Actuarial Sciences field.

Meeting attendance	**2024/07/08**	**2024/11/14**	**2025/03/06**
N Siyotula	✔	✔	✔
T.S.C. Manaka	✔	✔	✕
M Joubert	✔	✔	✔

On behalf of the Committee

N. Siyotula
Chairperson
Social and Ethics Committee

05 June 2025

Directors' Report

1. Nature of activities

The Group provides retail and wholesale financing of Toyota, Lexus and Hino products for the Toyota South Africa dealer network and their customers, as well as used vehicles sold through the Toyota South Africa dealer network.

There have been no material changes to the nature of the Group's business from the prior year.

2. Group structure

The Group consists of Toyota Financial Services (South Africa) Ltd and the Special Purpose Vehicle, Spartan House 2018 (RF) Ltd.

3. Borrowing powers

The Shareholder's Agreement reflects a single covenant for borrowings, being the Debt to Equity Ratio to remain below 11.5 times at all times. The executive directors may exercise their duty as per this covenant as well as other directives per the Board.

Over the last 5 years, the Debt to Equity ratio has not breached this covenant trigger and is currently 9.8 times at 31 March 2025, well below the trigger point.

The Board has assessed the Group's debt levels and does not consider these to be excessive and that there is a low risk of triggering the debt covenant. Note 31 details the Going Concern assessment undertaken and Note 26.4 details the Group's Liquidity Risk management.

4. Litigation

The Group is currently engaged in two legal matters:

Panel Van Conversion Class Action: In FY2023 Toyota Financial Services (South Africa) was named as a respondent in a class action pertaining to panel van conversions for commercial taxi purposes. Legal counsel has been engaged to defend the matter however it is not expected to be resolved within FY2026. To proceed as a class action, the matter must first be certified by the High Court and there has been no progress in obtaining this certification. The certification process will be opposed by the Group.

Competition Commission Referral: In February 2022 the Group had a complaint referral in terms of the Competition Act before the Competition Tribunal and engaged legal counsel to defend the matter on our behalf. The matter remains ongoing. The Group expects this matter to be heard by the Competition Tribunal in the latter half of FY2026.

5. Share capital

During the period under review the authorised and issued share capital remained unchanged.

6. Shareholders

The shareholders of the Group are:

- WesInvest Holdings Proprietary Limited* 33.3%
- Toyota South Africa Proprietary Limited 33.3%
- Toyota Financial Services (UK) PLC 33.3%

The Group is effectively held 66.7% by Toyota Motor Corporation, Japan.

** WesInvest is ultimately a subsidiary of FirstRand Limited.*

7. Company Secretary

The board of directors has considered and satisfied itself on the competence, qualifications and experience of the company secretary.

The company secretary of the Group is C. Low whose business and postal addresses are:

Postal address:	*Business address:*
P O Box 650149	4 Merchant Place
Benmore	Corner Fredman Drive and Rivonia Road, Sandton
2010	2196

Directors' Report

8. Strategy and review of the business

The Group's vision is to "Become the most admired motor manufacturer (sales) finance Group in South Africa" by offering quality financial products and services aimed at supporting Toyota's "Customer for life philosophy", whilst producing acceptable levels of return for the shareholders. The Group continues to apply the guiding principles of 'The Toyota Way', and has been successful in certain areas of the business in reducing costs through the concept of 'Kaizen' (continuous improvement).

9. Future outlook of the business

Despite a challenging macroeconomic backdrop, as well as external market factors, the Group has remained resilient in its new business acquisition and in its management and collection of its existing book. These strategies and others are expected to produce increased book growth and profitability into the future.

10. Results and dividends

Financial results are detailed in the Annual Financial Statements from page 28. Financial year 2025 was a year that continued to show stabilisation and recovery. The Group saw an increase of new vehicle contract originations compared to FY2024. In addition, the Group continued to focus on appropriate risk management, origination and collections strategies that ultimately generated an Operating Profit of R852 million for the financial year.

Within the vehicle industry, Toyota continued its dominance, leading the market with sales of 116, 328 (Toyota and Lexus) units sold in the financial year. The total number of accounts increased from 153,882 to 160,552 year on year.

Credit origination has remained focused on targeting the right customers in line with the Group's credit appetite and the Group grew its Total Assets by 11.9% year on year from R52.1 billion to R58.3 billion. A further positive impact on Total Assets was due to new vehicle price inflation, and together with the mix of vehicles written, ultimately increased the average net business finance amount by 8% year on year.

The Group's portfolio net interest margin was stable in FY2025, driven by a combination of higher fixed rate accounts maturing, together with lower variable rate new business written, coupled with increased cost of borrowing. The prime interest rate decreased by 25bps in January 2025 and remained stable over the remainder of the financial year at 11% to the end of March 2025.

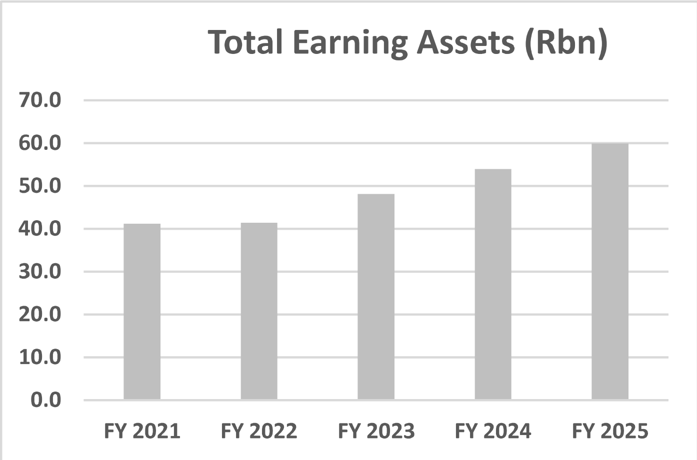
Strong collection activities resulted in the impairment of Loans and Advances ratio decreasing to 3.8% (FY2024:4.3%). Total retail and wholesale impairments held amounted to R2,273 million (FY2024: R2,300 million) as a result of the good book growth experienced. Write-offs have increased over the financial year mainly due to the continued stress being experienced in the taxi industry.

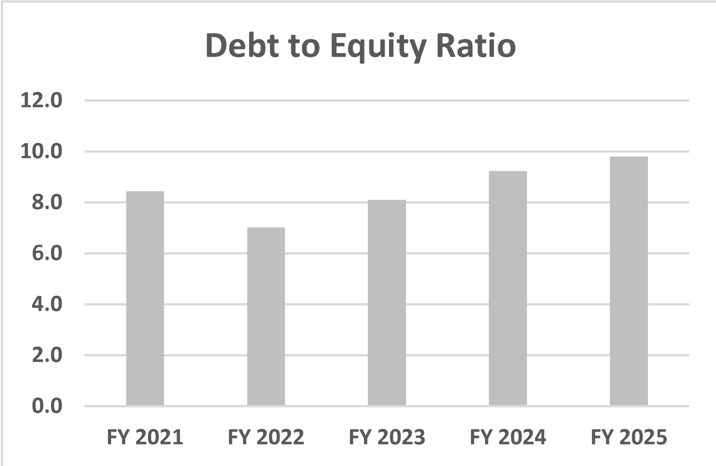
As a result of the above, Operating Profit increased to R852 million (FY2024: R758 million). As at 31 March 2025, the Group has total shareholders equity of R5.4 billion (FY2024: R4.9 billion). In line with our dividend policy dividends declared in FY2025 amounted to R167 million (FY2024: R417 million).

The Debt to Equity Ratio remained below the shareholder covenant level of 11.5 times, reflecting 9.8 times as at 31 March 2025 (FY2024: 9.2 times).

Directors' Report

10. Results and dividends (continued)





	Group 2025 Actual	Group 2024 Actual	Group Increase / (Decrease)
Distributor vehicle sales[1]	116 328	124 240	(6.4%)
New vehicle contracts written in the year	45 485	42 087	8.1%
Finance penetration[2]	32.6%	33.9%	(1.3%)
Used vehicle contracts written in the year	17 368	17 006	2.1%
Total live contracts at year end	160 552	153 882	4.3%
Impairment of loans and advances[3]	3.8%	4.3%	0.5%
Total assets (R' million)	58 264	52 055	11.9%
Profit before tax (R' million)	852	758	12.4%
Return on Assets[4]	1.5%	1.5%	0.0%
Return on Equity[5]	11.8%	11.5%	0.3%
Debt to Equity Ratio[6] (times)	9.8	9.2	6.5%
OPEX[7]	1.3%	1.4%	(10.6%)

1 "Distributor vehicle sales" – total new Toyota and Lexus vehicles sold
2 "Finance penetration" – percentage of new contracts written / distributor vehicles sales
3 "Impairment of loans and advances" – impairment against loans and advances / closing gross loans and advances
4 "Return on Assets" – profit before tax / closing total assets
5 "Return on Equity" – profit after tax / closing equity
6 "Debt to Equity Ratio" – closing total liabilities / closing equity
7 "OPEX" – operating costs as a percentage of average total assets

11. Dividend policy

As at 31 March 2025, the Group has a total shareholders' equity of R5.4 billion (FY2024: R4.9 billion). A dividend of R167 million (FY2024: R417 million) was paid to shareholders during the period under review, based on the FY2024 financial results.

12. Principal risks and uncertainties

The Group has the following main areas of financial risk arising from its business activities:

Interest rate risk

The Group is exposed to interest rate risk associated with fluctuations in market rates. This is managed through the monitoring of assets and liabilities, which are sensitive to interest rate fluctuations. The Group also applies interest rate tools in managing its risk.

Directors' Report

12. Principal risks and uncertainties (continued)

Credit risk

The Group is exposed to significant credit risks, which it manages by authorising credit limits based on customer profiles and monitoring customer arrear and payment history.

Fair value risk

The fair value risk is managed by obtaining fair values from quoted market prices and discounted cash flow models. The Group is in a sound financial and operational position and is confident that its business model will continue to deliver growth and maintain profitability. This view is supported by the annual budget.

Operational risk

The Group’s objective with operational risk management is to embed the process into the day-to-day running of the business in a practical manner. This involves continual pro-active identification and understanding of risk factors and events that may impact business objectives, including the impacts of the prolonged and uncertain nature of the current economic environment and how this has been factored into the macroeconomic scenarios, development of appropriate response strategies and continuous monitoring and reporting. This is done through the implementation of various risk management and governance mechanisms.

Residual value exposure

The Group manages residual value risk through a robust residual value setting process, combined with regular asset impairment review meetings, referencing to the latest industry data. The Group has a Residual Value Committee that reviews the exposure to possible residual value losses and reports any significant movement or exposures to the Board of Directors and the ARC.

Liquidity risk

The Group manages liquidity risk by employing a number of funding strategies and utilising monitoring tools to ensure compliance with Toyota Group wide policy. Diversification of funding sources via short-term and long-term capital markets and bank facilities are used to manage borrowing capacity. Capital market activity is further managed by the use of a guarantee under a Credit Support Agreement in place with Toyota Motor Finance Netherlands BV. A review is performed on a regular basis on the requirements of all loan agreements that make up the debt funding portfolio. The Group is satisfied that all financial covenants are met as at 31 March 2025 and will continue to be met into the foreseeable future. Adequate funding facilities have been secured to ensure that the Group is able to:

- Settle its loan maturities and interest obligations as they become due;
- Cover new retail business as it is written; and
- Pay operating expenditure in the normal course of business.

Regulatory risk

The Group is exposed to regulatory risk which is managed through the Group's ARC whose main objective is to assist the Board of Directors in fulfilling its oversight responsibilities in respect of the financial and corporate reporting processes, internal controls, appropriateness of the accounting policies, and the effectiveness of the internal and external audit functions. It also provides independent oversight of the risk and compliance activities undertaken in the company and Group. Regulatory risk is also managed through the annual review of the compliance mandate and plan and managing material legislation updates that impact the Group.

Event risk

The Group is exposed to a risk that a global or local event which could have a financial or operational impact. The impact of this event will be assessed against the business risk that has been articulated above, and addressed as indicated. There are no current event risks identified.

Reputational risk

The Group is exposed to reputational risk. This is mitigated through various internal controls and procedures such as staff learnings and trainings. Further mitigation is achieved through the Group’s ethics and fraud hotline concerning accounting matters, internal audit, internal financial controls, contents of financial statements, potential violations of the law, and questionable accounting or auditing matters.

Directors' Report

12. Principal risks and uncertainties (continued)

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of ordinary dividends paid to shareholders.
There are no externally imposed capital requirements on the Group.

Capital consists of share capital and premium of R 645 million (FY24: R645 million) , retained earnings of R4.7 billion (FY24: R4.3 billion) and equity reserves of R35 million (FY24: R39 million).

13. Directors and prescribed officers

The following persons (South African unless otherwise stated) were directors of the Group at the date of this report:

Directors	Nationality	Designation	Date appointed to the Board
G. Msibi[2]		Chairman (Non-executive)	Appointed 06 June 2024
T.S.C. Manaka		Chief Executive Officer	Appointed 01 January 2019
A.P. Kirby		Non-executive	Appointed 01 October 2016
C. de Kock		Non-executive	Appointed 28 June 2012
A.W. Hedding		Non-executive Independent	Appointed 21 March 2014
N. Siyotula		Non-executive Independent	Appointed 08 March 2018
I.J. Ljubica	(Croatian)	Non-executive	Appointed 01 July 2018
L.C. Theron		Non-executive	Appointed 06 March 2020
B. Kilpatrick		Non-executive	Appointed 01 June 2020
R. Pampel		Non-executive	Appointed 30 September 2022
W. Klaassen		Non-executive Independent	Appointed 01 June 2022
S Kato	(Japanese)	Non-executive	Appointed 19 June 2023
M Joubert		Executive & Debt Officer	Appointed 20 March 2024

Changes to the Board of Directors of the Group during the year:

C.T. Ruben[1]	(German)	Non-executive	Resigned 06 June 2024

[1] Resigned as term had come to an end.

[2] Appointed to fill a Board vacancy.

The following persons (South African unless otherwise stated) were prescribed officers of the Group at the signature date of this report:

T.S.C. Manaka	Chief Executive Officer	Appointed as CEO 01 January 2021
M Joubert	Chief Financial Officer	Appointed 20 March 2024

Resignation of Non-executive directors

C.T. Ruben resigned as his term had come to an end.

Directors' Report

14. Directors' and prescribed officers' emoluments

Directors' and prescribed officers' emoluments (R'000)[1]

2025	Cash package	Retirement contribution	Performance related	Housing	Other[2]	Total
Directors[3]	6 934	537	1 819	-	329	9 619

2024	Cash package	Retirement contribution	Performance related	Housing	Other[2]	Total
Directors[3]	8 385	333	2 610	373	1 578	13 279

Notes
All executive directors and prescribed officers have a notice period of one month.
A prescribed officer is a person who exercises general executive control over management of the whole or a significant portion of the business activities of Toyota Financial Services (South Africa) Limited.
[1] Refer to Note 30 for more information.
[2] Other includes expatriate taxes, travel, medical and leave pay-outs.
[3] T.S.C. Manaka and M. Joubert are executive directors and prescribed officers of the Group as at 31 March 2025.

15. Directors' and prescribed officers' interest

During the financial year, no contracts were entered into in which Directors or prescribed officers of the Group had an interest.

16. Events after the reporting period

No material facts or circumstances arose between the date of 31 March 2025 and the signature date of this report which materially affects the financial position of the Group as at 31 March 2025 as reflected in these Consolidated and Separate Annual Financial Statements.

The Group has concluded the expansion of the Domestic Medium Term Note from a maximum of R10bn to R20bn effective on 19 May 2025.

17. Going concern

The Board reviewed a documented assessment by management of the going concern premise. This assessment includes analysis of forecast funding requirements against the approved budget. The Board has concluded that the Group and Company is expected to be a going concern for the foreseeable future. Refer to note 31 for more detail.

18. King IV Corporate Governance

Good corporate governance is an integral part of the Group's sustainability. Adherence to the Standards and recommendations set out in the King IV Report and other relevant laws and regulations are vital to achieving the Group's strategic priorities. Corporate governance forms an overarching framework in which the business operates and management is committed to promoting good governance and ethics within all areas of the business.

To achieve this, the Group continues to enhance and align its governance structures, policies and procedures to support its operating environment and strategy.

The Group has adopted the outcomes based apply-and-explain principle for the King IV principles which it has complied with and these are published on the Group's website https://www.toyota.co.za/payment-options/toyota-financial-services/corporate-affairs

19. Board evaluation

In line with corporate policy the Board evaluates the performance of the Board itself and its members including the Chairman and the individual directors as well as the committees that it has delegated authority to in accordance with the Group's evaluation policy every two years with the last evaluation taking place during FY2025. Performance of the Board and its members was evaluated as satisfactory. The board of directors have executed their responsibility under their evaluation policy. Further details can be found in the Group's King IV application report.

Our Leadership

Independent non-executive directors

A.W. Hedding
Chair: Audit, Risk and Compliance Committee
Qualifications: B.Com, B.Compt(Hons), CA(SA)
Date of appointment: 21 March 2014
Experience: Alan has over 20 years experience in the financial services industry, having served in the following positions – Chief Financial Officer of FNB Retail Bank and Head of Finance at FirstRand Limited.

N. Siyotula
Chair: Social and Ethics Committee
Qualifications: BCom; BCom (Hons); CA(SA); ACMA; MBA (GIBS)
Date of appointment: 08 March 2018
Experience: Zukie has 18 years experience in financial services. Previously served as the Chief Executive Officer of Thebe Capital and held various Senior Roles at Barclays Africa Group, Old Mutual Retail Mass, Royal Bafokeng Holdings and South African Breweries. Zukie holds director position in the following companies: African Bank Group, Sable Global Resources and York Timber Holdings.

W. Klaassen
Qualifications: BCom (UJ); BCom (Hons) (UJ); CA(SA); Advanced Diploma in Banking (UJ)
Date of appointment: 01 June 2022
Experience: Wiebe was an audit partner at Deloitte for 28 years. He served as an audit partner in the financial services industry where he mainly fulfilled the role of partner in charge of banking groups. Wiebe retired from Deloitte in May 2020.

Non-executive directors

G. Msibi
Chair: Board of Directors
Qualifications: MBA (Milpark Business School)
Post Graduate degree in Compliance
Date of appointment: 06 June 2024
Experience: Ghana is the Chief Executive of Wesbank and has held various senior positions within FirstRand Group since 2015.

A.P. Kirby
Qualifications: BSc Mechanical Engineering (UCT)
Date of appointment: 01 October 2016
Experience: Andrew is the President & Chief Executive Officer of Toyota South Africa Motors and has served in this role for the past 9 years. He serves as a Director of the Toyota South Africa Board (TSA) and Toyota South Africa Motors Board (TSAM).

I.J. Ljubica
Qualifications: Masters degree in Economics - University Duisburg Gesamthochschule
Date of appointment: 01 July 2018
Experience: Ivo is the Chief Executive Officer of Toyota Financial Services Europe & Africa Region. He previously served as the Senior Vice President of Toyota Financial Services Europe & Africa Region and Regional Vice President of Toyota Financial Services Europe & Africa Region for 5 years.

R. Pampel
Qualifications: BCom; BAcc (WITS); CA(SA);
Date of appointment: 30 September 2022
Experience: Richard is currently the Wesbank Chief Financial Officer with 22 years of broad, diversified financial services experience. Most key recent roles include acting as CFO of FNB Commercial, CFO of Ashburton Investments, Head of Balance Sheet Management for Rand Merchant Bank and executive assistant to the CFO of FirstRand Limited.

L.C. Theron
Qualifications: Diplomas in Engineering and Marketing
Date of appointment: 06 March 2020
Experience: Leon is the Senior Vice President of Sales and Marketing for Toyota South Africa Motors. He has over 34 years of experience at Toyota South Africa Motors and a career spanning more than 39 years in the automotive industry.

S. Kato
Qualifications: Degree in Business Administration & Economics – École Nationale d 'Administration (ENA), France and Tokio University, Japan
Date of appointment: 01 January 2024
Experience: Shingo San is the Deputy Chief Executive Officer of Toyota Financial Services Europe & Africa and has served in this role for the past 3 years. He also serves concurrently as Chairman of Audit committee of Toyota Kreditbank GmbH (for the past 4 years) and as Director of the board of 8 countries across Toyota financial Services Europe & Africa region.

C. de Kock
Qualifications: BCom (UNISA); Advanced Management Program (Harvard University Graduate School of Business)
Date of appointment: 28 June 2012
Experience: Chris was previously the Chief Executive Officer of WesBank which he served in the role for 9 years. Before that he was the Sales and Marketing director of WesBank for over 3 years.

B. Kilpatrick
Qualifications: BCom (UKZN); CA(SA)
Date of appointment: 01 June 2020
Experience: Bronwyn is the Chief Financial Officer and Senior Vice President of the Corporate Administration Group including Affiliated Companies of Toyota South Africa Motors and has served in the role for the past 10 years. She previously worked at Deloitte for 16 years, serving as a partner in Audit for 8 years.

Our Leadership

Executive directors

T.S.C. Manaka
Chief Executive Officer
Qualifications: B Proc, LLB (UL); Postgraduate Diploma in Business Administration (Milpark Business School)
Date of appointment: 01 January 2019
Experience: Thabo was previously the Vice President of Corporate Affairs for Toyota Financial Services for 13 years and has over 16 years experience in the automotive & financial services sector.

Matthew Joubert
Chief Financial Officer
Qualifications: BCom (Acc), BCom (Acc) Hons, Certificate in the Theory of Accounting (UJ); CA(SA)
Date of appointment: 20 March 2024
Experience: Matthew has 17 years of experience in the finance industry. He has previously held positions in the banking, insurance and financial services sector and was the CFO of another prominent captive vehicle financier prior to joining Toyota Financial Services (South Africa) Limited.

Independent auditor's report

To the shareholders of Toyota Financial Services (South Africa) Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Toyota Financial Services (South Africa) Limited (the Company) and its subsidiary (together the Group) as at 31 March 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Toyota Financial Services (South Africa) Limited's consolidated and separate financial statements set out on pages 28 to 86 comprise:

- the consolidated and separate statement of comprehensive income for the year then ended;
- the consolidated and separate statement of financial position as at 31 March 2025;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Final materiality

R582,639,690

which represents 1% of Total Assets.

Group audit scope

Full scope audits were performed on both Toyota Financial Services (South Africa) Limited and its subsidiary, Spartan House 2018 (RF) Limited as both were deemed significant for the Group.

Key audit matters

Provision for Expected Credit Losses ("ECL") on retail loans and advances.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report final materiality and group audit scope below.

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the final materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

	Consolidated financial statements	*Separate financial statements*
Final materiality	R582,639,690	R 583,998,930
How we determined it	1% of Total Assets	1% of Total Assets
Rationale for the materiality benchmark applied	We chose Total Assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, due to the focus of users on the loans and advances (which comprise the majority of total assets) as an indication of future profitability of the Group. We chose 1% which is consistent with quantitative materiality thresholds used for companies of this nature.	We chose Total Assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, due to the focus of users on the loans and advances (which comprise the majority of total assets) as an indication of future profitability of the Company. We chose 1% which is consistent with quantitative materiality thresholds used for companies of this nature.

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Toyota Financial Services (South Africa) Limited group audit, we determined the extent of work that needed to be performed by us, as the group engagement team, in order to issue our audit opinion on the consolidated financial statements of the group. We considered both Toyota Financial Services (South Africa) Limited and its subsidiary, Spartan House 2018 (RF) Limited to be significant components to the Group and we performed full scope audits on them.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team in order to issue our audit opinion on the consolidated financial statements of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of ISA 701 *Communicating key audit matters in the independent auditor's report* / the EAR Rule (as applicable), we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Provision for Expected Credit Losses ("ECL") on Retail loans and advances
Refer to the following notes to the consolidated and separate financial statements for disclosures relating to this key audit matter:

Accounting policies, note 2.8 – Financial Instruments
Accounting policies, note 2.9- Impairment of financial assets
Financial instruments - Accounting policies, note 2.17.2 - Critical accounting estimates and judgements
Note 6 – Impairment charge on financial assets
Note 12 – Loans and advances
Note 26 - Financial risk management - Credit risk management

At 31 March 2025 the Group recognised retail loans and advances of R55,371 million consisting of R3,908 million relating to Retail leases and and R51,463 million of Retail finance. The ECL associated with these loans and advances amounted to R 2,218 million, R59 million relating to Retail leases and R2,159 million relating to Retail finance.
Management applies significant judgement in developing the ECL impairment models, analysing data and determining the most appropriate assumptions and estimates.
The inputs into the modelling process require significant management judgement, which include:
</td><td>
Our audit addressed this key audit matter as follows:
We obtained an understanding of management's process for estimating ECL, including the significant judgements applied and the methodologies used to develop and apply the information within the ECL models.
Using our expertise in credit risk modelling and economics, we performed the following audit procedures, on a sample basis:

We obtained an understanding of the ECL model methodology applied and compared the model performance against actual historical credit experience and industry practice and the results of model monitoring performed. This assessment included back-testing of actual losses against predicted losses, inspection of significant model components and reperformance of certain tests within the model monitoring. We noted no matters for further consideration.
We agreed a sample of data elements used as inputs to the ECL models to relevant source documentation, and noted no material exceptions.
We recalculated the ECL model components (PD, EAD and LGD) to assess the accuracy of the modelled outputs, and noted no differences outside our acceptable range.

</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
• The input assumptions and methodologies applied to estimate the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) within the ECL calculations; • The assessment of whether there has been a significant increase in credit risk (“SICR”) event since the origination date of the exposure to the reporting date, taking into account the impact of the event-driven uncertainty; • The incorporation of Forward-Looking Information (“FLI”) and macroeconomic inputs into the SICR assessment and ECL calculations; • Determining and weighting of assumptions used in the forward- looking economic model to account for this uncertainty; and • Where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates and macroeconomic events, additional provisions are recognised as post-model adjustments and overlays. We considered the determination of the ECL on the Retail loans and advances to be a matter of most significance to the current year audit due to the following: • the high degree of estimation uncertainty in the ECL, and • the significant judgements applied by management and assumption in determining the ECL.	• We evaluated the reasonableness of the SICR classifications by independently applying the assumptions in management's model to the data and noted that these fell within an acceptable range. • We reviewed the SICR thresholds applied and the resultant transfer into Stage 2 for SICR. This assessment included benchmarking the volume of up-to-date accounts transferred to Stage 2 to historical trends of movements from performing into arrears and forward-looking expectation of default risk and noted that these fell within an acceptable range. • We compared the assumptions used in the forward-looking economic model, the macroeconomic variables selected and the sensitivity of ECL components to each variable to our own actuarial analysis and statistics and noted that these were within an acceptable range. • We evaluated the probability-weighted macroeconomic scenario estimates applied by management through comparing the scenarios and probabilities applied to our own and benchmarked economic forecasts and independent market data. We noted that management's scenarios were comparable with the independent benchmarks. • We assessed the appropriateness of model adjustments and overlays identified against internal and external supporting information and noted no matters outside the acceptable range.

Key audit matter	How our audit addressed the key audit matter
	• We assessed the need for post-model adjustments against our independent outlooks and calculated and performed a sensitivity analysis on management's post-model adjustments and overlays and noted no matters for further consideration. • We also assessed the reasonableness of the disclosures against the requirements of IFRS Accounting Standards and noted no material matters for further consideration

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Toyota Financial Services Consolidated and Separate Annual Financial Statements for the year ended 31 March 2025", which includes the Directors' Report, the Audit, Risk and Compliance Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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 safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Toyota Financial Services (South Africa) Limited for 4 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Louwrens van Velden
Registered Auditor
Johannesburg, South Africa
11 June 2025

Consolidated and Separate Statement of Comprehensive Income

for the year ended 31 March

	Note	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Interest income calculated using effective interest rate	4a	6 102 822	5 582 076	6 126 181	5 590 603
Interest expense	5	(4 260 391)	(3 857 971)	(4 336 562)	(3 863 630)
Net interest income before impairment of advances		**1 842 431**	**1 724 105**	**1 789 619**	**1 726 973**
Impairment charge on financial assets	6	(702 993)	(713 895)	(698 670)	(712 845)
Income from lending activities		**1 139 438**	**1 010 210**	**1 090 949**	**1 014 128**
Fee and commission income	4b	242 406	236 529	230 900	233 771
Other income	7	161 060	162 603	171 718	187 552
Operating income		**1 542 904**	**1 409 342**	**1 493 567**	**1 435 451**
Operating expenses	8	(690 648)	(650 958)	(686 561)	(649 758)
Profit before taxation		**852 256**	**758 384**	**807 006**	**785 693**
Taxation	9	(215 981)	(189 130)	(203 764)	(190 636)
Profit for the year		**636 275**	**569 254**	**603 242**	**595 057**
Other comprehensive income					
Items that may not be reclassified to profit or loss					
Fair value gain / (loss) of Investment in Hollard Business Associates	19	(5 011)	25 348	(5 011)	25 348
Deferred tax on fair value movement of investment in Hollard Business Associates	14	1 353	(6 844)	1 353	(6 844)
Actuarial gain / (loss) on Employee benefit liability	22	(334)	705	(334)	705
Deferred tax on actuarial gain / (loss) on Employee benefit liability	14	91	(190)	91	(190)
Total comprehensive income for the year		**632 374**	**588 273**	**599 341**	**614 076**

Consolidated and Separate Statement of Financial Position

as at 31 March

	Note	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Assets					
Cash and cash equivalents	17	400 834	128 350	839	2 192
Current tax receivable	16	37 590	31 720	30 134	16 228
Trade and other receivables	15	33 528	10 788	36 853	17 092
Receivable from subsidiary	11	-	-	10 638	4 343
Deferred tax	14	266 705	275 272	266 705	275 272
Other investments	19	44 441	49 452	44 441	49 452
Loans and advances	12	57 467 512	51 541 713	57 467 512	51 541 713
Investment in subsidiary	11	-	-	529 412	176 471
Property, plant and equipment	10	13 359	17 577	13 359	17 577
Total Assets		**58 263 969**	**52 054 872**	**58 399 893**	**52 100 340**
Equity and Liabilities					
Equity					
Share capital	18	5	5	5	5
Share premium	18	644 995	644 995	644 995	644 995
Equity reserves		35 449	39 350	35 449	39 350
Retained income		4 730 402	4 260 885	4 700 240	4 263 756
Total Equity		**5 410 851**	**4 945 235**	**5 380 689**	**4 948 106**
Liabilities					
Bank overdraft	20	2 842 184	1 243 901	2 842 184	1 243 901
Trade and other payables	23	2 979 477	1 454 803	2 935 480	1 440 844
Lease liabilities	24	15 540	18 818	15 540	18 818
Loans from subsidiary	21	-	-	2 633 583	991 556
Borrowings	20	46 948 500	44 337 000	44 525 000	43 402 000
Employee benefits liability	22	16 917	15 115	16 917	15 115
Regulatory Provision	13	50 500	40 000	50 500	40 000
Total Liabilities		**52 853 118**	**47 109 637**	**53 019 204**	**47 152 234**
Total Equity and Liabilities		**58 263 969**	**52 054 872**	**58 399 893**	**52 100 340**

Consolidated and Separate Statement of Changes in Equity

for the year ended 31 March

	Share Capital	Share Premium	Retained Income	Equity Reserves	Total Equity
	R'000	R'000	R'000	R'000	R'000
Group					
Balance at 31 March 2023	**5**	**644 995**	**4 108 631**	**20 331**	**4 773 962**
Profit for the year	-	-	569 254	-	569 254
Other comprehensive income	-	-	-	19 019	19 019
Dividends paid *(R88 818 per share)*	-	-	(417 000)	-	(417 000)
Balance at 31 March 2024	**5**	**644 995**	**4 260 885**	**39 350**	**4 945 235**
Profit for the year	-	-	636 275	-	636 275
Other comprehensive income	-	-	-	(3 901)	(3 901)
Dividends paid *(R35 518 per share)*	-	-	(166 758)	-	(166 758)
Balance at 31 March 2025	**5**	**644 995**	**4 730 402**	**35 449**	**5 410 851**
Company					
Balance at 31 March 2023	**5**	**644 995**	**4 085 699**	**20 331**	**4 751 030**
Profit for the year	-	-	595 057	-	595 057
Other comprehensive income	-	-	-	19 019	19 019
Dividends paid *(R88 818 per share)*	-	-	(417 000)	-	(417 000)
Balance at 31 March 2024	**5**	**644 995**	**4 263 756**	**39 350**	**4 948 106**
Profit for the year	-	-	603 242	-	603 242
Other comprehensive income	-	-	-	(3 901)	(3 901)
Dividends paid *(R35 518 per share)*	-	-	(166 758)	-	(166 758)
Balance at 31 March 2025	**5**	**644 995**	**4 700 240**	**35 449**	**5 380 689**

Consolidated and Separate Statement of Cash Flows

for the year ended 31 March

	Note	Group 2025 R'000	Group 2024** R'000	Company 2025 R'000	Company 2024** R'000
Cash flow from operating activities					
Cash utilised by operating activities	25	(325 777)	(266 829)	(322 538)	(265 171)
Interest and similar income received		5 957 476	5 478 029	5 980 835	5 486 556
Interest and similar charges paid		(4 272 508)	(3 945 885)	(4 323 751)	(3 932 294)
Write offs recovered	6	56 424	55 511	56 424	55 511
Dividends paid		(166 758)	(417 000)	(166 758)	(417 000)
Tax (paid) / received	16	(211 840)	(252 903)	(207 659)	(240 004)
Movement of operating assets and liabilities		**(5 024 351)**	**(7 498 216)**	**(5 078 310)**	**(7 538 071)**
(Decrease) / increase in Trade and other payables		1 536 791	(1 002 541)	1 481 825	(1 035 214)
(Increase) / decrease in Trade and other receivables		(22 740)	(2 187)	(26 056)	(10 419)
(Increase) / decrease in gross loans and advances		(6 539 870)	(6 494 688)	(6 535 547)	(6 493 638)
(Decrease) / increase in employee benefits liability		1 468	1 200	1 468	1 200
Net cash flow from operating activities		**(3 987 334)**	**(6 847 293)**	**(4 061 757)**	**(6 850 473)**
Cash flows from investing activities					
Purchase of property, plant and equipment	10	-	(21 092)	-	(21 092)
Proceeds from disposal of property plant		-	325	-	325
Dividends received	7	53 313	58 966	53 313	80 699
Investment in notes in the subsidiary		-	-	(352 941)	-
Net cash flow from investing activities		**53 313**	**38 199**	**(299 628)**	**59 932**
Cash flows from financing activities					
Proceeds from borrowings		13 617 500	16 795 000	11 900 000	15 860 000
Repayments of borrowings		(11 006 000)	(10 185 000)	(10 777 000)	(10 185 000)
Proceeds from loan from subsidiary	21	-	-	2 286 612	953 187
Repayment of loan from subsidiary	21	-	-	(644 585)	-
Redemption of notes in subsidiary		-	-	-	-
Investment in notes in the subsidiary		-	-	-	(104 040)
Bank overdraft	20	1 598 283	242 879	1 598 283	242 879
Increase in lease liabilities	24	-	21 092	-	21 092
Repayment of lease liabilities net of interest	24	(3 278)	(2 912)	(3 278)	(2 912)
Net cash flow from financing activities		**4 206 505**	**6 871 059**	**4 360 032**	**6 785 206**
Net increase / (decrease) in cash and cash equivalents		272 484	61 965	(1 353)	(5 335)
Cash and cash equivalents at the beginning of the year		128 350	66 385	2 192	7 527
Cash and cash equivalents at the end of the year	17	**400 834**	**128 350**	**839**	**2 192**

**Restated. Refer to note 32

Notes to the Consolidated and Separate Annual Financial Statements

1. Introduction

The Group’s consolidated and separate annual financial statements have been prepared in accordance with IFRS, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Debt and Specialist Securities Listings Requirements, and requirements of the Companies Act, no 71 of 2008 ("Companies Act").

These financial statements comprise the consolidated and separate statement of financial position as at 31 March 2025, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity, the consolidated and separate statement of cash flows for the year ended, and the notes to the consolidated and separate annual financial statements, comprising a summary of significant accounting policies and other explanatory notes.

The Board undertakes regular rigorous assessments of whether the Group is a going concern in the light of current economic conditions taking into account all available information about future risks and uncertainties. The projections for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements. The assessment performed by the Directors indicate there is no reason to believe that the business will not be a going concern in the year ahead and have accordingly adopted the going concern basis in preparing the annual financial statements.

The Group annual financial statements have been prepared to incorporate the financial statements of the Company and entities controlled by the company. This includes Spartan House 2018 (RF) Ltd (subsidiary).

The consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. The financial statements are presented in thousands of South African Rand rounded to the nearest thousand (R'000) which is the Group and Company's functional currency.

Application of the going concern principle

The directors have reviewed the Group's budget and cash flow forecasts for the next three years and considered the Group's ability to continue as a going concern in light of the current and anticipated economic conditions. These forecasts took the impact of different scenarios on the Group's capital, funding and liquidity requirements, all of which have remained within internal targets.

On the basis of the forecasts, the directors are comfortable that the Group has satisfied the going concern justification. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

2.1. Revenue recognition

The majority of the revenue earned by the Group is from financial instruments and leasing agreements.

Under IFRS 15, where a five-step analysis is required to determine the amount and timing of revenue recognition, the Group assesses contracts and determines whether the fees identified in the contract relate to revenue as defined in IFRS 15. The revenue is recognised only if the Group can identify the contract and the performance obligation (i.e. the different goods and services), and can determine the transaction price which is required to be allocated to the identifiable performance obligations.

Interest is accounted for under IFRS 9.

Unless specifically stated otherwise, the Group is the principal in its revenue arrangements as the Group controls the goods and services before transferring them to the customer.

Revenue comprises the fair value received or receivable for services rendered and is recognised as follows:

2.1.1. Interest Income - IFRS 9

The Group recognises interest income, being interest on, Retail Finance and Wholesale Lease agreements, in the statement of comprehensive income for all instruments measured at amortised cost.
The effective interest rate method allocates the interest income and fee and commission expenses attributable to the financial instrument over the average expected life of the financial instruments or portfolios of financial instruments. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, origination fees) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate and transaction costs.

Interest on credit impaired accounts is calculated on net carrying amount.

2.1.2. Lease Income - IFRS 16

Unearned finance income is recognised as interest income over the term of the lease using the effective interest rate method as per 2.1.1 Interest Income - IFRS 9.

2.1.3. Fee and commission income - IFRS 15

Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions as below.

Fee and commission income is earned by the Group by providing customers with a range of services and products, and consists of the following main categories and disclosed in Note 4b:

- fees on origination of lease agreements; and
- commission income on the sale of insurance contracts.

The vast majority of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, are recognised at a point in time.
Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:

- fees for services rendered are recognised on an accrual basis as the service is rendered and the Group's performance obligation is satisfied.

2.1.4. Dividend Income

Dividends received are primarily from the cell captive arrangement. The investment is measured at fair value through other comprehensive income. Dividends are recognised as other income in the Statement of Comprehensive Income when the right to receive the payment is established.

2.1.5. Other Income

The following is recognised in other income at the point in time when the amounts become receivable from the customer:

- Retail finance document fees (IFRS 15);
- Retail lease document fees (IFRS 15); and
- Servicer fee recovered from subsidiary (IFRS 15).

Notes to the Consolidated and Separate Annual Financial Statements

2.2. Interest Expense

Interest expense includes interest on financial liabilities measured at amortised cost and bond arranging fees.

2.3. Expenses

Expenses of the Group, apart from certain fee and commission expenses included in net interest income, are recognised and measured in terms of the accrual principle and presented as operating expenses in the statement of comprehensive income.

2.4. Operating Segments

The Group reports a single segment - provision of retail and wholesale financing of Toyota, Lexus and Hino products for the Toyota South Africa dealer network and their customers, as well as used vehicles sold through the Toyota South Africa dealer network.

There were no changes to reportable segments during the year.

Management and the Board of Directors regularly review the operating results of the Group, which are consistent with these financial statements.

The Group is domiciled in the Republic of South Africa and all of the Group's income is from operations in the Republic.

The Group has three shareholder's each holding 33.3% of the issued share capital.

2.5. Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent it relates to a business combination or other items recognised directly in equity or in OCI.

2.5.1. Current income tax

The current income tax expense is calculated by adjusting the net profit for the year for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

2.5.2. Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects the uncertainty related to income taxes, if there are any.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary difference. 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; such reductions are reversed when the probability of future taxable profits improves.

2.6. Property, plant and equipment and intangible assets

Items of property, plant and equipment and intangible assets, are carried at cost less any accumulated depreciation / accumulated amortisation and any accumulated impairment losses. When an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately. The assets' residual values and useful lives are reviewed annually and adjusted if necessary. Gains and losses on disposal of items of property, plant and equipment are determined by comparing proceeds with the carrying amount. These are included in operating expenses in the statement of comprehensive income.

Internally generated intangible assets (including computer software and other assets such as trademarks or patents) are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met.

- External computer software development costs are capitalised when they can be clearly associated with a strategic and unique system which will result in a benefit to the Group exceeding the costs incurred for more than one financial period.
- Material acquired trademarks, patents and similar rights are capitalised when the Group will receive a benefit from these intangible assets for more than one financial period.

All other costs related to intangible assets are expensed in the financial period incurred.

Depreciation and amortisation is charged to the statement of comprehensive income on the straight-line method so as to write off the depreciable amount of property, plant and equipment and amortised intangible assets over the estimated useful life of the assets as follows:

Item	Depreciation method	Average useful life
Office furniture & equipment	Straight line	4 to 10 years
Computer software	Straight line	3 years

Notes to the Consolidated and Separate Annual Financial Statements

2.7 Basis of Consolidation

Subsidiary

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

The accounting policies of subsidiaries that are consolidated by the Group conform to the Group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary.

Subsidiaries are consolidated from the date on which the Group acquires control up to the date that control is lost. Control is assessed on a continuous basis.

Only one party can have control over a subsidiary. In determining whether the Group has control over an entity, consideration is given to any rights the Group has that result in the ability to direct the relevant activities of the investee, and the Group's exposure to variable returns.

In operating entities shareholding is most often the clearest indication of control. However, for structured entities, judgement is often needed to determine which investors have control of the entity.

Decision making power

Some of the major factors considered by the Group in making this determination include the following:

- The purpose and design of the entity;
- What the relevant activities of the entity are;
- Whether the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity;
- What extent the Group is involved in the setup of the entity; and
- What extent the Group is responsible to ensure that the entity operates as intended.

Interests in structured entities that are not considered to be a typical customer-supplier relationship are required to be identified and disclosed. The Group regards interest to be a typical customer-supplier relationship where the level of risk inherent in that interest in the structured entity exposes the group to a similar risk profile to that found in standard market-related transaction. The Group sponsors a structured entity through financial support, even when not contractually required to, for events such as litigation, tax and other operational difficulties.

2.8. Financial instruments

Initial measurement

All financial instruments are initially measured at fair value including transaction costs, except for those classified as fair value through profit or loss in which case the transaction costs are expensed upfront in profit or loss, usually as part of operating expenses. Any upfront income earned, such as fees on origination of lease contracts, on financial instruments is recognised as detailed under policy 2.1. Revenue recognition depending on the underlying nature of the income.

Classification and subsequent measurement of financial assets

Management determines the classification of its financial assets at initial recognition, based on the Group's business model for managing the financial assets. The main consideration in determining the different business models across the Group is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, amongst other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the Group only considers a transaction a sale if the asset is derecognised for accounting purposes.

Based on the business model assessment, the Group's main business model for managing financial assets is to hold financial assets to collect contractual cash flows. The business model assessment is not performed on an instrument by instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Notes to the Consolidated and Separate Annual Financial Statements

2.8. Financial instruments (continued)

Cash flow characteristics

In order for a debt instrument to be measured at amortised cost or fair value through other comprehensive income, the cash flows on the asset have to be solely payments of principal and interest (SPPI), i.e. consistent with those of a basic lending agreement.

The SPPI test is applied on a portfolio basis for retail and wholesale advances, as the cash flow characteristics of these assets are standardized. This includes the consideration of any prepayment penalties that are limited by consumer credit regulation and can therefore be considered reasonable compensation which would not cause these assets to fail the SPPI test.

If the contract contains prepayment penalties, the amount of the prepayment penalty is compared to the present value of the margin that will be earned if the loan is not prepaid. If the amount of the prepayment penalty is lower than or equal to the margin lost due to prepayment, this is considered reasonable compensation and the loan passes the SPPI test.

Amortised cost

Financial assets are measured at amortised cost using the effective interest rate method when they are held to collect contractual cash flows which are solely payments of principal and interest, and sales of such assets are not significant or frequent. This interest rate is determined based on the amortised cost and not the gross carrying amount of the financial asset.

2.8.1. Financial assets

The Group’s principal financial assets are cash and cash equivalents, loans and advances, and trade and other receivables.

2.8.1.1. Cash and cash equivalents

Cash and cash equivalents are measured initially at fair value and subsequently measured at amortised cost and are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value. Such cash and cash equivalents are normally those with less than three months’ maturity from the date of acquisition and include cash. The cash flows on these assets are solely payments of principal and interest.

Cash and cash equivalents consists of bank and bank balances.

Per the IFRIC Agenda, for an overdraft facility to meet the definition of cash and cash equivalents, the following criteria must be met:

- Facility must be repayable on demand;
- Facility must be an integral part of the Group's cash management strategy; and
- Facility must regularly fluctuate between positive and negative balances.

2.8.1.2. Loans and advances

Loans and Advances consist of the following categories:
- Retail Lease (IFRS 16);
- Retail Finance (IFRS 9); and
- Wholesale (IFRS 9).

Loans and advances are non-derivative financial assets with fixed or variable payments.

IFRS 9 Loans and Advances are recognised initially at fair value plus transaction costs and initiation fees that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

The Group calculates the EIR in accordance with IFRS 9. The expected cash flows are estimated by considering all the contractual terms of the financial instrument (for example, origination fees) but excludes the expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate and transaction costs.

The EIR calculation considers the initiation fees received and the DIC paid at the point of origination. These fees are deferred and recognised as an adjustment to the effective interest rate. To calculate the EIR, the DIC and deferred initiation fees at the origination date are capitalised to the contractual balance outstanding and the EIR will be the rate that discounts the expected cash flows of the loans over the expected life of the loans to this balance. The amount capitalised for the DIC includes the non-recoverable portion of the Input VAT on that DIC.

The expected life of an advance is estimated to be the period from the origination of past advances with similar characteristics and risk profile to the actual final payment date of those advances. The estimated final payment date will hence not necessarily be the contractual date of the last payment. All advances are segmented into portfolios based on their risk profiles and characteristics in the calculation of the behavioural term. The Group uses the presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably.

2.8.1.3. Deferred income

Deferred income relates to initiation fees paid at the initiation of the loan and advances transaction. These fees are capitalised to the contractual balance outstanding and amortised in line with the expected life of the loans.

2.8.1.4. Trade and other receivables

Trade and other receivables comprise of pre-payments and other receivables. These assets are measured at amortised cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and FLI on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, CPI and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes to these factors.

Notes to the Consolidated and Separate Annual Financial Statements

2.8. Financial instruments (continued)

2.8.2. Financial liabilities

The Group's financial liabilities consists of borrowings, lease liabilities, bank overdraft and trade and other payables. All financial liabilities are measured at amortised cost.

2.8.2.1. Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is adjusted for the amortisation of any transaction costs, premiums and discounts. The amortisation is recognised in interest expense using the effective interest rate method.

Bank overdrafts that do no meet the definition of cash and cash equivalents as per 2.8.1.1 are classified as short term borrowings which are shown separately on the statement of financial position and bear interest at market related rates.

2.8.2.2. Trade and other payables

Trade and other payables, except for bank overdrafts, are non-interest bearing and are stated at their fair value on initial recognition and are subsequently measured at amortised cost. Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

2.8.3. Equity instruments at fair value through other comprehensive income

The Group has elected to designate other investments not held for trading to be measured at fair value through other comprehensive income as the business model is to hold the investment and not to trade. The Group holds one such investment, the investment in the Hollard Business Associates cell captive. The valuation methodology applied is a discounted cash flow of the future expected cash flows i.e. dividends. Dividends are discounted from the point of distribution to the present time at the risk-free yield curve plus a constant risk margin. Net gains or losses recognised do not include dividend income.

2.9. Impairment of financial assets

IFRS 9 establishes a three-stage approach for impairment of financial assets:

- Stage 1: at initial recognition of a financial asset, the asset is classified as Stage 1 and 12-month expected credit losses are recognised, which are credit losses related to default events expected to occur within the next 12 months;
- Stage 2: if the asset has experienced a SICR, the asset is classified as Stage 2 and lifetime expected credit losses are recognised; and
- Stage 3: if the asset has become credit impaired since initial recognition, the non-performing asset is classified as Stage 3, with expected credit losses measured and recognised on a lifetime basis.

The Group continuously assesses its credit portfolios for impairment. Advances are monitored by the credit committee and impaired according to the Group's impairment policy.

The objective of the measurement of an impairment loss is to produce a quantitative measure of the Group's credit risk exposure. In determining the amount of the impairment, the Group considers the following:

- the PD which is a measure of the expectation of how likely the customer is to Default,
- the EAD which is the expected amount outstanding at the point of Default, and
- the LGD which is the expected Loss that will be realised at Default after taking into account recoveries through collateral.

These parameters are estimated using statistical models that predict future cash flows on the basis of historical behaviour for similar exposures over equivalent measurement periods. Adjustments to statistical estimates are made to allow for current conditions that were not present in the historical data referenced, and to allow for the impact of forward-looking macro-economic forecasts. Refer to accounting policy note 2.16 dealing with critical accounting estimates and judgements where all risk parameters, scenarios and sources of estimation are detailed more extensively.

2.9.1. Credit-impaired financial assets

Advances are considered credit impaired if they meet the definition of default. The Group's definition of default applied for calculating impairments under IFRS 9 has been aligned to the definition applied for banking industry capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes. Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, more than 3 unpaid instalments. In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the Group to actions such as the realisation of security. A default event is considered to be a separate default event only if an account has met the portfolio-specific cure definition prior to the second or subsequent default. Default events that are not separate are treated as a single default event when developing LGD term structures.

Indicators of unlikeliness to pay are determined based on the requirements of Regulation 67 of the Banks Act. Any distressed restructures of accounts which have experienced a significant increase in credit risk since initial recognition are defined as default events. Accounts are considered to no longer be in default if they meet the stringent cure definition, which has been determined at a portfolio level.

In determining whether an impairment loss should be recognised, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans.

2.9. Impairment of financial assets (continued)

2.9.2. Determination of whether the credit risk of financial instruments have increased significantly since initial recognition

In order to determine whether an advance has experienced a SICR, the PD of the asset calculated at the origination date is compared to that calculated at the reporting date. An asset is flagged as having experienced an increase in credit risk if the estimated lifetime probability of default at the reporting date is higher than the corresponding probability of default from the date of origination. The origination date is defined to be the most recent date at which the Group had an opportunity to price or re-price the advance based on the outcome of either the original or an up-to-date risk assessment. SICR test thresholds are re-assessed and, if necessary, updated, on at least an annual basis.

Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a SICR.
In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of wholesale and commercial SME facilities on a credit watch list.

Any up-to-date facility that has undergone a distressed restructure (i.e. a modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a SICR.

2.9.3. Curing

The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a SICR are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a SICR has occurred. No minimum period for transition from Stage 2 back to Stage 1 is applied. A 12-month curing definition is applied to Stage 3 accounts, therefore an account has to be performing for 12 consecutive months before it can be disclosed in Stage 1 or 2. With regards to distressed restructured accounts, these are required to remain in Stage 2 for a minimum period of 6 months before re-entering Stage 1, as per the requirements of SARB Directive 7 of 2015.

The PDs used to perform the test for a SICR are calculated by applying the PD model in force as at the reporting date. This model is retro-applied using data as at the origination date to determine origination date PDs.

Origination date PDs are measured at initial recognition of an instrument, unless there has been a subsequent risk-based re-pricing opportunity. Where the models used to determine PDs cannot discriminate good credit risks from bad credit risks effectively at initial recognition due to a lack of behavioural information, proxy origination dates of up to 6 months post initial recognition are applied. Where proxy origination dates are applied, early qualitative indicators of SICR, such as fraudulent account activity or partial arrears, are applied to trigger movement into Stage 2.

Reporting date PDs are calculated on a forward-looking basis, with PDs adjusted where appropriate to incorporate the impacts of multiple forward-looking macro-economic scenarios.

For a retail account to cure from Stage 3 back to either Stage 2 or Stage 1, the account needs to meet a stringent cure definition. Cure definitions are determined on a portfolio level with reference to suitable analysis and are set such that the probability of a previously cured account re-defaulting is equivalent to the probability of default for an account that has not defaulted in the past. For wholesale exposures, cures are assessed on a case by case basis, subsequent to an analysis by the relevant debt restructuring credit committee.

2.9.4. Write offs

Write-off must occur when it is not economical to pursue further recoveries i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised):

- where collateral is repossessed under a court order, which is the majority of cases, the Group relies on evidence placed before the courts as well as the court order allowing repossession to determine the likelihood of a client's ability to meet their present and future obligations;
- where the collateral is surrendered voluntarily, the Group will look at evidence it has gathered and follow a process substantially similar to the process followed by the court in determining the likelihood of a client's ability to meet their present and future obligations;
- should either of these processes reveal that the client cannot meet their obligations, the vehicle upon return is disposed of via an auction process and the loan is written off;
- where costs directly attributable to the recovery of a written off account can be identified, these costs are setoff against the gross recovery amount and not classified as an operating expense;
- by implication, in both retail and wholesale portfolios, write-offs cannot and do not occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account; and
- within wholesale and retail portfolios, a judgmental approach to write-offs is followed, based on case-by-case assessment.

The unit of account, being the individual contract concluded between the Group and the customer, is the level at which the write-off point is assessed. It is at this point that the assessment is made that there is no reasonable expectation of recovery.

Notes to the Consolidated and Separate Annual Financial Statements

2.9. Impairment of financial assets (continued)

2.9.4. Write offs (continued)

Partial write-offs are not performed within credit portfolios. Where required, additional impairments against irrecoverable assets will be raised until such a time as final write-off can occur.

The Group, however, does have a legal right to pursue recovery on written off accounts and does exercise that right. In addition to that right the Group has a legal obligation to its stakeholders to pursue recovery on written off accounts.

Collection costs associated with write offs are either recognised against any recoveries recognised in the period or in other expenses when they cannot be attributed to a recovery.

2.9.5. Transfers, modifications and derecognition

Financial instruments are derecognised when:

- the contractual rights or obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement,
- they are transferred and the derecognition criteria of IFRS 9 are met, or
- the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

Financial assets are derecognised when the Group has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. pass through arrangement under IFRS 9).

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the Group determines whether this is a substantial modification, following which, results in the derecognition of the existing asset, and the recognition of a new asset, or whether the change is simply a non-substantial modification of the existing terms which does not result in derecognition.

Derecognition of financial assets includes a situation of substantial modification of the terms and conditions of an existing financial asset. A substantial modification of the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial asset.

The following transactions are entered into by the Group in the normal course of business in terms of which it transfers financial assets directly to third parties or structured entities, or modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset:

2.9.5.1. Traditional securitisations and conduit programmes i.e. non-recourse transactions

Specific advances or investment securities are transferred to a structured entity, which then issues liabilities to third party investors, for example variable rate notes or investment grade commercial paper. The Group's obligations toward the third party note holders is limited to the cash flows received on the underlying securitised advances or non-recourse investment securities i.e. the note holders only have a claim to the ring-fenced assets in the structured entity, and not to other assets of the Group. The Group consolidates these securitisation and conduit vehicles as structured entities, in terms of IFRS 10.

The transferred assets continue to be recognised by the Group in full. The Group recognises an associated liability for the obligation toward third party note holders.

2.9.5.2. Modifications without derecognition

Modified contractual terms that are not priced to reflect current conditions and are thus not substantial. For retail advances, this includes debt restructuring accounts where the new terms of the contract (such as a lower interest rate) is mandated by law and do not have the same commercial terms as a new product that the Group would be willing to offer a customer with a similar risk profile. The same principle is applied for wholesale advances on a case-by-case basis.

The existing asset is not derecognised. The gross carrying amount of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset’s original effective interest rate. The gain or loss on modification is recognised in the statement of comprehensive income.

2.9.6. Other financial assets

All physical cash is classified as Stage 1. Other exposures are classified as Stage 1 unless specific evidence of impairment exists, in which case these assets are classified as Stage 3. ECL for physical cash is immaterial. ECL for cash equivalents is calculated using the loss rate approach. ECL for trade and other receivables is calculated using the loss rate approach. This results in LECL being recognised.

2.10. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Consolidated and Separate Annual Financial Statements

2.11. Impairment of non-financial assets

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of 'value in use' and 'fair value less cost to sell'. At each reporting date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

The impairment losses are included in other operating expenses in the statement of comprehensive income. Impairment losses are reversed when an increase in the non-financial assets recoverable amount can be objectively traced to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the non-financial asset at the date after the impairment is reversed, should not exceed what the carrying amount would have been had the impairment not been recognised. The reversal of the impairment loss is recognised immediately in the statement of comprehensive income. Property, plant and equipment is subject to an impairment review if there are events or changes in circumstance which indicate that the carrying amount may not be recoverable.

2.12. Finance leases

Where the Group is the lessor under a finance lease, the Group recognises assets sold under a finance lease as finance lease receivables included in advances and impair the advances, as required, in line with the impairment of financial assets accounting policy. No practical expedients are applied, and the general model under IFRS 9 is used for impairment calculations on lease receivables. Unearned finance income is recognised as interest income over the term of the lease using the effective interest method. Finance lease receivables are presented as part of advances in the consolidated statement of financial position.

2.13. Provisions and contingencies

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, which is the amount that the Group would rationally pay to settle the obligation at the statement of financial position date or to transfer it to a third party at that time.

Contingent liabilities are not recognised but are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed, where an inflow of economic benefits is probable.

2.14. Employee Post-employment benefits

The Group provides employee retirement benefits in the form of defined contribution plans, the post retirement medical aid (Note 2.17.5) and defined benefit plans.

Defined contribution plans
Recognition
Contributions are recognised as an expense, included in staff costs, when the employees have rendered the service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Measurement
On the date of the purchase the defined contribution liability and the plan assets will increase for the purchase amount and thereafter the accounting treatment applicable to defined contribution plans will be applied to the purchased pension. It should be noted that the purchase price for a new retiree would be slightly larger than the liability determined on the accounting valuation, as the purchase price allows for a more conservative mortality assumption based on the solvency reserves of the fund.

Defined benefit plans including post employment medical aid benefit
Recognition
The liabilities and assets of these funds are reflected as a net asset or liability in the statement of financial position, i.e. the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.
Where the value is a net asset, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Measurement
The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. The discount rate used is the rate of nominal government-issued bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.

2.15. Taxation

2.15.1. Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.15.2. Deferred tax assets and liabilities

A deferred tax asset / liability is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset / liability is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction and affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.16. Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate being the rate that it can borrow funds from the Group Treasury function.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a variable interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the Consolidated and Separate Annual Financial Statements

2.16. Leases (continued)

The Group as a lessee (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as part of property, plant and equipment (see note 10). The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per the accounting standard. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

2.17. Critical accounting estimates and judgements

In preparing the financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the critical accounting estimates, assumptions and judgements made by the Group, except those related to fair value measurement which are included in note 26.

2.17.1. Group as a Lessor

The Group accounts for Retail Lease assets as Finance Lease assets accounted for under Loans and Advances.

Some of the major factors considered by the Group in making this determination include the following:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised;
- The lease term is for the major part of the economic life of the underlying asset even if title is not transferred;
- At the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset,

2.17.2. Impairment of financial assets

In determining whether an impairment loss should be recognised, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans. The objective of the measurement of an impairment loss is to produce a quantitative measure of the Group's credit risk exposure.

The Group adopted the PD/LGD approach to calculate ECL for loans and advances. The ECL is based on three macroeconomic scenarios incorporating a base scenario, an upside scenario and a downside scenario, weighted by the probability of occurrence.

Within data-rich portfolios, impairment parameters are estimated using statistical analysis performed on homogeneous groups of accounts. Accounts are grouped at a portfolio level at a minimum, but more granular groupings are applied where specific sub- segments of the portfolio are expected to behave differently and where sufficient data is available for more granular modelling to be performed.

Regression modelling techniques are used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the group of accounts to which the model will be applied. This results in the production of models that are used to predict impairment parameters (PD, LGD, and EAD) based on the predictive characteristics identified through the regression process.

2.17.2.1. Expected Credit Losses

When impairments are calculated, each exposure is assigned unique impairment parameters (a PD, LGD and EAD) based on that exposure's individual characteristics. These account-level impairment parameters are then used to calculate account-level expected credit losses.

The extent of the ECL allowance for financial assets measured at amortised cost is calculated using complex models and significant assumptions about future economic conditions and credit behaviour. Further significant judgements are necessary in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for SICR, ECL is measured as an allowance equal to a 12-month ECL for Stage 1 assets, or a lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition and to Stage 3 when it becomes non-performing, which includes accounts in business rescue, debt review, liquidation and sequestration;
- Choosing appropriate models and assumptions for the measurement of ECL, judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk; and
- Establishing the number and relative weightings of forward looking scenarios.

Notes to the Consolidated and Separate Annual Financial Statements

2.17. Critical accounting estimates and judgements (continued)

2.17.2.1.1. Measurement of the 12-month and LECL Retail loans and advances

Parameters are determined on a pooled basis, with exposures pooled on a portfolio level at a minimum. Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour as well as behavioural and demographic information related to individual exposures currently on book.

PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates.

EAD parameters are estimated based on product characteristics and historical draw-down and payment behaviour.

LGDs are determined by estimating expected future cash flows, including costs and proceeds from sale of collateral, based on historically observed outcomes.

The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within the historical data will continue to be relevant in the future. Parameters are calibrated for the calculation of 12-month and LECL using term structures that consider account age, historical behaviour, transaction characteristics and correlations between parameters.

Term structures have been developed over the entire remaining lifetime of an instrument. Expected credit losses on open accounts are discounted from the expected date of default to the reporting date using the asset's original effective interest rate or a reasonable approximation thereof.

2.17.2.1.2. Measurement of the 12-month and LECL Wholesale advances

Parameters are determined based on the application of statistical models that produce estimates on the basis of counterparty-specific financial information and transaction characteristics including the nature of available collateral. Due to the specialised nature of these exposures, parameters produced by models are taken through a robust review and challenge process before being applied to calculate expected credit losses and are required to be signed off by a committee of wholesale credit experts.

Parameters are calibrated for the calculation of 12-month and LECL using term structures that consider account age, historical behaviour, transaction characteristics and correlations between parameters. Term structures have been developed over the entire remaining lifetime of an instrument. Expected credit losses on open accounts are discounted from the expected date of default to the reporting date using the asset's original effective interest rate or a reasonable approximation thereof.

2.17.2.1.3. Determination of whether the credit risk of financial instruments have increased significantly since initial recognition

IFRS 9 contains a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. This means that where payments are 30 days past due, the financial asset needs to migrate from stage 1 to stage 2. Instead of rebutting this presumption, the Group views that where the customer and the Group have agreed to a deferral of payment for a specified period, that such an extension will not trigger the counting of days past due.

2.17.2.2. Forward-looking information

FLI has been incorporated into the expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. The process of incorporating the FLI into the expected loss estimates has not changed since 31 March 2024, but there have been changes to the probabilities assigned to the scenarios and the inputs used.

The macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios by a forum of external economists who are independent of the credit and modelling functions. To arrive at the macroeconomic forecasts, the micro and macroeconomic developments are assessed to formulate the macroeconomic forecasts and a probability is assigned to each scenario. ECL results are then calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on assumptions applied during the process.

Quantitative techniques applied estimate the impact of forecasted macroeconomic factors on expected credit losses using various techniques dependent on the portfolio within which models will be applied.

2.17. Critical accounting estimates and judgements (continued)

2.17.2.2. FLI (continued)

Within retail and wholesale portfolios, forward-looking ECL is modelled using regression-based techniques that determine the relationship between key macroeconomic factors and credit risk parameters (with industry considerations further applied in the case of wholesale portfolios) based on historically observed correlations. Modelled correlations and macroeconomic variable weightings are adjusted on the basis of expert judgement to ensure that the relationships between macroeconomic forecasts and risk parameters are intuitive and that ECL is reflective of forward-looking expectations of credit performance.

Where the impact of forward-looking macroeconomic information on ECL is determined based on historical relationships between macro-economic movements and default rates, and it is not expected for these relationships to hold under current macro-economic conditions, judgemental adjustments have been made through post-model adjustments to ensure that relationships between macro-economic forecasts and ECL estimates are intuitive, with ECL increasing where macroeconomic conditions are expected to worsen, and reflecting additional relevant information not catered for in the models. This approach is followed across all portfolios.

For the Group's operations three macroeconomic scenarios are utilised, namely a base scenario, an upside scenario and a downside scenario.

During the year, global economic growth and inflation continued to moderate. Central banks paused the aggressive interest rate hikes that they implemented to stem inflation, resulting in a slight reduction in risk aversion in financial markets. However, uncertainty about the potential future extent of the expected economic slowdown and possible interest rate cuts, combined with a significant increase in geopolitical risk, continued to drive market volatility.

The war in Ukraine remains ongoing, and the conflict in Gaza continued to escalate, lifting regional and global geopolitical tensions. Although these tensions remain important risk factors going forward, they did not translate into a significant macroeconomic impact for the economies in which the group operates during the period under review.

South Africa's inflation remained above the central bank's target range, but began to reduce slowly, resulting in interest rates remaining on hold. With interest rates remaining at their cyclical peak, real economic activity continued to slow down, with domestic household consumption and corporate income being impacted by high interest rates and inflation. Rolling blackouts were less severe than expected and commodity prices remained somewhat resilient for certain key export commodities. However logistics bottlenecks continued to limit both export and import growth.

The 2024 General Elections resulted in the formation of a Government of National Unity, which turned out to be a more market friendly result than was widely expected. An increased probability of improvements in service delivery and economic reform momentum was reflected in financial market pricing for the currency, government debt securities and other domestic risk assets including equities. Although we noted a slight improvement in economic reform implementation before the election, and the election outcome has increased the probability of further progress, the election itself has not yielded tangible economic reform developments. As such we continue to carefully monitor the economic environment for signs of economic reform progress.

Scenario	Probability	Description
Baseline	60% (2024: 56%)	•The global economy avoids a significant slowdown and geopolitical tensions continue to add to risk premia for risk assets, including commodities; • GDP growth lifts gradually as a result of the deployment of capital into renewable energy projects while other economic reforms slowly begin to support economic activity; •The country's election outcome does not result in a change on the status quo on policy and economic reforms. Policy makers and the private sector do not make meaningful progress with structural reforms; • Climate transition progresses slowly amid lack of agreement and progress on the COP27 Energy Transition Partnerships (JETP) implementation plan; • Drought and water management targets progress gradually; and • Fiscal pressures continue to build while the SARB continues to implement monetary policy to achieve its inflation objectives.
Upside	15% (2024:15%)	• The global economy avoids a significant slowdown and geopolitical tensions continue to add to risk premia for risk assets including, commodities; • GDP growth lifts meaningfully thanks to deployment of capital into renewable energy projects while other economic reforms slowly begin to support economic activity; • The country's election outcome results in a private sector friendly approach to policy and economic reforms; • Economic and policy reform progress lifts investor and consumer confidence; • Climate transition progresses slowly and meaningful implementation progress is made on the COP27 JETP implementation plan; • Drought and water management targets progress meaningfully with pockets of the economy remaining more vulnerable than others; and • Fiscal pressures reduce slightly but remain elevated in the near term.
Downside	25% (2024:29%)	• Geo-economic fragmentation, including the Ukraine war, a regional war in the Middle East and conflict in the South China Sea, drives headline inflation significantly higher and real disposable income growth significantly lower; • The country fails to implement growth-enhancing economic reforms; • The country's election outcome results in a private sector unfriendly approach to policy and economic reforms; • The South African government experiences setbacks in its efforts to manage the decarbonisation process; • South Africa's export competitiveness and trade volume growth deteriorate during the transitional and implementation phases of the European Union's Carbon Border Adjustment Mechanism; • Currency depreciation stalls the disinflation trend, together with sustained policy tightening bias with negative consequences for financial conditions and risk appetite; and • Real credit extension falls and savings lift.

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2.17. Critical accounting estimates and judgements (continued)

2.17.2.2. Forward-looking information (continued)

Overview of forward-looking information included in the 31 March 2025 provisions

South Africa	Upside scenario		Baseline scenario		Downside scenario	
%	**2026**	**2027**	**2026**	**2027**	**2026**	**2027**
Real GDP	2.5	2.9	1.9	2.2	0.9	0.9
CPI inflation (period end)	4.5	4.5	4.6	4.6	5.0	4.7
Repo rate (period end)	6.0	6.0	7.0	7.0	7.3	7.3
Real income growth	1.9	2.1	1.9	2.1	1.9	1.3
House price index	10.6	9.5	4.2	4.4	2.0	3.1
Household debt to income	58.0	58.0	62.9	62.9	66.6	66.6
Employment growth	1.2	1.3	1.2	1.3	0.3	0.3

Judgment	Retail	Wholesale
Measurement of the 12-month and lifetime ECL (continued)	Parameters are calibrated for the calculation of 12-month and lifetime ECL using term structures that consider borrower risk, account age, historical behaviour, transaction characteristics and correlations between parameters. Term structures have been developed over the entire remaining contractual lifetime of an instrument. ECL on open accounts are discounted from the expected date of default to the reporting date using the asset's original effective interest rate or a reasonable approximation thereof.	

2.17.2.3. Post model adjustments

In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risk, is taken into account in ECL estimates when required. Furthermore, where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates and macroeconomic events, additional provisions via post-model adjustments are made.

2.17.4. Vehicle residual value

The Group manages residual value risk through a robust residual value setting process combined with regular asset impairment reviews, referencing to industry data available and taking the useful life of the asset into consideration.
The residual value risk in the GFV products gives rise to cash flows that are unlikely to meet SPPI given that these loans are non-recourse loans which will be repaid from proceeds on the sale of the vehicles when the customer hands the vehicle back to TFSSA to settle the loan. The market value of these vehicles varies with the market value of second hand vehicles which will result in these cash flows not always meeting the definition of SPPI. Ultimately whether the potential losses or gains on these contracts are "de minimis", is a matter of judgement. Based on an assessment performed by TFSSA, it was concluded that the residual risk on GFV products for instalment sale agreements is "de minimis" as at 31 March 2025. GFV products are therefore considered to meet the SPPI criterion.

2.17.5. Defined post-employment medical aid liability

Post-employment medical aid benefits are provided to certain employees as disclosed in the accounting policy note 2.14.

The medical aid plan is regulated by the Registrar of the Council of Medical Schemes respectively. In determining the year end liability, key actuarial assumptions were used and these included the discount rate, healthcare cost inflation rate, mortality and average retirement age. Any change in these assumptions will impact the year end liability.

Each sensitivity analysis is based on changing one assumption while keeping all other remaining assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity analysis has been calculated in terms of the projected unit credit method and illustrates how the value of the liability would change in response to certain changes in actuarial assumptions.

Significant assumptions

The liability derived by this valuation is dependent on the following assumptions:

- Discount rate;
- Health care cost inflation;
- Mortality; and
- Average retirement age.

Economic assumptions used		**2025**	**2024**
Discount rate	Nominal Government Bond Yield Curve rounded to nearest 0.25%	12.60%	14.50%
Inflation rate	Difference between nominal and index linked bond yield curves plus 0.5% inflation risk premium.	6.60%	8.40%
Medical inflation	Inflation rate plus 1.5%	8.10%	9.90%

The valuation results are sensitive to changes in the underlying assumptions underpinning the discount rate. The effects of varying these assumptions are illustrated below.

Sensitivity Analysis	**R'000**	**R'000**	**R'000**
Discount rate	**1% decrease**	**Valuation**	**1% increase**
Employer's accrued liability	18 965	16 917	15 208
Employer's service and interest cost	2 382	2 277	2 182
Health care cost inflation			
Employer's accrued liability	15 168	16 917	18 987
Employer's service and interest cost	2 027	2 277	2 572
Mortality	**PA (90)-3**	**Valuation**	**PA (90)-1**
Employer's accrued liability	17 308	16 917	16 520
Employer's service and interest cost	2 329	2 277	2 222
Average retirement age	**ARA-1**	**Valuation**	**ARA+1**
Employer's accrued liability	17 267	16 917	16 600
Employer's service and interest cost	2 313	2 277	2 228

Notes to the Consolidated and Separate Annual Financial Statements

3. New Standards and Interpretations

3.1. Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2025 or later periods:

IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendment is effective for period commencing on or after 1 January 2025 and it not expected to have a significant impact on the annual financial statements.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments

The amendment to the classification and measurement of financial instrument clarify that:

- The financial liability is derecognised on the settlement date. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met,
- The contractual cash flow characteristics of financial assets include ESG - linked features and other similar contingent features,
- The treatment of non-recourse assets and contractually linked instruments, and
- Additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event.

The amendment is effective for annual periods commencing on or after 1 January 2026 and is not expected to have a significant impact on the annual financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.

IFRS 18 aims to improve financial reporting by:

- Requiring additional defined subtotals in the statement of profit or loss;
- Requiring disclosures about management-defined performance measures; and
- Adding new principles for groupings (aggregation and disaggregation of information).

The new standard is effective for annual periods commencing on or after 1 January 2027 and is expected to impact group presentation on its statement of profit or loss, the extent of which is being assessed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 enables eligible entities to provide reduced disclosures compared to the requirements in other IFRS accounting standards. Entities that elect IFRS 19 are still required to apply recognition, measurement and presentation requirements of other IFRS accounting standards.

The new standard is effective for annual periods commencing on or after 1 January 2027 and is not expected to have an impact on Group annual financial statements but will be evaluated for the company annual financial statements.

Notes to the Consolidated and Separate Annual Financial Statements

	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
4a Interest income calculated using effective interest rate				
- Retail lease	386 093	245 122	386 093	245 122
- Retail finance	6 217 790	5 647 966	6 217 071	5 647 831
- Wholesale	252 699	392 810	252 699	392 810
- Interest on intercompany class B notes & receivables	-	-	44 155	13 958
- Interest on bank accounts	20 077	5 296	-	-
Total finance charges earned	**6 876 659**	**6 291 194**	**6 900 018**	**6 299 721**
- Retail lease	(32 624)	(19 525)	(32 624)	(19 525)
- Retail finance	(741 213)	(689 593)	(741 213)	(689 593)
Fee and commission expense	**(773 837)**	**(709 118)**	**(773 837)**	**(709 118)**
Total interest income calculated using effective interest rate	**6 102 822**	**5 582 076**	**6 126 181**	**5 590 603**
4b Fee and commission income				
- Loans and advances fee income	231 517	225 697	220 011	222 939
- Insurance sales commission income	10 889	10 832	10 889	10 832
Total fee and commission income	**242 406**	**236 529**	**230 900**	**233 771**
5 Interest expense				
Interest on financial liabilities by class:				
- Interest expense - Bank loans	3 155 056	2 919 029	3 155 056	2 919 029
- Interest expense - Interest related fees	27 077	24 575	27 077	24 592
- Interest expense - Domestic Term Bonds	878 326	850 474	878 326	850 474
- Interest expense - Subsidiary	-	-	274 534	68 016
- Interest expense - Asset backed securitisation	198 363	62 374	-	-
- Interest expense - Lease liabilities	1 569	1 519	1 569	1 519
Total interest expense	**4 260 391**	**3 857 971**	**4 336 562**	**3 863 630**
6 Impairment charge on financial assets				
Retail lease	28 743	14 700	28 743	14 700
- Impairment charge / (release)	21 500	11 672	21 500	11 672
- Write offs	7 243	3 028	7 243	3 028
Retail finance	699 618	700 453	695 295	699 403
- Impairment charge / (release)	(22 126)	177 134	(22 126)	177 134
- Write offs	779 668	590 315	775 345	589 265
- Recoveries	(56 424)	(55 511)	(56 424)	(55 511)
- Modification gains	(1 500)	(11 485)	(1 500)	(11 485)
Wholesale	(25 368)	(1 258)	(25 368)	(1 258)
- Impairment (release) / charge	(25 368)	(1 258)	(25 368)	(1 258)
Total impairment charge on financial assets	**702 993**	**713 895**	**698 670**	**712 845**

Notes to the Consolidated and Separate Annual Financial Statements

	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
7 Other income				
Retail finance document fees	94 130	87 110	94 130	87 110
Retail lease document fees	3 439	1 461	3 439	1 461
Dividend income	53 313	58 966	53 313	80 699
Operating lease fee income	1 642	-	1 642	-
Servicer fee recovered from subsidiary (Refer to Note 27)	-	-	10 658	3 118
Other	8 536	15 066	8 536	15 164
Total other income	**161 060**	**162 603**	**171 718**	**187 552**
8 Operating expenses				
Auditor remuneration: External audit	10 289	8 774	9 836	8 489
Auditor remuneration: Prior year under accrual	665	395	665	395
Auditor remuneration: Non-audit services	2 024	105	2 024	105
WesBank management fee (Note 27)	365 509	345 266	365 509	345 266
Operating lease rentals	1 346	1 016	1 346	1 016
Professional fees	71 283	87 887	67 683	86 980
Staff and pension costs	165 052	160 023	165 052	160 023
Defined contribution plan expense	10 670	9 841	10 670	9 841
Bank Charges	12 926	12 924	12 913	12 916
Depreciation (Note 10)	4 218	3 963	4 218	3 963
Travel and Accommodation	3 526	3 200	3 534	3 200
Advertising and Promotions	22 929	14 969	23 062	15 741
Other	20 211	2 595	20 049	1 823
Total operating expenses	**690 648**	**650 958**	**686 561**	**649 758**
9 Taxation				
Current tax	205 970	197 367	193 753	198 873
Deferred tax	10 011	(8 237)	10 011	(8 237)
Income tax expense	**215 981**	**189 130**	**203 764**	**190 636**
Reconciliation between accounting profit and tax expense				
Profit before taxation	852 256	758 384	807 006	785 693
Tax at the applicable tax rate of 27% (2024: 27%)	230 109	204 764	217 892	212 137
Tax effect of adjustments on taxable income:	(14 128)	(15 634)	(14 128)	(21 501)
Expenses not deductible for tax purposes [1]	267	287	267	287
Income not subject to tax [2]	(14 395)	(15 921)	(14 395)	(21 789)
Income tax expense	**215 981**	**189 130**	**203 764**	**190 636**

[1] This relates to legal and arranging fees for the SPV that cannot be deducted as these expenses are not directly attributed to the generation of taxable income.
[2] This relates to exempt income in the form of dividends.

Notes to the Consolidated and Separate Annual Financial Statements

10 Property, plant and equipment

2025 Group and Company	Cost R'000	Accumulated depreciation R'000	Net book value R'000
Office furniture and equipment	5 708	(5 708)	-
Right-of-use asset	21 092	(7 733)	13 359
	26 800	**(13 441)**	**13 359**
2024 Group and Company			
Office furniture and equipment	5 708	(5 708)	-
Right-of-use asset	21 092	(3 515)	17 577
	26 800	**(9 223)**	**17 577**

No items of property, plant or equipment are held as security for liabilities.

Group and company reconciliation 2025 Group and Company	Opening balance R'000	Additions R'000	Transfers R'000	Disposals R'000	Depreciation R'000	Total R'000
Office furniture and equipment	-	-	-	-	-	-
Right-of-use asset	17 577	-	-	-	(4 218)	13 359
	17 577	**-**	**-**	**-**	**(4 218)**	**13 359**
2024 Group and Company						
Office furniture and equipment	325	-	-	(325)	-	-
Right-of-use asset	448	21 092	-	-	(3 963)	17 577
	773	**21 092**	**-**	**(325)**	**(3 963)**	**17 577**

11 Investment in subsidiary (Refer to Note 27)

	Company 2025 R'000	Company 2024 R'000
11.1 Investment in Subsidiary Note B		
Spartan House 2018 (RF) Limited	529 412	176 471
11.2 Receivable from Subsidiary		
Spartan House 2018 (RF) Limited	10 638	4 343

Spartan House 2018 (RF) Limited was incorporated in South Africa and the principal activity of the Company is to acquire the right, title and interest in participating assets in the Group in respect of one or more transactions. Funds are raised directly or indirectly through the issue of the participating assets acquired. The ultimate risk and rewards reside with the Group and therefore Spartan House 2018 (RF) Limited is classified as a subsidiary and consolidated for accounting purposes.

The Company invested in two tranches of Class B note issued by Spartan House 2018 (RF) Limited in August 2023 and July 2024. The note is subordinated in favour of other creditors. The note is unlisted with a legal maturity date of 17 April 2028 and 17 July 2029. The interest on the note is paid quarterly in arrears at a fixed rate of 12.14% and JIBAR plus 1.3% per annum for each tranche respectively.

The receivable due from the subsidiary relates to the accrued interest on the Class B note due to the Company.

Spartan House 2018 (RF) Limited has cash flow forecasts that indicate that the entity is expected to have sufficient cash flows to meet all working capital and other obligations. Therefore Spartan House 2018 (RF) Limited is expected to have a low risk of default.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances

12.1 Analysis of Loans and advances per class

Group and Company	2025 Gross loans and advances R'000	2025 Impairments R'000	2025 Net loans and advances R'000	2024 Gross loans and advances R'000	2024 Impairments R'000	2024 Net loans and advances R'000
Retail lease	3 908 423	(59 355)	3 849 068	2 423 560	(37 855)	2 385 705
Retail finance	51 462 960	(2 159 438)	49 303 522	47 520 542	(2 181 564)	45 338 978
Wholesale	4 369 934	(55 012)	4 314 922	3 897 410	(80 380)	3 817 030
	59 741 317	**(2 273 805)**	**57 467 512**	**53 841 512**	**(2 299 799)**	**51 541 713**

12.2 Maturity analysis of retail leases

Group and Company	2025 Loans and advances including unearned finances charges	2025 Unearned finance charges	2025 Loans and advances net of unearned finances charges	2024* Loans and advances including unearned finances charges	2024* Unearned finance charges	2024* Loans and advances net of unearned finances charges
Due within 1 year	924 686	(163 003)	761 683	538 591	(96 492)	442 099
Due between 1 and 2 years	920 818	(207 110)	713 708	901 358	(202 564)	698 794
Due between 2 and 3 years	1 197 294	(263 020)	934 274	582 057	(132 551)	449 506
Due between 3 and 4 years	1 750 070	(365 535)	1 384 535	985 449	(215 552)	769 897
Due between 4 and 5 years	117 163	(27 382)	89 781	56 666	(13 304)	43 362
Due after five years	31 962	(7 520)	24 442	26 027	(6 125)	19 902
	4 941 993	**(1 033 570)**	**3 908 423**	**3 090 148**	**(666 588)**	**2 423 560**

*Restated. Prior period disclosure was presented with all three instruments (retail lease, retail finance and wholesale). The Group has corrected the disclosure in the current financial year by only presenting the retail lease as required by IFRS 16.

This error did not have an impact on the primary financial statements.

12.3 Reconciliation of gross loans and advances and expected credit losses

Basis of reconciliation preparation

The reconciliation of the gross loans and advances and the expected credit losses have been prepared using a year to date view. This means the group reports exposures based on the impairment stage at the end of the reporting period.

The current year movements of the opening balances are included in changes in exposure and net movement on gross carrying amounts and the ECL provided / (released) are reflected separately in the reconciliation.

New business is broadly defined as any financing issued to a new or existing customer during the current financial year.

The movement in gross loans and advances is the net amount of:
- new business originated during the financial year,
- the transfers between stages of the new origination, and
- any settlements.

All new business is included in the change in exposure due to new business in the current year based on the exposures' impairment stage at the end of the reporting period. Therefore, exposures in the new business lines can be reported in stage 3 at the end of the reporting date.

Current year ECL (provided) / released relates to:
- an (increase) / decrease in the carrying amount during the current financial year, and
- an (increase) / decrease in the risk associated with the opening balance.

The current year movement in the ECL for stage 2 advances is also split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and other changes.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.3 Reconciliation of gross loans and advances and expected credit losses (continued)

	Gross loans and advances				Expected Credit Losses (ECL)			
Retail lease	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
2025 Group and Company	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 1 April 2024	**2 423 560**	1 894 219	502 908	26 433	**(37 855)**	(14 639)	(11 154)	(12 062)
Transfer from Stage 1 to Stage 2	**-**	(55 060)	55 060	-	**-**	347	(347)	-
Transfer from Stage 1 to Stage 3	**-**	(16 945)	-	16 945	**-**	117	-	(117)
Transfer from Stage 2 to Stage 3	**-**	-	(15 600)	15 600	**-**	-	2 153	(2 153)
Transfer from Stage 2 to Stage 1	**-**	24 343	(24 343)	-	**-**	(1 921)	1 921	-
Transfer from Stage 3 to Stage 2	**-**	-	2 896	(2 896)	**-**	-	(1 011)	1 011
Transfer from Stage 3 to Stage 1	**-**	396	-	(396)	**-**	(29)	-	29
Statement of comprehensive income release (charge)					**(28 743)**	**(1 007)**	**(11 096)**	**(16 640)**
New business written	**2 344 426**	1 912 972	415 169	16 285	**(25 861)**	(9 963)	(8 505)	(7 393)
Current year change in exposure and net movement on gross loans and advances and ECL (provided) / released	**(852 320)**	(526 188)	(317 982)	(8 150)	**(7 162)**	8 956	(6 871)	(9 247)
Exposures with a change in the measurement basis from 12 months to lifetime ECL	**-**	(4 302)	4 302	-	**4 280**	-	4 280	-
Adjusted for					**7 243**	**-**	**-**	**7 243**
Write offs	**(7 243)**	-	-	(7 243)	**7 243**	-	-	7 243
Balance as at 31 March 2025	**3 908 423**	**3 229 436**	**622 410**	**56 577**	**(59 355)**	**(17 132)**	**(19 534)**	**(22 689)**

Total contractual amounts outstanding on financial assets that were written off during the period that are still subject to enforcement activity are R6 771 688

The average term of retail lease loans and advances entered into is 34 months (FY2024: 32 months).

Contractual interest rates vary from a fixed interest rate for a set period to a variable interest rate. The weighted average interest rate in respect of retail lease loans and advances at 31 March 2025 was 12.37% (FY2024: 11.38%).

The movement in the retail lease loans and advances has increased by 61.27%. The growth in the portfolio is due to new product offering that was well received by the market. This resulted in new business written that exceeded the book rundown.

The retail lease ECL has increased by 56.80%. This is resulting from the following:

- Changes in the ECL model and risk parameters implemented in the current financial year. This includes forward-looking macro-economic information;
- Stage 1 Exposures and ECL have increased in the current financial period as a result of an increase in the new business;
- Stage 2 ECL has increased largely driven by an increase in arrear accounts in the current financial year; and
- Stage 3 Exposures have increased in the current financial period, as a result of an increase of accounts in NPL offset by accounts reaching the curing period. However, ECL has increased as there has been an increase in classified accounts which require a higher coverage compared to other NPL accounts.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.3 Reconciliation of gross loans and advances and expected credit losses (continued)

	Gross loans and advances				Expected Credit Losses (ECL)			
Retail finance	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
2025 Group and Company	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 1 April 2024	**47 520 542**	39 965 633	4 836 795	2 718 114	**(2 181 564)**	(339 904)	(561 976)	(1 279 684)
Transfer from Stage 1 to Stage 2	-	(1 951 516)	1 951 516	-	-	20 874	(20 874)	-
Transfer from Stage 1 to Stage 3	-	(596 068)	-	596 068	-	6 971	-	(6 971)
Transfer from Stage 2 to Stage 3	-	-	(987 393)	987 393	-	-	147 471	(147 471)
Transfer from Stage 2 to Stage 1	-	857 273	(857 273)	-	-	(62 877)	62 877	-
Transfer from Stage 3 to Stage 2	-	-	227 126	(227 126)	-	-	(67 880)	67 880
Transfer from Stage 3 to Stage 1	-	47 182	-	(47 182)	-	(7 580)	-	7 580
Statement of comprehensive income (charge)					**(699 618)**	**80 097**	**(148 186)**	**(631 529)**
New business written	**17 920 755**	17 085 099	655 405	180 251	**(316 624)**	(118 587)	(102 693)	(95 344)
Current year change in exposure and net movement on gross loans and advances and ECL (provided) / released	**(13 169 705)**	(11 291 443)	(1 353 580)	(524 682)	**(222 677)**	198 684	114 824	(536 185)
Exposures with a change in the measurement basis from 12 months to lifetime ECL	-	(293 940)	293 940	-	**(160 317)**	-	(160 317)	-
Adjusted for					**721 744**	**-**	**-**	**721 744**
Recoveries	-	-	-	-	**(56 424)**	-	-	(56 424)
Modifications that did not result in derecognition	**(28 964)**	-	(14 704)	(14 260)	**(1 500)**	-	-	(1 500)
Write offs	**(779 668)**	-	-	(779 668)	**779 668**	-	-	779 668
Balance as at 31 March 2025	**51 462 960**	**43 822 220**	**4 751 832**	**2 888 908**	**(2 159 438)**	**(302 419)**	**(588 568)**	**(1 268 451)**

The total contractual amount outstanding on financial assets that were written off during the period that are still subject to enforcement activity are R683 832 023

The average term of retail finance loans and advances entered into is 50 months (FY2024: 49 months).

Contractual interest rates vary from a fixed interest rate for a set period to a variable interest rate. The weighted average interest rate in respect of retail finance loans and advances at 31 March 2025 was 12.90% (FY2024: 12.46%).

The movement in the retail finance loans and advances increased by 8.33%. This is mainly resulting from a cautious approach to onboarding lower risk profile customers given the economic uncertainty.

The movement in the retail finance ECL has decreased by 1% as a result of the following:

- Changes in the ECL model and risk parameters implemented in the current financial year. This includes forward-looking macro-economic information;
- Stage 1 ECL reduction is driven by risk management activities that resulted in a release of overlays in the current financial period;
- Stage 2 ECL has increased largely driven by an increase in arrear accounts in the current financial year; and
- Stage 3 Exposures have decreased marginally in the current financial period, as a result of an increase in accounts written off offset by an increase in classified accounts requiring a higher coverage compared to other NPL accounts.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.3 Reconciliation of gross loans and advances and expected credit losses (continued)

	Gross loans and advances				Expected Credit Losses (ECL)			
Wholesale	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
2025 Group and Company	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 1 April 2024	**3 897 410**	3 428 294	469 116	-	**(80 380)**	(43 563)	(36 817)	-
Transfer from Stage 1 to Stage 2	**-**	(66 077)	66 077	-	**-**	418	(418)	-
Transfer from Stage 2 to Stage 1	**-**	249 033	(249 033)	-	**-**	(7 395)	7 395	-
Statement of comprehensive income (charge)					**25 368**	**29 434**	**(4 066)**	**-**
New business written	**74 764**	8 642	66 122	-	**(3 924)**	(25)	(3 899)	-
Current year change in exposure and net movement on gross loans and advances and ECL (provided) / released	**397 760**	334 037	63 723	-	**29 292**	29 459	(167)	-
Balance as at 31 March 2025	**4 369 934**	**3 953 929**	**416 005**	**-**	**(55 012)**	**(21 106)**	**(33 906)**	**-**

The movement in the wholesale loans and advances increased by 12.1%. This is mainly resulting from marginal increase in utilisation from existing customers over the course of the financial year.

The movement in the wholesale ECL has decreased by 31.6%. This is due to the following:

- Changes in the ECL model implemented in the current financial year;
- Although there was additional wholesale facilities onboarded in FY2025, the new business onboarded was of low risk. Increased utilisation from the existing book was also from good quality resulting in a reduction in impairments.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.3 Reconciliation of gross loans and advances and expected credit losses (continued)

	Gross loans and receivables				Expected Credit Losses (ECL)			
Retail lease	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
2024 Group and Company	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 1 April 2023	**1 590 366**	1 520 120	46 247	23 999	**(26 183)**	(12 175)	(5 157)	(8 851)
Transfer from Stage 1 to Stage 2	**-**	(152 724)	152 724	-	**-**	1 239	(1 239)	-
Transfer from Stage 1 to Stage 3	**-**	(7 770)	-	7 770	**-**	52	-	(52)
Transfer from Stage 2 to Stage 3	**-**	-	(4 940)	4 940	**-**	-	1 040	(1 040)
Transfer from Stage 2 to Stage 1	**-**	7 944	(7 944)	-	**-**	(738)	738	-
Transfer from Stage 3 to Stage 2	**-**	-	3 196	(3 196)	**-**	-	(566)	566
Transfer from Stage 3 to Stage 1	**-**	-	-	-	**-**	-	-	-
Statement of comprehensive income charge					**(14 700)**	**(3 017)**	**(5 970)**	**(5 713)**
New business written	**1 421 895**	1 047 284	368 563	6 048	**(14 515)**	(5 590)	(6 336)	(2 589)
Current year change in exposure and net movement on gross loans and advances and ECL (provided) / released	**(585 673)**	(480 202)	(95 371)	(10 100)	**2 640**	2 573	3 191	(3 124)
Exposures with a change in the measurement basis from 12 months to lifetime ECL	**-**	(40 433)	40 433	-	**(2 825)**	-	(2 825)	-
Adjusted for					**3 028**	-	-	3 028
Write offs	**(3 028)**	-	-	(3 028)	**3 028**	-	-	3 028
Balance as at 31 March 2024	**2 423 560**	**1 894 219**	**502 908**	**26 433**	**(37 855)**	**(14 639)**	**(11 154)**	**(12 062)**

Total contractual amounts outstanding on financial assets that were written off during the period that are still subject to enforcement activity are R2 330 022.
The average term of retail lease loans and advances entered into is 32 months (FY2023: 30 months).
Contractual interest rates vary from a fixed interest rate for a set period to a variable interest rate. The weighted average interest rate in respect of retail lease loans and advances at 31 March 2024 was 11.38% (FY2023: 9.34%).

The movement in the retail lease loans and advances has increased by 52.39%. The growth in the portfolio is due to new product offering that was well received by the market. This resulted in new business written that exceeded the book rundown.

The movement in the retail lease ECL has increased by 44.58%. This is resulting from the following:
- Changes in the ECL model and risk parameters implemented in the current financial year. This includes forward-looking macro-economic information;
- Stage 1 Both exposures and ECL have increased in the current financial period as a result of an increase in the new business;
- Stage 2 ECL has increased largely driven by an increase in arrear accounts in the current financial year; and
- Stage 3 Exposures have increased in the current financial period, as a result of an increase of accounts in NPL offset by accounts reaching the curing period. However, ECL has increased as there has been an increase in classified accounts which require a higher coverage compared to other NPL accounts.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.3 Reconciliation of gross loans and advances and expected credit losses (continued)

	Gross loans and advances				Expected Credit Losses (ECL)			
Retail Finance	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
2024 Group and Company	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 1 April 2023	**42 104 523**	35 456 667	4 408 072	2 239 784	**(2 004 430)**	(418 938)	(527 392)	(1 058 100)
Transfer from Stage 1 to Stage 2	**-**	(2 422 604)	2 422 604	-	**-**	38 949	(38 949)	-
Transfer from Stage 1 to Stage 3	**-**	(639 517)	-	639 517	**-**	10 949	-	(10 949)
Transfer from Stage 2 to Stage 3	**-**	-	(913 593)	913 593	**-**	-	163 020	(163 020)
Transfer from Stage 2 to Stage 1	**-**	554 535	(554 535)	-	**-**	(46 780)	46 780	-
Transfer from Stage 3 to Stage 2	**-**	-	201 237	(201 237)	**-**	-	(48 451)	48 451
Transfer from Stage 3 to Stage 1	**-**	38 267	-	(38 267)	**-**	(4 715)	-	4 715
Statement of comprehensive income charge					**(700 453)**	**80 631**	**(156 984)**	**(624 100)**
New business written	**17 205 669**	16 189 952	812 108	203 609	**(357 886)**	(127 341)	(125 182)	(105 363)
Current year change in exposure and net movement on gross loans and advances and ECL (provided) / released	**(11 168 871)**	(8 810 559)	(1 924 709)	(433 603)	**(194 787)**	207 972	115 978	(518 737)
Exposures with a change in the measurement basis from 12 months to lifetime ECL	**-**	(401 108)	401 108	-	**(147 780)**	-	(147 780)	-
Adjusted for					**523 319**	**-**	**-**	**523 319**
Recoveries	**-**	-	-	-	**(55 511)**	-	-	(55 511)
Modifications that did not result in derecognition	**(30 466)**	-	(15 497)	(14 969)	**(11 485)**	-	-	(11 485)
Write offs	**(590 313)**	-	-	(590 313)	**590 315**	-	-	590 315
Balance as at 31 March 2024	**47 520 542**	**39 965 633**	**4 836 795**	**2 718 114**	**(2 181 564)**	**(339 904)**	**(561 976)**	**(1 279 684)**

The total contractual amount outstanding on financial assets that were written off during the period that are still subject to enforcement activity are R493 647 209

The average term of retail finance loans and advances entered into is 49 months (FY2023: 48 months).
Contractual interest rates vary from a fixed interest rate for a set period to a variable interest rate. The weighted average interest rate in respect of retail finance loans and advances at 31 March 2024 was 12.46% (FY2023: 11.70%).
The movement in the retail finance loans and advances increased by 12.86%. This is mainly resulting from a cautious approach to onboarding lower risk profile customers given the economic uncertainty.

The movement in the retail finance ECL has increased by 8.84% as a result of the following:

- Changes in the ECL model and risk parameters implemented in the current financial year. This includes forward-looking macro-economic information;
- Stage 1 ECL reduction is driven by risk management activities that resulted in a release of overlays in the current financial period;
- Stage 2 ECL has increased largely driven by an increase in arrear accounts in the current financial year; and
- Stage 3 Exposures have increased in the current financial period, as a result of an increase of accounts in NPL offset by accounts reaching the curing period. However, ECL has increased as there has been an increase in classified accounts which require a higher coverage compared to other NPL accounts.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.3 Reconciliation of gross loans and advances and expected credit losses (continued)

	Gross loans and receivables				Expected Credit Losses (ECL)			
Wholesale	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
2024 Group and Company	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 1 April 2023	**4 129 746**	3 313 245	816 501	-	**(81 638)**	(19 842)	(61 796)	-
Transfer from Stage 1 to Stage 2	**-**	(279 959)	279 959	-	**-**	1 682	(1 682)	-
Transfer from Stage 2 to Stage 1	**-**	601 641	(601 641)	-	**-**	(40 701)	40 701	-
Write offs	**-**	-	-	-	**-**	-	-	-
Statement of comprehensive income charge					**1 258**	**15 298**	**(14 040)**	-
New business written	**11 714**	4 855	6 859	-	**(699)**	(172)	(527)	-
Current year change in exposure and net movement on gross loans and advances and ECL (provided) / released	**(244 050)**	(211 488)	(32 562)	-	**1 957**	15 470	(13 513)	-
Balance as at 31 March 2024	**3 897 410**	**3 428 294**	**469 116**	**-**	**(80 380)**	**(43 563)**	**(36 817)**	**-**

The movement in the wholesale loans and advances decreased by 5.6%. This is mainly resulting from marginal decrease in utilisation from existing customers over the course of the financial year.
The movement in the wholesale ECL has decreased by 1.5%. This is due to the following:
- Changes in the ECL model implemented in the current financial year;
- Additional wholesale facilities onboarded in FY2024; and
- Increased utilisation from the existing book.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.4 Modified loans and advances

The following table provides information on loans and advances that were modified while they had a loss allowance measured at an amount equal to lifetime expected credit losses and the modification resulted in a modification gain or loss being recognised.

Where the modification did not result in a modification gain or loss being recognised, the modifications would not be disclosed below.

	Post-Modification		
	Stage 2	**Stage 3**	**Total**
2025 Group and Company	**R'000**	**R'000**	**R'000**
Modified loans and advances	651 617	536 320	1 187 937
2024 Group and Company			
Modified loans and advances	519 932	505 996	1 025 928

During the current and prior financial years no accounts were reclassified from Stage 2 and 3 to Stage 1.

The amortised cost of the exposures before modifications for the 12 month period ended 31 March 2025 amounted to R460 700 428 (FY2024: R420 878 626)

12.5 Credit impairment by product	**Retail lease**	**Retail finance**	**Wholesale**	**Total**
	R'000	**R'000**	**R'000**	**R'000**
2025 Group and Company				
Balance at 1 April 2024	37 855	2 181 564	80 380	2 299 799
Movement in impairments	21 500	(22 126)	(25 368)	(25 994)
Balance at 31 March 2025	**59 355**	**2 159 438**	**55 012**	**2 273 805**
2024 Group and Company				
Balance at 1 April 2023	26 183	2 004 430	81 638	2 112 251
Movement in impairments	11 672	177 134	(1 258)	187 548
Balance at 31 March 2024	**37 855**	**2 181 564**	**80 380**	**2 299 799**

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.6 Components of Retail Finance and Lease ECL

Set out below are other components of ECL related to FLI and Post-model adjustments

Group and Company	2025 R'000	2024 R'000
- Forward-looking information[1]	(225 389)	(223 325)
- Post-model adjustments[2]	(200 587)	(325 537)

1 **Forward-looking information**
This represents FLI macro information into the ECL calculations specifically around the uncertainty of economic recovery, which was further exacerbated by the high interest rate, although the outlook is for a series of moderate cuts, inflation and the overall above average increases in the cost of goods and services which could negatively affect payment behaviour going forward.

2 **Post Model Adjustments**
Post-model adjustments include:
Adjustments made on the basis of constrained expert judgement to allow for macroeconomic impacts not adequately captured by existing statistical models. This was calculated through application of expert judgement-based weightings to macroeconomic factors within the existing FLI methodology.

The elements below have been incorporated in the Post Model Adjustments:

a) Taxi

This overlay is introduced given the increased credit risk, operational risk and governance risk in the Taxi industry and caters for the existing book and its deteriorating performance.

b) Probability of Restructure Overlay

This is for additional risk for the increase in the debt counselling book within the portfolio.

c) Expired Accounts

Accounts that have expired for greater than 90 days are in technical NPL, and their coverage is amended as such.

d) Loss Given Restructure (LGR) Top Up

As the model does not capture the full loss experienced in restructured accounts, this adjustment is calculated and accounted for. This has been in place since the inception of the IFRS 9 model.

Although not applicable to the current financial year, the below post-model adjustments were taken into account in the prior financial year:

a) LGW Overlay

LGD overlay catered for the over and under-predictions on the base LGD model across all stages while LGW overlay considers the more recent experience of realised losses that is higher than the through the cycle view in the model.

b) FLI overlay

An overlay to accounted for changes in macroeconomic factors not captured in the model with specific reference to rising interest rates.

c) Juristic Overlay

This covered the increased concentration exposure we have to Juristic population, which is higher than historical levels and comes from non-repeat customers, with smaller companies, that have limited operation history and turnover.

Notes to the Consolidated and Separate Annual Financial Statements

12 Loans and advances (continued)

12.7 Sensitivity Analysis

12.7.1 Stressed SICR impact

As outlined in the accounting policies, when there is a SICR since initial recognition, the exposure is moved from stage 1 to stage 2 and the ECL is calculated based on lifetime expected credit losses.

The move from 12-month expected credit loss to lifetime expected credit loss can result in a substantial increase in ECL. The sensitivity information provided in the table below details the additional ECL charge that the Group would need to recognise if 5% of the gross carrying amount of loans and advances suffered a SICR and were moved from stage 1 to stage 2 as at 31 March 2025. A 5% increase in loans and advances categorised as stage 2 can be viewed as a reasonably possible alternative based on the current economic conditions.

	5% increase in gross loans and advances	Increase in ECL due to 5% increase in SICR
	R'000	R'000
Retail lease	289 121	898
Retail finance	1 882 435	5 844
Total increase in stage 2 advances and ECL	**2 171 556**	**6 742**

13 Regulatory Provision

Group and Company	2025 R'000	2024 R'000
Opening balance	**40 000**	**-**
Movement	10 500	40 000
Closing balance	**50 500**	**40 000**

The Group operates in a complex regulated environment and continues to review processes that could have a potential impact on customers. The reviews and outcomes thereof are uncertain, quantification is complex, and require thorough consideration for resolution.

Notes to the Consolidated and Separate Annual Financial Statements

14 Deferred tax

2025 Group and Company

Tax effect of temporary differences	Opening balance	Movement		Closing balance
		Profit or loss	Equity	
	R'000	R'000	R'000	R'000
Leases and wear and tear	(147 630)	(93 820)	-	(241 450)
Impairments	248 748	2 480	-	251 228
Fair value of other investments	(13 352)	-	1 353	(11 999)
Accrual for leave pay and bonus	10 912	1 134	-	12 046
Deferred income	39 492	5 879	-	45 371
Deferred employee benefit liability	4 081	396	91	4 568
Finance leases	113 122	79 688	-	192 810
Right of use asset	(4 746)	1 139	-	(3 607)
Lease liability	5 081	(885)	-	4 196
Other	19 564	(6 022)	-	13 542
	275 272	**(10 011)**	**1 444**	**266 705**

2024 Group and Company

	Opening balance	Movement		Closing balance
		Profit or loss	Equity	
	R'000	R'000	R'000	R'000
Leases and wear and tear	(102 472)	(45 158)	-	(147 630)
Impairments	243 479	5 269	-	248 748
Fair value of other investments	(6 508)	-	(6 844)	(13 352)
Accrual for leave pay and bonus	8 769	2 143	-	10 912
Deferred income	33 450	6 042	-	39 492
Deferred employee benefit liability	3 949	322	(190)	4 081
Finance leases	75 141	37 981	-	113 122
Right of use asset	(121)	(4 625)	-	(4 746)
Lease liability	173	4 908	-	5 081
Other	18 209	1 355	-	19 564
	274 070	**8 237**	**(7 034)**	**275 272**

The Group performs an annual Going Concern assessment (see Note 31) in which it assess future profitability and the ability for the business to continue into the future.

The Group's budget for FY2026 indicates that the Group is expected to be profitable in the future. Management has stressed the budget for the continued impact of the current economic uncertainty and confirms that the Group remains profitable. For this reason, a deferred tax asset was recognised.

Deferred tax assets and liabilities have been offset in the Statement of Financial position as they relate to taxation payable in the same tax jurisdiction.

Notes to the Consolidated and Separate Annual Financial Statements

15 Trade and other receivables

	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Trade receivables	24 328	6 375	24 328	6 387
VAT receivable	9 200	4 413	9 417	4 290
Servicer fees	-	-	3 108	6 415
Total trade and other receivables	**33 528**	**10 788**	**36 853**	**17 092**

Trade and other receivables comprises of short term trade receivables, VAT receivables and servicer fees receivable from the subsidiary. Management have reviewed the recoverability of trade receivables and regard them to have a low risk of default. The carrying amounts of trade and other receivables approximate fair value. The ECL on trade and other receivables is immaterial.

16 Current tax payable / receivable and tax paid

	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Opening (receivable) / payable	(31 720)	23 816	(16 228)	24 903
Current tax charge	205 970	197 367	193 753	198 873
Current tax (payable) / receivable	37 590	31 720	30 134	16 228
Tax paid / (received)	**211 840**	**252 903**	**207 659**	**240 004**

Current tax receivables are subject to assessment and approval by the tax authority.

17 Cash and cash equivalents

Cash and cash equivalents consist of:

	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Cash and bank balances	400 834	128 350	839	2 192
Total cash and cash equivalents	**400 834**	**128 350**	**839**	**2 192**

Management consider the carrying amounts of cash and cash equivalents to approximate fair value. The ECL is immaterial.

18 Share capital and share premium

	2025 R'000	2024 R'000
Group and Company		
Authorised		
6 000 ordinary shares of R1 each	**6**	**6**
Issued		
4 695 ordinary shares of R1 each *(fully paid)*	**5**	**5**
Share premium		
200 shares at a premium of R149 999 each	30 000	30 000
4 200 shares at a premium of R99 999 each	419 995	419 995
195 shares at a premium of R999 999 each	195 000	195 000
	644 995	**644 995**

There was no change to the issued share capital of the Group during the year. The authorised but unissued shares are under the control of the existing shareholders. The share premium account is regarded as permanent capital of the Group and is not available for distribution. All ordinary shares rank equally with regard to the Group's residual assets.

Holders of these shares are entitled to dividends when declared and one vote per share at general meetings of the Group.

Notes to the Consolidated and Separate Annual Financial Statements

19 Other investments

Other investments relate to an investment in HBA. This was created as a partnership with Hollard to house the Group's insurance products. Dividends are received on a bi-annual basis and disclosed in note 7. This equity investment is carried at fair value through other comprehensive income.

Group and Company	2025 R'000	2024 R'000
Gross fair value of insurance cell	49 452	24 104
Deferred tax	(13 352)	(6 508)
Opening balance of equity reserve	**36 100**	**17 596**
Gross fair value gain of insurance cell for the year	(5 011)	25 348
Deferred tax	1 353	(6 844)
Movements for the year	**(3 658)**	**18 504**
Gross fair value of insurance cell	44 441	49 452
Deferred tax	(11 999)	(13 352)
Closing balance of equity reserve	**32 442**	**36 100**
Movement in other comprehensive income	**(3 658)**	**18 504**
Fair value	(5 011)	25 348
Deferred tax	1 353	(6 844)

20 Borrowings

2025 Group and Company

Counterparty	Interest type	Split by maturity Less than 1 year R'000	Split by maturity More than 1 year R'000	Total R'000
ABSA Bank	Fixed	800 000	-	800 000
ABSA Bank	Variable	1 200 000	-	1 200 000
Bank of China South Africa	Variable	-	500 000	500 000
Citibank	Variable	750 000	300 000	1 050 000
Deutsche Bank South Africa	Variable	1 500 000	-	1 500 000
Japan Bank of International Cooperation	Fixed	420 000	600 000	1 020 000
Mizuho Bank	Fixed	200 000	1 400 000	1 600 000
Mizuho Bank	Variable	-	700 000	700 000
Momentum Asset Management SA	Variable	-	200 000	200 000
Momentum Metropolitan Life SA	Variable	-	300 000	300 000
MUFG Bank	Fixed	200 000	1 850 000	2 050 000
FirstRand Bank Limited	Fixed	500 000	-	500 000
FirstRand Bank Limited	Variable	500 000	1 900 000	2 400 000
Sumitomo Mitsui Bank Corporation Europe	Fixed	1 380 000	4 800 000	6 180 000
Sumitomo Mitsui Bank Corporation Europe	Variable	900 000	2 350 000	3 250 000
Standard Chartered Bank	Fixed	1 200 000	-	1 200 000
Standard Chartered Bank	Variable	300 000	-	300 000
Standard Bank	Fixed	-	1 000 000	1 000 000
Standard Bank	Variable	2 500 000	1 000 000	3 500 000
Toyota Motor Finance Netherlands B.V	Variable	-	1 700 000	1 700 000
Toyota Motor Finance Netherlands B.V	Fixed	1 400 000	3 050 000	4 450 000
Domestic Term Bonds	Variable	1 427 000	7 698 000	9 125 000
Total borrowings (excl. overdraft)– Company		**15 177 000**	**29 348 000**	**44 525 000**
Asset backed securitisation loan – Group				
Sumitomo Mitsui Bank Corporation Europe	Fixed	229 000	477 000	706 000
Citibank	Variable	355 771	1 361 729	1 717 500
Total borrowings (excl. overdraft)– Group		**15 761 771**	**31 186 729**	**46 948 500**

Notes to the Consolidated and Separate Annual Financial Statements

20 Borrowings (continued)

2024 Group and Company

Counterparty	Interest type	Split by maturity: Less than 1 year R'000	Split by maturity: More than 1 year R'000	Total R'000
ABSA Bank	Fixed	400 000	800 000	1 200 000
ABSA Bank	Variable	600 000	600 000	1 200 000
Bank of China South Africa	Variable	-	500 000	500 000
Citibank	Variable	900 000	1 050 000	1 950 000
Deutsche Bank South Africa	Fixed	750 000	-	750 000
Japan Bank of International Cooperation	Fixed	300 000	1 020 000	1 320 000
Mizuho Bank	Fixed	500 000	1 600 000	2 100 000
Mizuho Bank	Variable	600 000	700 000	1 300 000
Momentum Asset Management SA	Variable	-	200 000	200 000
Momentum Metropolitan Life SA	Variable	-	300 000	300 000
MUFG Bank	Fixed	400 000	200 000	600 000
FirstRand Bank Limited	Fixed	-	500 000	500 000
FirstRand Bank Limited	Variable	-	2 400 000	2 400 000
Sumitomo Mitsui Bank Corporation Europe	Fixed	2 300 000	3 380 000	5 680 000
Sumitomo Mitsui Bank Corporation Europe	Variable	-	1 400 000	1 400 000
Sumitomo Mitsui Trust Bank	Variable	600 000	-	600 000
Standard Chartered Bank	Fixed	300 000	1 200 000	1 500 000
Standard Chartered Bank	Variable	1 200 000	300 000	1 500 000
Standard Bank	Variable	500 000	2 500 000	3 000 000
Toyota Motor Finance Netherlands B.V	Variable	-	1 200 000	1 200 000
Toyota Motor Finance Netherlands B.V	Fixed	1 250 000	3 000 000	4 250 000
Domestic Term Bonds	Variable	2 027 000	7 925 000	9 952 000
Total borrowings – Company		**12 627 000**	**30 775 000**	**43 402 000**
Asset backed securitisation loan – Group				
Sumitomo Mitsui Bank Corporation Europe	Fixed	229 000	706 000	935 000
Total borrowings – Group		**12 856 000**	**31 481 000**	**44 337 000**

Short Term Borrowings

2025 Group and Company	Interest type	Split by maturity: Less than 1 year	Split by maturity: More than 1 year	Total
***Bank Overdraft**	Variable	2 842 184	-	2 842 184
2024 Group and Company				
***Bank Overdraft**	Variable	1 243 901	-	1 243 901

The overdraft facility is unsecured, repayable on demand and is used as a form of short term financing. The average interest rate on overdraft facilities is 8.8% (FY2024: 9.1%). The bank overdraft is separately disclosed on the statement of financial position.

As per Group policy, the overdraft is not allowed to enter a positive balance, thus it does not meet the definition of cash and cash equivalents.

*Restated. Refer to note 32

Notes to the Consolidated and Separate Annual Financial Statements

20 Borrowings (continued)

Type of loan	Maturity dates	Average interest rates	2025 R'000	2024 R'000
Fixed rate loans				
Unsecured loans	Due within 1 year	5.13% - 10.21%	6 100 000	6 200 000
Unsecured loans	Due more than 1 year	6.92% - 10.56%	12 700 000	11 700 000
Fixed subtotal – Company			**18 800 000**	**17 900 000**
Fixed rate loans				
Asset backed securitisation loan – Group	Due within 1 year	10.16%	229 000	229 000
Asset backed securitisation loan – Group	Due more than 1 year	10.16%	477 000	706 000
Fixed subtotal – Group			**19 506 000**	**18 835 000**
Variable rate loans (linked to 1 month JIBAR, 3 month JIBAR or Prime interest rates)				
Domestic Medium Term Note				
- Secured Bonds	Due within 1 year	+ 101bps - 104bps	1 427 000	2 027 000
- Secured Bonds	Due more than 1 year	+ 85bps - 122bps	7 698 000	7 925 000
Unsecured loans	Due within 1 year	+ 90 bps - 140 bps	7 650 000	4 400 000
Unsecured loans	Due more than 1 year	+ 74 bps - 166 bps	8 950 000	11 150 000
Variable subtotal – Company			**25 725 000**	**25 502 000**
Total borrowings – Company			**44 525 000**	**43 402 000**
Variable rate loans				
Asset backed securitisation loan – Group	Due within 1 year	+ 110bps	355 771	-
Asset backed securitisation loan – Group	Due more than 1 year	+ 110bps	1 361 729	-
Variable subtotal – Group			**1 717 500**	**-**
Total borrowings – Group			**46 948 500**	**44 337 000**

All borrowings are ZAR denominated.

The Domestic Term Bonds were issued, under the established R10 billion Domestic Medium Term Note Programme ("the programme"). The security for the programme is provided by Toyota Motor Finance Netherlands B.V. in the form of a guarantee under a credit support structure from Toyota Motor Corporation. The programme has been increased to a maximum of R20bn on 19 May 2025.

The loans from ABSA Bank, Bank of China South Africa, Citibank, FirstRand Bank Limited, Japan Bank of International Coorporation, Mizuho Bank, MUFG Bank, Sumitomo Mitsui Bank Corporation Europe, Sumitomo Mitsui Trust Bank, Standard Bank, Standard Chartered Bank, Deutsche Bank South Africa, Momentum Asset Management SA, Momentum Metropolitan Life SA and Toyota Motor Finance Netherlands B.V are all ZAR-denominated, unsecured and payable on maturity date. Bank borrowings are held at amortised cost.

During FY2025, the Group concluded an Asset Backed Securitisation loan (Tranche 4) for an initial amount R2.2 billion. Asset backed securitisation loans are held at amortised cost.

The Group completed a comprehensive analysis of all legal agreements covering current funding transactions. The key covenant is the Debt to Equity ratio remaining at below 11.5 times, in line with the Shareholders agreement. The ratio as at 31 March 2025 is 9.8 times.

Notes to the Consolidated and Separate Annual Financial Statements

20 Borrowings (continued)

Effect of reference rate reform

The JIBAR will be replaced by South African Rand Overnight Index Average Rate (ZARONIA). Prior to the choice of ZARONIA, several proposed alternative reference rates and calculation methodologies were released by the SARB. However, following an observation period between 1 November 2022 and 31 October 2023 ZARONIA was identified and endorsed as the successor to JIBAR. The SARB has indicated that JIBAR cessation is likely to take place at the end of 2026. It will confirm the cessation date in December 2025. There are several notable milestones in the lead-up to cessation, which are contained in the industry timeline published by the SARB. These include ZARONIA first for derivatives in November 2024, ZARONIA first for the cash market in June 2025 and “No new JIBAR” scheduled for March 2026. The group currently has a number of contracts which reference JIBAR. The group’s South African rates reform steering committee will apply the same transitioning policies to affected JIBAR contracts as those it effected for interbank offered rates.

21 Loan from subsidiary

Subsidiary	Company 2025 R'000	Company 2024 R'000
Loan from Spartan House 2018 (RF) Limited	**2 633 583**	**991 556**

Loans and advances with a carrying amount of R2 633 582 901 (FY2024: R991 555 901) were pledged as security for borrowings (refer to note 12 for loans and advances). The average tenor of the collateralised loans and advances is 47 months and the average interest rate is 12.67% (FY2024: 12.93%). The intercompany loan is classified as a financial liability.

22 Employee benefit liability

Group and Company	2025 R'000	2024 R'000
Defined contribution plan		
Pension contributions (included in staff costs)	10 670	9 841
Defined post-employment medical aid liability		
Present value of the defined benefit obligation - wholly unfunded	16 917	15 115
Defined benefit liability		
Balance as at 1 April	15 115	14 620
Interest cost	2 131	1 801
Service cost	175	164
Benefit payments	(838)	(765)
Expected liability	**16 583**	**15 820**
Actuarial loss due to a change in financial assumptions	126	(929)
Actuarial gain due to healthcare cost inflation	(139)	43
Actuarial gain due to membership movements	347	181
Balance as at 31 March	**16 917**	**15 115**
Movement in other comprehensive income	**(243)**	**515**
Total actuarial (gain) / loss	(334)	705
Deferred tax	91	(190)

23 Trade and other payables

	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Trade payables	578 016	532 118	533 837	512 868
Toyota South Africa Motors (Pty) Limited	2 318 385	806 761	2 318 385	806 761
Accrued expenses	83 076	83 121	83 258	88 412
Other	-	32 803	-	32 803
Total trade and other payables	**2 979 477**	**1 454 803**	**2 935 480**	**1 440 844**

Management considers the carrying amounts of trade and other payables to approximate fair value. Adequate funding has been secured to ensure that the Group is able to pay its general operating expenditure within the normal course of business.

The amount owing to Toyota South African Motors (Pty) Limited relates to a 14 day facility for the purchase of vehicles within the wholesale portfolio (refer to note 27).

Notes to the Consolidated and Separate Annual Financial Statements

24 Leases

The Group leases a head office building with a remaining lease term of less than 4 years (FY2024: 5 years). The Group's obligations are secured by the lessors' title to the leased asset for such leases. Right-of-use asset is detailed in note 10.

Group and Company	**2025**	**2024**
24.1 Right-of-use asset	**R'000**	**R'000**
Cost at 1 April	**21 092**	**13 441**
Accumulated depreciation	(3 515)	(12 993)
Carrying value at 1 April	**17 577**	**448**
New leases	**-**	**21 092**
Depreciation charge for the year	(4 218)	(3 963)
Carrying value at 31 March	**13 359**	**17 577**
24.2 Lease liabilities		
Balance as at 1 April	(18 818)	(638)
New leases	-	(21 092)
Interest charged for the period	(1 569)	(1 519)
Repayment	4 847	4 431
Balance as at 31 March	**(15 540)**	**(18 818)**
Split between non-current and current portions		
Non-current lease liabilities	11 549	15 540
Current lease liabilities	3 991	3 278
	15 540	**18 818**
Maturity analysis of minimum lease payments		
Year 1	5 235	4 847
Year 2	5 654	5 235
Year 3	6 106	5 654
Year 4	1 030	6 106
Year 5 onwards	-	1 030

The Group does not face a significant liquidity risk with regard to its lease liabilities. All lease obligations are denominated in South African Rands.

Amounts recognised in the statement of comprehensive income	**2025**	**2024**
Depreciation expense on right-of-use assets	4 218	3 963
Interest expense on lease liabilities	1 569	1 519
Expense relating to leases of low value assets	145	241

25 Cash utilised by operating activities	**Group 2025 R'000**	**Group 2024 R'000**	**Company 2025 R'000**	**Company 2024 R'000**
Profit before taxation	852 256	758 384	807 006	785 693
Interest and similar income	(6 102 822)	(5 582 076)	(6 126 181)	(5 590 603)
Interest expense and similar charges	4 260 391	3 857 971	4 336 562	3 863 630
Impairment	759 417	769 406	755 094	768 356
Write offs recovered	(56 424)	(55 511)	(56 424)	(55 511)
Dividends received	(53 313)	(58 966)	(53 313)	(80 699)
Depreciation	4 218	3 963	4 218	3 963
(Decrease) / increase in Regulatory Provision	10 500	40 000	10 500	40 000
Net cash utilised by operating activities	**(325 777)**	**(266 829)**	**(322 538)**	**(265 171)**

Net debt	**Group 2025 R'000**	**Group 2024 R'000**	**Company 2025 R'000**	**Company 2024 R'000**
Borrowings (Excl bank overdraft)	(46 948 500)	(44 337 000)	(44 525 000)	(43 402 000)
Lease liabilities	(15 540)	(18 818)	(15 540)	(18 818)
Loans from subsidiary	-	-	(2 633 583)	(991 556)
Net debt	**(46 964 040)**	**(44 355 818)**	**(47 174 123)**	**(44 412 374)**

Notes to the Consolidated and Separate Annual Financial Statements

25 Cash utilised by operating activities (continued)

	Group		
Net Debt Reconciliation	**Borrowings**	**Leases**	**Total**
	R'000	**R'000**	**R'000**
Balance at 1 April 2023	**(37 727 000)**	**(638)**	**(37 727 638)**
Cash flow movements			
Financing cash flows inflows	(16 795 000)	(21 092)	(16 816 092)
Financing cash flows outflows	10 185 000	2 912	10 187 912
Interest payments (presented as operating cash flows)	3 944 366	1 519	3 945 885
Non cash flow movements			
Movement in Interest accrual	(87 914)	-	(87 914)
Interest expense	(3 856 452)	(1 519)	(3 857 971)
Balance at 1 April 2024	**(44 337 000)**	**(18 818)**	**(44 355 818)**
Cash flow movements			
Financing cash flows inflows	(13 617 500)	-	(13 617 500)
Financing cash flows outflows	11 006 000	3 278	11 009 278
Interest payments (presented as operating cash flows)	4 270 939	1 569	4 272 508
Non cash flow movements			
Movement in Interest accrual	(12 117)	-	(12 117)
Interest expense	(4 258 822)	(1 569)	(4 260 391)
Balance at 31 March 2025	**(46 948 500)**	**(15 540)**	**(46 964 040)**

	Company			
Net Debt Reconciliation	**Loans from Subsidiary**	**Borrowings**	**Leases**	**Total**
Balance at 1 April 2023	**(38 369)**	**(37 727 000)**	**(638)**	**(37 766 007)**
Cash flow movements				
Financing cash flows inflows	(953 187)	(15 860 000)	(21 092)	(16 834 279)
Financing cash flows outflows	-	10 185 000	2 912	10 187 912
Interest payments (presented as operating cash flows)	68 016	3 862 759	1 519	3 932 294
Non cash flow movements				
Movement in Interest accrual	-	(68 664)	-	(68 664)
Interest expense	(68 016)	(3 794 095)	(1 519)	(3 863 630)
Balance at 1 April 2024	**(991 556)**	**(43 402 000)**	**(18 818)**	**(44 412 374)**
Cash flow movements				
Financing cash flows inflows	(2 286 612)	(11 900 000)	-	(14 186 612)
Financing cash flows outflows	644 585	10 777 000	3 278	11 424 863
Interest payments (presented as operating cash flows)	274 534	4 047 648	1 569	4 323 751
Non cash flow movements				
Movement in Interest accrual	-	12 811	-	12 811
Interest expense	(274 534)	(4 060 459)	(1 569)	(4 336 562)
Balance at 31 March 2025	**(2 633 583)**	**(44 525 000)**	**(15 540)**	**(47 174 123)**

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management

26.1 Credit risk management

The Group aims to optimise the amount of credit risk it takes to achieve its profitability objectives. Mitigation of credit risk is an important component of this, beginning with the structuring and approval of facilities within parameters that fall in the Group's risk appetite. Although, in principle, credit assessment focuses on the counterparty's ability to repay the debt, credit mitigation instruments are used where appropriate to reduce the Group's lending risk, which results in security against the majority of exposures. These consist of financial or other collateral and the portfolios in the group are secured by the underlying assets financed.

The Group employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement and subsequently, where necessary, through physical inspection or index valuation methods. For wholesale counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained.
Physical inspection is performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes.

Net Loans and receivables	**Retail lease**	**Retail finance**	**Wholesale**	**Total**
2025 Group and Company	**R'000**	**R'000**	**R'000**	**R'000**
Loans and advances				
Stage 1	3 212 304	43 519 801	3 932 823	**50 664 928**
Stage 2	602 876	4 163 264	382 099	**5 148 239**
Stage 3	33 888	1 620 457	-	**1 654 345**
Total loans and advances	**3 849 068**	**49 303 522**	**4 314 922**	**57 467 512**
2024 Group and Company				
Loans and advances				
Stage 1	1 879 580	39 625 729	3 384 731	**44 890 040**
Stage 2	491 754	4 274 819	432 299	**5 198 872**
Stage 3	14 371	1 438 430	-	**1 452 801**
Total loans and advances	**2 385 705**	**45 338 978**	**3 817 030**	**51 541 713**

TFS Rating	**International scale mapping (based S&P)***
1-25	AAA to BBB (upper)
26-90	BBB to BCCC+
91-100	CCC to D (defaulted)

* Indicative mapping to the international rating scales of S&P Global Ratings (S&P).
The following table shows the gross carrying amount of advances carried at amortised cost, as well as the exposure to credit risk per class of advance and per internal credit rating.

2025 Group and Company	**TFS1-25 R'000**	**TFS26-90 R'000**	**TFS91-100 R'000**	**Total R'000**
Stage 1	719 130	50 279 091	7 364	**51 005 585**
Stage 2	585	3 999 153	1 790 509	**5 790 247**
Stage 3	-	-	2 945 485	**2 945 485**
Total	**719 715**	**54 278 244**	**4 743 358**	**59 741 317**

2024 Group and Company	**TFS1-25**	**TFS26-90**	**TFS91-100**	**Total**
	R'000	**R'000**	**R'000**	**R'000**
Stage 1	233 224	45 038 851	16 071	**45 288 146**
Stage 2	-	3 631 324	2 177 495	**5 808 819**
Stage 3	-	-	2 744 547	**2 744 547**
Total	**233 224**	**48 670 175**	**4 938 113**	**53 841 512**

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26 Financial risk management (continued)

26.1 Credit risk management (continued)

The table below represents the maximum exposure to credit risk for financial assets as well as a breakdown of collateral held against the exposure.

2025 Group	Gross carrying amount	Loss allowance	Maximum exposure to credit risk	Unsecured	Secured*
	R'000	R'000	R'000	R'000	R'000
Loans and advances	59 741 317	(2 273 805)	57 467 512	-	57 467 512
Trade and other receivables	33 528	-	33 528	33 528	-
Cash and cash equivalents	400 834	-	400 834	400 834	-
	60 175 679	**(2 273 805)**	**57 901 874**	**434 362**	**57 467 512**

2025 Company	Gross carrying amount	Loss allowance	Maximum exposure to credit risk	Unsecured	Secured*
	R'000	R'000	R'000	R'000	R'000
Loans and advances	59 741 317	(2 273 805)	57 467 512	-	57 467 512
Investment in subsidiary	529 412	-	529 412	529 412	-
Receivable from subsidiary	10 638	-	10 638	10 638	-
Trade and other receivables	36 853	-	36 853	36 853	-
Cash and cash equivalents	839	-	839	839	-
	60 319 059	**(2 273 805)**	**58 045 254**	**577 742**	**57 467 512**

2024 Group	Gross carrying amount	Loss allowance	Maximum exposure to credit risk	Unsecured	Secured*
	R'000	R'000	R'000	R'000	R'000
Loans and advances	53 841 512	(2 299 799)	51 541 713	-	51 541 713
Trade and other receivables	10 788	-	10 788	10 788	-
Cash and cash equivalents	128 350	-	128 350	128 350	-
	53 980 650	**(2 299 799)**	**51 680 851**	**139 138**	**51 541 713**

2024 Company	Gross carrying amount	Loss allowance	Maximum exposure to credit risk	Unsecured	Secured*
	R'000	R'000	R'000	R'000	R'000
Loans and advances	53 841 512	(2 299 799)	51 541 713	-	51 541 713
Investment in subsidiary**	176 471	-	176 471	176 471	-
Receivable from subsidiary	4 343	-	4 343	4 343	-
Trade and other receivables	17 092	-	17 092	17 092	-
Cash and cash equivalents	2 192	-	2 192	2 192	-
	54 041 610	**(2 299 799)**	**51 741 811**	**200 098**	**51 541 713**

* Secured represents balances which have non-financial collateral attached to the financial asset.

** Restated. Investment in subsidiary was presented as secured in the previous financial year. This has been corrected in the current financial year. The error did not have an impact on the primary financial statements.

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.1 Credit risk management (continued)

Concentration risk is the risk of loss to the Group arising from an excessive concentration of exposure to a single counterparty or product. This concentration typically exists when several counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changed in economic conditions. Concentration risk is managed based on the nature of the credit concentration within each portfolio.

2025 Group and Company

Wholesale Exposure size	Number of counter-parties	Total exposure per grouping	Stage 1	Stage 2	Stage 3
R'm		R'000	R'000	R'000	R'000
R0 - R200	76	1 878 067	1 462 061	416 005	-
R200 - R500	2	1 063 857	1 063 857	-	-
R500 - R750	1	535 091	535 091	-	-
R750+	2	892 918	892 918	-	-
	81	**4 369 934**	**3 953 929**	**416 005**	**-**

2024 Group and Company *

Wholesale Exposure size	Number of counter-parties	Total exposure per grouping	Stage 1	Stage 2	Stage 3
R'm		R'000	R'000	R'000	R'000
R0 - R200	75	1 794 568	1 325 452	469 116	-
R200 - R500	2	782 565	782 565	-	-
R500 - R750	1	526 640	526 640	-	-
R750+	2	793 637	793 637	-	-
	80	**3 897 410**	**3 428 294**	**469 116**	**-**

The undrawn component of revocable facilities granted in respect of wholesale exposures which was not utilized at 31 March 2025 amounts to R5.3 billion (31 March 2024: R5.8 billion).

*This disclosure was added for the first time in 2025

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26 Financial risk management (continued)

26.2 Market risk

The Group is exposed to interest rate risk associated with fluctuations in the market rates as a result of lending and borrowing activities. The Group issues a mixture of fixed and variable interest rate, short and long-term debt, which is used to fund a mixture of fixed and variable interest rate assets. The Group manages interest rate risk on a portfolio basis by maintaining an appropriate mix of fixed and variable rate borrowings.

The table below summarises the exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined to be the earlier of contractual re-pricing date or maturity.

	Up to 1 month	1 to 3 months	4 to 12 months	Beyond 12 months	Non-interest sensitive items	Total
2025 Group	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Assets						
Cash and cash equivalents	400 834	-	-	-	-	400 834
Current tax receivable	-	-	-	-	37 590	37 590
Trade and other receivables	-	-	-	-	33 528	33 528
Deferred tax	-	-	-	-	266 705	266 705
Other investments	-	-	-	-	44 441	44 441
Loans and receivables (variable)	40 341 748	-	-	-	-	40 341 748
Loans and receivables (fixed)	-	-	-	-	17 125 764	17 125 764
Property, plant and equipment	-	-	-	-	13 359	13 359
	40 742 582	**-**	**-**	**-**	**17 521 387**	**58 263 969**
Liabilities						
Bank overdraft	2 842 184	-	-	-	-	2 842 184
Trade and other payables	-	-	-	-	2 979 477	2 979 477
Lease liability	15 540	-	-	-	-	15 540
Employee benefits liability	-	-	-	-	16 917	16 917
Regulatory Provision					50 500	50 500
Borrowings (variable)	-	28 148 500	-	-	-	28 148 500
Borrowings (fixed)	-	-	-	-	18 800 000	18 800 000
	2 857 724	**28 148 500**	**-**	**-**	**21 846 894**	**52 853 118**
2024 Group						
Assets						
Cash and cash equivalents	128 350	-	-	-	-	128 350
Current tax receivable	-	-	-	-	31 720	31 720
Trade and other receivables	-	-	-	-	10 788	10 788
Deferred tax	-	-	-	-	275 272	275 272
Other investments	-	-	-	-	49 452	49 452
Loans and receivables (variable)	33 022 042	-	-	-	-	33 022 042
Loans and receivables (fixed)	-	-	-	-	18 519 671	18 519 671
Property, plant and equipment	-	-	-	-	17 577	17 577
	33 150 392	**-**	**-**	**-**	**18 904 480**	**52 054 872**
Liabilities						
Bank overdraft	1 243 901	-	-	-	-	1 243 901
Trade and other payables	-	-	-	-	1 454 803	1 454 803
Lease liability	18 818	-	-	-	-	18 818
Employee benefits liability	-	-	-	-	15 115	15 115
Provision	-	-	-	-	40 000	40 000
Borrowings (variable)	-	25 502 000	-	-	-	25 502 000
Borrowings (fixed)	-	-	-	-	18 835 000	18 835 000
	1 262 719	**25 502 000**	**-**	**-**	**20 344 918**	**47 109 637**

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.2 Market risk (continued)	Up to 1 month	1 to 3 months	4 to 12 months	Beyond 12 months	Non-interest sensitive items	Total
2025 Company	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Assets						
Cash and cash equivalents	839	-	-	-	-	839
Current tax receivable	-	-	-	-	30 134	30 134
Trade and other receivables	-	-	-	-	36 853	36 853
Receivable from subsidiary	-	-	-	-	10 638	10 638
Inventories	-	-	-	-	-	-
Deferred tax	-	-	-	-	266 705	266 705
Other investments	-	-	-	-	44 441	44 441
Loans and advances (variable)	40 341 748	-	-	-	-	40 341 748
Loans and advances (fixed)	-	-	-	-	17 125 764	17 125 764
Investment in subsidiary	-	-	-	-	529 412	529 412
Property, plant and equipment	-	-	-	-	13 359	13 359
	40 342 587	**-**	**-**	**-**	**18 057 306**	**58 399 893**
Liabilities						
Bank overdraft	2 842 184	-	-	-	-	2 842 184
Trade and other payables	-	-	-	-	2 935 480	2 935 480
Lease liabilities	15 540	-	-	-	-	15 540
Loan from subsidiary (fixed)	-	-	-	-	2 633 583	2 633 583
Employee benefits liability	-	-	-	-	16 917	16 917
Regulatory Provision	-	-	-	-	50 500	50 500
Borrowings (variable)	-	25 725 000	-	-	-	25 725 000
Borrowings (fixed)	-	-	-	-	18 800 000	18 800 000
	2 857 724	**25 725 000**	**-**	**-**	**24 436 480**	**53 019 204**
2024 Company						
Assets						
Cash and cash equivalents	2 192	-	-	-	-	2 192
Current tax receivable	-	-	-	-	16 228	16 228
Trade and other receivables	-	-	-	-	17 092	17 092
Receivable from subsidiary	-	-	-	-	4 343	4 343
Deferred tax	-	-	-	-	275 272	275 272
Other investments	-	-	-	-	49 452	49 452
Loans and advances (fixed)	33 022 042	-	-	-	-	33 022 042
Loans and advances (variable)	-	-	-	-	18 519 671	18 519 671
Investment in subsidiary	-	-	-	-	176 471	176 471
Property, plant and equipment	-	-	-	-	17 577	17 577
	33 024 234	**-**	**-**	**-**	**19 076 106**	**52 100 340**
Liabilities						
Bank overdraft	1 243 901	-	-	-	-	1 243 901
Trade and other payables	-	-	-	-	1 440 844	1 440 844
Lease liabilities	18 818	-	-	-	-	18 818
Loan from subsidiary (Fixed)	-	-	-	-	991 556	991 556
Employee benefits liability	-	-	-	-	15 115	15 115
Regulatory Provision	-	-	-	-	40 000	40 000
Borrowings (variable)	-	25 502 000	-	-	-	25 502 000
Borrowings (fixed)	-	-	-	-	17 900 000	17 900 000
	1 262 719	**25 502 000**	**-**	**-**	**20 387 515**	**47 152 234**

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26 Financial risk management (continued)

26.3 Sensitivity analysis

The sensitivity analysis is prepared based on variable financial instruments that are recognised at the end of the reporting period. This is the case even where those exposures did not exist for the entire period or where the exposure changed materially during the period. For the current financial year, the Group considered an increase and a decrease of 100 basis points. The change in interest rates at the reporting date would have increased / (decreased) profit and equity by the amounts shown below for a period of one year compounded monthly.

Group	2025 Effect on profit before tax of 1% increase in rates	2025 Effect on profit before tax of 1% decrease in rates	2025 Total carrying value	2024 Effect on profit before tax of 1% increase in rates	2024 Effect on profit before tax of 1% decrease in rates	2024 Total carrying value
Assets	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Loans and advances (variable)	403 417	(403 417)	40 341 748	330 220	(330 220)	33 022 042
Loans and advances (fixed)	-	-	17 125 764	-	-	18 519 671
Trade and other receivables	-	-	33 528	-	-	10 788
Cash and cash equivalents	4 008	(4 008)	400 834	1 284	(1 284)	128 350
Current tax receivable	-	-	37 590	-	-	31 720
Liabilities						
Borrowings (variable)	(281 485)	281 485	(28 148 500)	(255 020)	255 020	(25 502 000)
Borrowings (fixed)	-	-	(18 800 000)	-	-	(18 835 000)
Trade and other payables	-	-	(2 979 477)	-	-	(1 454 803)
Lease liabilities	(155)	155	(15 540)	(188)	188	(18 818)
Bank overdraft	(28 422)	28 422	(2 842 184)	(12 439)	12 439	(1 243 901)
Net exposure	**97 363**	**(97 363)**	**5 153 763**	**63 857**	**(63 857)**	**4 658 049**
Company						
Assets						
Loans and advances (variable)	403 417	(403 417)	40 341 748	330 220	(330 220)	33 022 042
Loans and advances (fixed)	-	-	17 125 764	-	-	18 519 671
Trade and other receivables	-	-	36 853	-	-	17 092
Cash and cash equivalents	8	(8)	839	22	(22)	2 192
Current tax receivable	-	-	30 134	-	-	16 228
Investment in subsidiary	-	-	529 412	-	-	176 471
Liabilities						
Borrowings (variable)	(257 250)	257 250	(25 725 000)	(255 020)	255 020	(25 502 000)
Borrowings (fixed)	-	-	(18 800 000)	-	-	(17 900 000)
Loan from subsidiary	-	-	(2 633 583)	-	-	(991 556)
Trade and other payables	-	-	(2 935 480)	-	-	(1 440 844)
Lease liabilities	(155)	155	(15 540)	(188)	188	(18 818)
Bank overdraft	(28 422)	28 422	(2 842 184)	(12 439)	12 439	(1 243 901)
Net exposure	**117 598**	**(117 598)**	**5 112 963**	**62 595**	**(62 595)**	**4 656 577**

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26 Financial risk management (continued)

26.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The management of liquidity is primarily carried out in accordance with practices and limits set by the TFSC global policy.

The Group manages liquidity risk by employing a number of funding strategies and utilising monitoring tools. Diversification of funding sources via short-term and long-term capital markets and committed and uncommitted bank facilities are used to manage borrowing capacity. Capital market activity is further managed by the use of a Guarantee from Toyota Motor Finance Netherlands B.V, under a Credit Support Agreement in place with Toyota Motor Corporation.

Liquidity requirements are managed by the use of both short and long-term cash flow forecasts and monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financial assets	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 5 years	Due after 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2025 Group						
Cash and cash equivalents	400 834	-	-	-	-	400 834
Trade and other receivables	33 528	-	-	-	-	33 528
Loans and advances including unearned finance charges	20 295 309	15 127 187	13 529 184	20 685 104	6 174 904	75 811 688
	20 729 671	**15 127 187**	**13 529 184**	**20 685 104**	**6 174 904**	**76 246 050**
2025 Company						
Cash and cash equivalents	839	-	-	-	-	839
Trade and other receivables	36 853	-	-	-	-	36 853
Loans and advances including unearned finance charges	20 295 309	15 127 187	13 529 184	20 685 104	6 174 904	75 811 688
	20 333 001	**15 127 187**	**13 529 184**	**20 685 104**	**6 174 904**	**75 849 380**
2024 Group						
Cash and cash equivalents	128 350	-	-	-	-	128 350
Trade and other receivables	10 788	-	-	-	-	10 788
Loans and advances including unearned finance charges	18 023 150	14 604 906	12 717 445	17 892 557	5 435 786	68 673 845
	18 162 288	**14 604 906**	**12 717 445**	**17 892 557**	**5 435 786**	**68 812 983**
2024 Company						
Cash and cash equivalents	2 192	-	-	-	-	2 192
Trade and other receivables	17 092	-	-	-	-	17 092
Loans and advances including unearned finance charges	18 023 150	14 604 906	12 717 445	17 892 557	5 435 786	68 673 845
	18 042 434	**14 604 906**	**12 717 445**	**17 892 557**	**5 435 786**	**68 693 129**

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26 Financial risk management (continued)

26.4 Liquidity risk (continued)

Financial liabilities	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 5 years	Due after 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2025 Group						
Bank overdraft	2 842 184	-	-	-	-	2 842 184
Lease liabilities	5 235	5 654	6 106	1 030	-	18 025
Trade and other payables	2 979 477	-	-	-	-	2 979 477
Borrowings	21 300 608	17 910 785	12 337 189	4 531 230	-	56 079 812
	27 127 504	**17 916 439**	**12 343 295**	**4 532 260**	**-**	**61 919 498**
2025 Company						
Bank overdraft	2 842 184	-	-	-	-	2 842 184
Lease liabilities	5 235	5 654	6 106	1 030	-	18 025
Trade and other payables	2 935 480	-	-	-	-	2 935 480
Loan from subsidiary	591 330	562 074	491 171	749 177	239 832	2 633 584
Borrowings	20 497 159	17 030 553	11 498 430	3 789 909	-	52 816 051
	26 871 388	**17 598 281**	**11 995 707**	**4 540 116**	**239 832**	**61 245 324**
2024 Group						
Bank overdraft	1 243 901	-	-	-	-	1 243 901
Lease liabilities	4 847	5 235	5 654	7 136	-	22 872
Trade and other payables	1 454 803	-	-	-	-	1 454 803
Borrowings	16 366 543	15 676 900	12 153 152	7 992 783	-	52 189 378
	19 070 094	**15 682 135**	**12 158 806**	**7 999 919**	**-**	**54 910 954**
2024 Company						
Bank overdraft	1 243 901	-	-	-	-	1 243 901
Lease liabilities	4 847	5 235	5 654	7 136	-	22 872
Trade and other payables	1 440 844	-	-	-	-	1 440 844
Loan from subsidiary	217 600	221 143	195 088	271 604	86 121	991 556
Borrowings	16 056 059	15 389 442	11 874 142	7 750 084	-	51 069 727
	18 963 251	**15 615 820**	**12 074 884**	**8 028 824**	**86 121**	**54 768 900**

The above table presents the Group’s undiscounted cash flows, which include future principal and interest payments. These balances will not reconcile to the statement of financial position for the following reasons:

- Above balances are undiscounted amounts whereas the statement of financial position is prepared using discounted amounts;
- The table includes cash flows not recognised in the statement of financial position; and
- Cash flows relating to principal and associated future coupon payments have been included on an undiscounted basis.

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of ordinary dividends paid to shareholders.
There are no externally imposed capital requirements on the Group.

Capital consists of share capital and premium of R 645 million (FY24: R645 million) , retained earnings of R4.7 billion (FY24: R4.3 billion) and equity reserves of R35 million (FY24: R39 million).

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.5 Fair market value of financial assets and liabilities

The fair value risk is managed by obtaining fair values from quoted market prices and discounted cash flow models.

At 31 March 2025 the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short-term maturities of these assets and liabilities.

a) Fair value estimation

The estimated fair value of loans and receivables is based on expected future cash flows discounted at current market rates. The fair value estimates will depend on customer prepayments, credit losses and expected future interest rates.

The fair value of borrowings is based on current market prices where available. Where active market prices are not available, the fair value of interest borrowings is based on the value of the borrowings as at balance sheet date being principle amount outstanding plus interest accrued to date.

b) Carrying amounts and fair value of financial instruments

The carrying value of loans and receivables is shown net of impairment.

26.5.1 Fair market value of financial assets and liabilities

	Carrying value	**Fair value**	**Carrying value**	**Fair value**
	2025	**2025**	**2024**	**2024**
Financial assets	**R'000**	**R'000**	**R'000**	**R'000**
Group and Company				
Retail lease	3 849 068	3 982 788	2 385 705	2 464 382
Retail finance	49 303 522	51 340 769	45 338 978	47 390 302
Wholesale	4 314 922	4 369 933	3 817 030	3 897 410
Other investments: Hollard Business Associates	44 441	44 441	49 452	49 452
Total Group	**57 511 953**	**59 737 931**	**51 591 165**	**53 801 546**
Company				
Investment in subsidiary*	529 412	538 163	176 471	179 463
Receivable from subsidiary*	10 638	10 565	4 343	4 306
Total Company	**58 052 003**	**60 286 659**	**51 771 979**	**53 985 315**
Financial liabilities				
Group				
Borrowings	37 823 500	40 349 702	34 385 000	35 693 225
Domestic medium term note	9 125 000	9 211 828	9 952 000	10 052 851
	46 948 500	**49 561 530**	**44 337 000**	**45 746 076**
Company				
Borrowings	35 400 000	37 882 023	33 450 000	34 738 715
Domestic medium term note	9 125 000	9 211 828	9 952 000	10 052 851
Loans from subsidiary*	2 633 583	2 615 414	991 556	983 144
	47 158 583	**49 709 265**	**44 393 556**	**45 774 710**

*Restated. These financial instruments were incorrectly excluded in the prior year financial statements. The Group has rectified the disclosure in the current year. This error did not have an impact on the primary financial statements.

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.5.2 Fair value disclosures

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Instrument	Valuation technique	Description of valuation technique and assumptions	Unobservable inputs
Financial assets			
Loans and advances	Discounted cash flows	Future cash flows are discounted using interest rate curves adjusted for credit inputs, over the contractual period. Since counterparties do not have actively traded or observable credit spreads, loans and receivables have been classified at level 3 of the fair value hierarchy.	Default rates, risk adjusted spreads, expected business plans & historical comparisons
Other investments	Discounted cash flows	The related forecasting curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Estimation risk discount, portfolio risk discount (claims)
Investment in subsidiary Receivable from subsidiary	Discounted cash flows	Future cash flows are discounted using interest rate curves adjusted for credit inputs, over the contractual period.	Default rates, risk adjusted spreads, expected business plans & historical comparisons

Financial liabilities	Valuation technique	Description of valuation technique and assumptions	Observable inputs
Borrowings	Discounted cash flows	Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. Where the valuation technique incorporates observable inputs for credit risk, level 2 of the fair value hierarchy is deemed appropriate.	Market interest rates and curves

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.5.2 Fair value disclosures

Instrument	**Valuation technique**	**Description of valuation technique and assumptions**	**Observable inputs**
Financial liabilities			
Domestic Medium-term Note programme (listed bonds)	Discounted cash flows	Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. Where the valuation technique incorporates observable inputs for credit risk, level 2 of the fair value hierarchy is deemed appropriate.	Market interest rates and curves

Instrument	**Valuation technique**	**Description of valuation technique and assumptions**	**Unobservable inputs**
Loans from subsidiary	Discounted cash flows	Future cash flows are discounted using interest rate curves adjusted for credit inputs, over the contractual period.	Default rates, risk adjusted spreads, expected business plans & historical comparisons

26.6 Fair value hierachy levels

During the year, no assets or liabilities were transferred between level 1, level 2 and level 3 (2024: Rnil)

	Level 1	**Level 2**	**Level 3**	**Total**
	R'000	**R'000**	**R'000**	**R'000**
2025 Group and Company				
Financial assets				
Retail lease	-	-	3 982 788	3 982 788
Retail finance	-	-	51 340 769	51 340 769
Wholesale	-	-	4 369 933	4 369 933
Other investments: Insurance cell (HBA)	-	-	44 441	44 441
	-	**-**	**59 737 931**	**59 737 931**
Company				
Investment in subsidiary*	-	-	538 163	538 163
Receivable from subsidiary*	-	-	10 565	10 565
	-	**-**	**60 286 659**	**60 286 659**
2025 Group				
Financial liabilities				
Borrowings	-	40 349 702	-	40 349 702
Domestic medium term note	-	9 211 828	-	9 211 828
	-	**49 561 530**	**-**	**49 561 530**
2025 Company				
Financial liabilities				
Borrowings	-	37 882 023	-	37 882 023
Domestic medium term note	-	9 211 828	-	9 211 828
Loans from subsidiary*	-	-	2 615 414	2 615 414
	-	**47 093 851**	**2 615 414**	**49 709 265**

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.6 Fair value hierachy levels (continued)

2024 Group and Company	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**R'000**	**R'000**	**R'000**	**R'000**
Retail lease	-	-	2 464 382	2 464 382
Retail finance	-	-	47 390 302	47 390 302
Wholesale	-	-	3 897 410	3 897 410
Other investments: Insurance cell (HBA)	-	-	49 452	49 452
	-	**-**	**53 801 546**	**53 801 546**
Company				
Investment in subsidiary*	-	-	179 463	179 463
Receivable from subsidiary*	-	-	4 306	4 306
	-	**-**	**53 985 315**	**53 985 315**
2024 Group				
Financial liabilities				
Borrowings	-	35 693 225	-	35 693 225
Domestic medium term note	-	10 052 851	-	10 052 851
	-	**45 746 076**	**-**	**45 746 076**
2024 Company				
Financial liabilities				
Borrowings	-	34 738 715	-	34 738 715
Domestic medium term note	-	10 052 851	-	10 052 851
Loans from subsidiary*	-	-	983 144	983 144
	-	**44 791 566**	**983 144**	**45 774 710**

*Restated. These financial instruments were incorrectly excluded in the prior year financial statements. The Group has rectified the disclosure in the current year.

Reconciliation of level 3 investments	**Other Investments: Insurance Cell (HBA)**
	R'000
Opening Balance FY23	24 104
Unrealised gains / (losses)	25 348
Balance at FY24	**49 452**
Unrealised gains / (losses)	(5 011)
Closing Balance at FY25	**44 441**

26.7 Categorisation of assets and liabilities

Financial assets	**Fair value through other comprehensive income**	**Amortised cost**	**Non-financial Assets**	**Total**
2025 Group	**R'000**	**R'000**	**R'000**	**R'000**
Cash and cash equivalents	-	400 834	-	400 834
Current tax receivable	-	-	37 590	37 590
Trade and other receivables	-	24 328	9 200	33 528
Deferred tax	-	-	266 705	266 705
Other investments	44 441	-	-	44 441
Loans and advances	-	57 467 512	-	57 467 512
Property, plant and equipment	-	-	13 359	13 359
	44 441	**57 892 674**	**326 854**	**58 263 969**

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.7 Categorisation of assets and liabilities (continued)

Financial assets	Fair value through other comprehensive income	Amortised cost	Non-financial Assets	Total
	R'000	R'000	R'000	R'000
2025 Company				
Cash and cash equivalents	-	839	-	839
Current tax receivable	-	-	30 134	30 134
Trade and other receivables	-	27 436	9 417	36 853
Receivable from subsidiary	-	10 638	-	10 638
Deferred tax	-	-	266 705	266 705
Other investments	44 441	-	-	44 441
Loans and advances	-	57 467 512	-	57 467 512
Investment in subsidiary	-	529 412	-	529 412
Property, plant and equipment	-	-	13 359	13 359
	44 441	**58 035 837**	**319 615**	**58 399 893**
2024 Group				
Cash and cash equivalents	-	128 350	-	128 350
Current tax receivable	-	-	31 720	31 720
Trade and other receivables	-	6 375	4 413	10 788
Deferred tax	-	-	275 272	275 272
Other investments	49 452	-	-	49 452
Loans and advances	-	51 541 713	-	51 541 713
Property, plant and equipment	-	-	17 577	17 577
	49 452	**51 676 438**	**328 982**	**52 054 872**
2024 Company				
Cash and cash equivalents	-	2 192	-	2 192
Current tax receivable	-	-	16 228	16 228
Trade and other receivables	-	12 802	4 290	17 092
Receivable from subsidiary	-	4 343	-	4 343
Deferred tax	-	-	275 272	275 272
Other investments	49 452	-	-	49 452
Loans and receivables	-	51 541 713	-	51 541 713
Investment in subsidiary	-	176 471	-	176 471
Property, plant and equipment	-	-	17 577	17 577
	49 452	**51 737 521**	**313 367**	**52 100 340**

Notes to the Consolidated and Separate Annual Financial Statements

26 Financial risk management (continued)

26.7 Categorisation of assets and liabilities (continued)

Financial liabilities	Fair value through other comprehensive income	Amortised cost	IAS 19 Measurement	Non-financial liabilities	Total
	R'000	R'000		R'000	R'000
2025 Group					
Bank overdraft	-	2 842 184	-	-	2 842 184
Lease liabilities	-	15 540	-	-	15 540
Trade and other payables	-	2 979 477	-	-	2 979 477
Employee benefits liability	-	-	16 917	-	16 917
Regulatory Provision	-	-	-	50 500	50 500
Borrowings	-	46 948 500	-	-	46 948 500
	-	**52 785 701**	**16 917**	**50 500**	**52 853 118**
2025 Company					
Bank overdraft	-	2 842 184	-	-	2 842 184
Lease liabilities	-	15 540	-	-	15 540
Trade and other payables	-	2 935 480	-	-	2 935 480
Employee benefits liability	-	-	16 917	-	16 917
Loan from subsidiary	-	2 633 583	-	-	2 633 583
Regulatory Provision	-	-	-	50 500	50 500
Borrowings	-	44 525 000	-	-	44 525 000
	-	**52 951 787**	**16 917**	**50 500**	**53 019 204**
2024 Group					
Bank overdraft	-	1 243 901	-	-	1 243 901
Lease liabilities	-	18 818	-	-	18 818
Trade and other payables	-	1 454 803	-	-	1 454 803
Employee benefits liability	-	-	15 115	-	15 115
Regulatory Provision	-	-	-	40 000	40 000
Borrowings	-	44 337 000	-	-	44 337 000
	-	**47 054 522**	**15 115**	**40 000**	**47 109 637**
2024 Company					
Bank overdraft	-	1 243 901	-	-	1 243 901
Lease liabilities	-	18 818	-	-	18 818
Trade and other payables	-	1 440 844	-	-	1 440 844
Employee benefits liability	-	-	15 115	-	15 115
Loan from subsidiary	-	991 556	-	-	991 556
Regulatory Provision	-	-	-	40 000	40 000
Borrowings	-	43 402 000	-	-	43 402 000
	-	**47 097 119**	**15 115**	**40 000**	**47 152 234**

Notes to the Consolidated and Separate Annual Financial Statements

27 Related parties

The related parties of the Group consist of FirstRand Limited and its subsidiaries; Toyota South Africa Proprietary Limited and its subsidiaries; Toyota Financial Services Corporation and its subsidiaries; and the Directors of the Group. This remuneration is disclosed in Note 30.

	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
WesBank[1]				
Management fees and other service related fees	365 509	345 266	365 509	345 266
Toyota South Africa Motors Proprietary Limited[2]				
Dealer funding solutions (vehicles purchased)	55 963 565	57 854 465	55 963 565	57 854 465
Salaries and rental expenses	3 724	2 004	3 724	2 004
Marketing and entertainment expenses	7 659	4 685	7 659	4 685
Toyota Financial Services (UK) PLC[3]				
Professional Fees	6 769	7 210	6 769	7 210
Toyota Kreditbank GmbH[3]				
IT related costs	1 926	1 187	1 926	1 187
Professional Fees	15 198	17 939	15 198	17 939
Toyota Motor Finance Netherlands B.V.[3]				
Guarantee fee	16 182	15 443	16 182	15 443
Commitment Fee	2 370	2 619	2 370	2 619
Interest expense with related parties				
FirstRand Bank Limited[1]	127 242	87 709	147 319	93 005
Toyota Motor Finance Netherlands B.V[3]	531 192	533 183	531 192	533 183
Ivuzi Investments[1]	-	12 344	-	12 344
Spartan House 2018 (RF) Limited[4]	-	-	274 534	68 016
Interest income received from related parties				
Spartan House 2018 (RF) Limited[4]	-	-	44 155	13 958
Income from related parties				
Spartan House 2018 (RF) Limited Servicer fees[4]	-	-	10 658	3 118
Spartan House 2018 (RF) Limited Dividend received[4]	-	-	-	21 738
Trade and other payables				
Toyota South Africa Motors Proprietary Limited[2]	2 318 385	806 761	2 318 385	806 761
Loans from related parties				
FirstRand Bank Limited[1]	2 900 000	2 900 000	2 900 000	2 900 000
RMB Overdraft facility[1]	2 842 184	1 243 901	2 842 184	1 243 901
Toyota Motor Finance Netherlands B.V[3]	6 150 000	5 450 000	6 150 000	5 450 000
Ivuzi Investments[1]	-	-	-	-
Spartan House 2018 (RF) Limited[4]	-	-	2 633 583	991 556
Investment in subsidiary				
Spartan House Class B Note[4]	-	-	529 412	176 471
Accrued interest on Spartan House Class B Note[4]	-	-	10 638	4 343
Employee post employment benefits				
Total amount recognised in profit or loss	1 468	1 200	1 468	1 200
Present value of the defined benefit obligation	16 917	15 115	16 917	15 115

Notes to the Consolidated and Separate Annual Financial Statements

27 Related parties (continued)

Related party loan tenors vary between overnight and 5 years. Interest rates are based on the market driven fixed rate at the time or alternatively based on the 3 month JIBAR at the last quarterly reset plus a market related margin.

[1] FirstRand Limited and its subsidiaries. Overnight facility is settled daily with an average interest rate of 9.1% (FY2024: 9.1%)

[2] Subsidiary of Toyota South Africa Proprietary Limited

[3] Subsidiary of Toyota Financial Services Corporation

[4] Subsidiary of the Group

Shareholders

The shareholders of the Group are:

- WesInvest Holdings Proprietary Limited* 33.3%
- Toyota South Africa Proprietary Limited 33.3%
- Toyota Financial Services (UK) PLC 33.3%

The Group is effectively held 66.7% by Toyota Motor Corporation, Japan; which is the ultimate parent.
* WesInvest is ultimately a subsidiary of FirstRand Limited.

Loans and advances to directors and prescribed officers	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Balance as at 1 April	544	624	544	624
Loans advanced during the year	3 274	1 534	3 274	1 534
Interest charged during the year	186	181	186	181
Loan repayments during the year	(1 897)	(1 795)	(1 897)	(1 795)
Balance as at 31 March	**2 107**	**544**	**2 107**	**544**

Loans and advances to directors and prescribed officers relate to vehicle financing. Loans are charged at preferred risk weighted interest rates and vary between 10.75% - 10.00% (FY2024: 10.25% - 10.75%). The tenor is dependent on the individual structure taken by the director/prescribed officer. These loans and advances are included in the Loans and Advances Note 12 disclosure.

Key management personnel of the Group are the Group's board of directors and the prescribed officers, including any entities which provide key management personnel services to the Group. Their close family members include spouse/domestic partner and dependent children, domestic partner's dependent children and any other dependants of the individual or their domestic partner. Children over the age of 25 are no longer considered dependents.

28 Events after the reporting period

No material facts or circumstances arose between the date of 31 March 2025 and this report which materially affects the financial position of the Group at 31 March 2025 as reflected in these Consolidated and Separate Annual Financial Statements.

29 Litigation

The Group is currently engaged in two legal matters, neither of which meet the definition of a contingent liability.

Panel Van Conversion Class Action: In FY2023 Toyota Financial Services (South Africa) was named as a respondent in a class action pertaining to panel van conversions for commercial taxi purposes. Legal counsel has been engaged to defend the matter however it is not expected to be resolved within FY2026. To proceed as a class action, the matter must first be certified by the High Court and there has been no progress in obtaining this certification. The certification process will be opposed by the Group.

Competition Commission Referral: In February 2022 the Group had a complaint referral in terms of the Competition Act before the Competition Tribunal and engaged legal counsel to defend the matter on our behalf. The matter remains ongoing. At this stage we do not expect it to be resolved within FY2026.

Notes to the Consolidated and Separate Annual Financial Statements

30 Directors' and prescribed officers emoluments

Group and Company

	Cash Package	Retirement Contribution	Performance Related	Housing	Other**	Total
2025						
T.S.C. Manaka	3 468	336	1 772	-	329	5 905
M. Joubert	2 198	201	47	-	-	2 446
A.W. Hedding	492	-	-	-	-	492
N. Siyotula	392	-	-	-	-	392
W. Klaassen	384	-	-	-	-	384
Total	**6 934**	**537**	**1 819**	**-**	**329**	**9 619**
2024						
T.S.C. Manaka	3 089	316	1 807	-	397	5 609
S. Matsui	1 300	-	803	373	581	3 057
S. Ingersent	2 517	-	-	-	-	2 517
M. Joubert*	183	17	-	-	600	800
A.W. Hedding	456	-	-	-	-	456
N. Siyotula	480	-	-	-	-	480
W. Klaassen	360	-	-	-	-	360
Total	**8 385**	**333**	**2 610**	**373**	**1 578**	**13 279**

A prescribed officer is a person who exercises general executive control over management of a significant portion of the business and activities of the Group. All executive directors and prescribed officers have a notice period of one month.
The Directors not listed above receive no remuneration for their services to the Group. During the financial year, no contracts were entered into in which directors or prescribed officers of the Group had an interest.
T.S.C. Manaka, S. Ingersent and M. Joubert are executive directors and prescribed officers of the Group.

* Directors with less than a full year of service.

** Other allowances include expatriate taxes, travel, medical and leave pay-outs.

31 Going Concern

The Consolidated and Separate Annual Financial Statements for the year ended 31 March 2025 have been prepared on a going concern basis, which assumes that the Group and Company will be able to meet its obligations for the foreseeable future. Whilst management continues to maintain a cautious outlook, the Group's fundamentals are solid allowing for future growth. The Debt to Equity Ratio remains robust at 9.8 times as at 31 March 2025.

Management has prepared the FY2026 Group budget projecting to FY2027 and FY2028, which reflects that the business is expected to be profitable and liquidity will be adequate to fund all commitments and that all financial covenants will be met.

Management, on behalf of the Board of Directors, continued to engage all lenders through FY2025, and together with their continued support, facilities either grew or remained static as per the requirement of the Group during the period under review. The Board is confident that all funding sources remain available into the foreseeable future.

In the event that there is a dislocation in the financial markets which makes both liquidity and funding unavailable for a period of time, an option available to the Group would be to make an appropriate adjustment to its origination strategies, so as to enable the Group to meet its debt maturity commitments. This option would result in no breaches of any of its financial covenants.

The Group continues to adhere to its local and global treasury guidelines which are in line with Shareholder best practice. Management and the Board continue to monitor the different potential outcomes over the next 12 months and are confident that sufficient mitigating controls are in place for any eventuality.

The Board, thus believes that the going concern assumption is appropriate for the presentation of both the Group and Company financial statements for the year ended 31 March 2025.

Notes to the Consolidated and Separate Annual Financial Statements

32 Prior Year Restatements

Correction of the classification of bank overdrafts as part of the cash and cash equivalents

During FY25 it was identified that the Group had incorrectly classified the bank overdraft as part of the cash and cash equivalents.

Cash flows on bank overdrafts were therefore reclassified as financing activities on the consolidated and separate cash flow statements.

The prior period has been restated accordingly, resulting in net outflows of R242.9 million being reclassified from net decrease in cash and cash equivalents to cash flows utilised in financing activities in the prior period consolidated and separate cash flow statements. The balance on the overdraft at 31 March 2024 was R1.2 billion. This error was due to the incorrect classification of the bank overdraft in the prior year.

The error has been adjusted for retrospectively and the comparative information has been restated as disclosed below.

	2024	
	Group	**Company**
	R'000	**R'000**
Net cash flows from financing activities *(as previously reported)*	**6 628 180**	**6 542 327**
Increase due to overdrafts	242 879	242 879
Net cash flows from financing activities *(restated)*	**6 871 059**	**6 785 206**
Net increase / decrease in cash and cash equivalents (as previously reported)	**(180 914)**	**(248 214)**
Decrease due to overdrafts	242 879	242 879
Net increase / decrease in cash and cash equivalents *(restated)*	**61 965**	**(5 335)**
Cash and Cash Equivalents at the beginning of the year *(as previously reported)*	**(934 637)**	**(993 495)**
Decrease due to overdrafts	1 001 022	1 001 022
Cash and Cash Equivalents at the beginning of the year *(restated)*	**66 385**	**7 527**
Cash and Cash Equivalents at the end of the year *(As previously reported)*	**(1 115 551)**	**(1 241 709)**
Decrease due to overdrafts	1 243 901	1 243 901
Cash and Cash Equivalents at the end of the year *(restated)*	**128 350**	**2 192**

The consolidated and separate cash flow statements were impacted by the correction of the prior period error. There is no effect on the consolidated and separate statement of financial position or on the consolidated and separate statement of comprehensive income.

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