Fox Street 3 (RF) Limited

(Registration Number : 2014/027637/06)

Annual Financial Statements
for the year ended 31 March 2024
Audited

In terms of S 29(1)(e)(ii) of the Companies Act 71 of 2008 as amended, we confirm that the preparation of the following financial statements is the responsibility of Jayshree Pather, CA (SA), Transaction Manager.

The following financial statements have been audited in compliance with the requirements of S30(2)(b) of the Companies Act 71 of 2008, as amended.

Fox Street 3 (RF) Limited
(Reg. No. 2014/027637/06)

Annual Financial Statements
for the year ended 31 March 2024

Fox Street 3 (RF) Limited

Company information

for the year ended 31 March 2024

Directors	K Heydenrych (Alternate Non-executive director) DP Towers (Independent Non-Executive Director) GT Sayers (Independent Non-Executive Director) HS Tradonsky (Non-executive director) KW van Staden (Independent Non-Executive Director)
Date of incorporation	7 February 2014
Registration number	2014/027637/06
Nature of business and principal activities	To acquire the right, title and interest in and to residential home loan assets with funds raised directly or indirectly by issue of debt instruments, and to manage the assets so acquired.
Secretary	Investec Group Data Proprietary Limited (Reg. No. 1937/009329/07)
Independent Auditor	PricewaterhouseCoopers Inc.
Bankers	Investec Bank Limited
Registered Office	c/o Company Secretarial Investec Limited 100 Grayston Drive Sandown Sandton 2196
Postal address	c/o Company Secretarial Investec Limited PO Box 785700 Sandton 2146
Service providers	The servicer, administrator and interest rate swap counterparty is Investec Bank Limited. The subordinated loan provider is Investec Bank Limited.

Fox Street 3 (RF) Limited

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of Fox Street 3 (RF) Limited, comprising the statement of financial position at 31 March 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards), its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Debt Listings Requirements, and the South African Companies Act.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for the reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The annual financial statements of Fox Street 3 (RF) Limited, as identified in the first paragraph as set out on pages 3-6 and 15 to 37, were approved by the board of directors on 30 July 2024:

Director: Howard Tradonsky
Date: 30 July 2024

Director: Kurt van Staden
Date: 30 July 2024

Declaration by the Company Secretary

In terms of section 88(2)(e) of the South African Companies Act No 71 of 2008, as amended, I hereby certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2024, all such returns as are required in terms of the Act and that all such returns are true, correct and up to date.

INVESTEC
GROUP DATA PROPRIETARY LIMITED
AS SECRETARIES

AUTHORISED SIGNATORIES

Fox Street 3 (RF) Limited

Directors' report

for the year ended 31 March 2024

The directors have pleasure in submitting their report on the activities of the company for the year ended 31 March 2024.

Nature of business

To acquire the rights, title and interest in and to residential home loan assets using a securitisation structure, with funds being raised via the issue of debt instruments which are listed and unlisted, and to manage the assets so acquired. These assets provide the security for the debt instruments.

Operating results and financial position

The results of the company's operations and cash flows for the year, and its financial position at 31 March 2024, are set out in the financial statements and require no further comment.

Authorised and issued share

Details of authorised and issued share capital are disclosed in note 6 to the financial statements.

Directorate

The directors of the Company during the year and to the date of this report are as follows:

Directors	Directorate Type	Appointment	Resigned
WJ Janse Van Rensburg	Alternate Non-Executive	01 December 2021	07 August 2023
K Heydenrych	Alternate Non-executive	07 August 2023	
DP Towers	Independent Non-Executive	01 July 2021	
GT Sayers	Independent Non-Executive	01 July 2021	
HS Tradonsky	Non-executive	07 February 2014	
KW van Staden	Independent Non-Executive	01 July 2021	

Interest of the directors and officers

None of the directors and officers have any interest in the issued share capital or any of the contracts entered into by the Company. Directors emoluments are disclosed in Note 17.2.

Dividends

No dividends were declared or paid during the current or previous financial years.

Going concern

The Issuer has been set up as an insolvency remote special purpose vehicle by incorporating ring-fencing provisions into its memorandum of incorporation. In addition, secured creditors have agreed to certain subordination, non-petition, and limited recourse clauses. If the net proceeds of the enforcement of the transaction security (including the Issuer's assets) are not sufficient to make all payments, then due in respect of the Notes in issue, the obligations of the Issuer will be limited to such net proceeds and no other assets will be available to meet any shortfall. Please refer to Note 21 for further detail.

Change of auditors

As announced on SENS on 12 December 2023, PricewaterhouseCoopers Incorporated ("PwC") was appointed as the Company's external auditor, for the financial year ending 31 March 2024, replacing KPMG Incorporated ("KPMG"). The appointment of PwC complies with paragraphs 6.22 and 6.23 of the Debt Listings Requirements. The change in audit firm was initiated by the (subsequently repealed) rule on mandatory audit firm rotation.

Auditor

The Company's auditor is PricewaterhouseCoopers Inc.

Events after the reporting date

No material events have occurred between 31 March 2024 and the date of this report.

HTradonsky

Authorised Director

Authorised Director

Fox Street 3 (RF) Limited

Audit Committee Report

for the year ended 31 March 2024

Members of the Audit Committee

The members of the Audit Committee were all independent non-executive directors and comprised:

GT Sayers
DP Towers
KW van Staden

The chairman of the Board serves on the Audit Committee, but another independent non-executive director acts as chairman thereof. Given that the Company is a special purpose vehicle incorporated as an Issuer in a securitisation scheme (as regulatory defined), the afore-going is considered acceptable and reasonable.

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act No. 71 of 2008 as amended and Regulation 42 of the Companies Regulation, 2011.

Meetings held by the Audit Committee

The Audit Committee performs the duties laid upon it by Section 94(7) of the Companies Act No. 71 of 2008 as amended, by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

Expertise and experience of the finance function

The servicing, accounting and administration of the Company's assets are performed and prepared by Investec Bank Limited (jointly hereinafter Management). The Internal Audit function does not directly report to the Audit Committee, but highlights any matters relevant to the Company's annual financial statements via the Servicer and the Administrator to the Audit Committee.

The on-going secretarial administration of the Company's statutory records is done by Investec Group Data Proprietary Limited.

Independence of the external auditor

The Company's auditor is PricewaterhouseCoopers Inc.

The committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act No. 71 of 2008, as amended, and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided in terms of the Companies Act No. 71 of 2008, as amended, that internal governance processes within the firm support and demonstrate the claim to independence.

The Audit Committee, in consultation with the Servicer and the Administrator, agreed to the terms of the external auditor's engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as parallel interaction with the Servicer, timing of the audit, the extent of the work required and the scope.

Fees paid to the auditor are disclosed in Note 13 in the financial statements.

Fox Street 3 (RF) Limited

Audit Committee Report

for the year ended 31 March 2024 (continued)

Discharge of responsibilities

The committee is satisfied that, in respect of the financial year under review, it has discharged its duties and responsibilities in accordance with its terms of reference and in terms of the Companies Act No. 71 of 2008 as amended. The Board concurred with the assessment.

The committee performed the following activities during the year under review:

- Approved the Audit Committee's terms of reference
- Approved the external auditor's plan and fees for the 2024 audit;
- Approved any other services provided by the auditor and
- Considered the independence and objectivity of the external auditor.

Meetings

The Audit Committee met during the current financial year on the following dates:

Date	Attendees
28 June 2023	GT Sayers DP Towers KW van Staden
21 February 2024	GT Sayers DP Towers KW van Staden

Annual Financial Statements

Following the review by the committee of the annual financial statements of Fox Street 3 (RF) Limited for the year ended 31 March 2024 and based on the information provided to it, the committee considers that, in all material respects, the Company complies with the provisions of the Companies Act No. 71 of 2008, as amended, International Financial Reporting Standards, and that the accounting policies applied are appropriate.

The committee concurs with the Board of Directors and management that the adoption of the going-concern status in preparation of the annual financial statements is appropriate.

The committee recommended the Company's 2024 annual financial statements for approval by the Board on 30 July 2024.

On behalf of the Audit Committee:

Chairman: Audit Committee

Independent auditor's report

To the Shareholder of Fox Street 3 (RF) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fox Street 3 (RF) Limited (the Company) as at 31 March 2024, and its financial performance and its 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

Fox Street 3 (RF) Limited's financial statements set out on pages 15 to 37 comprise:

- the statement of financial position as at 31 March 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the 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 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 Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements 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

Overall materiality • Overall materiality: R 7,244,874, which represents 1% of total assets
Key audit matters • Valuation of expected credit losses on loans and receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the 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 financial statements as a whole.

Overall materiality	R7,244,874
How we determined it	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 position of the Company is most commonly measured by users, as the Company is asset driven. We chose 1% which is consistent with quantitative materiality thresholds used for entities with a public profile.

How we tailored our audit scope

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

Key audit matters

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

Key audit matter	*How our audit addressed the key audit matter*
Valuation of expected credit losses on loans and receivables The disclosures with respect to this key audit matter are contained in the following notes to the financial statements: ● Accounting policies, "*Identification and measurement of impairment*" and "*Use of estimates and judgement";* ● Note 2, "*Intercompany receivables"*; and ● Note 18, "*Risk management*". Loans and receivables and the related expected credit losses ('ECL') are material to the financial statements. The Company reported total gross loans and receivables ceded to the Company subject to ECL at 31 March 2024 amounting to R674,567,551 with a related ECL of R1,109,637. For the year ended 31 March 2024, the company recognised expected credit loss impairment charges on loans and receivables of R1,401,129. The valuation of ECL on loans and receivables has been determined to be a matter of most significance to the current year audit as a result of the subjectivity involved in its determination, and the consequent elevation in the risk of material misstatement. The determination of the ECL, and the related disclosures is subjective due to the factors mentioned below. ● The modelling of ECL based on certain management assumptions and estimation of probabilities of default ("PD"), loss given default ("LGD") and exposures at default ("EAD");	Our audit procedures focused on key areas of significant judgement and estimation uncertainty in determining ECL on loans and receivables. In performing such procedures, we utilised our internal actuarial, quantitative and economic expertise. Our procedures comprised a combination of evaluating the key controls and performing substantive procedures as further explained relative to the key judgements below. **Modelled ECL impairment losses** ● We obtained an understanding of management's data, methodologies and assumptions used in the ECL models; ● We assessed the key controls over model governance, including the controls over the implementation of new ECL models (where relevant) and changes to current ECL models. No control deficiencies were identified; ● For selected ECL models, we tested the key IT general controls, including change management controls and application controls relating to the IT systems that support the modelled ECL processes. No control deficiencies were identified; ● We tested the completeness and accuracy of data inputs into the models by agreeing a sample of data inputs back to information sourced by management from internal systems and external data providers, or by testing data interface controls between these systems. No material exceptions were noted; ● For selected ECL models, we independently

- Determination of the range of forward-looking probability weighted macro- economic scenarios;
- Assessment of the staging due to a significant increase in credit risk (“SICR”);
- Adequacy of post model adjustments; and
- Assessment of ECL on Stage 3 exposures.

ECL models: Management applies significant levels of judgement in modelling ECL particularly as it relates to:

- The application of certain accounting policies, identifying modelling assumptions and selecting appropriate data used in the PD, LGD and EAD models; and

Identifying key model assumptions and techniques, including the determination of write-off points.

Multiple forward-looking macroeconomic scenarios: Judgement is applied in determining the appropriateness of the economic scenarios and incorporation of forward-looking information (‘FLI’) as well as the determination of probability weightings assigned to each of the scenarios and the identification of inputs and assumptions used to estimate their impact.

Staging/assessment of significant increase in credit risk: Allocation of assets recognised in stages 1, 2 and 3, including the determination of the triggers for an asset moving between stages.

Post model adjustments: Adequacy and completeness of post model adjustments recognised based on evolving risks and significant uncertainty faced with respect to the economic outlook.

Assessment of ECL raised on Stage 3 exposures: Where the measurement of the ECL on individual Stage 3 assets is dependent on the subjectivity and estimation of recoverable amounts based on various recovery strategies, the valuation of related collateral and timing of cash flows.

Credit risk disclosures: The disclosure associated

recalculated ECL estimates or benchmarked the model calculations for material portfolios and independently reperformed the PD, EAD and LGD parameters, to test the assumptions and appropriateness of the judgement applied in the ECL calculations. No material exceptions were noted;

- We evaluated the reasonableness of the write-off points applied relative to the requirements of IFRS 9 by comparing them to historical post write-off recoveries where applicable. No material exceptions were noted; and
- We evaluated whether post write-off recoveries have been excluded from the LGD calculation and therefore do not impact on the ECL.

Incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation

- We tested the key controls relating to management’s review and approval of macroeconomic forecasts and variables incorporated within the models. No control deficiencies were identified;
- Using our economic expertise, we independently assessed the appropriateness of the macroeconomic scenario forecasts and the probability weightings applied by management by benchmarking these against third-party data. This assessment included developments related to the current uncertain geopolitical and economic outlook. No material exceptions were noted; and
- Using our financial modelling, actuarial and quantitative expertise, we assessed the correlation of the forecasted macroeconomic factors to the ECL and tested the impact of the macroeconomic changes on the ECL (under each macroeconomic scenario). This includes the impact of the macroeconomic scenarios on PDs, LGDs and SICR. No material exceptions were noted

Staging of loans

- We tested the key controls relating to the staging of loans and receivables – including:

with the ECL on exposures relies on credit data inputs and explains management judgements, estimates and assumptions used in determining the ECL.	- Controls over changes in the staging due to a significant increase or reduction in credit risk and over the monitoring of assets in each stage. No control deficiencies were identified; - Manual overrides to staging outcomes. No control deficiencies were identified; and - Data accuracy and completeness. No material exceptions were noted. - We assessed the appropriateness of the SICR methodologies and model calibrations with reference to IFRS 9 and tested the resultant stage allocations. No material exceptions were noted; and - We tested the performance of the SICR approach by considering historic volumes of accounts moving into arrears and the forward-looking view of default risk. No material exceptions were noted **Post model adjustments** - We obtained an understanding of the model limitations to evaluate the completeness and appropriateness of the related adjustments. No material exceptions were noted; - We assessed the governance processes that the company has put in place to review and approve post model adjustments. No control deficiencies were identified; and - We assessed the validity of management's rationale for releasing each component of the overlay and considered whether there were any material risks which the expected credit loss models did not cater for, and which would have required management to recognise an overlay. No material exceptions were noted **Assessment of ECL raised on Stage 3 exposures** - We tested management's processes and key controls over judgements used to determine whether specific exposures are credit impaired. No control deficiencies were identified; and

	• For a sample of stage 3 exposures, we performed independent credit reviews and performed an independent assessment of management's probability weighted scenarios. We evaluated the reasonability of the estimate of the recoverable amount and timing of expected future cash flows used in measuring ECL based on independently determined collateral or exit values, cash flow assumptions and exit strategies. No material exceptions were noted **<u>Disclosures related to credit risk</u>** • We assessed the appropriateness of the ECL related disclosures for exposures in the financial statements in accordance with IFRS 7. No material exceptions were noted; and • We evaluated whether the credit risk disclosures are consistent with the ECL information tested as part of our audit procedures (which included the ECL data, models, estimates and macro-economic forecasts). No material exceptions were noted **<u>Overall stand-back assessment</u>** • We performed a stand-back assessment of the ECL provision and coverage at an overall level and by stage to determine if provision levels were reasonable by considering the overall credit quality of the portfolios, risk profile and the impacts of the current economic conditions. No material exceptions were noted; and • We performed peer benchmarking where available to assess overall staging and provision coverage levels. No material exceptions were noted

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Fox Street 3 (RF) Limited annual financial statements for the year ended 31 March 2024 Audited", which includes the Directors' Report, the Audit Committee Report and the Declaration by the Company Secretary as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Fox Street 3 (RF) Limited for 1 year.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: S Akoojee
Registered Auditor
Johannesburg, South Africa
30 July 2024

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

Fox Street 3 (RF) Limited

Statement of financial position
at 31 March 2024

	Notes	2024	2023
Assets		**R**	**R**
Cash and cash equivalents	*3*	**50,920,610**	56,224,014
Trade and other receivable		**1,363,713**	813,294
Intercompany receivables	*2*	**673,457,914**	772,680,648
Current tax receivable		**622,146**	57,643
Deferred tax asset	*5*	**257,917**	1,459,066
Total assets		**726,622,300**	831,234,665
Equity and liabilities			
Equity		**4,170,536**	(376,668)
Share capital	*6*	**101**	101
Accumulated profit/(loss)		**4,170,435**	2,262,833
Cash flow hedge reserve		**-**	(2,639,602)
Liabilities		**722,451,764**	831,611,333
Trade and other payables	*10*	**536,476**	280,173
Accrued interest payable	*9*	**13,701,933**	14,193,147
Deferred income		**430,935**	440,105
Derivative financial instruments	*4*	**2,011,596**	3,615,893
Residential mortgaged backed securities	*7*	**554,541,925**	661,853,116
Subordinated loan	*8*	**151,228,899**	151,228,899
Total equity and liabilities		**726,622,300**	831,234,665

Fox Street 3 (RF) Limited

Statement of Comprehensive Income

for the year ended 31 March 2024

	Notes	2024 R	2023 R
Interest income calculated using the effective interest rate method	11	**82 201 076**	**74 826 846**
Gains/(losses) on other financial instruments	11	**(2 989 230)**	**(4 135 593)**
Interest expense	12	**(75 562 271)**	**(63 989 651)**
Net interest income		**3,649,575**	**6,701,602**
Other income		**105,063**	**130,612**
Total operating income before expected credit losses		3,754,638	6,832,214
Expected credit loss impairment charge/(recovery)	2	1,401,129	(540,615)
Impairment charges ^		-	-
Other operating expenses	13	**(1,939,501)**	**(2,013,808)**
Profit/(Loss) before taxation		**3,216,266**	**4,277,791**
Taxation	14	**(1,308,664)**	**(730,456)**
Profit/(Loss) for the year		**1,907,602**	**3,547,335**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges- effective portion of changes in fair value	4	-	(4,893,262)
Cash flow hedges- reclassified to profit or loss	11	-	4,135,593
Cash flow hedges- clearing of prior period Hedge Reserve	4	2,639,602	-
		2,639,602	(757,669)
Total comprehensive profit/(loss) for the year		**4,547,204**	**2,789,666**

Fox Street 3 (RF) Limited

Statement of Changes in Equity
for the year ended 31 March 2024

	Notes	Ordinary share capital	Preference share capital	Accumulated profit/(loss)	Cash flow hedge reserve	Total
		R		R		R
Balance at 31 March 2022		**100**	**1**	**(1 284 502)**	**(1,881,933)**	**(3 166 334)**
Total comprehensive income for the year						
- Profit for the year		-	-	3,547,335	-	**3 547 335**
Other comprehensive income				-		
Cash flow hedges- effective portion of changes in fair value	4	-	-	-	(4 893 262)	**(4 893 262)**
Cash flow hedges- reclassified to profit or loss	11	-	-	-	4 135 593	**4 135 593**
Balance at 31 March 2023		**100**	**1**	**2 262 833**	**(2,639,602)**	**(376 667)**
Total comprehensive income for the year						
- Profit for the year		-	-	1,907,602	-	**1 907 602**
Other comprehensive income						
Release of prior year cash flow hedge		-	-	-	2 639 602	**2 639 602**
Balance at 31 March 2024		**100**	**1**	**4 170 435**	**-**	**4 170 536**

Fox Street 3 (RF) Limited

Statement of Cash Flows

for the year ended 31 March 2024

	Notes	2024	2023
		R	R
Cash flows from operating activities			
Profit before taxation *		**3,216,266**	4,277,791
Adjusted for:			
Release of MTM on cash flow hedge		**2,011,596**	-
Expected credit loss impairment charge		**(1,401,129)**	540,615
Changes in working capital:			
Increase in trade and other receivables		**(550,419)**	(578,586)
Increase in trade and other payables		**256,303**	58,467
(Decrease)/Increase in deferred income		**(9,170)**	40,143
Increase/(Decrease) in accrued interest		**(491,214)**	3,204,901
		3,032,233	7,543,331
Taxation paid		**(1,648,310)**	(437,389)
Net cash inflow from operating activities		**1,383,923**	**7,105,942**
Cash flows from investing activities			
Receipts from intercompany receivables		**100,623,864**	163,102,468
Net cash inflow from investing activities		**100,623,864**	**163,102,468**
Cash flows from financing activities			
Capital redemption of residential mortgage backed securities	*7*	**(107,311,191)**	(244,259,313)
Net cash outflow from financing activities		**(107,311,191)**	**(244,259,313)**
Net decrease in cash and cash equivalents for the year		**(5,303,404)**	(74 050 903)
Cash and cash equivalents at beginning of the year		**56,224,014**	130,274,917
Cash and cash equivalents at end of the year	*3*	**50,920,610**	**56 224 014**

** Profit before tax includes interest received on intercompany receivables of R75 011 147 (2023: R69 056 850) which is received in cash. Cash Interest received on the Transaction Account of R 7 189 929 (R 5 769 996) Cash Interest paid on the Notes of R 47 610 617 (2023: R 58 124 375), Cash Interest paid on the Subordinated Loan of R17 929 110 (2023: R 13 174 129).*

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024

1. Significant accounting policies

1.1 Reporting entity

Fox Street 3 (RF) Limited (the 'Company') is domiciled in South Africa. The Company's registered office is at 100 Grayston Drive, Sandown, Sandton, 2196. These financial statements comprise the Company's annual financial statements. The Company is primarily involved in acquiring the right, title and interest in and to residential homeloan assets with funds raised directly or indirectly by issue of debt instruments, and to manage the assets so acquired.

1.2 Basis of preparation

The company's financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards), its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Debt Listings Requirements, and the South African Companies Act.

The financial statements have been prepared in accordance with the going concern principle under the historical cost basis, except for the revaluation of financial instruments, financial instruments held at amortised cost and instruments held at fair value. The financial statements are presented in South African Rand, which is the Company's functional currency.

1.3 Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS® Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the classification of financial instruments. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key areas in which judgement is applied include:

The nature of any assumptions made, when calculating carrying amounts relating to any estimated tax which could be payable as a result of decisions by tax authorities in respect of any such transactions and events whose treatment for tax purposes is uncertain.

The Company recognises an Intercompany Receivable, however, the determination of Expected Credit Losses ("ECL") is assessed using the look through approach against the underlying assets that are carried at amortised cost. This involves the assessment of future cash flows that is judgmental in nature.

Further information in relation to this can be found in Note 18.

The fair value movements of the Swap are determined by assessment of future cash flows which is judgmental in nature.

Further information in relation to this can be found in Note 20.

1.4 Financial assets and financial liabilities

1.4.1 Recognition

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

1. Significant accounting policies (continued)

1.4.2 Measurement

Financial instruments are initially measured at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Subsequent to initial recognition, these instruments are measured as set out below:

Intercompany Receivables
Intercompany Receivables are measured at amortised cost using the effective interest method. Fair value of these financial assets approximates carrying amount.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and petty cash that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the statement of financial position, which approximates fair value.

Derivative financial instruments
Derivative financial instruments are recognised on the statement of financial position at fair value. Change to fair value movements are subsequently recognised in profit or loss unless hedge accounting is being applied.

Residential mortgage backed securities
These financial liabilities are carried at amortised cost. Fair value of these financial liabilities approximates carrying amount.

Subordinated loan
The Subordinated loan liability is carried at amortised cost. Fair value of this financial liability approximates carrying amount.

1.4.3 Classification

The Company classifies its financial assets into one of the following categories:
● amortised cost
● at fair value through profit or loss, and within this category as:
- held for trading; or
- those designated to the category at inception.

The Company classifies its financial liabilities as measured at amortised cost and Derivative Financial Instruments at fair value through profit or loss.

1.4.4 Derecognition

Financial instruments qualify for derecognition if they meet the derecognition criteria set out in IFRS 9 Financial Instruments: Recognition and Measurement.

The Company derecognises a financial asset when, and only when:
● The contractual rights to the cash flows arising from the financial asset have expired or have been forfeited by the Company; or

● It transfers the financial asset including substantially all of the risks and rewards of ownership of the asset; or

It transfers the financial asset, neither retaining nor transferring substantially all of the risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial liability is de-recognised when, and only when, the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

The difference between the carrying amount of a financial liability or financial asset (or part there-of) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

Notes to the financial statements

for the year ended 31 March 2024 (continued)

1. Significant accounting policies (continued)

1.4.5 Offsetting

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

1.4.6 Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

The financial liabilities shown on the face of the SOFP have been disaggregated into the capital and accrued interest expense portions in order to more accurately reflect the liquidity profile of the company's payment structure. The combined amortised cost balance of these liabilities are shown in Notes 7 and 8, whilst the accrued interest expense is shown in its individual components in Note 9.

1.4.7 Fair value measurement

IFRS 13 Fair value measurement, defines fair value as being a market-based measurement and sets out in a single IFRS a framework for the measurement of fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Fair value measurements for financial assets and financial liabilities are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

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

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1. Significant accounting policies (continued)

1.4.8 Identification and measurement of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group or financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:
- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Company considers evidence of impairment for loans and receivables at both a specific and a collective level. Loans and receivables are first assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

In assessing collective impairment, the Company uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and any subsequent decrease in the impairment loss is reversed through profit or loss.

The determination of ECL against assets that are carried at amortised cost and ECL relating to debt instruments at fair value through other comprehensive income (FVOCI) involves a high degree of uncertainty as it involves using assumptions that are highly subjective and sensitive to risk factors. The most significant judgments relate to defining what is considered to be a significant increase in credit risk; determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) and future cash flows; incorporating information about forecast economic conditions and the weightings to be applied to economic scenarios.

Cash and Cash Equivalent
Cash and cash equivalents are held with Investec Bank which is considered to be a reputable bank with a high credit rating and no history of default. Hence, the ECL on cash and cash equivalents is determined to be immaterial. The National Scale Deposit Ratings of Investec Bank Limited are as follows: Fitch: F1+(zaf), Moody's: P-1.za, S&P: za.A-1+, GCR: A1+(ZA).

1.5 *Non-derivative financial liabilities*

All financial liabilities, other than those at fair value through profit or loss, are classified as non-trading financial liabilities. Non-trading financial liabilities, which include residential mortgage backed securities and trade and other payables, are measured at amortised cost using the effective interest method.

1.6 *Hedge accounting*
The company does not apply hedge accounting.

1.7 *Other fee income*

Fee income comprise of lending fees charged to clients and is recognised on the accrual basis when the service is rendered. Lending fees are within the scope of IFRS 15, these are fees that are not an integral part of the effective interest rate of the Loan.

Notes to the financial statements

for the year ended 31 March 2024 (continued)

1. Significant accounting policies (continued)

1.8 Taxation

Taxation expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised by the Company in accordance with the applicable accounting standards. The recognition of these assets is based on the probability of future taxable income being available to utilise the deferred tax asset. The Company's management uses its judgement to determine the recognition of deferred tax assets ,considering factors such as future taxable profits and reversals of existing deductible temporary differences.

Management has assessed the Company's ability to generate sufficient taxable profits in the near future and is satisfied that the Company will be able to utilise the full deferred tax asset raised against the expected future taxable profit. The company will continue to monitor the relevant factors that affect the recognition and measurement of the deferred tax assets and will adjust as necessary.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

1.9 Operating Segments

The board of directors has been identified by the Company as the Chief Operating Decision Maker ("CODM"), who are responsible for assessing the performance and allocation of resources of the Company.

The Company reports a single operating segment with the purpose of acquiring the right, title, and interest in residential home loan assets using funds raised directly or indirectly through the issuance of debt instruments and to manage the assets acquired. To raise funds, the Company has issued tranches of Residential Mortgage Backed Securities into the market.

The CODM regularly reviews the operating results of the Company as presented in the statement of comprehensive income to manage performance and allocate resources across the segment. Resource allocation is limited to cash available in the statement of financial position and statement of cash flows results to service payments as defined by the legal agreements.

1.10 Standards and interpretations issued but not yet effective

There are no standards and interpretations issued but not yet effective which are expected to have a material impact on the Company. The following Standards will be taken into consideration:

IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. These new requirements are expected to impact all reporting entities. IFRS 18 and the consequential amendments to other standards is effective for reporting periods beginning on or after 1 January 2027.

Amendments to IFRS 9 Amendments to Classification and Measurement of Financial Instruments and IFRS 7 disclosures

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. The amendments are effective for annual periods starting on or after 1 January 2026.

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024 (continued)

2. Intercompany receivables

During the new prefunding period of 13 October 2021 to 13 April 2022, Investec Bank Limited (IBL) legally has sold, and will continue to sell, a portion of its residential mortgage assets to Fox Street 3 (RF) Limited (Fox Street 3). However, since IBL is also the provider of the subordinated loan, the substance of the transaction is such that the accounting derecognition criteria to transfer the significant risks and rewards of ownership were not met. Thus an intercompany receivable is recognised for the consideration paid for these assets to IBL. The cash flows arising from these assets are directly attributable to the residential mortgages and thus the following disclosure is appropriate and useful to the users of these financial statements as the carrying amount of the receivable will fluctuate in line with the residential mortgage balances.

		2024 R	2023 R
Intercompany receivables ceded to Fox Street 3			
Gross amount outstanding		674,567,551	775,191,414
Expected credit loss		(1,109,637)	(2,510,766)
		673,457,914	772,680,648
Maturity analysis			
One month to three months		23,096,927	27,964,062
Three months to six months		22,306,097	26,955,294
Six months to one year		42,347,089	51,028,529
One to two years		76,335,271	91,467,649
Two to three years		66,405,310	78,966,474
Three to five years		108,019,607	127,030,206
Greater than five years		336,057,250	371,779,201
		674,567,551	775,191,414
Reconciliation of allowances for expected credit loss			
Opening balance		2,510,766	1,970,151
Charged to the statement of comprehensive income		(1,401,129)	540,615
- Stage 1		63,774	51,687
- Stage 2		(1,448,287)	398,812
- Stage 3		(16,616)	90,116
	Note 18	**1,109,637**	2,510,766
Reconciliation of movement on expected credit loss for the period			
Opening Balance		2,510,766	1,970,151
Transfer Out		(263,181)	(167,135)
Remeasurement		(1,137,947)	707,750
Closing Balance		**1,109,637**	2,510,766

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024 R	2023 R
Current account - Investec Bank Limited	50,920,510	56,223,914
Petty cash	100	100
	50,920,610	56,224,014

Interest on the current account is earned at the SA Prime interest rate.

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024 (continued)

4. Derivative financial instruments

On the 13th October 2021, Fox Street 3 (RF) Limited has entered into a JIBAR for Prime swap with IBL to mitigate the interest rate risk resulting from the mismatch of interest rates on the Prime rate linked loans and advances and the JIBAR linked notes payable. The notional value of the interest rate swap (i.e. fully performing loans) was R679 546 755 (2023: R797 287 729) in the current financial year. The swap was effective in the previous year. The fair value of derivatives can change significantly from year to year to due changes in economic conditions. Both the Prime and JIBAR rates have moved in the current year . This change in rates and consequently the change in the interest rate outlook (i.e. change in the Prime curve and JIBAR curve) combined with the long dated stream of cash flows that are present valued has resulted in a significant move in the fair value of the derivative.

The Ibor reform project affects the swap of the Company and further insight into this is provided in Note 7.

	2024	2023
Statement of financial position		
Fair value of swap	**(2,011,596)**	(3,615,893)
Statement of comprehensive income		
Cash flow hedges- effective portion of changes in fair value	-	(4 893 262)
Cash flow hedges- reclassified to profit or loss	-	4,135,593
Cash flow hedges- clearing of prior period Hedge Reserve	2,639,602	-
Net other comprehensive income	**2,639,602**	(757 669)

During the current year, the Company identified that Hedge Accounting was incorrectly applied and decided to discontinue with Hedge Accounting. The impact was not considered material and therefore the full Cashflow Hedge Reserve as well as associated Deferred Taxation has been released from the SOFP in the current year.

5. Deferred tax asset/(liability)

The deferred tax balance comprises of:		
Expected credit loss	141,565	363,947
Derivative Financial Instruments	-	976,291
Deferred income	116,352	118,828
Deferred tax asset/(liability)	**257,917**	1,459,066
Reconciliation of deferred tax balance:		
Opening balance	1,459,066	1,089,270
Expected credit loss	(222,382)	78,724
Deferred income	(2,476)	10,838
Recognised in OCI		
Derivative financial instruments	(976,291)	280,234
Closing balance	**257,917**	**1,459,066**

6. Share capital

Ordinary share capital

Authorised		
1 000 ordinary shares at R1 each	**1 000**	1 000
Issued		
100 ordinary share at R1	**100**	100

All of the issued shares are fully paid up and held by Fox Street 3 Owner Trust. The unissued shares are under the control of the directors until the next annual general meeting.

Preference share capital

Authorised		
100 cumulative redeemable preference shares (no par value)		
Issued		
1 cumulative redeemable preference share at no par value	**1**	1

The issued shares are fully paid up. The unissued shares are under the control of the directors until the next annual general

	101	**101**

7. Residential mortgage backed securities

	Class A1 Notes R	Class A2 Notes R	Class A3 Notes R	Class A4 Notes R	Total R
2024					
Balance at the beginning of the period	-	-	401,853,116	260,000,000	**661,853,116**
Redemption of Notes	-	-	(107,311,191)	-	**(107,311,191)**
Balance of notes outstanding at end of the year	**-**	**-**	**294,541,925**	**260,000,000**	**554,541,925**
Accrued Interest	-	-	5,366,312	4,811,781	10,178,093
Amortised Cost	**-**	**-**	**299,908,237**	**264,811,781**	**564,720,018**
2023					
Balance at the beginning of the period	36,112,429	165,000,000	445,000,000	260,000,000	906,112,429
Redemption of Notes	(36,112,429)	(165,000,000)	(43,146,884)	-	(244,259,313)
Balance of notes outstanding at end of the year	-	-	401,853,116	260,000,000	661,853,116
Accrued Interest	-	-	6,591,965	4,340,882	10,932,847
Amortised Cost	**-**	**-**	**408,445,081**	**264,340,882**	**672,785,963**

The residential mortgage backed securities are measured at amortised cost. The notes bear interest at the 3 Month JIBAR rate plus the spread as determined in the Applicable Pricing Supplement for each class and tranche of notes. For as long as the notes are in issue, interest on the floating rate notes is payable quarterly in arrears on the 20th of January, April, July and October. The interest rate, charge and accrued balance per tranche of notes were as follows:

2024	Final Maturity Date	Spread over 3 Month Jibar	Interest expense R	Accrued interest R
Class A3	20 October 2031	110 bps	32,609,750	**5,366,312**
Class A4	20 April 2049	125 bps	24,759,871	**4,811,781**
			57,369,621	**10,178,093**

2023	Final Maturity Date	Spread over 3 Month Jibar	Interest expense R	Accrued interest R
Class A1	20 October 2022	57 bps	83,878	-
Class A2	20 October 2024	80 bps	2,598,141	-
Class A3	20 October 2031	110 bps	29,230,431	**6,591,965**
Class A4	20 April 2049	125 bps	17,889,895	**4,340,882**
			49,802,345	**10,932,847**

The Financial Stability Board (FSB) is reforming major interest rate benchmarks used globally. The goal is to improve market efficiency and reduce systemic risk by replacing existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs). The South African Reserve Bank (SARB) plans to move away from JIBAR and adopt the South African Rand Overnight Index Average (ZARONIA) as the new reference rate. ZARONIA was published on 2 November 2022 for observation purposes, and 3 November 2023 SARB confirmed that the observation period for ZARONIA ended and that market participants can now use it in financial contracts. The Market Practitioners Group (MPG) has designated ZARONIA as the successor rate to JIBAR. The transition from JIBAR to ZARONIA is expected to take several years, and the MPG will provide more information about the timeline and process. IBL is currently evaluating the transition and is developing a strategy to ensure readiness and the company will adopt the approach executed by IBL.

8. Subordinated loan

Subordinated loan	**151,228,899**	**151,228,899**
Accrued Interest	3,523,840	3,260,300
Amortised Cost	**154,752,739**	**154,489,199**

Fox Street 3 (RF) Limited entered into an agreement with Investec Bank Limited, whereby IBL would provide the subordinated loan to the residential mortgage backed security notes issues. The Subordinated Loan bears interest at 3M Jibar plus 3.75% and matures on the 20 April 2049.

9. Accrued interest payable

	2024 R	2023 R
Subordinated loan	**3 523 840**	3 260 300
Residential mortgage backed securities	**10 178 093**	10 932 847
	13,701,933	14,193,147

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024 (continued)

		2024 R	2023 R
10.	**Trade and other payables**		
	Accrued expenses	530,247	271,486
	Vat Payable	6,229	8,687
		536,476	280,173
11.	**Interest income**		
	Interest income calculated using the effective interest rate method:		
	Intercompany receivables	75,011,147	69,056,850
	Current account - Investec Bank Limited	7,189,929	5,769,996
		82,201,076	74,826,846
	Gains/(losses) on other financial instruments		
	Cash flow hedges- reclassified to profit or loss	(977,634)	(4,135,593)
	Release of MTM on Cash flow hedge	(2,011,596)	-
		(2,989,230)	(4,135,593)
12.	**Interest expense**		
	Residential mortgage backed securities		
	- Class A	57,369,621	49,802,345
	Subordinated loan	18,192,650	14,187,306
		75,562,271	63,989,651
13.	**Other operating expenses**		
	Other operating expenses include the following:		
	Servicing fee - Investec Bank Limited (Refer to Note 15)	625,507	730,260
	Administration fee - Investec Bank Limited (Refer to Note 15)	57,658	57,500
	Auditor's remuneration	686,568	399,795
	Sundry expenses	569,768	826,253
		1,939,501	2,013,808
14.	**Taxation**		
	South African normal tax		
	-current tax	643,535	820,018
	-deferred tax	224,857	(89,562)
	Current taxation charge	868,392	730,456
	-reversal of prior period tax receivable	440,272	-
	Net taxation	**1,308,664**	730,456

Reconciliation of effective tax rate

		2024 R	2023 R
Income before taxation		3,216,266	4,277,791
Assessed Loss brought forward		-	(1,572,402)
Taxable Income		3,216,266	2,705,389
Tax using the corporation tax rate	**27.00%**	**868,392**	730,456
Reversal of prior period tax receivable	**13.69%**	440,272	-
Total Tax Charge	**40.69%**	**1,308,664**	1,155,004

Notes to the financial statements
for the year ended 31 March 2024 (continued)

15. Servicing and administration fees - Investec Bank Limited

Investec Bank Limited has been appointed under the terms of a servicing agreement and an administration agreement as servicer and administrator respectively for Fox Street 3 (RF) Limited.

Investec Bank Limited charges fees for its services under the servicing agreement to the extent permitted by and in accordance with the Priority of Payments. Such fees are charged at 0.075% (exclusive of VAT) of the outstanding principal balance of the assets as at each monthly determination date.

Investec Bank Limited charges fees for its administrative services under the administration agreement to the extent permitted by and in accordance with the Priority of Payments. The administration fee is charged at R50 000 (exclusive of VAT) per annum, calculated daily.

In the event that insufficient cash is available for payment for all or part of any servicer or administration fee, Fox Street 3 (RF) Limited incurs no obligation to pay that portion of the fee in respect of which no cash is available.

16. Indemnities

Fox Street 3 (RF) Limited has indemnified Fox Street 3 Security SPV (RF) Proprietary Limited (Security SPV) in respect of any claims made against the Security SPV arising out of a guarantee provided by the Security SPV to the secured creditors of Fox Street 3 (RF) Limited.

Cession and pledge

Fox Street 3 (RF) Limited has ceded and pledged its right, title and interest in and to the residential home loan assets held to the Security SPV as security for the guarantee provided by the Security SPV.

17. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company, in the ordinary course of business, enters into various transactions with related parties.

17.1 Investec Bank Limited

Investec Bank Limited is the Parent entity of Fox Street 3 (RF) Limited. In accordance with the requirements of IFRS 10, Consolidated Financial Statements , Investec Bank Limited consolidates Fox Street 3 (RF) Limited. This is because Investec Bank Limited is exposed to variability of returns from Fox Street 3 (RF) Limited and has the ability to affect these returns through the power it has.

The following transactions took place between Investec Bank Limited and Fox Street 3 (RF) Limited:

Servicing and administration fees

Investec Bank Limited is the appointed servicing and administration agent to Fox Street 3 (RF) Limited, details of which are set out in Note 15 above. Fees payable to Investec Bank Limited under these agreements during the year amounted to:

	2024 **R**	**2023** **R**
Servicing fee	**625 507**	730 260
Administration fee	**57 658**	57 500

At year-end the following assets were invested with Investec Bank Limited (see Note 4 above):

Current account

Investec Bank Limited (through its ICIB division) is the designated banker for Fox Street 3 (RF) Limited.

- Petty cash	**100**	100
- Bank current account	**50 920 510**	56 223 914

17. Related party transactions (continued)

Subordinated Loan

Investec Bank Limited (through its ICIB division) has provided the subordinated loan to Fox Street 3 (RF) Limited (refer to Note 8) which serves as a subordinated loan to the notes. Interest is payable on quarterly payment dates, in accordance with the Priority of Payments. Interest for the year amounted to R18 192 650 (2023: R14 187 306).

Interest rate swap

Fox Street 3 (RF) Ltd has entered into a JIBAR for prime swap with IBL to mitigate the interest rate risk resulting from the mismatch of interest rates on the prime rate linked loans & advances and the JIBAR linked notes payable. The swap required no initial investment. However, interest of R977,634 (2023: R 4,135,593) was paid to Investec Bank Limited in the current year. (refer to note 11).

Investment in notes

On 20 February 2015, Fox Street 3 (RF) Limited issued and listed R1.95bn of notes on the Interest Rate Market of the JSE. Investec Bank Limited as Debt Sponsor facilitated the listing of all these notes which were listed on the 20th August 2017. On the 13th October 2021, Fox Street 3 (RF) Limited redeemed all the original notes issued and refinanced these with R950m of new notes on the Interest Rate Market of the JSE. The following balances relating to the investment in the notes were applicable at the end of the year:

- Residential mortgage backed securities	**554,541,925**	661,853,116
- Accrued interest on notes	**10,178,093**	10,932,847

17.2 Other related party transactions

TMF Corporate Services (South Africa) Proprietary Limited and Quadridge Trust Services Proprietary Limited

All the directors of the Company are employed by external companies and are remunerated by their respective employer on a separate basis. There were no remuneration or benefits paid directly to the directors of the Company, by the Company or any other Company within the same group of companies, as defined by the Companies Act during the current or prior years. Three directors are employees of, or contracted to and remunerated by, Quadridge Trust Services Proprietary Limited (third party service provider) on a separate basis. The Investec Bank Limited representative directors are not remunerated for their services by the Company.

During the 2023 financial year, the Trustee Services were assigned to Quadridge solely and as such trust and fiduciary fees were charged by Quadridge Trust Services Proprietary Limited and TMF Corporate Services (South Africa) Proprietary Limited in 2023 and solely to Quadridge Trust Services Propriety Limited for the financial year ended 31 March 2024. The trustees of Fox Street 3 Owner Trust and Fox Street 3 Security SPV Owner Trust respectively over the past 2 financial years are as follows:

	2024 **R**	**2023** **R**
TMF Corporate Services (South Africa) Proprietary Limited - Directors Fees	**-**	58,856
Quadridge Trust Services Proprietary Limited - Directors fees	**76,824**	194,621

Fox Street 3 Owner Trust

The trust was established solely to be a beneficial shareholder of all of the ordinary shares in Fox Street 3 (RF) Limited. The trust is managed by Quadridge Trust Services Proprietary Limited. No payments were made to Fox Street 3 Owner Trust during the current or prior year.

Fox Street 3 Security SPV

The Security SPV was incorporated for the purposes of holding and realising security for the benefit of Secured Creditors, including Noteholders of Fox Street 3 (RF) Limited. No payments were made to the Security SPV during the current year.

Fox Street 3 Security SPV Owner Trust

Fox Street 3 Security SPV Owner Trust is the sole beneficial shareholder of all the ordinary shares of Fox Street 3 Security SPV. No payments were made to Fox Street 3 Owner Trust during the current or prior year.

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024 (continued)

18. Risk management

In common with all other businesses, the Company is exposed to financial risks. These risks are managed as part of the normal operations of the Company and the Board of Directors oversees the effectiveness of the risk management processes carried out by Investec Bank Limited.

The collectability of amounts due is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, amongst other things, market interest rates, general economic conditions and the financial standing of borrowers.

The more important financial risks to which the Company is exposed are described below:

Liquidity risk

Liquidity risk is the risk that the Company may have insufficient cash to meet its financial obligations, specifically in the short-term.

The maturity bucketing of the intercompany receivables are shown exclusive of future dated interest, however, cash flows are monitored regularly to ensure that cash resources are adequate to meet the Company's requirements.

Maturities of financial liabilities

	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
	R	R	R	R	R	R
2024						
Residential mortgage backed securities *	-	32,149,689	90,570,270	361,943,706	302,759,494	787,423,159
Subordinated loan	-	-	-	-	151,228,899	151,228,899
instruments		-	-	-	2,011,596	2,011,596
Accrued interest payable	-	13,701,933	-	-	-	13,701,933
Deferred income payable	-	-	-	-	430,935	430,935
Trade and other payables	-	530,247	-	-	-	530,247
	-	**46,381,869**	**90,570,270**	**361,943,706**	**456,430,924**	**955,326,769**
2023						
Residential mortgage backed securities *	-	38,919,359	109,215,949	429,125,656	346,564,666	923,825,630
Subordinated loan	-	-	-	-	151,228,899	151,228,899
instruments		-	-	-	3,615,893	3,615,893
Accrued interest payable	-	3,260,300	-	-	-	3,260,300
Deferred income payable	-	-	-	-	440,105	440,105
Trade and other payables	-	271,486	-	-	-	271,486
	-	42,451,145	109,215,949	429,125,656	501,849,563	**1,082,642,313**

The maturity analysis for financial liabilities represents the basis for effective management of exposure to structural liquidity risk. The table above shows the undiscounted cash flows (including interest) for all financial liabilities on a contractual basis on the earliest date on which the Company can be required to pay.

Cash flows are monitored on a monthly basis through the Priority of Payments to ensure that cash resources are adequate to meet the necessary requirements.

18. Risk management (continued)

Residential mortgage backed securities *

The maturity analysis incorporates, on an undiscounted basis, all cash flows relating to principal and future coupon payments. Payments to the secured creditors are made in accordance with the Priority of Payments, thus, not fixed. The principal and interest repayment amounts disclosed are determined by reference to the conditions existing at the end of the reporting period including forecasted repayments using historic data.

The table below provides a disaggregation of the residential mortgage back securities 1 to 5 year bucketing as reported in the Maturities of Financial Liabilities tables.

Residential mortgage backed securities	1-2 years	2-3 years	3-5 years	Total
2024	108 730 244	94 636 965	158 576 496	361 943 706
2023	130 241 460	112 494 246	186 389 950	429 125 656

Amounts relating to the Subordinated Loan have been shown net of future dated interest. This is as a result of how the deal has been structured with interest on the credit enhancement loan being serviced as one of the last items on the priority of payments. Should there not be sufficient cash as at each priority of payment date, the interest on the subordinated loan will not paid.

Derivative financial instruments are reported in the more than 5 year bucket due to the variables used to calculate the MTM on the derivative financial instruments being based on the Final Redemption Date of the deal which is 20 April 2049. This is the current MTM on the derivative financial instruments as calculated at the 31 March 2024 using IBL agreed variables.

Interest rate risk

Interest rate risk arises when potential changes in relevant interest paid to investors and the rates earned on loans to borrowers and investments, occur at different times, at different rates and with varying degrees of uncertainty. Due to the Company's assets being linked to the prime rate, and the notes linked to the 3 Month Jibar rate, the Company is exposed to interest rate risk. This exposure is mitigated through the interest rate swap entered into with Investec Bank Limited, as derivative counterparty.

The interest rate swap is a Level 2 financial instrument as the swap is not listed in an active market, however the fair value is calculated on directly observable market inputs. Any movements in fair value of the derivative are recognised in profit or loss.

There were no transfers between any of the fair value hierarchy levels during the current year.

Below is a sensitivity analysis reflecting how a 1% upward/downward movement in the interest rate would impact profit and loss:

Detail	2024			2023		
	Carrying Value	Impact on P&L		Carrying Value	Impact on P&L	
		-1%	1%		-1%	1%
Interest expense on residential mortgage backed securities	57,369,621	(573,696)	573,696	49,802,345	(498,023)	498,023
Interest expense on subordinated loan	18,192,650	(181,927)	181,927	14,187,306	(141,873)	141,873
Derivative financial instruments	(977,634)	9,776	(9,776)	(4,135,593)	41,356	(41,356)
Interest Income on Intercompany receivable	75,011,147	(750,111)	750,111	69,056,850	(690,569)	690,569
Cash and cash equivalents	7,189,929	(71,899)	71,899	5,769,996	(57,700)	57,700
Sensitivity net of the above items:		**(1,567,857)**	**1,567,857**		**(1,346,809)**	**1,346,809**
Sensitivity after tax:		**(1,144,536)**	**1,144,536**		**(983,171)**	**983,171**

Operational risk

Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, personnel, technology and other external causes.

Prime responsibility for managing this risk is outsourced in terms of the Servicing Agreement and Administration Agreement to Investec Bank Limited. The Directors of the Company and the trustees are responsible for monitoring the performance of Investec Bank Limited in this regard.

Credit risk

Credit risk represents the financial risk to the Company as a result of a default by the counterparty, that is, failure of counterparty to comply with its obligations to service the outstanding debt. The Company is directly exposed to the underlying cashflows of the residential mortgages which is disclosed as Intercompany Receivables and therefore the Company is directly exposed to the risks associated with the underlying counterparty. Credit risk is defined in terms of Investec Bank Limited's credit policies and procedures manual, which establishes sound credit risk management processes. The procedures and processes of Fox Street 3 (RF) limited have been outsourced to Investec Bank Limited as part of the Servicing Agreement and are monitored by the Credit Committee of Investec Bank Limited. This encompasses the Sensitivity Analysis which is performed at a Banking Industry Level. Further disclosure on this is available as part of the Investec Bank Limited AFS for 31 March 2024 as published.

The obligations of each borrower to Fox Street 3 (RF) Limited in respect of repayment of a loan are secured by mortgage bonds (Collateral) registered in favour of Fox Street 3 (RF) Limited over the property of such borrowers. The collateral of the loans is represented by these properties. As at 31 March 2024, the value of the collateral held was R3 049 614 865 (2023: R3 298 942 003), subject to per loan collateral value. The collateral covers the full Intercompany Receivables exposure of R674,567,551 (2023: R775,191,414).

Collateral	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2024	3,012,557,522	27,633,000	9,424,343	3,049,614,865
2023	3,243,336,609	50,460,865	5,144,529	3,298,942,003

IFRS 9 requirements have been embedded into our company credit risk classification and provisioning policy. A framework has been established to incorporate both quantitative and qualitative measures. Policies for financial assets at amortised cost and at fair value through other comprehensive income (FVOCI), in accordance with IFRS 9, have been developed as described below:

Definition of default

The company has aligned the IFRS 9 and regulatory definitions of default, credit impaired and non-performing exposure. Assets that are more than 90 days past due, or considered by management as unlikely to pay their obligations in full without realisation of collateral are considered as exposures in default.

Stage 1

All assets that are considered performing and have not had a significant increase in credit risk will be reported as Stage 1 assets. Under IFRS 9 these Stage 1 financial assets have loss allowances measured at an amount equal to a 12-month ECL.

Stage 2

Financial assets are considered to be in Stage 2 when their credit risk has increased significantly since initial recognition. The company is required to hold a loss allowance equivalent to a lifetime ECL in terms of IFRS 9.

The company's primary indicator for Stage 2 assets are distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision from Watchlist committees and are under management review. This comprises exposures that may potentially become distressed as a result of changes in the economic environment or adverse share price movements, or that are vulnerable to volatile exchange rate or interest rate movements or idiosyncratic financial distress, or private clients who have undergone a significant deterioration in financial circumstances.

Assets that have been subject to forbearance are considered to be, at a minimum, Stage 2. Forbearance measures refer to concessions such as modification of the terms and conditions or refinancing that has been granted to a debtor in financial difficulties. These exposures are assessed on a case by case basis to determine whether the proposed modifications will be considered as forbearance. Where the credit committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable timeframe these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested as both a relative and absolute measure, to further inform whether a significant deterioration in lifetime risk of default has occurred.

As a backstop, the company does not rebut the presumption in IFRS 9 that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk.

Exposures move back to Stage 1 once they no longer meet the criteria above for a significant increase in credit risk and as cure periods (specifically relating to forborne exposure) are met.

Stage 3

Financial assets will be included in Stage 3 when there is objective evidence of credit impairment. Under IFRS 9, the company assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example due to the appointment of an administrator or in receivership. The company's policy is not to rebut the presumption in IFRS 9 that loans which are more than 90 days past due are in default.

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024 (continued)

18. Risk management (continued)

ECL

The Company is directly exposed to the underlying cashflows of the residential mortgages which is disclosed as Intercompany Receivables and therefore the Company is directly exposed to the risks associated with the underlying counterparty and ECL is calculated on this basis of exposure. The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking and resulting impairment charge may be more volatile. IFRS 9 will result in an increase in the total level of impairment allowances, since all financial assets if not measured at fair value through profit or loss (FVPL) will be assessed for at least 12-month ECL.

Write-offs

A loan or advance is normally written off, in full, against the related allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. Similarly the treatment and recognition of recoveries is unaffected by the implementation of IFRS 9. Any recoveries of amounts previously written off decrease the amount of impairment losses. There were no write offs in the Company in the current and prior periods.

Internal credit rating models and ECL methodology

Investec Bank Limited internal credit rating models cover all material asset classes. These internal credit rating models are also used for IFRS 9 modelling after adjusting for appropriate differences. These adjustments are due to internal credit models calculating through the economic cycle losses whereas IFRS 9 requires 12-month or lifetime point-in-time losses based on conditions at the reporting date and multiple economic scenario forecasts of the future conditions over the expected lives. The adjustments are thus done to align to IFRS9 principles.

Key drivers of measurement uncertainty – subjective elements and inputs

The measurement of ECL under IFRS 9 has a continued reliance on expert credit judgement. Key judgemental areas under the implementation of IFRS 9 are highlighted in this document and are subject to robust governance processes. Key drivers of measurement uncertainty include:

- the assessment of a significant increase in credit risk;
- the introduction of a range of forward-looking probability weighted macro-economic scenarios; and
- estimations of probabilities of default, loss given default and exposures at default using models.

In addition to these drivers, some initial judgements and assumptions were required in the design and build of IBL's ECL methodology, which are not considered to have a material impact. This includes the use of income recognition effective interest rates (EIRs) and used as the discount factor in the ECL calculation as well as the use of contractual maturity to assess behavioural lives. In addition where we have experienced limitations on the availability of probability of default origination data for the historic book, a portfolio average has been used in some instances.

ECLs are calculated using three main components:

• a probability of default (PD);
• a loss given default (LGD); and
• the exposure at default (EAD).

Under IFRS 9, the 12-month and lifetime PDs represent the probability of a default occurring over the next 12 months or the lifetime of the financial exposures, respectively, based on conditions existing at the balance sheet date and future forecast macro-economic conditions that affect credit risk.

The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The forecast value for the collateral is also affected by the range of forward-looking probability weighted macro-economic scenarios.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a committed facility.

The calculation of the 12-month ECL is based on the 12-month PD and LGD along with the EAD and effective interest rate (EIR) for the asset. Lifetime ECL is calculated using the lifetime PD curve, and the appropriate LGDs and EADs and discount rates derived from the EIR based on the remaining life of the financial asset.

Expert judgement models have also been utilised for certain portfolios where the ECL is found to be minimal, either due to the portfolio's small relative size or the low default nature of these portfolios, such as cash and balances held at central banks.

Management adjustments are infrequently made to modelled output to account for situations where additional information and known or expected risk factors that could not be captured in the modelling process need to be catered for.

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024 (continued)

18. Risk management (continued)

Forward-looking macro-economic scenarios

The measurement of ECL also requires the use of multiple economic scenarios to calculate a probability weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macro-economic shock or significant shift in expectations. The weighting of these scenarios for IFRS 9 as well as the scenarios themselves are discussed and approved by Investec Bank Limited's capital committee, which forms part of the principal governance framework for macro-economic scenarios.

A number of forecast economic scenarios are considered for capital planning, stress testing (including IBL specific stress scenarios) and IFRS 9.

For the company, five macro-economic scenarios are used in the measurement of ECL under IFRS 9. These scenarios incorporate a base case, two upside cases and a two downside cases. The aim of this economic scenario generation process is to provide a view of the current and projected state of the South African economy and the different economic scenarios that could occur in various stressed or improved environments over the next five years for a number of identified variables/risk drivers.

An analysis of credit quality by internal rating grade

The banks uses a 25-grade internal rating scale which measures the risk of default to an exposure without taking into account any credit mitigation, such as collateral. This internal rating scale allows the group to measure credit risk consistently across portfolios. The internal rating scale is derived from a mapping to PDs and can also be mapped to external rating agency scales. The below information replaces the Overall asset quality information previously provided which showed the breakdown as per IAS39. There is no correlation between the current table and the table previously reported.

PD range	Investec internal rating scale	Indicative external rating scale
less than 0.538%	IB01 – IB12	AAA to BBB-
0.538% – 6.089%	IB13 – IB19	BB+ to B-
greater than 6.089%	IB20 – IB25	B- and below
	Stage 3	D

The internal credit rating distribution below is based on the 12-month PD at 31 March 2024 for gross core loans subject to ECL by stage. The staging classifications are not only driven by the absolute PD, but on factors that determine a significant increase in credit risk, including relative movement in PD since origination. There is therefore not a 100% correlation between the IB rating of an exposure and its stage classification as shown in the table below:

2024

	IB01-IB12	IB13-IB19	IB20-IB25	Stage 3	Total
Gross core loans and advances subject to ECL	**559,457,193**	**99,188,189**	**12,241,771**	**3,680,398**	**674,567,551**
Core loans Stage 1	558,924,253	96,030,098	7,491,256	-	662,445,607
Core loans Stage 2	532,940	3,158,091	4,750,515	-	8,441,546
Core loans Stage 3	-	-	-	3,680,398	3,680,398
ECL	**(70,359)**	**(189,831)**	**(427,554)**	**(421,893)**	**(1,109,636)**
Core loans Stage 1 ECL	(70,152)	(120,421)	(132,001)	-	(322,574)
Core loans Stage 2 ECL	(207)	(69,410)	(295,553)	-	(365,170)
Core loans Stage 3 ECL	-	-	-	(421,893)	(421,893)
Coverage Ratio	**0.01%**	**0.19%**	**3.49%**	**11.46%**	**0.16%**

2023

	IB01-IB12	IB13-IB19	IB20-IB25	Stage 3	Total
Gross core loans and advances subject to ECL	**628,159,000**	**126,970,651**	**18,208,405**	**1,853,358**	**775,191,414**
Core loans Stage 1	628,159,000	102,117,181	-	-	730,276,181
Core loans Stage 2	-	24,853,470	18,208,405	-	43,061,875
Core loans Stage 3	-	-	-	1,853,358	1,853,358
ECL	**(88,591)**	**(636,536)**	**(1,347,130)**	**(438,509)**	**(2,510,765)**
Core loans Stage 1 ECL	(88,591)	(170,209)	-	-	(258,800)
Core loans Stage 2 ECL	-	(466,327)	(1,347,130)	-	(1,813,457)
Core loans Stage 3 ECL	-	-	-	(438,509)	(438,509)
Coverage Ratio	**0.01%**	**0.50%**	**7.40%**	**23.66%**	**0.32%**

Credit quality analysis

2024	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL
Intercompany receivables	322,574	365,170	421,893	**1,109,636**

2023	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL
Intercompany receivables	258,800	1,813,457	438,509	**2,510,765**

Fox Street 3 (RF) Limited

Notes to the financial statements

for the year ended 31 March 2024 (continued)

18. Risk management (continued)

Cash and Cash Equivalents

Cash and cash equivalents are held with Investec Bank which is considered to be a reputable bank with a high credit rating and no history of default. Hence, the ECL on cash and cash equivalents was determined as being immaterial.

19. Financial assets and financial liabilities

Analysis of assets and liabilities by measurement basis

2024	**Amortised cost**	**Mandatorily at fair value**	**Liabilities at amortised cost**	**Total**
	R	**R**	**R**	**R**
*Assets **				
Intercompany receivables	673,457,914	-	-	673,457,914
Cash and cash equivalents	50,920,610	-	-	50,920,610
Trade and other receivable	1,363,713	-	-	1,363,713
	725,742,237	**-**	**-**	**725,742,237**
*Liabilities **				
Residential mortgage backed securities	-	-	554,541,925	**554,541,925**
Subordinated loan	-	-	151,228,899	**151,228,899**
Derivative financial instruments	-	2,011,596	-	**2,011,596**
Accrued interest payable	-	-	13,701,933	**13,701,933**
Deferred income payable	-	-	430,935	**430,935**
Trade and other payables	-	-	530,247	**530,247**
	-	**2,011,596**	**720,433,939**	**722,445,535**

2023	**Amortised cost**	**Mandatorily at fair value**	**Liabilities at amortised cost**	**Total**
	R	**R**	**R**	**R**
*Assets **				
Intercompany receivables	772,680,648	-	-	772,680,648
Cash and cash equivalents	56,224,014	-	-	56,224,014
Trade and other receivable	813,294	-	-	813,294
	829,717,956	**-**	**-**	**829,717,956**
Liabilities *				
Residential mortgage backed securities	-	-	661,853,116	661,853,116
Subordinated loan	-	-	151,228,899	151,228,899
Derivative financial instruments	-	3,615,893	-	3,615,893
Accrued interest payable	-	-	14,193,147	14,193,147
Deferred income payable	-	-	440,105	440,105
Trade and other payables	-	-	271,486	271,486
	-	**3,615,893**	**827,986,753**	**831,602,646**

* For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption also applies to demand deposits and variable rate financial instruments.

20. Fair values of financial instruments
Valuation models

For derivative financial instruments, the company uses proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the company believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the company entity and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa such as interest rate swaps, fair values take into account both credit valuation adjustment (CVA) and debit valuation adjustment (DVA) when market participants take this into consideration in pricing the derivatives.

The company's methodology for valuing these asset-backed securities uses a discounted cash flow technique that takes into account the probability of default and loss severity by considering the original underwriting criteria, vintage borrower attributes, LTV ratios, expected house price movements and expected prepayment rates. These features are used to estimate expected cash flows, which are then allocated using the 'waterfall' applicable to the security and discounted at a risk-adjusted rate. The discounted cash flow technique is often used by market participants to price asset-backed securities. However, this technique is subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results

Valuation framework

The Company has an established control framework with respect to the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and reports to the Financial Director; and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- re-performance of model valuations;
- analysis and investigation of significant daily valuation movements.

Financial instruments measured at fair value - Fair value hierarchy

	Level 2	
	R	**R**
	2024	**2023**
MTM on Derivative Financial Instruments	**(2,011,596)**	**(3,615,893)**

The interest rate swap is a Level 2 financial instrument as the swap is not listed in an active market, however the fair value is calculated on directly observable market inputs.

There were no transfers between any of the fair value hierarchy levels during the current year.

21. Going Concern

Fox Street 3 (RF) Limited has been set up as an insolvency remote special purpose vehicle. Secured creditors have agreed to certain subordination, non-petition, and limited recourse conditions.

For avoidance of doubt, we reiterate the following provisions as set out in the Fox Street 3 (RF) Limited ZAR3,000,000,000 Secured Note Programme.

Each noteholder agrees that its claims against the Issuer and the Security SPV are subordinated for the benefit of other secured creditors in accordance with the priority of payments, as set out in the relevant transaction documents. The Issuer will not be obliged to make payment of, and noteholders will not be entitled to receive payment of, any amount due and payable by the Issuer under the notes, except in accordance with the priority of payments, unless and until all amounts required to be paid or provided for in terms of the priority of payments in priority thereto have been paid, provided for or discharged in full, and then only to the extent that there are available funds in the priority of payments for that purpose.

Once all the assets of the Issuer have been extinguished, each noteholder abandons all claims it may have against the Issuer in respect of amounts still owing to it but unpaid, and the Issuer's liability to the noteholders shall be completely discharged.

Each Noteholder agrees that only the Security SPV may enforce the security created in favour of the Security SPV by the Security Agreements in accordance with the provisions of the Security Agreements and the Transaction Documents.

The rights of Noteholders against the Issuer will be limited to the extent that the Noteholders will not be entitled to take any action or proceedings against the Issuer to recover any amounts payable by the Issuer to them under or in connection with the Notes.

Because of the legal set-up, the Company's outgoing cash flows are limited to both its assets and the yield on these assets and it therefore continues to operate as a going concern.

Secured Creditors contract with the Issuer on the basis that their claims against the Issuer will be subordinated in accordance with the Priority of Payments, they will not bring an application for the liquidation of the Issuer until 2 years after the payment of all amounts outstanding and owing by the Issuer under the Notes and the other Transaction Documents and agree not to sue the Issuer except through the Security SPV.

22. Events after the reporting date

No material events have occurred between 31 March 2024 and the date of this report.