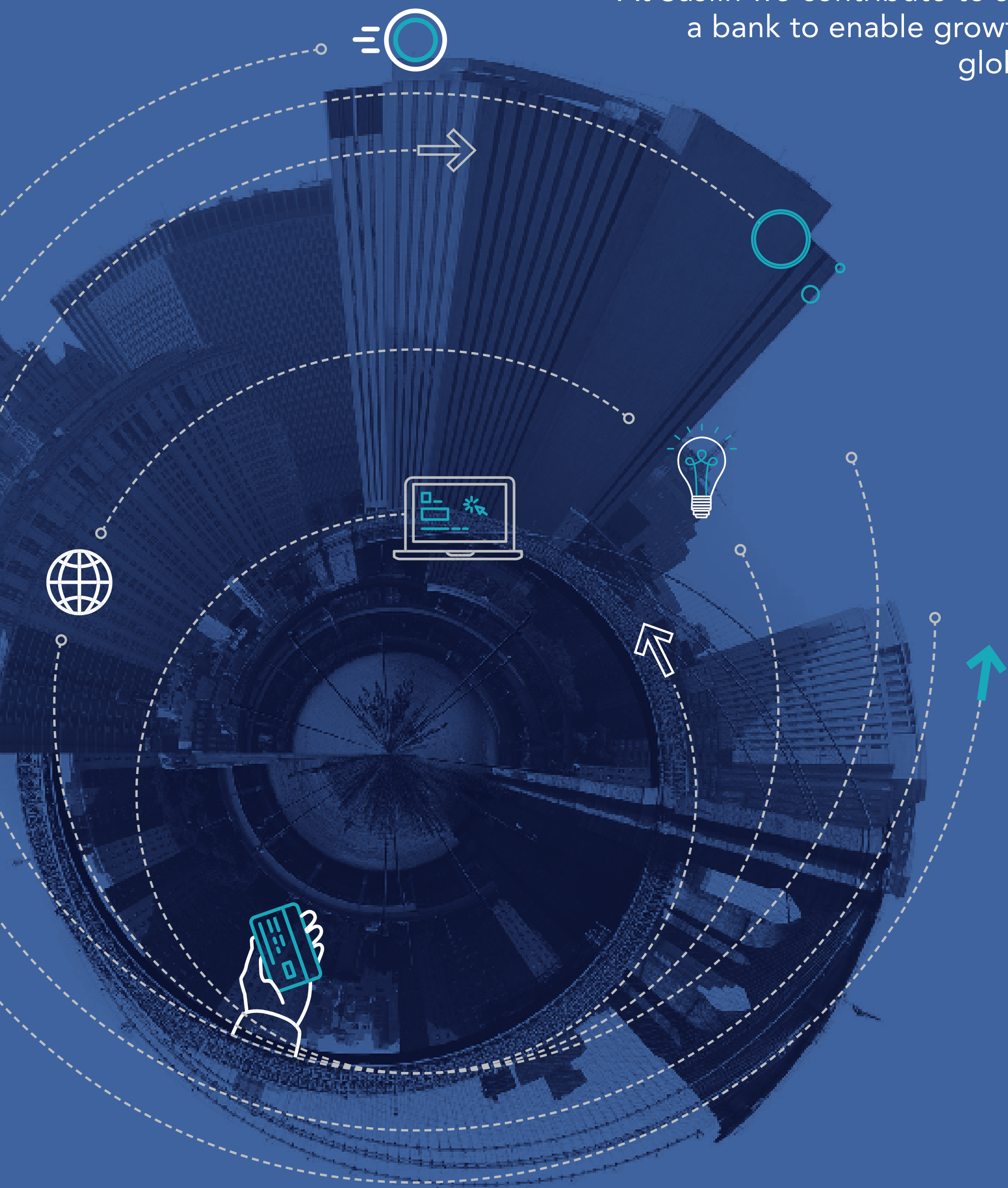
Pillar III Risk Management Report
30 June 2020

At Sasfin we contribute to society by going beyond a bank to enable growth in the businesses and global wealth of our clients.



sasfin | Holdings Limited
beyond a bank

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1. INTRODUCTION

The risk and capital management report (Pillar 3 disclosure) provides information regarding the activities of Sasfin Holdings Limited and Sasfin Bank Limited in accordance with:

- The Basel Committee on Banking Supervision's (BCBS) revised Pillar 3 disclosure requirements (Pillar 3 standard), BCBS 309 published in January 2015, and the consolidated and enhanced framework, BCBS 400 published in March 2017; and
- Regulation 43 of the Regulations relating to Banks (Regulations), issued in terms of the Banks Act 94 of 1990, Directive D1/2019 on Matters related to Pillar 3 disclosure requirement framework and all other Pillar 3 disclosure-related directives issued by the Prudential Authority (PA).

The information in this report applies to banking operations only and is unaudited. Disclosures are prepared on a prospective basis.

For the reporting period, 30 June 2020 (compared to June 2019), the Board and senior management are satisfied that Sasfin Holdings Limited (Group) and Sasfin Bank Limited's risk and capital management processes are operating effectively, that business activities have been managed within the Board-approved risk appetite, and that the Group is adequately capitalised and funded to support the execution of its strategy.

This report has been internally verified through the group's governance processes, in line with the group's Public Disclosure Policy, which describes the responsibilities of senior management and the board in the preparation and review of the Pillar 3 disclosure and aims to ensure that:

- Appropriate internal control processes and procedures relating to qualitative and quantitative information are followed;
- The changing nature of user needs as well as the regulatory environment in terms of qualitative and quantitative information are monitored and understood;
- The relevance, frequency and materiality of public information is constantly assessed; and
- Material risks are identified.

In this regard the board and senior management have ensured that the appropriate procedures were followed in the preparation, review and sign-off of all disclosures. The board is satisfied that the Pillar 3 disclosures have been prepared in line with the Public Disclosure Policy, that appropriate internal control processes and review have been applied, and that the Pillar 3 disclosure complies with the relevant disclosure requirements.

1. INTRODUCTION continued

1.1. LEGAL GROUP STRUCTURE

Disclosure in this report is presented on a bank solo and consolidated basis for the Group. The consolidation is similar to that used for reporting to the Prudential Authority (SARB). Refer to note 3.3. for list of material entities that are included.

SASFIN HOLDINGS LIMITED

- **Sasfin Bank Limited** — **100%**
  - **SASP (RF) Ltd** 100% (formerly Equipment Rentals Securitisation No .1 (Pty) Ltd. Residual ownership held via a Trust)
  - **Sasfin Asia Ltd** 100% (registered in Hong Kong)
  - **Fintech (Pty) Ltd** 100%
  - **Benal Property Investments (Pty) Ltd** 100%
- **Sasfin Wealth (Pty) Ltd** — **100%**
  - **Sasfin Securities (Pty) Ltd** 100%
  - **Sasfin Financial Advisory Services (Pty) Ltd** 100%
  - **Sasfin Asset Managers (Pty) Ltd** 100%
  - **Sasfin Fiduciary Services (Pty) Ltd** 100%
  - **Sasfin Wealth Succession (Pty) Ltd** 50%
  - **Efficient Group Ltd** 21.10%
  - **Sasfin Wealth Investment Platform (Pty) Ltd** 100%
  - **Axo Holdings (Pty) Ltd** 49.0%
- **Sasfin Capital (Pty) Ltd** — **100%**
- **Sasfin Private Equity Investment Holdings (Pty) Ltd** — **100%**
- **Sasfin Property Holdings (Pty) Ltd** — **100%**
  - SCS (Global Trade) 100%
  - SCS (Properties) 100%
  - IQuad Treasury 100%

1.2. GROUP STRATEGY

Sasfin helps entrepreneurs and investors grow their businesses and global wealth, supporting job creation and sustainable socioeconomic development. Our personal touch, digital platforms and agility allow us to compete effectively.

Sasfin contributes to society by going beyond a bank to enable growth in the businesses and global wealth of our clients. By supporting business growth, our products and services drive employment, alleviate poverty and grow the tax base. Helping investors grow their wealth improves savings rates.

Our strategy guides our day-to-day actions to drive long-term value creation. It focuses on meeting the needs of our five primary client segments, while ensuring that our business remains profitable and sustainable. Our business model aims to deliver innovative client-centric solutions while ensuring strong corporate governance. Our high-performing human capital, strong brand, broad range of digitalised products and solid balance sheet differentiate us from peers and new entrants.

Our agile, high-touch model means that we deliver solutions based on a deep understanding of our clients that help them grow their businesses and wealth. This approach enables us to compete effectively against the large players.

2. OVERVIEW OF RISK MANAGEMENT AND RISK WEIGHTED ASSETS (RWA)

2.1. APPROACH TO RISK MANAGEMENT

The approach to risk management is guided by the Enterprise risk management (ERM) Framework and is effected by the Board of directors, management and other personnel. The ERM is applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

2.1.1. Identifying risks

The ERM includes all reasonably foreseeable and relevant material risks to which the group is likely to become exposed as well as the interrelationships between these risks. The material risk types applicable in each of the business pillars are listed in the table below:

Operational Structure:

SASFIN HOLDINGS LIMITED

Banking Pillar	Wealth Pillar	Capital Pillar
Client segment	**Client segment**	**Client segment**
Asset suppliers Medium businesses Private clients Small businesses	Institutional clients Private clients	Medium businesses
Service offering	**Service offering**	**Service offering**
Asset finance Transactional banking Foreign exchange Trade and debtor finance Group Treasury	Global and local investment management Advisory services Strategic investments	Property equity and debt solutions Specialised lending Private equity
Primary risks	**Primary risks**	**Primary risks**
Credit Funding and liquidity Capital management	Reputational Operational Market	Investment Credit

GROUP-WIDE RISKS
Business, Compliance and IT Risk

2.1.2. Risk appetite

Risk appetite is used as a basis for setting business unit targets and risk tolerance limits throughout the group. It is used as a tool to set boundaries in which business execute strategies and assess and take risks. The risk appetite setting process is linked to risk and capital management and is embedded within the forecasting and stress testing processes. Criteria for setting risk appetite include relevant market analysis, market liquidity and business strategy.

Risk appetite incorporates two elements:

- Set limits to be applied across all business activities, product and services to ensure no concentrations exist in the risk profile that might result in losses not in line with the Board's expectations; and
- Appropriate performance and thresholds which are used as part of the risk management process to monitor, manage and report risk.

2.1.3. Stress testing

Stress testing is performed to support several key business processes, namely:

- Risk appetite setting and measurement;
- Strategic and financial planning;
- Internal Capital Adequacy Assessment Process (ICAAP), including capital planning and the setting of capital buffers;
- Identification and mitigation of risks through the review and challenge of limits, restraining of exposures and/or hedging of underlying risks;
- Development and review of contingency and recovery plans;
- Communication with internal and external stakeholders (Rating agencies and Regulators) of the sensitivity of Sasfin Group to external events and macroeconomic downturn; and
- Regulatory stress test requirements.

Stress testing is performed daily as part of the daily liquidity report and includes the following two approaches:

- Scenario analysis – applying historical and/or hypothetical circumstances to assess the impact of a possible future event on a financial system, sector, bank, and portfolio/product; and
- Sensitivity analysis – assessing the impact of a change of a single or limited set of risk factors on the Group's current or future risk profile. Relevant factors must be identified such as macroeconomic risk factors (e.g. interest rates), credit risk factors (e.g. a shift in probability of defaults) and external events (e.g. market events) for the analysis.

Type of stress test	Purpose	Scenario type	Approach	Frequency
Enterprise-wide stress testing.	Conduct across all key risk types to provide complete and holistic picture of risks.	Selected economic scenarios spanning multiple years, targeting the group's risk profile and strategy and considering geographical locations.	Top down approaches used.	At least annually as part of ICAAP process.
Risk type stress testing.	Set liquidity and capital buffers.	Sensitivity stress tests to determine the effect of a single or multiple risk factor shock on the respective business unit portfolio.	Bottom up approaches within the business units.	Ad hoc but at least quarterly.
Reverse and Business Model stress testing.	Identify adverse circumstances which would cause the business model to become non-viable and explore recovery options under these stresses.	Start with a business failure outcome and analyse different scenarios under which such failures may occur.	Group Risk apply stress tests to business unit outcomes.	At least annually as part of Annual Recovery Plan process and liquidity planning process.

Internal audit reviews stress testing outcomes as part of the ICAAP and budget process. Stress testing outcomes are reviewed by the Governance committee, Executive committee, ALCO and approved by the GRCMC. Back testing of stress testing outcomes is performed every three months.

2. OVERVIEW OF RISK MANAGEMENT AND RISK WEIGHTED ASSETS (RWA) continued

2.2. RISK CULTURE

Risk culture encompasses the awareness, attitudes and behaviours of management and employees that drive risk, such as being responsible and accountable for our own actions, as well as being collaborative, ethical and compliant. The risk culture is a good indicator of how widely the Group's risk management policies and practices have been adopted.

- All staff are expected to demonstrate the highest level of integrity by being transparent and proactive in disclosing and managing all types of risks.
- Appropriate risk-taking behaviours are rewarded and encouraged, and inappropriate behaviours are challenged and remediated.
- Support functions adopt a constructive and collaborative approach in providing oversight and challenge and facilitate the decision-making process in a clear and timely manner.

The risk culture of the Group is assessed by internal audit through management's responsiveness to audits and management and employees' awareness of risks and controls impacting the business. The following behaviours and processes are considered:

- Risk and Compliance responsiveness to incidents;
- Management tools to proactively identify, assess and manage risks;
- Self-assessment against relevant governance standards;
- Use of risk and compliance metrics and communication & reporting on compliance breaches and amendment of compliance profile outlook over time;
- Business strategy, objectives and operational metrics should include a focus on risk and compliance;
- Focus on accountability, roles and responsibility and consequence management;
- Business responsibility includes governance structures and compliance committees;
- Existence of losses, fines, penalties and fraud as a consequence of breach of procedure, ignoring limits and failure to comply;
- Outcomes of independent assessments are used as opportunities to improve the environment;
- Focus on risk and compliance culture during recruitment, on-boarding and training; and
- Goal setting includes risk and compliance metrics.

2.3. GOVERNANCE MODEL

Integrating risk management is a dynamic and iterative process, part of and not separate from the group's purpose, governance, leadership and commitment, strategy, objectives and operations. The group's governance model is based on a "four lines of defence" model that provides clear roles and responsibilities to each line of defence. This model distinguishes between functions owning and managing risk, functions overseeing risk, and functions providing assurance as per below:

First line of defence	Second line of defence	Third line of defence	Fourth line of defence
Functions that own risk	Functions that oversee risk	Internal functions that provide independent assurance	External audit and regulators
Business operations	**Risk management and compliance**	**Internal audit**	**Internal audit and regulatory supervisors**
• Implement risk management policies. • Identify key areas of risk. • Ensure compliance with internal controls to mitigate risks. • Reporting to governance bodies in the Group.	• Set and manage policies. • Define work practices. • Oversee the business with regards to risk and compliance. • Reporting to Board Committees.	• Review both the business operations and the oversight functions. • Provide independent assurance over the operation of governance structures. • Provide independent assurance over the management of risk. • Provide independent assurance over the design and operating effectiveness of internal controls. • Provide independent assurance over the design and operating effectiveness of internal financial controls.	• Periodically review both the business operations and the oversight functions.

2.4. COMBINED ASSURANCE

The Group Audit and Compliance Committee is responsible for ensuring that internal and external audit provide appropriate and effective assurance in respect of the Group's risk, governance and control environment. Sasfin's approach to combined assurance combines the expertise of the Group's Risk, Compliance and Internal Audit departments together with the assurance provided by external audit, resulting in a holistic risk-based assessment of our risk management, governance and control processes.

Combined assurance follows a process that:

- Establishes common risk, control, rating and reporting frameworks across the four lines of defence;
- Identifies the Group's principal risks and the key internal controls in place to mitigate these;
- Maps the assurance providers that assess the effectiveness of these controls; and
- Allows the desired level of assurance to be determined to eliminate duplicate assurance and address control weaknesses.

GACC	Responsible for the combined assurance framework and oversees its effectiveness. Group Internal Audit and Group Compliance report directly to the GACC quarterly. Group Internal Audit's annual report includes combined assurance mapping to key risks that impact the Group's strategic objectives and combined assurance over the Group's internal controls over financial reporting.
Executive Governance Committee	The committee monitors the governance and internal control environments. It oversees and authorises implementation of combined assurance at an operational level. It reviews the combined assurance process to optimise the programme and ensures it remains relevant to the Group's objectives and operating environment. Group Risk, Group Compliance and Group Internal Audit report progress on the combined assurance model to the committee.
Operational Governance Forum	This is a management level forum with representatives from the second and third lines of defence that reports to the Executive Governance Committee.

Compliance

Group compliance works with management and the business units to identify and manage regulatory risk to comply with relevant legislation, enable effective monitoring of compliance, enhance the culture of compliance, coordinate compliance activities across Sasfin and ensure that the Group keeps up to date with international development and trends in compliance.

Sasfin takes a risk-based approach to compliance monitoring, supported by the Group's combined assurance model, which drives a focus on material risks and efforts by the relevant control units to mitigate such risks. The Group Compliance Department operates across all Group Pillars and business units, aligning with the requirements of the regulatory framework introduced by the Financial Sector Regulation Act, 2017 (Twin Peaks).

Internal audit

The Internal Audit function is responsible to provide independent assurance to the Board on the effectiveness of the risk management process in relation to the risks faced by the Group through the following:

- Develop a risk-based internal audit programme;
- Audit the risk processes across the organisation;
- Receive and provide assurance on the management of risk; and
- Report on the adequacy and effectiveness of internal controls.

2. OVERVIEW OF RISK MANAGEMENT AND RISK WEIGHTED ASSETS (RWA) continued

2.5. RISK GOVERNANCE STRUCTURE

The Group uses a hybrid, decentralised risk management operating model. Group Risk is a centralised function that monitors and provides guidance to business units to ensure they follow the ERM process. Risk managers within each of the pillars act as liaison between Group Risk and the business area regarding all risk management initiatives and activities.

The main risk-related responsibilities of the Board-approved committees are:

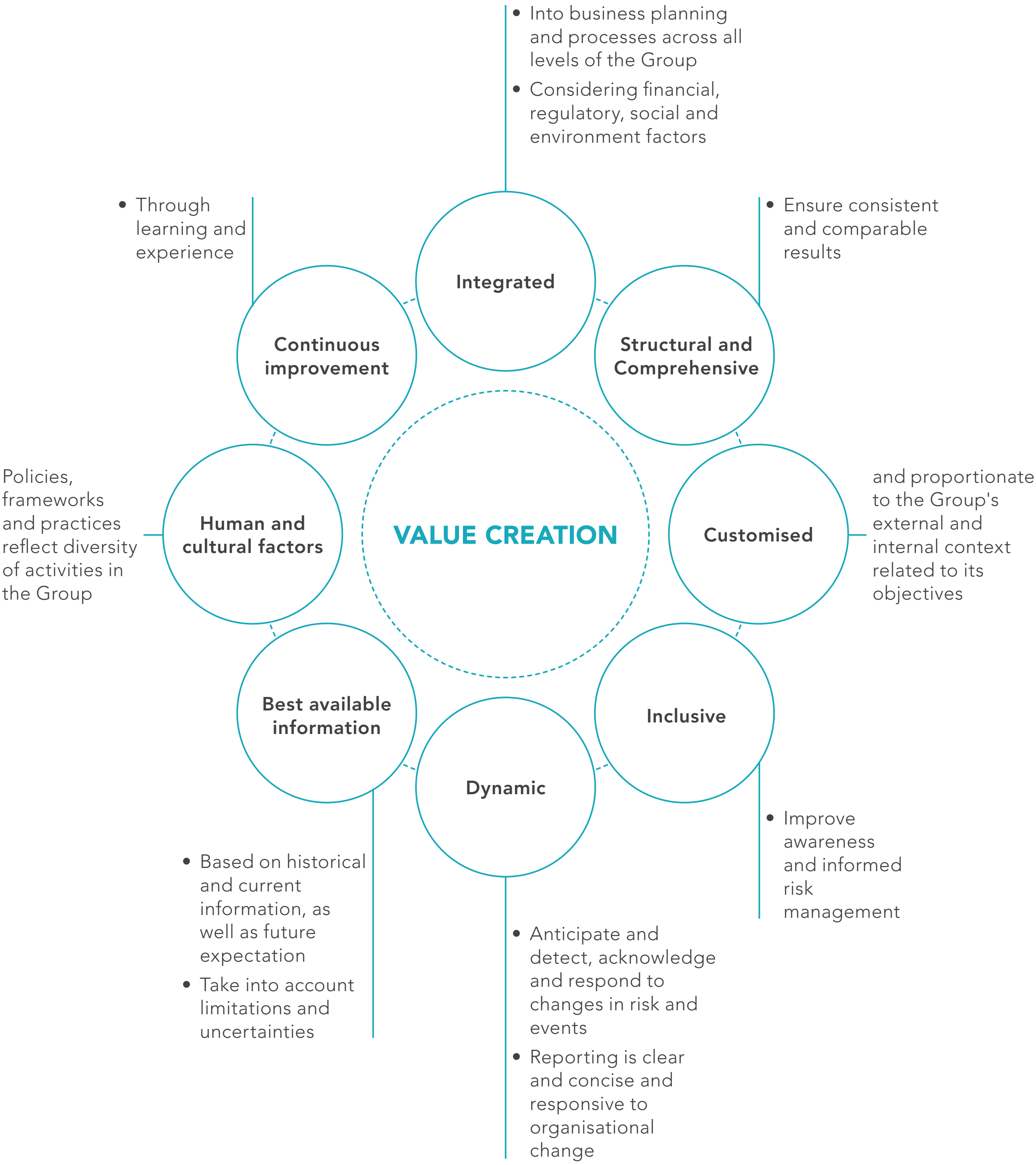
Committees	Key risk focus areas
• Group Risk and Capital Management Committee (GRCMC)	• Provide independent oversight of the effectiveness of the Group's assurance functions and services, with focus on risk management. • Evaluation of adequacy and effectiveness of risk policies, procedures, practices and controls. • Monitors the Group's risk profile and ensure key risks are identified and reported. • Review information presented by various risk management committees. • Capital management and planning.
• Credit and large exposures Committee (CLEC)	• Assist Board in credit related matters, including large exposures. • Recommend credit policies, set guidelines and review compliance to approved policies.
• Capital Investment Committee (CIC)	• Consider and approve certain secured and unsecured transaction proposals within the Group, in accordance with Board's risk appetite.
• Asset and Liability Committee (ALCO)	• Assist Board in all matters relating to asset and liability management (ALM), including balance sheet management.

Committees	Key risk focus areas
• Directors' Affairs and Nominations Committee (DANC)	• Evaluate adequacy, efficiency and appropriateness of corporate governance structure and practices. • Monitor directors' responsibilities and performance. • Statutory functions in terms of Section 64B of the Banks Act. • Fulfil the role of a Board nomination committee.
• Group Audit and Compliance Committee (GACC)	• Provide independent oversight of the effectiveness of the Group's assurance functions and services, with focus on combined assurance and the finance function. • Provides independent oversight of the integrity of the annual financial statements and other external reports. • Ensure compliance with statutory and regulatory frameworks.
• Information Technology Committee (ITC)	• Assist the Board to achieve its strategic objectives by implementing and executing effective information and technology management. • Report on IT governance, risks, projects and compliance initiatives.
• Social and Ethics Committee (SEC)	• Oversight and reporting on social and economic development, organisational ethics, responsible corporate citizenship, sustainable development, stakeholder relationships, customer relationships, environmental, health and safety matters, labour and employment matters and transformation initiatives. • Compliance in terms of the Financial Sector charter and the BBBEE codes of good practice.
• Remuneration Committee (RemCo)	• Provide guidance on the adequacy and efficiency of remuneration practices and HR policies, procedures and practices applied within the Group.

2. OVERVIEW OF RISK MANAGEMENT AND RISK WEIGHTED ASSETS (RWA) continued

2.6. RISK MANAGEMENT FRAMEWORK

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives. The principles are the foundation for managing risk and enable the group to manage the effect of uncertainty on its strategic objectives.



2.7. RISK MANAGEMENT PROCESS

The risk management process is an integral part of management and decision-making and is integrated into the structure, operations and processes of the Group as illustrated below:

Communication and consultation

SCOPE, CONTEXT AND CRITERIA

- Risk management is applied at all levels (strategic, operational, programme, project and other) and include internal and external environments in which the group operates
- The risk appetite framework includes the type and amount of risk that the group are prepared to take and criteria to evaluate

RISK ASSESSMENT

RISK IDENTIFICATION

- Determine the cause and impact of risk to ensure development of relevant mitigation measures to address the risk
- Identify and analyse key processes and systems that support business objectives

RISK EVALUATION

- Compare results of risk analysis to established risk criteria and determine action
- Consider risk treatment options, undertake further analysis, maintain existing controls or reconsider objectives
- Consider assurance over risk mitigants
- The outcome provides the residual risk, which entails the assessment of risk after controls are taken into account

RISK ANALYSIS

- Assess inherent risks without taking into account the controls in place

RISK TREATMENT

- Consider the following options to modify risks
- Avoid, reduce, transfer or accept

Monitoring and review

Recording and Reporting

2. OVERVIEW OF RISK MANAGEMENT AND RISK WEIGHTED ASSETS (RWA) continued

2.8. RISK INFORMATION REPORTING

Process

Senior management are responsible for promoting a transparent culture that supports and encourages the reporting of risks and accountability.

Group Risk is responsible for determining, with input from the business, Group-wide risk reports and ensure the reporting meets both internal and external needs.

Preventative, detective and corrective controls are documented to ensure data quality and include the following:

- Segregation of functional responsibilities to create checks and balances;
- Use of preventative controls such as control totals to prevent errors in formulas;
- Use of batch totals to verify formulas applied to numbers.

Scope and Content

Reports contain forward-looking analysis, coverage of emerging risks, risk related to industry concentration and expected performance in normal and stress scenarios.

Risk data aggregation and risk reporting (RDARR)

The Basel Committee on Banking Supervision (BCBS) published BCBS 239 – Principles for effective risk data aggregation and risk reporting in January 2013. The RDARR principles seek to improve data aggregation capabilities and internal risk reporting practices. In short, effective implementation of the principles is expected to enhance the Group's risk management and decision-making processes.

We are committed to ensure full compliance of the principles are achieved in line with agreed scope and timelines with the PA. The Group is cognisant of the scope and complexity of the project and a pragmatic approach is being followed. Significant investment, commitment and progress has been made with the implementation of the principles, taking into account our business strategy.

Group Internal Audit (GIA) is referencing, and where appropriate, following the Banking Association of South Africa (BASA) BCBS239 audit guidelines, to assist in validating the group's compliance status on an ongoing basis.

2.9. OVERVIEW OF RISK WEIGHTED ASSETS

The following table provides the risk-weighted assets (RWA) per risk type and the associated minimum capital requirements. Additional disclosures for each risk type namely credit risk, counterparty credit, equity investment risk, securitisation, market risk, and operational risk are included in the sections to follow.

OV1: Overview of RWA

		Sasfin Holdings Ltd			
		a	b		c
		RWA			Minimum capital require-ments
		Jun-20	Mar-20	Jun-19	Jun-20
		T	T-1	T	T
1	Credit risk (excluding counterparty credit risk)	6 298 168	5 614 188	6 807 195	617 701
2	Of which: standardised approach (SA)	6 298 168	5 614 188	6 807 195	617 701
3	Of which: foundation internal ratings-based (F-IRB) approach	–	–	–	–
4	Of which: supervisory slotting approach	–	–	–	–
5	Of which: advanced internal ratings-based (A-IRB) approach	–	–	–	–
6	Counterparty credit risk (CCR)	95 500	152 105	43 893	9 550
7	Of which: standardised approach for counterparty credit risk	95 500	152 105	43 893	9 550
8	Of which: Internal Model Method (IMM)	–	–	–	–
9	Of which: other CCR	–	–	–	–
10	Credit valuation adjustment (CVA)	2 474	2 020	474	247
11	Equity positions under the simple risk weight approach	501 183	562 701	686 536	50 118
12	Equity investments in funds – look-through approach	–	–	–	–
13	Equity investments in funds – mandate-based approach	–	–	–	–
14	Equity investments in funds – fall-back approach	–	–	–	–
15	Settlement risk	–	–	–	–
16	Securitisation exposures in the banking book	334 965	337 335	345 109	33 497
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	–	–	–	–
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	–	–	–	–
19	Of which: securitisation standardised approach (SEC-SA)	334 965	337 335	345 109	33 497
20	Market risk	175 103	110 398	195 634	17 510
21	Of which: standardised approach (SA)	175 103	110 398	195 634	17 510
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–	–
24	Operational risk	1 742 317	1 659 744	1 507 293	163 515
25	Amounts below thresholds for deduction (subject to 250% risk weight)	20 527	20 966	33 528	2 053
26	Aggregate capital floor applied	–	–	–	–
27	Floor adjustment (before application of transitional cap)	–	–	–	–
28	Floor adjustment (after application of transitional cap)	–	–	–	–
29	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)**	9 170 237	8 459 457	9 619 661	894 191

Credit Risk RWA: Decrease from R6.807 billion (Jun-19) to R6.298 billion (Jun-20) as a result of low demand for asset purchases and working capital facilities in the last quarter led to a 9.35% decline in Loans and advances.

Equity positions RWA: Decrease from R686.536 million (Jun-19) to R501.183 million (Jun-20) due to a decrease of our private and property equity valuations impacted by Covid-19.

2. OVERVIEW OF RISK MANAGEMENT AND RISK WEIGHTED ASSETS (RWA) continued

2.9. OVERVIEW OF RISK WEIGHTED ASSETS continued

OV1: Overview of RWA continued

		Sasfin Bank Ltd			
		a	b		c
		RWA			Minimum capital require-ments
		Jun-20 T	Mar-20 T-1	Jun-19 T	Jun-20 T
1	Credit risk (excluding counterparty credit risk)	4 551 677	4 367 444	4 867 239	444 841
2	Of which: standardised approach (SA)	4 551 677	4 367 444	4 867 239	444 841
3	Of which: foundation internal ratings-based (F-IRB) approach	–	–	–	–
4	Of which: supervisory slotting approach	–	–	–	–
5	Of which: advanced internal ratings-based (A-IRB) approach	–	–	–	–
6	Counterparty credit risk (CCR)	95 500	152 104	40 672	9 550
7	Of which: standardised approach for counterparty credit risk	95 500	152 104	40 672	9 550
8	Of which: Internal Model Method (IMM)	–	–	–	–
9	Of which: other CCR	–	–	–	–
10	Credit valuation adjustment (CVA)	2 474	2 020	474	247
11	Equity positions under the simple risk weight approach	231 106	256 828	231 213	23 111
12	Equity investments in funds – look-through approach	–	–	–	–
13	Equity investments in funds – mandate-based approach	–	–	–	–
14	Equity investments in funds – fall-back approach	–	–	–	–
15	Settlement risk	–	–	–	–
16	Securitisation exposures in the banking book	334 965	337 335	345 109	33 497
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	–	–	–	–
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	–	–	–	–
19	Of which: securitisation standardised approach (SEC-SA)	334 965	337 335	345 109	33 497
20	Market risk	3 927	23 699	2 400	393
21	Of which: standardised approach (SA)	3 927	23 699	2 400	393
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–	–
24	Operational risk	941 919	922 794	910 392	92 872
25	Amounts below thresholds for deduction (subject to 250% risk weight)	–	–	–	–
26	Aggregate capital floor applied	–	–	–	–
27	Floor adjustment (before application of transitional cap)	–	–	–	–
28	Floor adjustment (after application of transitional cap)	–	–	–	–
29	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)**	6 161 568	6 062 225	6 397 499	604 510

3. BASIS OF PREPARATION

3.1. RISK MEASUREMENT APPROACHES

The group applies the following Regulatory demand measurement approaches when determining its Pillar 1 capital requirements:

Risk type	Measurement approach
Credit Risk	Standardised approach
Counterparty Credit risk	Current exposure method
Securitisation	Standardised approach
Equity investment risk	Standardised approach
Market risk	Standardised approach
Operational risk	Basic Indicator approach (BIA)
Other assets	Standardised approach

3.2. ACCOUNTING POLICIES AND VALUATION METHODOLOGIES

The principal accounting policies applied are set out on pages 20 to 46 of the Group's Audited Annual Financial Statements, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

3.3. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

The difference in approach between Basel regulatory reporting and statutory accounting reporting is set out below for material entities:

Entity	Statutory accounting treatment	Basel III regulatory treatment
Sasfin Bank Limited	Consolidated	Consolidated
Sasfin Asia Limited	Consolidated	Consolidated
Fintech (Pty) Ltd	Consolidated	Consolidated
Benal Property Investments (Pty) Ltd	Consolidated	Consolidated
Sunlyn (Pty) Ltd	Consolidated	Consolidated
Innovent	Fair value through profit and loss	Proportionately consolidated
Sasfin Wealth (Pty) Ltd	Consolidated	Consolidated
Sasfin Securities (Pty) Ltd	Consolidated	Consolidated
Sasfin Financial Advisory Services (Pty) Ltd	Consolidated	Consolidated
Sasfin Asset Managers (Pty) Ltd	Consolidated	Consolidated
Sasfin Wealth Investment Platform (Pty) Ltd	Consolidated	Consolidated
Sasfin Private Equity Investment Holdings (Pty) Ltd	Consolidated	Consolidated
Sasfin Property Holdings (Pty) Ltd	Consolidated	Consolidated
South African Securitisation Programme (RF) Ltd	Consolidated	Consolidated
Efficient Group Ltd	Equity accounted	Proportionately consolidated

3. BASIS OF PREPARATION continued

3.4. LI1: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES

The carrying values under the scope of regulatory consolidation below are based on the SARB's regulatory requirements, while the financial statement carrying values are based on IFRS requirements.

	Sasfin Holdings Ltd						
	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to securiti-sation framework	Subject to the market risk framework	Not subject to capital require-ments or subject to deduction from capital
Assets							
Cash and cash balances	1 731 243	1 731 243	1 562 770	–	–	–	–
Negotiable securities	3 126 595	3 126 595	3 154 579	–	–	–	–
Trading assets	1 060 342	1 060 342	1 798	84 537	–	175 103	–
Trade and other receivables	436 644	436 644	436 644	–	–	–	–
Non-current assets held for sale	6 700	6 700	6 700	–	–	–	–
Loans and advances	6 609 328	6 609 328	5 742 613	–	334 965	–	–
Current taxation asset	21 035	21 035	21 035	–	–	–	–
Investment securities	654 966	654 966	382 054	–	–	–	–
Investments at fair value through profit and loss	528 772	528 772	255 859	–	–	–	–
Equity accounted associates	126 195	126 195	126 195	–	–	–	–
Property, equipment and right of use assets	103 550	103 550	82 947	–	–	–	–
Investment property	13 123	13 123	13 123	–	–	–	–
Intangible assets and goodwill	205 206	205 206	–	–	–	–	205 206
Deferred tax asset	36 808	36 808	–	–	–	–	28 526
Total assets	14 005 540	14 005 540	11 404 262	84 537	334 965	175 103	233 731
Liabilities							
Funding under repurchase agreements and interbank	1 882 806	1 882 806	–	–	–	–	1 882 806
Trading liabilities	999 841	999 841	–	–	–	–	999 841
Current taxation liability	3 963	3 963	–	–	–	–	3 963
Trade and other payables	783 788	783 788	–	–	–		783 788
Bank overdraft	151 462	151 462	–	–	–	–	151 462
Provisions	41 628	41 628	–	–	–	–	41 628
Lease liabilities	70 266	70 266	–	–	–	–	70 266
Deposits from customers	5 138 777	5 138 777	–	–	–	–	5 138 777
Debt securities issued	2 743 823	2 743 823		–	–	–	2 743 823
Long-term loans	371 649	371 649	–	–	–	–	371 649
Deferred tax liability	94 531	94 531	–	–	–	–	94 531
Total liabilities	12 282 534	12 282 534	–	–	–	–	12 196 679

3.5. LI2: MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS

		Sasfin Holdings Ltd				
		a	b	c	d	e
				Items subject to:		
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per LI1)**	11 998 867	11 404 262	334 965	84 537	175 103
2	Liabilities carrying value amount under regulatory scope of consolidation (as per LI1)	–	–	–	–	–
3	Total net amount under regulatory scope of consolidation	11 998 867	11 404 262	334 965	84 537	175 103
4	Off-balance sheet amounts	872 730	872 730			
5	Differences in valuation	1 542 734	1 542 734			
6	Differences due to different netting rules, other than those already included in row 2	1 058 544	1 058 544			
7	Difference due to consideration of provisions					
8	Differences due to prudential filters					
9	**Exposure amounts considered for regulatory purposes**	15 472 876	14 878 270	334 965	84 537	175 103

3.6. PRUDENT VALUATION ADJUSTMENTS

Sasfin measures certain assets and liabilities at fair value. Fair value is the price that would be realised on the sale of an asset or paid to transfer a liability on an arm's-length basis to an unrelated party.

For valuation methodologies refer to Note 2.5 Fair value of the accounting policies on pages 40 and 41 of the Annual Financial Statements, which can be found on Sasfin’s website at www.sasfin.com/investor-relations.

Regulatory frameworks require financial institutions to apply prudent valuation to all fair value assets and liabilities. Prudent valuations are the difference between the prudent value and the fair value in terms of IFRS and are directly deducted from CET 1 capital. Sasfin considers any differences between IFRS fair value and prudent value to be immaterial.

4. CREDIT RISK

Credit risk is the risk of financial loss resulting from a client's failure to meet a contractual repayment obligation. This includes concentration to a particular group of clients and credit default risk on a payment obligation.

4.1. GENERAL INFORMATION ABOUT CREDIT RISK

4.1.1. Risk identification and risk management

The basic principle and underlying tenet governing the group's lending philosophy is based on the ability of the borrower to generate the earnings/cash flows on a sustainable basis to facilitate the repayment of their facilities with the bank.

Credit policies are conservative with proper regard to mix of risk and reward.

Security values, financial performance and position of the client/guarantors are regularly reviewed, and appropriate action taken if indicators of deterioration are present.

Pricing of facilities takes into account risk and return on the bank's capital resources and the ALCO funding policy.

Discretionary limits are delegated by the Credit and Large Exposures Committee (CLEC).

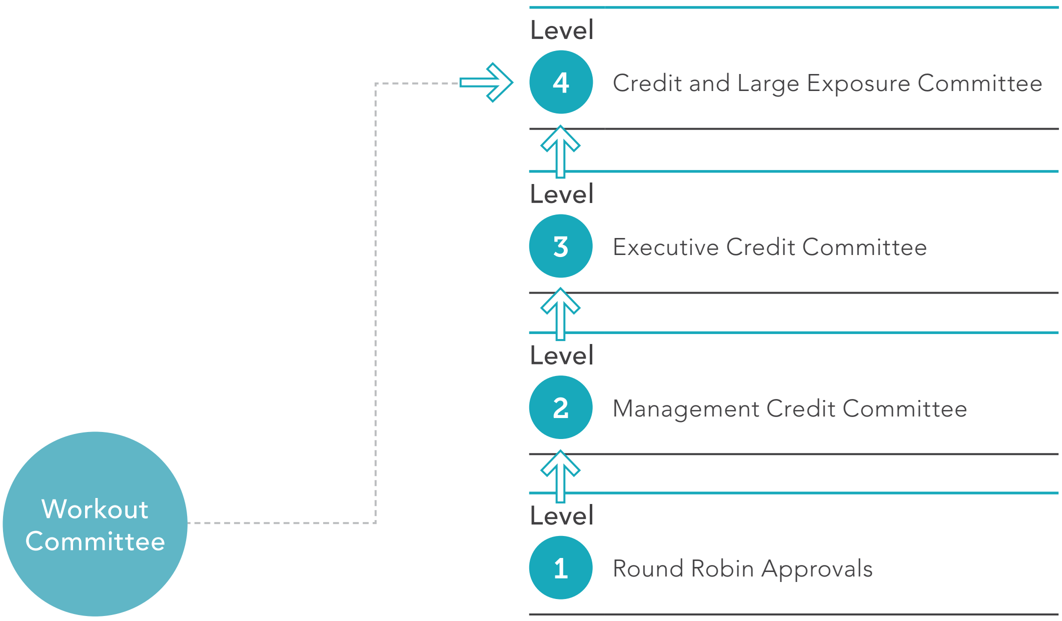
Limits are approved through appropriately delegated mandates.

Sales is responsible for reporting excesses or irregularities outside approved parameters to the credit mandate.

Accounts showing early signs of high risk but that do not trigger the criteria of the definition of default are classified as High Care. These accounts require close monitoring with corrective action to manage them back to normal level of risk.

4.1.2. Governance

The credit risk management and control function consists of the following committees:



4.1.3. Credit oversight

- The Credit and Large Exposures Committee (CLEC) is the most senior committee responsible for matters relating to credit risk, including large exposures and is responsible for recommending credit policies to the Board, setting guidelines and reviewing compliance to approved policies.
- The Management Credit Committee is responsible for approval of all non-rental credit applications, credit reviews and field surveys within its mandate and recommend to ECC all applications above mandate.
- The Executive Credit Committee (ECC) is responsible for approval of all credit applications, credit reviews and field surveys within its mandate and recommends to CLEC all matters above its mandate.

- The CLEC is responsible for the approval of all credit applications, credit reviews and field surveys within its mandate, in addition to its credit portfolio oversight, which includes a quarterly review of all facilities that fall within its approval mandate.
- The Workout Committee is responsible for approval of all credit and legal requests relating to exposures under business rescue, in voluntarily or final liquidation or classified as problem accounts, within its mandate, and it elevates to CLEC all matters above its mandate.

4.1.4. Large exposures

- The CLEC is the ultimate credit sanctioning authority in the Group, responsible for the approval of single name exposures that exceed 10% of the Group's qualifying capital and reserves, irrespective of risk grade, or such lower limit as may be set from time to time.
- Approval has to be obtained from the Board (not only the CLEC), as well as the Prudential Authority (SARB) for all exposures to private sector non-bank persons > 25% of net qualifying capital.

4.1.5. Measuring and managing credit concentrations

- Credit risk concentration limits (risk appetite) are set from time to time and approved by the Board. The risk appetite is set at a reasonable margin below the regulatory prudential limits and will be the maximum limit allowed.
- The CLEC has the authority to delegate and grant credit management mandates.

4.1.6. Reporting

- Reporting on group's risk profile, measurement against risk appetite, emerging risks, large exposures, evaluation of adequacy and effectiveness of credit risk policies, procedures, practices and controls applied.

4.2. CREDIT QUALITY OF ASSETS

All Loans & Advances are categorised as per the diagram below:

Stage 1 performing (not impaired)	• Performing loans with no significant deterioration in credit quality since origination • Client accounts fully paid to date • 30 days overdue back stop	12-month ECL (result from default events possible within 12 months after reporting date)
Stage 2 Under-performing (credit deteriorated)	• Arrears > 30 days overdue < 90 days overdue • Significant increase in credit risk but no objective evidence of impairment • Clients in high care showing signs of financial pressure because of the industry in which they operate and/or based on available information, are experiencing financial difficulty • Distressed restructures with no reduced financial obligation	Lifetime ECL (result from all possible default events over the expected life)
Stage 3 Non-performing (credit impaired)	• Regulatory default being: – >90 days overdue – Unlikeliness to pay indicators – Distressed restructures resulting in reduced financial obligation (cure period six consecutive payments) • Credit impaired on origination or subsequent to initial recognition	Lifetime ECL (difference between gross carrying amount and the present value of estimated future cash flows)

Please refer to accounting policies Note 1.12 Financial Instruments on pages 28 to 34 of the Annual Financial Statements, which can be found on Sasfin's website at www.sasfin.com/investor-relations, for further detail on classifications, calculations of ECL, cure periods, write-offs and restructured exposures.

4. CREDIT RISK continued

4.2. CREDIT QUALITY OF ASSETS continued

4.2.1. CR1: Credit Quality of Assets

Sasfin Holdings Ltd

		2020						
		a	b	c				d
		Carrying values of			Of which ECL accounting provisions for credit losses on SA exposures			
		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
1	Loans	712 038	6 449 696	552 776	399 655	153 121	–	6 608 958
2	Debt securities	473 000	2 681 579	27 984	23 481	4 503	–	3 126 595
3	Off-balance sheet exposures	–	93 899	4 328	–	4 328	–	89 571
4	**Total**	1 185 038	9 225 174	585 088	423 136	161 952	–	9 825 124

		2019						
		a	b	c				d
		Carrying values of			Of which ECL accounting provisions for credit losses on SA exposures			
		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
1	Loans	726 104	7 175 146	401 742	321 681	80 061	–	7 499 508
2	Debt securities	–	3 077 519	–	–	–	–	3 077 519
3	Off-balance sheet exposures	–	129 094	449	–	449	–	128 645
4	**Total**	726 104	10 381 759	402 191	321 681	80 510	–	10 705 672

Default exposure increase for Debt securities is due to the default of the Land Bank on their debt in April.

Allowances/impairments increase due to updated macro-economic scenarios for South Africa during and post Covid-19 including the staging applied for Covid-19 restructured positions (payment holidays) taking into account increased stress on South African businesses.

4.3. CR2: DEFAULTED LOANS AND DEBT SECURITIES MOVEMENT

		Sasfin Holdings	
		Jun-20	Jun-19
1	Defaulted loans and debt securities at end of the previous reporting period	726 104	585 364
2	Loans and debt securities that have defaulted since the last reporting period	714 027	144 745
3	Returned to non-defaulted status	(17 954)	(8 006)
4	Amounts written off	(76 854)	(58 354)
5	Other changes	(160 286)	62 355
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1 185 038	726 104

Loans and debt securities that have defaulted since the last reporting period increased due to the default of the Land Bank on their debt in April (R473 million) and increased stress on South African businesses as a result of Covid-19.

Other changes include the recovery of a well secured loan which defaulted in 2019.

4.4. ADDITIONAL DISCLOSURES RELATED TO CREDIT QUALITY OF ASSETS

4.4.1. Breakdown of exposures by geographical area

Sasfin Holdings

	2020				2019			
	Total exposure	Impaired	Specific ECL	Write-offs	Total exposure	Impaired	Specific ECL	Write-offs
South Africa	10 316 311	1 185 038	423 136	76 854	10 978 769	726 104	321 681	58 354

4.4.2. Breakdown of exposures by Industry

Sasfin Holdings

	2020				2019			
	Total exposure	Impaired	Specific ECL	Write-offs	Total exposure	Impaired	Specific ECL	Write-offs
Agriculture	69 400	6 479	4 159	644	89 855	3 971	3 198	489
Community, social and personal services	1 554 365	118 483	89 381	4 961	1 601 352	83 364	57 129	3 767
Construction	300 676	98 246	16 534	3 082	468 122	276 471	21 013	2 340
Electricity and water	24 248	3 129	2 255	–	32 109	1 396	1 321	–
Finance, real estate and business services	5 028 210	642 266	124 615	19 460	4 919 431	100 963	78 593	14 776
Manufacturing	968 780	114 162	59 467	21 574	1 097 170	79 489	36 526	16 380
Mining	224 424	3 119	1 927	–	254 569	2 640	1 283	–
Trade and accommodation	1 344 546	112 379	71 829	7 586	1 259 547	67 074	46 720	5 760
Transport and communication	801 662	86 776	52 968	19 548	1 256 614	110 736	75 897	14 842
Loans and advances	10 316 311	1 185 038	423 136	76 854	10 978 769	726 104	321 681	58 354

The increase in Impaired advances for Finance, real estate and business services is due to the default of the Land Bank on their debt in April.

4.4.3. Breakdown of exposures by residual maturity

Refer to Note 44.1 Liquidity Risk table on pages 90 and 91 of the Annual Financial Statements, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

4.4.4. Ageing analysis of accounting past-due exposures

Refer to Note 43.1 Credit risk exposure analysis table on pages 78 and 79 of the Annual Financial Statements, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

4.4.5. Restructured Exposures

- Restructured exposures include any loan, advance or facility in respect of which the bank granted a concession to the obligor owing to a deterioration in the obligor's financial condition, or caused by a financial distressed situation of the relevant obligor, and which financial distressed situation results or is likely to result in the relevant obligor no longer being able to meet the terms or conditions originally agreed;
- A restructuring agreement may include a modification of terms and conditions such as:
  - reduction in original interest rate agreed;
  - reduction in interest and capital amount;
  - amendment to original contractual maturity or payment frequency;
  - forgiveness, deferral or postponement of capital, interest or fees;
  - subsequent increase in relevant level of working capital or revolving facility;
  - transfer of assets or interest in obligor in full or partial from the obligor to the bank;
  - the substitution or addition of a new debtor for the original obligor; and
- Shall be in writing.

4. CREDIT RISK continued

4.4. ADDITIONAL DISCLOSURES RELATED TO CREDIT QUALITY OF ASSETS continued

4.4.5. Restructured Exposures continued

- Provided that no loan, advance, increased credit limit or facility extended or renewed by the reporting bank in its ordinary course of business at a stated interest rate or on terms and conditions equivalent to the current interest rate or terms or conditions for new debt with similar risk, shall constitute a restructured loan or credit exposure.
- Where the modification results in a reduced financial obligation, the obligor will be classified as impaired.

	Sasfin Holdings		
	2020 Gross carrying values of		
	Total R'000	Impaired R'000	Not impaired R'000
Total restructured exposures	986 714	17 495	969 219

Restructured exposures in the current year include payment relief provided to customers, impacted by the Covid-19 pandemic. No restructures were recorded in the prior year.

4.5. CREDIT RISK MITIGATION TECHNIQUES OVERVIEW

Trade, debtor and other equipment finance

- Funding is provided in relation to company trading activities and supported by working capital needs in the form of secured lending, guided by the risk profile of the client.
- Funds are only advanced once all security is in place.
- Regular field surveys are conducted to monitor the business' financial controls and accounting records, as well as the value and existence of the security against the approval conditions.

Rental and Capital Equipment deals

- Security primarily consists of the assets being financed.
- Additional security includes other company assets and guarantees from shareholders/directors/members/trustees/suppliers and/or beneficiaries.

Property equity and debt funding

- Funding is provided against the risk of strong and experienced developers and appropriate equity contribution.
- Security includes the underlying property on an appropriate LTV (loan-to-value) basis; and
- Personal guarantees from individuals, legal entities or trusts based on assessment of the underlying business/property risk profile.

4.5.1. Valuation of security

The following is considered when valuing security:

- Type and nature of the asset and industry;
- Potential deterioration in value of the asset over time, such as limited useful lifespan and expiry dates;
- Size of the market which would be interested in buying the quantity or extent of the asset held as security;
- Level of specialisation of the asset;
- Branding of the product, which may place limitations on selling in terms of license restrictions;
- Volume versus value of the security items held;
- Risk of losing the asset through theft (insurance held);
- Cost of maintaining, moving, dismantling or storing the asset;
- Environmental risk and resulting cost;
- Effect of fashion, trends and technological advancements;
- Buy-back arrangements with the supplier;
- Required expertise to assemble, install and sell the asset and the availability and cost of such expertise;
- Number of locations of the assets in relation to the value;
- The state of completion of the product in comparison to the state if should be where it can easily be sold; and
- Legal restrictions such as permits required to sell the product and non-transferable distribution rights which may not vest in the bank.

4.5.2. Review of security documentation

- All master security documentation is reviewed at least every 18 months by Group Legal.
- All custom security documentation is signed off by Group Legal.

CR 3: Overview of credit risk mitigation techniques

Sasfin Holdings

		a	b	c	d	e	f	g
		2020						
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	453 464	6 155 494	6 155 494	53 182	53 182	–	–
2	Debt securities	3 126 595	–	–	–	–	–	–
3	**Total**	3 580 059	6 155 494	6 155 494	53 182	53 182	–	–
4	Of which: defaulted	283 747	478 155	478 155	–	–	–	–

		a	b	c	d	e	f	g
		2019						
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	1 927 601	5 571 907	5 571 907	39 988	39 988	–	–
2	Debt securities	3 077 519	–	–	–	–	–	–
3	**Total**	5 005 120	5 571 907	5 571 907	39 988	39 988	–	–
4	Of which: defaulted	–	404 423	404 423	–	–	–	–

4. CREDIT RISK continued

4.6. CREDIT RISK UNDER STANDARDISED APPROACH

Use of External credit ratings under the standardised approach:

Fitch ratings are used by Sasfin as input into standardised capital formulas for the banks and sovereign asset classes. The Corporate asset classes are classified as unrated for Regulatory purposes.

CR4: Credit risk exposures and credit risk mitigation (CRM) effects

Sasfin Bank (Solo)

		a	b	c	d	e	f
		2020					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	2 638 364	–	2 638 364		–	–
2	Non-central government public sector entities	969 747	–	965 642		598 100	61.9%
3	Multilateral development banks	–	–	–		–	–
4	Banks	999 522	–	999 522		223 304	22.3%
5	Securities firms	233 346	–	233 346		233 346	100.0%
6	Corporates	1 940 721	395 072	1 732 373	75 804	1 838 154	101.7%
7	Regulatory retail portfolios	1 761 772	477 658	1 540 500	14 493	1 289 413	82.9%
8	Secured by residential property	–	–	–		–	–
9	Secured by commercial real estate	–	–	–		–	–
10	Equity	–	–	–		–	–
11	Past-due loans	–	–	–		–	–
12	Higher-risk categories	–	–	–		–	–
13	Other assets	676 064	–	676 064		369 360	54.6%
14	**Total**	9 219 536	872 730	9 038 473	90 296	4 551 677	49.9%

		a	b	c	d	e	f
		2019					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	2 596 312	–	2 594 858	–	1 112	0.0%
2	Non-central government public sector entities	720 949	–	719 426	–	124 166	17.3%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	750 600	554	750 600	554	163 209	21.7%
5	Securities firms	178 036	–	178 036	–	178 036	100.0%
6	Corporates	2 922 371	520 795	2 530 230	54 358	3 129 883	121.1%
7	Regulatory retail portfolios	1 094 593	99 757	972 598	6 832	909 419	92.9%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	515 666	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	658 234	–	658 234	–	361 414	54.9%
14	**Total**	8 921 096	621 106	8 919 649	61 744	4 867 239	54.2%

Increase in RWA density for Non-central government public sector entities due to default of the Land Bank on their debt.

Decrease in RWA density for Corporates due to recovery of a well secured loan that defaulted in 2019.

CR5: Exposures by asset classes and risk weights

		Sasfin Bank (Solo)									
		a	b	c	d	e	f	g	h	i	j
		2020									
	Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	2 638 364	–	–	–	–	–	–	–	–	2 638 364
2	Non-central government public sector entities	–	–	463 411	–	–	–	502 232	–	–	965 642
3	Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4	Banks	–	–	999 522	–	–	–	–	–	–	999 522
5	Securities firms	–	–	–	–	–	–	233 346	–	–	233 346
6	Corporates	272 021	–	–	–	–	–	1 465 695	70 460	–	1 808 176
7	Regulatory retail portfolios	–	–	–	–	–	1 554 993	–	–	–	1 554 993
8	Secured by residential property	–	–	–	–	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	14 105	25	105 151	133 380	–	252 661
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other assets	–	–	–	–	–	–	676 064	–	–	676 064
14	**Total**	2 910 385	–	1 462 933	–	14 105	1 555 018	2 982 488	203 840	–	9 128 769

4. CREDIT RISK continued

4.6. CREDIT RISK UNDER STANDARDISED APPROACH continued

CR5: Exposures by asset classes and risk weights continued

		Sasfin Bank (Solo)									
		a	b	c	d	e	f	g	h	i	j
		2019									
	Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	2 594 858	–	–	–	–	–	–	–	–	2 594 858
2	Non-central government public sector entities	103 305	–	616 121	–	–	–	–	–	–	719 426
3	Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4	Banks	–	–	707 893	–	43 262	–	–	–	–	751 155
5	Securities firms	–	–	–	–	–	–	178 036	–	–	178 036
6	Corporates	–	–	–	–	–	(167)	2 454 253	130 501	–	2 584 588
7	Regulatory retail portfolios	–	–	–	–	–	647 905	331 525	–	–	979 430
8	Secured by residential property	–	–	–	–	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	164 632	58 747	292 287	–	–	515 666
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other assets	–	–	–	–	–	–	658 234	–	–	658 234
14	**Total**	2 698 163	–	1 324 013	–	207 894	706 485	3 914 335	130 501	–	8 981 392

5. COUNTERPARTY CREDIT RISK (CCR)

Counterparty credit risk is the risk of financial loss if the counterparty to a financial instrument fails to meet its contractual obligations. Derivatives are only used by the Bank to cover known risks and are not used for speculative purposes.

5.1. **CCR measurement:** The group measures CCR exposures on a standardised approach.

5.2. Limits are assigned on a risk weighted basis of the nominal amount.

5.3. **Limit approval:** The Head of Forex, with the delegated authority from credit, may allow a 10% excess of the approved limit subject to a maximum amount.

5.4. **Exposure monitoring:** CCR are monitored through the ALCO Board sub-committee by setting and monitoring limits with counterparties other than clients, such as banks for placing funds on deposit with them and having them as a counterparty to a derivative.

5.5. **Collateral** consists of cash deposits into client's margin account.

5.6. **Wrong-way risk** arises when exposure to a counterparty is adversely (positive) correlated with the credit quality of that counterparty. Wrong-way risk is considered and managed within the relevant exposure mandates. Sasfin has no exposure to wrong-way risk in the group.

5.7. In the event of a **credit rating downgrade** the amount of collateral that the group would have to provide will be minimal due to the policy of the group to manage the net open position of the Group to be minimal.

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

		Sasfin Bank (Solo)					
		a	b	c	d	e	f
		2020					
		Replace-ment cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	84 537	33 755		1.4	118 293	95 500
2	Internal Model Method (for derivatives and SFTs)			–	–	–	–
3	Simple Approach for credit risk mitigation (for SFTs)					–	–
4	Comprehensive Approach for credit risk mitigation (for SFTs)					–	–
5	VaR for SFTs					–	–
6	**Total**						95 500

5. COUNTERPARTY CREDIT RISK (CCR) continued

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach continued

		a	b	c	d	e	f
		2019					
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	30 991	32 143		1.4	63 135	40 672
2	Internal Model Method (for derivatives and SFTs)			–	–	–	–
3	Simple Approach for credit risk mitigation (for SFTs)					–	–
4	Comprehensive Approach for credit risk mitigation (for SFTs)					–	–
5	VaR for SFTs					–	–
6	**Total**						40 672

CCR2: Credit Valuation Adjustment (CVA) capital charge

		Sasfin Bank (Solo)			
		a	b	a	b
		2020		2019	
		EAD post-CRM	RWA	EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	–	–	–	–
1	(i) VaR component (including the 3x multiplier)	–	–	–	–
2	(ii) Stressed VaR component (including the 3x multiplier)	–	–	–	–
3	All portfolios subject to the Standardised CVA capital charge	118 293	2 474	63 135	474
4	Total subject to the CVA capital charge	118 293	2 474	63 135	474

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

	Sasfin Bank (Solo)								
	a	b	c	d	e	f	g	h	i
	2020								
Risk weight Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	2 706	33 534	–	–	–	–	36 240
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	13 982	–	–	13 982
Regulatory retail portfolios	–	–	–	–	–	34 315	–	–	34 315
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	2 706	33 534	–	48 298	–	–	84 537

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

	Sasfin Bank (Solo)								
	a	b	c	d	e	f	g	h	i
Risk weight	2019								
Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	2 836	13 056	–	–	–	–	15 892
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	–	–	–	–
Regulatory retail portfolios	–	–	–	–	–	62 260	–	–	62 260
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	2 836	13 056	–	62 260	–	–	78 152

6. SECURITISATION

The process of creating a financial instrument by combining other financial assets and then marketing them to investors. The net effect is to monetise a non-monetary asset; attach a corresponding liability to it, and thereby raise funding.

The Group's securitisation vehicle, South African Securitisation Programme (Pty) Ltd (SASP) is a traditional securitisation scheme from a Regulatory and SARS perspective.

Securitisation is a key funding mechanism for Sasfin and provides the bank with a highly efficient and sustainable funding source, and allows for:

- Alternative source of medium/long-term funding;
- Ability to raise funding at attractive rates;
- Ability to better match duration of assets to duration of liabilities;
- Ability to convert illiquid assets into liquid securities; and
- Ability to achieve optimal gearing.

Securitisation SPVs are consolidated onto the Group's annual financial statements in terms of IFRS. Refer to 1.1 Legal Group Structure.

Assets securitised by Sasfin include the operating and financing of capital and office equipment. Sasfin may issue securities publicly or privately, depending on the intended investors in the securities, the timing of the issuance and the structure of the transaction.

Risk management

All foreseeable and relevant material risks to securitisation to which Sasfin is likely to become exposed to as well as the interrelationships between these risks are evaluated. The following material risks are considered and managed under each of the risk types:

Risk	
Financial risk	Investment risk Credit risk Market risk Liquidity risk Excess spread risk Interest rate risk Refinancing risk Commingling risk – risk of mixing customer-owned securities with brokerage-owned securities Concentration risk
Strategic risk: Internal	Strategy and business model risk External stakeholder risk Branding and Marketing risk Management of Information risk Service risk Reputational risk New business risk
Strategic risk: External	Regulatory risk Rating downgrade risk Counterparty risk

Operational risk	Execution, delivery and process management Internal fraud External fraud Employment practices and Workplace safety Clients, products and business practices Damage to physical assets Business disruption and system failure
Governance risk	Requirements that govern the group's authority to operate as a business.
Compliance risk	The risk of legal or regulatory sanctions, material financial loss or loss of reputation as a result of non-compliance with laws, regulations, rules and internal policies, standards and codes of conduct.
Reporting and disclosure risk	The risk of loss due to incomplete, inaccurate and untimely reporting of required financial and operating information to regulatory agencies. This could result in fines, penalties and sanctions.
Capital management risk	The risk of the Group or Bank's capital base falling below the minimum regulatory approved limit or to a level that would prevent growth in risk weighted assets without the injection of fresh capital.

SEC1: Securitisation exposures in the banking book

		Sasfin Bank (Solo)								
		a	b	c	e	f	g	i	j	k
		2020								
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Retail (total) – of which**	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	**Wholesale (total) – of which**	334 965	–	334 965	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	334 965	–	334 965	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

6. SECURITISATION continued

SEC1: Securitisation exposures in the banking book continued

		Sasfin Bank (Solo)								
		a	b	c	e	f	g	i	j	k
		2019								
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Retail (total) – of which**	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	**Wholesale (total) – of which**	334 965	–	334 965	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	334 965	–	334 965	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as a sponsor

Sasfin Bank (Solo)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		2020																
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%
1	**Total exposures**	–	–	334 965	–	–	–	–	334 965	–	–	–	334 965	–	–	–	33 497	–
2	Traditional securitisation	–	–	334 965	–	–	–	–	334 965	–	–	–	334 965	–	–	–	33 497	–
3	Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Of which wholesale	–	–	334 965	–	–	–		334 965	–	–	–	334 965	–	–	–	33 497	–
6	Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

6. SECURITISATION continued

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as a sponsor continued

		Sasfin Bank (Solo)																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		2019																
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%
1	**Total exposures**	–	–	345 109	–	–	–	–	345 109	–	–	–	345 109	–	–	–	37 962	–
2	Traditional securitisation	–	–	345 109	–	–	–	–	345 109	–	–	–	345 109	–	–	–	37 962	–
3	Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Of which wholesale	–	–	345 109	–	–	–		345 109	–	–	–	345 109	–	–	–	37 962	–
6	Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

7. INVESTMENT RISK

Investment risk refers to the risk of adverse changes in the value of listed and unlisted equity investments. These investments are longer-term investments held in the banking book for non-trading purposes.

The group's governance of equity investments is based on the following fundamental principles:

- All investments which would result in the group having an aggregate exposure greater than R15 million requires approval by the CIC. For the purpose of this threshold any existing or prospective lending transactions are aggregated with the equity investment in determining whether approval is required.
- Exits of investments at, or above, the carrying value of an investments can be approved by internal governance structures. Any exits below carrying value or involving vendor facilitation require CIC approval.
- Updated valuations are considered by the CIC on the entire portfolio on a bi-annual basis.
- Risk mitigation strategies are considered on the existing investments.
- There is greater emphasis on portfolio management and monitoring.

The group's equity investments are measured on a standardised approach.

Refer to Note 10 Investment Securities page 50 of the Annual Financial Statements, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

8. MARKET RISK

The risk of change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in the market variables such as interest rates, equity values and exchange rates. Market risk effect both Interest Rate Risk and Liquidity Risk.

Measurement: The bank measures market risk on a standardised approach.

Risk management: Group treasury monitors and manages the bank's hedging strategy with respect to the Net Open Foreign Position, to be below or equal to 10% of the net qualifying capital at Bank, Bank Consolidated and Group level.

Governance: Group treasury reports on a monthly basis to ALCO and GRCMC.

Reporting: Reports are produced on a daily and monthly basis detailing positions, sensitivities and exposures.

MR1 – Market risk under standardised approach:

		Sasfin Bank (Solo)	
		a	a
		2020	2019
		Capital charge in SA	Capital charge in SA
1	General interest rate risk	–	–
2	Equity risk	–	–
3	Commodity risk	–	–
4	Foreign exchange risk	3 927	2 400
5	Credit spread risk – non-securitisations	–	–
6	Credit spread risk – securitisations (non-correlation trading portfolio)	–	–
7	Credit spread risk – securitisation (correlation trading portfolio)	–	–
8	Default risk – non-securitisations	–	–
9	Default risk – securitisations (non-correlation trading portfolio)	–	–
10	Default risk – securitisations (correlation trading portfolio)	–	–
11	Residual risk add-on	–	–
12	**Total**	3 927	2 400

9. OPERATIONAL RISK

The risk of financial loss resulting from inadequate or failed internal processes, people or systems or from external events.

Sasfin Group includes operational risk capital as part of the group's Pillar 1 Capital measurement using relevant benchmark percentages provided for under the Basel II Basic Indicator Approach (BIA) for Operational Risk measurement. Under the BIA approach capital is calculated as a percentage of gross income as defined in the Regulations of the Banks Act.

Reporting: Business unit management is responsible for identification and collation of operational risk event data and reporting to Group Risk. Operational risk events are differentiated and measuring according to their root cause (people, process, systems or external causal factors). Key risk indicators are used to monitor key risks identified and are risk sensitive. They align to other risk measures to assess the effectiveness of controls.

The following risks are covered through the management of operational risk:

9.1. Losses from failed transaction processing or process management, from relations with trade counterparties and vendors;

9.2. Losses arising from acts inconsistent with employment, health or safety laws or agreements regulation;

9.3. Losses arising from an unintentional negligent failure to meet a professional obligation to specific clients, or from the nature or design of a product;

9.4. Losses arising from loss or damage to physical assets from natural disaster or other events.

9.5. **Business Continuity Management (BCM):** is a management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience and the capability for an effective response which safeguards the interest of key stakeholders, reputation, brand and value creating activities. BCM includes disaster recovery, business recovery, crisis management and emergency management/response. BCM is an ongoing process requiring continual assessment of business continuity capabilities. Each business unit has a documented Business Continuity Plan and operational risk ensures that this is maintained and regularly updated.

Refer to pages 13 to 16 of the Integrated Report for more information on "Demonstrating our resilience in the face of Covid-19", which can be found on Sasfin's website at www.sasfin.com/investor-relations.

9.6. **Fraud risk:** Includes a wide range of commercial crimes and deals predominantly with non-violent commercial crimes but could include non-compliance to policies and procedures, employee misconduct, harassment and victimisation.

9.7. **Cyber risk:** exposure to harm or financial loss resulting from internal/external breaches of or attacks on information systems. Sasfin's strategy includes a cyber roadmap that identifies and prioritises the Group's main cyber risks so that these are addressed timeously and effectively. The roadmap is regularly reviewed by assurance providers, and progress in implementing the priority areas is presented to the IT Committee, Board and PA every quarter. During the national lockdown, there was a marked increase in cyber risk globally with higher potential for cyberattacks and a more complex technology governance and control structure to implement. Fortunately, the steps already implemented in terms of the roadmap, provided multiple layers of defence, including the use of virtual private network (VPN) and access point name (APN) technologies that deployed the same level of security available at Sasfin's offices to the remote environment.

10. TREASURY RISK MANAGEMENT

OVERVIEW OF TREASURY RISK MANAGEMENT AND KEY PRUDENTIAL METRICS

Treasury risk comprises liquidity risk, capital risk and interest rate risk in the banking book.

Liquidity risk: The risk arising from the potential inability of the Group to accommodate decreases in liabilities or to fund increase in assets in full, at the right time, place and currency.

Capital risk: The risk of the Group's capital base falling below the risk appetite levels.

Interest rate risk in the banking book: This represent the risk that fluctuating interest rates could unfavourably affect the Group's earnings and the value of its assets, liabilities and/or capital.

Governance

The monitoring of liquidity risk, interest rate risk, currency risk and various other risks has been delegated to a Board Committee, the Asset and Liability Committee (ALCO).

The ALCO committee reviews the following on a quarterly basis:

- Progress on previously determined strategies;
- Economic conditions;
- Interest rate outlook and sensitivities;
- Loan and deposit demand/mismatch;
- Capital adequacy and capital allocation;
- Deposit pricing and maturity structure;
- Liquidity position;
- Liquidity Stress testing results; and
- Foreign Exchange Risk.

Reporting

- Group Treasury is responsible for management reporting to ALCO on the following *inter alia*:
  - Overview of liquidity risk – cashflow management, liquidity mismatch, Assets, Liabilities.
  - Overview of interest rate risk – Interest rate management, interest rate shocks.
  - Overview of currency risk – currency management, Net open position limits and mismatches, Interbank facilities, operations.
  - Overview of Debt Capital Markets – stress testing and performance tests.
  - Economic and other related reports, International and domestic daily funding, consolidated balance sheet, liquidity stress testing, regulatory returns.

10.1. LIQUIDITY RISK

Governance: The daily Liquidity Sub-Committee is responsible for the daily management of liquidity risk that covers the following:

- Cash Flow risk – the risk that the Group might not be able to generate sufficient cash to repay its maturing deposits or fulfil its obligations.
- Event risk – the risk of loss due to an event leading to serious structural damage to the market.
- Funding risk – the risk of constraints affecting the availability of suitably priced funds.
- Solvency risk – the risk of insufficient capital to cover the depositor's funds.
- Trading (market liquidity) risk – the uncertainty associated with the market liquidity of a financial asset.

Management and Measurement: Liquidity is managed within the context of the budget and strategic plan. Critical factors impacting liquidity are monitored on a daily basis. Foreign currency and cross border liquidity are managed through matching of foreign currency assets and liabilities.

Refer to Note 45.3 Currency risk on pages 96 to 98 of the Annual Financial Statements, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

Limit setting: Qualitative and quantitative targets are determined annually as part of the planning process. The budget can only be accepted by the Board if the projected assets are reasonable in relation to the expected funding for each of the various asset classes.

Refer to the appendix for the following standardised disclosures required in terms of Regulation 43 of the Regulations:

- LR1: Summary comparison of accounting assets versus leverage ratio exposure
- LR2: Leverage ratio common disclosure template
- LQ1: Liquidity coverage ratio
- LQ2: Net stable funding ratio

10.2. CAPITAL RISK

Governance: The Board and the GRCMC are responsible for the capital management process including setting of appropriate capital targets and ensuring adequate capitalisation. The capital management function is governed primarily by Board approved subcommittees that oversee the risks associated with capital management, namely the Group Risk and Capital Management Committee (GRCMC), the Asset and Liability Committee (ALCO) and its subcommittee, the Daily Liquidity Committee.

Management and Measurement: The internal capital management approach is embedded in a formal ICAAP consisting of the Group's risk appetite, capital and risk management frameworks (including capital planning) and stress testing. The Board reviews the Group's risk profile to ensure that the level of available capital:

- exceeds the Group's minimum regulatory capital requirements by a predetermined margin;
- remains sufficient to support the Group's risk profile;
- remains consistent with the Group's strategic goals; and
- is sufficient to absorb potential losses under severe stress scenarios.

Stress tests are performed on the Group's capital position to determine the impact on the capital position should a severe economic downturn materialise. Stress tests consider changes in the macroeconomic environment, key risks and vulnerabilities within the Group's business model.

Capital management also includes strategic allocation of capital and capital optimisation.

Refer to the appendix for the following standardised disclosures required in terms of Regulation 43 of the Regulations:

- CC1: Composition of regulatory capital
- CC2: Reconciliation of regulatory capital to balance sheet

10.3. INTEREST RATE RISK IN THE BANKING BOOK

Governance: The Liquidity and Interest Rate Sub-Committee is responsible for the management of interest rate risk with regards to the following:

- Re-Pricing risk – the cost to the Group of interest-rate fluctuations on funding and the time-lag between introducing compensating interest rates on advances.
- Pricing gap risk – The risk where assets and liabilities do not re-price on the same dates.
- Pricing basis risk – The risk where interest rates in respect of both assets and liabilities are linked to different base rates.

Management and measurement: The Liquidity and Interest Rate Sub-Committee select strategies that optimise the ability of the Group to meet its long-term financial goals, while containing interest rate risk within policy limits established by the Board of Directors through ALCO. The committee also determines and reports the expected cumulative impact or sensitivity on the Group using a two hundred basis point interest rate shock and model a base case for a two hundred basis point movement. Both income and market value orientated techniques are used to select strategies that optimise the relationship between risk and return.

Refer to Note 45.2 Market risk on page 95 of the Annual Financial Statements, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

10. TREASURY RISK continued

10.4. KEY PRUDENTIAL METRICS

KM1: Prudential Metrics

		Sasfin Holdings				
		a Jun-20 T	b Mar-20 T-1	c Dec-19 T-2	d Sep-19 T-3	e Jun-19 T-4
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1 406 571	1 454 736	1 390 005	1 429 816	1 381 778
1a	Fully loaded ECL accounting model	1 406 571	1 454 736	1 390 005	1 429 816	1 381 778
2	Tier 1	1 444 188	1 492 354	1 446 426	1 429 816	1 438 198
2a	Fully loaded accounting model Tier 1	1 444 188	1 492 354	1 446 426	1 429 816	1 438 198
3	Total capital	1 521 600	1 563 896	1 521 163	1 563 033	1 518 267
3a	Fully loaded ECL accounting model total capital	1 521 600	1 563 896	1 521 163	1 563 033	1 518 267
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	9 170 238	8 459 458	8 915 225	9 422 566	9 619 661
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15.338%	17.197%	15.591%	15.174%	14.364%
5a	Fully loaded ECL accounting model CET1 (%)	15.338%	17.197%	15.591%	15.174%	14.364%
6	Tier 1 ratio (%)	15.749%	17.641%	16.224%	15.174%	14.951%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.749%	17.641%	16.224%	15.174%	14.951%
7	Total capital ratio (%)	16.593%	18.487%	17.063%	16.588%	15.783%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.593%	18.487%	17.063%	16.588%	15.783%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical buffer requirement (%)	0%	0%	0%	0%	0%
10	Bank D-SIB additional requirements (%)	0%	0%	0%	0%	0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.500%	2.500%	2.500%	2.500%	2.500%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.96%	8.82%	7.09%	6.67%	5.86%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	13 001 951	13 489 376	12 175 733	12 268 098	11 871 646
14	Basel III leverage ratio (%) (row 2/row 13)	11.11%	11.06%	11.88%	12.11%	12.11%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.11%	11.06%	11.88%	12.11%	12.11%
	Liquidity Coverage Ratio					
15	Total HQLA	994 582	1 069 187	910 684	1 254 680	816 913
16	Total net cash outflow	415 792	698 899	635 808	624 725	441 986
17	LCR ratio (%)	239%	153%	143%	201%	185%
	Net Stable Funding Ratio					
18	Total available stable funding	4 628 308	5 163 170	5 371 456	5 212 237	4 693 100
19	Total required stable funding	3 869 818	4 515 603	4 854 582	4 494 009	3 995 381
20	NSFR ratio	119.60%	114.34%	110.65%	115.98%	117.46%

KM1: Prudential Metrics continued

		Sasfin Bank (Solo)				
		a Jun-20 T	b Mar-20 T-1	c Dec-19 T-2	d Sep-19 T-3	e Jun-19 T-4
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	962 086	942 131	903 616	897 647	897 091
1a	Fully loaded ECL accounting model	962 086	942 131	903 616	897 647	897 091
2	Tier 1	962 086	942 131	903 616	897 647	897 091
2a	Fully loaded accounting model Tier 1	962 086	942 131	903 616	897 647	897 091
3	Total capital	1 018 455	981 103	941 143	938 463	939 102
3a	Fully loaded ECL accounting model total capital	1 018 455	981 103	941 143	938 463	939 102
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	6 161 568	6 062 226	6 292 215	6 262 732	6 397 499
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15.614%	15.541%	14.361%	14.333%	14.023%
5a	Fully loaded ECL accounting model CET1 (%)	15.614%	15.541%	14.361%	14.333%	14.023%
6	Tier 1 ratio (%)	15.614%	15.541%	14.361%	14.333%	14.023%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.614%	15.541%	14.361%	14.333%	14.023%
7	Total capital ratio (%)	16.529%	16.184%	14.957%	14.985%	14.679%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.529%	16.184%	14.957%	14.985%	14.679%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical buffer requirement (%)	0%	0%	0%	0%	0%
10	Bank D-SIB additional requirements (%)	0%	0%	0%	0%	0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.500%	2.500%	2.500%	2.500%	2.500%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.239%	7.166%	5.86%	5.83%	4.79%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	8 810 809	8 530 380	8 833 846	9 411 408	9 536 963
14	Basel III leverage ratio (%) (row 2/row 13)	10.92%	11.04%	10.23%	9.54%	9.41%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	10.92%	11.04%	10.23%	9.54%	9.41%
	Liquidity Coverage Ratio					
15	Total HQLA	994 581	1 069 187	910 684	1 254 680	816 913
16	Total net cash outflow	415 792	698 899	635 808	624 725	441 986
17	LCR ratio (%)	239%	153%	143%	201%	185%
	Net Stable Funding Ratio					
18	Total available stable funding	4 628 308	5 163 170	5 012 594	5 212 237	4 693 100
19	Total required stable funding	3 869 818	4 515 603	3 749 728	4 494 031	3 995 381
20	NSFR ratio (%)	120%	114%	134%	116%	117%

11. REMUNERATION AND COMPENSATION

The Group’s remuneration philosophy provides the framework for remuneration decisions to be made in an informed, consistent, competitive and agile manner. It emphasises the value we place on our people and aims to motivate behaviour that supports the delivery of the Group's strategy in a manner that aligns with our values. We reward commitment and exceptional performance with a focus on creating stakeholder value and the delivery of sustainable returns to stakeholders.

Sasfin implements fair remuneration practices consistently throughout the Group to ensure each employee’s performance is recognised and appropriately rewarded. We consider the risk implications, our ethical standards and Sasfin’s desired culture when changing human capital policies. We consider the overall compensation model and the specific remuneration for Executive Directors, Prescribed Officers and Group Exco members.

Please refer to “How Performance is rewarded” on pages 111 to 125 of the Integrated Report.

For details regarding remuneration (REM1, 2 and 3) refer to Note 40.3 Key management personnel and related remuneration on pages 67 and 68 of the Annual Financial Statements.

Both the Integrated Report and Annual Financial Statements can be found on Sasfin’s website at www.sasfin.com/investor-relations.

APPENDICES

LR1: Summary comparison of accounting assets vs leverage ratio exposure

		a Jun-20	Mar-20
1	Total consolidated assets as per published financial statements	14 005 540	13 990 690
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–	–
4	Adjustments for derivative financial instruments	118 292	246 088
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	–	–
6	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	131 990	123 742
7	Other adjustments	(1 253 871)	(871 144)
8	Leverage ratio exposure measure	13 001 951	13 489 376

Other adjustments include exclusion of banking, financial, insurance and commercial entities outside of the regulatory scope of consolidation.

APPENDICES continued

LR2: Leverage ratio common disclosure template

		a Jun-20 T	b Mar-20 T-1
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	12 751 669	13 119 546
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	–	–
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	12 751 669	13 119 546
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	84 537	212 271
5	Add-on amounts for PFE associated with all derivatives transactions	33 755	33 817
6	Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	–	–
8	(Exempted CCP leg of client-cleared trade exposures)	–	–
9	Adjusted effective notional amount of written credit derivatives	–	–
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–
11	**Total derivative exposures (sum of rows 4 to 10)**	118 292	246 088
	Securities financing transactions		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–	–
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–
14	CCR exposure for SFT assets	–	–
15	Agent transaction exposures	–	–
16	**Total securities financing transaction exposures (sum of rows 12 to 15)**	–	–
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	872 730	123 742
18	(Adjustments for conversion to credit equivalent amounts)	(740 740)	–
19	**Off-balance sheet items (sum of rows 17 and 18)**	131 990	123 742
	Capital and total exposures		
20	**Tier 1 capital**	1 444 188	1 492 354
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	13 001 951	13 489 376
	Leverage ratio		
22	**Basel III leverage ratio**	11.11%	11.06%

LIQ1: Liquidity Coverage Ratio (LCR)

		a Total un-weighted value (average)	b Total weighted value (average)
	High-quality liquid assets		
1	Total HQLA	–	994 581
	Cash outflows		
2	**Retail deposits and deposits from small business customers, of which:**	1 014 921	149 745
3	Stable deposits	–	–
4	Less stable deposits	1 014 921	149 745
5	**Unsecured wholesale funding, of which:**	3 833 779	1 048 804
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7	Non-operational deposits (all counterparties)	3 833 779	1 048 804
8	Unsecured debt	–	–
9	**Secured wholesale funding**	–	43 226
10	**Additional requirements, of which:**	829 538	250 885
11	Outflows related to derivative exposures and other collateral requirements	57 019	57 019
12	Outflows related to loss of funding of debt products	–	–
13	Credit and liquidity facilities	772 519	305 989
14	**Other contractual funding obligations**	96 909	58 384
15	**Other contingent funding obligations**	–	–
16	**TOTAL CASH OUTFLOWS**	–	1 663 167
	Cash inflows		
17	**Secured lending (eg reverse repo)**	758 678	690 621
18	**Inflows from fully performing exposures**	749 422	681 365
19	**Other cash inflows**	910 697	638 856
20	**TOTAL CASH INFLOWS**	2 418 797	2 010 843

		Total adjusted value
21	**Total HQLA**	994 581
22	**Total net cash outflows**	415 792
23	**Liquidity coverage ratio (%)**	239.20%

APPENDICES continued

LIQ2: Net Stable Funding Ratio (NSFR)

		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
	Available stable funding (ASF) item					
1	Capital:	1 051 709	–	–	–	1 051 709
2	*Regulatory capital*	1 051 709	–	–	–	1 051 709
3	*Other capital instruments*	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	–	1 920 899	263 737	40 294	2 006 467
5	*Stable deposits*	–	–	–	–	–
6	*Less stable deposits*	–	1 920 899	263 737	40 294	2 006 467
7	Wholesale funding:	–	3 033 968	579 909	45 446	1 508 899
8	*Operational deposits*	–	1 376 038	300 199	34 624	874 763
9	*Other wholesale funding*	–	1 657 930	279 709	10 822	634 136
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	–	468 205	–	61 234	61 234
12	NSFR derivative liabilities	–	–	–	–	–
13	*All other liabilities and equity not included in the above categories*	–	468 205	–	61 234	61 234
14	**Total ASF**	–	–	–	–	4 628 308
	Required stable funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)	–	–	–	–	136 720
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	–	4 806 841	750 334	2 800 645	3 000 122
18	*Performing loans to financial institutions secured by Level 1 HQLA*	–	1 588 063	386 230	497 469	136 720
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	–	1 405 644	23 274	293 023	515 507
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	–	1 097 323	267 510	–	682 417
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	–	–	–	1 807 719	1 175 018
22	*Performing residential mortgages, of which:*	–	–	–	–	–
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	–	–	–	–	–
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	–	715 811	73 319	202 434	490 461
25	Assets with matching interdependent liabilities					–
26	Other liabilities:	–	–	–	–	916 652
27	*Physical traded commodities, including gold*	–	–	–	–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	–	–	–	–	–
29	*NSFR derivative assets*	–	–	–	–	–
30	*NSFR derivative liabilities before deduction of variation margin posted*	–	–	–	–	8 585
31	*All other assets not included in the above categories*	–	–	–	–	822 696
32	Off-balance sheet items	–	–	–	–	38 415
33	**Total RSF**	–	–	–	–	3 869 818
34	**Net Stable Funding Ratio (%)**	–	–	–	–	119.60%

CC1: Composition of regulatory capital

		a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	167 266	(h)
2	Retained earnings	1 355 352	
3	Accumulated other comprehensive income (and other reserves)	12 301	
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	–	
5	Common share capital issued by third parties (amount allowed in group CET1)	–	
6	**Common Equity Tier 1 capital before regulatory deductions**	1 534 919	
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	–	
8	Goodwill (net of related tax liability)	39 762	(a)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	165 444	(b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	28 596	
11	Cash flow hedge reserve	(107 099)	
12	Shortfall of provisions to expected losses	–	
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined benefit pension fund net assets	–	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in common equity	1 645	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
20	Mortgage servicing rights (amount above 10% threshold)	–	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	
22	Amount exceeding 15% threshold	–	
23	Of which: significant investments in the common stock of financials	–	
24	Of which: mortgage servicing rights	–	
25	Of which: deferred tax assets arising from temporary differences	–	
26	National specific regulatory adjustments	–	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–	
28	**Total regulatory adjustments to Common Equity Tier 1**	128 348	
29	**Common Equity Tier 1 capital (CET1)**	1 406 571	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	37 617	
31	Of which: classified as equity under applicable accounting standards	188 085	
32	Of which: classified as liabilities under applicable accounting standards	–	
33	*Directly issued capital instruments subject to phase-out from additional Tier 1*	–	

APPENDICES continued

		a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	–	
35	*Of which: instruments issued by subsidiaries subject to phase-out*	–	
36	Additional Tier 1 capital before regulatory adjustments	37 617	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own additional Tier 1 instruments	–	
38	Reciprocal cross-holdings in additional Tier 1 instruments	–	
39	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	
40	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments	–	
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	–	
43	Total regulatory adjustments to additional Tier 1 capital	–	
44	**Additional Tier 1 capital (AT1)**	37 617	
45	**Tier 1 capital (T1 = CET1 + AT1)**	1 444 188	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	
47	*Directly issued capital instruments subject to phase-out from Tier 2*	–	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–	
49	*Of which: instruments issued by subsidiaries subject to phase-out*	–	
50	Provisions	77 412	
51	**Tier 2 capital before regulatory adjustments**	77 412	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	–	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	–	
54	Investments in capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	–	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments	–	
57	**Total regulatory adjustments to Tier 2 capital**	–	
58	**Tier 2 capital (T2)**	77 412	
59	**Total regulatory capital (TC = T1 + T2)**	1 521 600	

		a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
60	**Total risk-weighted assets**	9 170 238	
	Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	15.34%	
62	**Tier 1 (as a percentage of risk-weighted assets)**	15.75%	
63	**Total capital (as a percentage of risk-weighted assets)**	16.59%	
64	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	2.50%	
65	**Of which: capital conservation buffer requirement**	2.50%	
66	**Of which: bank-specific countercyclical buffer requirement**	–	
67	**Of which: higher loss absorbency requirement**	–	
68	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement**	6.96%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	8.00%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	10.00%	
71	National total capital minimum (if different from Basel III minimum)	12.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	–	
73	Significant investments in common stock of financial entities	–	
74	Mortgage servicing rights (net of related tax liability)	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	–	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	–	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	–	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	*Current cap on CET1 instruments subject to phase-out arrangements*	–	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	–	
82	*Current cap on AT1 instruments subject to phase-out arrangements*	–	
83	*Amount excluded from AT1 due to cap (excess after redemptions and maturities)*	–	
84	*Current cap on T2 instruments subject to phase-out arrangements*	–	
85	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	–	

CC2: Reconciliation of regulatory capital to balance sheet

	a Balance sheet as in published financial statements As at period-end	b Under regulatory scope of consolidation As at period-end	c Reference
Assets			
Cash and balances at central banks	166 352	166 352	(a)
Items in the course of collection from other banks	–	–	
Trading portfolio assets	533 402	533 402	
Financial assets designated at fair value	528 772	436 970	
Derivative financial instruments	85 174	85 174	
Loans and advances to banks	1 564 891	1 564 891	(a)
Loans and advances to customers	6 609 328	6 609 328	(a)
Reverse repurchase agreements and other similar secured lending	441 766	441 766	
Available for sale financial investments	3 126 595	3 126 595	
Current and deferred tax assets	57 843	49 631	
Prepayments, accrued income and other assets	456 467	456 467	
Investments in associates and joint ventures	126 195	–	
Goodwill and other intangible assets	205 206	205 206	
Of which: goodwill	39 762	39 762	
Of which: intangibles (excluding MSRs)	165 444	165 444	
Of which: MSRs	–	–	
Property, plant and equipment	103 550	103 550	
Total assets	14 005 540	13 779 332	
Liabilities			
Deposits from banks		369	
Items in the course of collection due to other banks	–	–	
Customer accounts	5 138 778	5 138 777	
Repurchase agreements and other similar secured borrowing	1 882 806	1 882 806	
Trading portfolio liabilities	450 673	450 673	
Financial liabilities designated at fair value			
Derivative financial instruments	549 169	549 169	
Debt securities in issue	2 743 823	2 743 823	
Accruals, deferred income and other liabilities	1 377 163	1 377 163	
Current and deferred tax liabilities	98 494	98 494	
Of which: DTLs related to goodwill			
Of which: DTLs related to intangible assets (excluding MSRs)			
Of which: DTLs related to MSRs			
Subordinated liabilities	–	–	
Provisions	41 629	41 629	
Retirement benefit liabilities	–	–	
Total liabilities	12 282 534	12 282 534	
Shareholders' equity			
Paid-in share capital	463 476	463 476	
Of which: amount eligible for CET1	463 476	463 476	
Of which: amount eligible for AT1	–	–	
Retained earnings	1 367 653	1 367 653	
Accumulated other comprehensive income			
Total shareholders' equity	1 831 129	1 831 129	

Corporate details

Country of incorporation and domicile
South Africa

Company registration number
1987/002097/06

Tax reference number
9300/204/71/7

Independent Non-Executive Chair
Roy Andersen*

Executive Directors
Michael Sassoon (Group CEO)
Angela Pillay (Group FD)

Independent Non-Executive Directors
Richard Buchholz (Lead Independent Director)
Deon de Kock
Grant Dunnington**
Thabang Magare
Mark Thompson
Eileen Wilton

Non-Independent, Non-Executive Directors
Gugu Dingaan
Nontobeko Ndhlazi
Shaun Rosenthal (Alternate)
Roland Sassoon

Group Company Secretary
Charissa de Jager

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* *Exemption from Directive 4 of 2018 (issued by the Prudential Authority) granted by the PA until March 2023.*
** *Exemption from Directive 4 of 2018 (issued by the Prudential Authority) granted by the PA until the Group's 2021 AGM.*

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beyond a bank