

sasfin

Holdings Limited

# Pillar II Risk Management Report

December 2022



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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. Monetary values are expressed in Rand thousands.

For the reporting period 31 December 2022, the Board and senior management are satisfied that Sasfin Holdings Limited (Holdings) and Sasfin Bank Limited's (Bank) risk and capital management processes are operating effectively, that business activities have been managed within the Enterprise Risk Management Framework 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.

## 2. Risk management and Risk Weighted Assets (RWA)

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

### 2.1 OV1: OVERVIEW OF RISK WEIGHTED ASSETS

#### Overview of risk management, key prudential metrics and RWA

Sasfin Holdings Limited					
	RWA			Minimum capital requirements*	
	Dec-22 T	Sep-22 T	Jun-22 T-1	Dec-22 T	
R'000					
1	Credit risk (excluding counterparty credit risk)	6 219 176	5 989 496	6 167 598	684 109
2	Of which: standardised approach (SA)	6 219 176	5 989 496	6 167 598	684 109
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)	64 878	108 766	94 247	7 137
7	Of which: standardised approach for counterparty credit risk	64 878	108 766	94 247	7 137
8	Of which: Internal Model Method (IMM)***	–	–	–	–
9	Of which: other CCR****	–	–	–	–
10	Credit valuation adjustment (CVA)	19 241	16 534	18 079	2 117
11	Equity positions under the simple risk weight approach	352 802	361 546	342 961	38 808
12	Equity investments in funds – look-through approach#	119 433	291 341	309 745	13 138
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	371 953	361 563	334 185	40 915
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)	371 953	361 563	334 185	40 915
20	Market risk	1 223	3 165	315	135
21	Of which: standardised approach (SA)	1 223	3 165	315	135
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book****	–	–	–	–
24	Operational risk	1 947 627	1 918 001	1 918 001	214 238
25	Amounts below thresholds for deduction (subject to 250% risk weight)	35 757	35 757	35 757	3 933
26	Aggregate capital floor applied	–	–	–	–
27	Floor adjustment (before application of transitional cap)	–	–	–	–
28	Floor adjustment (after application of transitional cap)	–	–	–	–
<b>29</b>	<b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)</b>	<b>9 132 091</b>	<b>9 086 170</b>	<b>9 220 888</b>	<b>1 004 530</b>

\* The Capital requirement is calculated at 11.00% of RWA. The minimum requirement excludes the capital conservation buffer requirement. The difference to the BCBS base minimum of 8% relates to the buffer add-on for Pillar 2(A).

\*\* The Group does not apply the foundation internal ratings-based and the supervisory slotting approaches (rows 3 and 4 of OV1 template).

\*\*\* The standardised approach for measuring counterparty credit risk RWA (SA-CCR) is applied from 1 January 2021. The Group does not apply the internal model method to counterparty credit risk (row 8 of OV1 template) and there was no other CCR (row 9 of OV1 template).

\*\*\*\* There were no switches from the banking to the trading book.

# From 1 January 2021 the look-through approach is applied in the measuring of equity positions in funds RWA.

## 2. Risk management and Risk Weighted Assets (RWA) continued

### 2.2 OV1: OVERVIEW OF RISK WEIGHTED ASSETS continued

#### Overview of risk management, key prudential metrics and RWA

		Sasfin Bank Limited			
		a	b	c	
		RWA			Minimum capital requirements*
R'000		Dec-22 T	Sep-22 T	Jun-22 T-1	Dec-22 T
1	Credit risk (excluding counterparty credit risk)	5 388 288	5 152 814	5 127 664	592 712
2	Of which: standardised approach (SA)	5 388 288	5 152 814	5 127 664	592 712
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)	64 878	108 766	94 247	7 137
7	Of which: standardised approach for counterparty credit risk	64 878	108 766	94 247	7 137
8	Of which: Internal Model Method (IMM)***	–	–	–	–
9	Of which: other CCR***	–	–	–	–
10	Credit valuation adjustment (CVA)	19 241	16 534	18 079	2 117
11	Equity positions under the simple risk weight approach	293 104	288 947	342 961	32 241
12	Equity investments in funds – look-through approach#	119 433	291 341	309 745	13 138
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	371 953	361 563	334 185	40 915
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)	371 953	361 563	334 185	40 915
20	Market risk	1 223	3 165	315	135
21	Of which: standardised approach (SA)	1 223	3 165	315	135
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book****	–	–	–	–
24	Operational risk	1 099 192	1 069 566	1 069 566	120 911
25	Amounts below thresholds for deduction (subject to 250% risk weight)	–	–	435	–
26	Aggregate capital floor applied	–	–	–	–
27	Floor adjustment (before application of transitional cap)	–	–	–	–
28	Floor adjustment (after application of transitional cap)	–	–	–	–
<b>29</b>	<b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)</b>	<b>7 357 312</b>	<b>7 292 696</b>	<b>7 242 480</b>	<b>809 306</b>

\* The Capital requirement is calculated at 11.00% of RWA. The minimum requirement excludes the capital conservation buffer requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-on for Pillar 2(A) and capital conservation buffer.

\*\* The Group does not apply the foundation internal ratings-based and the supervisory slotting approaches (rows 3 and 4 of OV1 template).

\*\*\* The standardised approach for measuring counterparty credit risk (SA-CCR) is applied from 1 January 2021. The Group does not apply the internal model method to counterparty credit risk (row 8 of OV1 template) and there was no other CCR (row 9 of OV1 template).

\*\*\*\* There were no switches from the banking to the trading book.

# From 1 January 2021 the look-through approach is applied in the measuring of equity positions in funds RWA.

## 3. Capital Risk

**Governance:** The Board is responsible for capital management and has delegated certain aspects of its role to the GRCMC, including setting of appropriate capital targets and ensuring adequate capitalisation. The capital management function is governed primarily by the GRCMC, which oversees the risks associated with capital management, as well as 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 GRCMC and 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 and key risks and vulnerabilities within the Group's business model.

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

### 3.1 KM1: KEY PRUDENTIAL METRICS

#### Overview of risk management, key prudential metrics and RWA

Sasfin Holdings Limited						
R'000	a Dec-22 T	b Sep-22 T-1	c Jun-22 T-2	d Mar-22 T-3	e Dec-21 T-4	
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	1 422 295	1 405 100	1 407 735	1 349 369	1 337 420
1a	Fully loaded ECL accounting model	1 422 295	1 405 100	1 407 735	1 349 369	1 337 420
2	Tier 1	1 422 295	1 405 100	1 407 735	1 349 369	1 337 420
2a	Fully loaded accounting model Tier 1	1 422 295	1 405 100	1 407 735	1 349 369	1 337 420
3	Total capital	1 498 109	1 479 438	1 482 437	1 417 805	1 402 750
3a	Fully loaded ECL accounting model total capital	1 498 109	1 479 438	1 482 437	1 417 805	1 402 750
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	9 132 091	9 086 170	9 220 888	8 476 154	8 304 923
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	15.575%	15.464%	15.267%	15.920%	16.104%
5a	Fully loaded ECL accounting model CET1 (%)	15.575%	15.464%	15.267%	15.920%	16.104%
6	Tier 1 ratio (%)	15.575%	15.464%	15.267%	15.920%	16.104%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.575%	15.464%	15.267%	15.920%	16.104%
7	Total capital ratio (%)	16.405%	16.282%	16.077%	16.727%	16.891%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.405%	16.282%	16.077%	16.727%	16.891%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	–	–	–	–	–
10	Bank D-SiB additional requirements (%)	–	–	–	–	–
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.07%	6.96%	6.77%	7.42%	8.10%
<b>Basel III Leverage Ratio</b>						
13	Total Basel III leverage ratio measure	13 418 030	13 117 982	12 879 762	12 077 236	11 944 129
14	Basel III leverage ratio (%) (row 2/row 13)	10.60%	10.71%	10.93%	11.17%	11.20%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	10.60%	10.71%	10.93%	11.17%	11.20%
<b>Liquidity Coverage Ratio</b>						
15	Total HQLA	879 859	901 093	958 443	1 061 791	1 004 362
16	Total net cash outflow	342 409	365 716	378 235	408 982	409 773
17	LCR ratio (%)	256.96%	246.39%	253.40%	259.62%	245.10%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	5 593 986	5 609 279	5 283 788	5 275 982	5 632 577
19	Total required stable funding	5 185 312	5 213 965	5 173 840	5 071 916	4 969 899
20	NSFR ratio	107.88%	107.58%	102.13%	104.02%	113.33%

### 3. Capital Risk continued

The capital adequacy ratios remain above the minimum regulatory requirements and within the Board approved limits. The Y-o-Y increase in available capital amounts is mainly attributable to a decrease in intangible assets.

Total RWA: Decreased from R9.221 billion (Jun-22) to R9.132 billion (Dec-22) attributable to a reduction in equity risk, partially offset by an increase in credit risk RWA due to the growth in the loan book and increased operational risk.

The liquidity coverage ratio remains above the regulatory requirement and within the Board risk appetite. The Q-o-Q increase is mainly driven by a reduction in net cash outflows, partially offset by a decrease in HQLA.

The net stable funding ratio remains above the regulatory requirement and within the Board risk appetite. The Q-o-Q increase follows a reduction in required stable funding, partially offset by a decrease in available stable funding.

#### 3.2 KM1: KEY PRUDENTIAL METRICS

##### Overview of risk management, key prudential metrics and RWA

		Sasfin Bank Limited				
		a	b	c	d	e
		Dec-22	Sep-22	Jun-22	Mar-22	Dec-21
R'000		T	T-1	T-2	T-3	T-4
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	1 025 787	1 004 773	997 159	972 222	940 257
1a	Fully loaded ECL accounting model	1 025 787	1 004 773	997 159	972 222	940 257
2	Tier 1	1 025 787	1 004 773	997 159	972 222	940 257
2a	Fully loaded accounting model Tier 1	1 025 787	1 004 773	997 159	972 222	940 257
3	Total capital	1 083 343	1 069 274	1 053 203	1 023 475	994 215
3a	Fully loaded ECL accounting model total capital	1 083 343	1 069 274	1 053 203	1 023 475	994 215
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	7 357 312	7 292 696	7 242 480	6 381 672	6 339 528
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	13.942%	13.778%	13.768%	15.235%	14.832%
5a	Fully loaded ECL accounting model CET1 (%)	13.942%	13.778%	13.768%	15.235%	14.832%
6	Tier 1 ratio (%)	13.942%	13.778%	13.768%	15.235%	14.832%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	13.942%	13.778%	13.768%	15.235%	14.832%
7	Total capital ratio (%)	14.725%	14.662%	14.542%	16.038%	15.683%
7a	Fully loaded ECL accounting model total capital ratio (%)	14.725%	14.662%	14.542%	16.038%	15.683%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.44%	5.28%	5.27%	6.73%	6.83%
<b>Basel III Leverage Ratio</b>						
13	Total Basel III leverage ratio measure	9 620 938	9 774 405	9 212 924	9 031 512	9 901 710
14	Basel III leverage ratio (%) (row 2/row 13)	10.66%	10.28%	10.82%	10.76%	9.50%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	10.66%	10.28%	10.82%	10.76%	9.50%
<b>Liquidity Coverage Ratio</b>						
15	Total HQLA	879 859	901 093	958 443	1 061 791	1 004 362
16	Total net cash outflow	342 409	365 716	378 235	408 982	409 773
17	LCR ratio (%)	256.96%	246.39%	253.40%	259.62%	245.10%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	5 593 986	5 609 279	5 283 788	5 275 982	5 632 577
19	Total required stable funding	5 185 312	5 213 965	5 173 840	5 071 916	4 969 899
20	NSFR ratio (%)	107.88%	107.58%	102.13%	104.02%	113.33%

## 4. Leverage ratio

Consistent with the treatment in table KM1, the leverage position is shown on both a regulatory and IFRS basis.

### LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE

		Sasfin Holdings Limited
		a
		Dec-22
R'000		
1	Total consolidated assets as per published financial statements	13 572 747
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	(227 611)
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)	178 427
7	Other adjustments	(105 533)
<b>8</b>	<b>Leverage ratio exposure measure</b>	<b>13 418 030</b>

### LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE

		Sasfin Bank Limited
		a
		Dec-22
R'000		
1	Total consolidated assets as per published financial statements	9 505 437
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	(26 244)
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)	170 439
7	Other adjustments	(28 694)
<b>8</b>	<b>Leverage ratio exposure measure</b>	<b>9 620 938</b>



## 4. Leverage ratio continued

### LR2: LEVERAGE RATIO COMMON DISCLOSURE

		Sasfin Holdings Limited	
		a	b
		Dec-22	Sep-22
R'000		T	T-1
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	13 186 980	12 820 398
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	–	–
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)</b>	<b>13 186 980</b>	12 820 398
<b>Derivative exposures</b>			
4	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	26 244	67 997
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	26 380	21 219
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	<b>Total derivative exposures (sum of rows 4 to 10)</b>	<b>52 624</b>	89 215
<b>Securities financing transactions</b>			
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	<b>Total securities financing transaction exposures (sum of rows 12 to 15)</b>	–	–
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	959 816	936 459
18	(Adjustments for conversion to credit equivalent amounts)	(781 389)	(728 091)
19	<b>Off-balance sheet items (sum of rows 17 and 18)</b>	<b>178 427</b>	208 369
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	<b>1 422 295</b>	1 405 100
21	<b>Total exposures (sum of rows 3, 11, 16 and 19)</b>	<b>13 418 030</b>	13 117 982
<b>Leverage ratio</b>			
22	<b>Basel III leverage ratio</b>	<b>10.60%</b>	10.71%

## 4. Leverage ratio continued

### LR2: LEVERAGE RATIO COMMON DISCLOSURE continued

		Sasfin Bank Limited	
		a	b
		Dec-22	Sep-22
R'000		T	T-1
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	9 397 875	9 536 974
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	–	–
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)</b>	<b>9 397 875</b>	9 536 974
<b>Derivative exposures</b>			
4	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	26 244	67 997
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	26 380	21 219
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	<b>Total derivative exposures (sum of rows 4 to 10)</b>	<b>52 624</b>	89 215
<b>Securities financing transactions</b>			
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	<b>Total securities financing transaction exposures (sum of rows 12 to 15)</b>	<b>–</b>	–
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	953 007	827 752
18	(Adjustments for conversion to credit equivalent amounts)	(782 568)	(679 536)
19	<b>Off-balance sheet items (sum of rows 17 and 18)</b>	<b>170 439</b>	148 216
<b>Capital and total exposures</b>			
20	Tier 1 capital	1 025 787	1 004 773
21	<b>Total exposures (sum of rows 3, 11, 16 and 19)</b>	<b>9 620 938</b>	9 774 405
<b>Leverage ratio</b>			
22	Basel III leverage ratio	10.66%	10.28%

## 5. Credit risk under standardised approach

The credit quality of the Group's on-and off-balance sheet assets is reflected in the table CR1 below, through the disclosure of gross carrying values of both defaulted and non-defaulted exposures, as well as the net exposures after impairments and allowances.

### CR 1 – CREDIT QUALITY OF ASSETS

		Sasfin Holdings Limited						
		a	b	c		d		
		Carrying values of		Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures		
		Defaulted exposures	Non-defaulted exposures	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Net values (a+b-c)		
		December 2022						
R'000								
1	Loans	937 044	8 023 635	472 328	384 252	88 076	– 8 488 351	
2	Debt securities	270 806	1 401 893	103 119	101 979	1 140	– 1 569 580	
3	Off-balance sheet exposures	–	223 805	–	–	–	– 223 805	
4	<b>Total</b>	<b>1 207 850</b>	<b>9 649 333</b>	<b>575 447</b>	<b>486 231</b>	<b>89 216</b>	<b>– 10 281 736</b>	
		June 2022						
1	Loans	831 471	7 774 484	475 251	358 497	116 754	– 8 130 704	
2	Debt securities	270 293	1 643 725	123 678	121 593	2 085	– 1 790 340	
3	Off-balance sheet exposures	–	302 550	–	–	–	– 302 550	
4	<b>Total</b>	<b>1 101 764</b>	<b>9 720 759</b>	<b>598 929</b>	<b>480 090</b>	<b>118 839</b>	<b>– 10 223 594</b>	

### CR 2 – CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES:

Table CR2 presents the movement in the balance of defaulted exposures for the reporting period, including loans and debt securities that have defaulted since the last reporting period, those that have returned to default status and the amounts that have been written-off.

		Sasfin Holdings Limited	
		Dec-22	Jun-22
R'000			
1	Defaulted loans and debt securities at end of the previous reporting period	1 101 764	1 027 174
2	Loans and debt securities that have defaulted since the last reporting period	169 762	314 977
3	Returned to non-defaulted status	(43 925)	(34 392)
4	Amounts written off	(54 240)	(111 866)
5	Other changes	34 489	(94 128)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1 207 850	1 101 764

## 5. Credit risk under standardised approach continued

### CR4: STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS

		Sasfin Bank (Limited)											
		December 2022											
		a		b		c		d		e		f	
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density							
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density						
<b>Asset classes</b>													
1	Sovereigns and their central banks	2 157 605	–	2 157 605	–	54	–						
2	Non-central government public sector entities	582 722	–	582 722	–	286 714	49.2%						
3	Multilateral development banks	–	–	–	–	–	–						
4	Banks	38 946	–	38 946	–	8 713	22.4%						
5	Securities firms	–	–	–	–	–	–						
6	Corporates	5 165 114	840 048	5 165 114	124 458	4 311 611	81.5%						
7	Regulatory retail portfolios	231 886	112 959	231 886	45 981	222 797	80.2%						
8	Secured by residential property	–	–	–	–	–	–						
9	Secured by commercial real estate	–	–	–	–	–	–						
10	Equity	–	–	–	–	–	–						
11	Past-due loans	–	–	–	–	–	–						
12	Higher-risk categories	–	–	–	–	–	–						
13	Other assets	1 048 823	–	1 048 823	–	949 593	90.5%						
14	<b>Total</b>	<b>9 225 096</b>	<b>953 007</b>	<b>9 225 096</b>	<b>170 439</b>	<b>5 779 482</b>	<b>61.5%</b>						
		<b>June 2022</b>											
<b>Asset classes</b>													
1	Sovereigns and their central banks	1 816 845	–	1 816 845	–	160	–						
2	Non-central government public sector entities	474 071	–	474 071	–	233 559	49.3%						
3	Multilateral development banks	–	–	–	–	–	–						
4	Banks	11 038	–	11 038	–	3 916	35.5%						
5	Securities firms	–	–	–	–	–	–						
6	Corporates	4 599 676	703 238	4 599 676	75 971	3 810 483	81.5%						
7	Regulatory retail portfolios	194 564	115 292	194 564	46 238	211 723	87.9%						
8	Secured by residential property	–	–	–	–	–	–						
9	Secured by commercial real estate	254 304	–	254 304	–	279 728	110.0%						
10	Equity	–	–	–	–	–	–						
11	Past-due loans	–	–	–	–	–	–						
12	Higher-risk categories	–	–	–	–	–	–						
13	Other assets	1 231 108	–	1 231 108	–	940 358	76.4%						
14	<b>Total</b>	<b>8 581 605</b>	<b>818 530</b>	<b>8 581 605</b>	<b>122 209</b>	<b>5 479 927</b>	<b>63.0%</b>						

## 5. Credit risk under standardised approach continued

### CR5: STANDARDISED APPROACH – EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS

Sasfin Bank (Limited)										
December 2022										
	a	b	c	d	e	f	g	h	i	j
	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
<b>Risk weight</b>										
<b>Asset classes</b>										
1 Sovereigns and their central banks	2 157 605	-	-	-	-	-	-	-	-	2 157 605
2 Non-central government public sector entities	-	-	356 897	-	7 247	-	218 578	-	-	582 722
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	37 791	-	-	-	1 155	-	-	38 946
5 Securities firms	-	-	-	-	-	-	-	-	-	-
6 Corporates	385 954	-	-	-	124 267	-	4 563 523	215 828	-	5 289 572
7 Regulatory retail portfolios	761	-	-	-	13 022	165 668	98 416	-	-	277 867
8 Secured by residential property	-	-	-	-	-	-	-	-	-	-
9 Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10 Equity	-	-	-	-	-	-	-	-	-	-
11 Past-due loans	-	-	-	-	-	-	-	-	-	-
12 Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13 Other assets	-	-	-	-	-	-	1 048 823	-	-	1 048 823
14 <b>Total</b>	<b>2 544 320</b>	<b>-</b>	<b>394 688</b>	<b>-</b>	<b>144 536</b>	<b>165 668</b>	<b>5 930 495</b>	<b>215 828</b>	<b>-</b>	<b>9 395 535</b>

## 5. Credit risk under standardised approach continued

### CR5: STANDARDISED APPROACH – EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS

Sasfin Bank (Limited)											
June 2022											
	a	b	c	d	e	f	g	h	i	j	
	0%	10%	20%	35%	50%	75%	100%	150%	Others		Total credit exposures amount (post CCF and post-CRM)
<b>Risk weight</b>											
<b>Asset classes</b>											
1 Sovereigns and their central banks	1 816 756	-	-	-	-	-	90	-	-	1 816 846	
2 Non-central government public sector entities	903	-	290 433	-	4 693	-	178 042	-	-	474 071	
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	
4 Banks	-	-	8 902	-	-	-	2 135	-	-	11 037	
5 Securities firms	-	-	-	-	-	-	-	-	-	-	
6 Corporates	391 765	-	-	-	148 988	171	4 158 197	230 829	-	4 929 950	
7 Regulatory retail portfolios	652	-	-	-	9 511	69 478	161 160	-	-	240 801	
8 Secured by residential property	-	-	-	-	-	-	-	-	-	-	
9 Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	
10 Equity	-	-	-	-	-	-	-	-	-	-	
11 Past-due loans	-	-	-	-	-	-	-	-	-	-	
12 Higher-risk categories	-	-	-	-	-	-	-	-	-	-	
13 Other assets	-	-	-	-	-	-	1 231 108	-	-	1 231 108	
14 <b>Total</b>	<b>2 210 076</b>	<b>-</b>	<b>299 335</b>	<b>-</b>	<b>163 192</b>	<b>69 649</b>	<b>5 730 732</b>	<b>230 829</b>	<b>-</b>	<b>8 703 813</b>	

## 6. Counterparty credit risk

### CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE

		Sasfin Bank (Limited)					
		December 2022					
		a	b	c	d	e	f
		Replace- ment cost	Potential future exposure	Alpha used for computing regulatory EAD	EEPE	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	26 244	26 380		1.4	68 408	64 878
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	<b>Total</b>						64 878

		Sasfin Bank (Limited)					
		June 2022					
		a	b	c	d	e	f
		Replace- ment cost	Potential future exposure	Alpha used for computing regulatory EAD	EEPE	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	44 580	19 702		1.4	99 911	94 247
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	<b>Total</b>						94 247

### CCR2 – CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE:

		Sasfin Bank (Limited)			
		December 2022		June 2022	
		a	b	a	b
		EAD post- CRM	RWA	EAD post- CRM	RWA
<b>Total portfolios subject to the Advanced CVA capital charge</b>		-	-	-	-
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	68 408	19 241	119 966	18 079
4	<b>Total subject to the CVA capital charge</b>	68 408	19 241	119 966	18 079

## 6. Counterparty credit risk continued

### CCR3 – CCR EXPOSURES RISK WEIGHTED - STANDARDISED APPROACH

		Sasfin Bank (Limited)								
		a	b	c	d	e	f	g	h	i
		December 2022								
R'000		0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
<b>Risk weight</b>										
<b>Regulatory portfolio</b>										
	Sovereigns	-	-	-	-	-	-	-	-	-
	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-
	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-
	Banks	-	-	1 191	-	-	-	-	-	1 191
	Securities firms	-	-	-	-	-	-	-	-	-
	Corporates	-	-	-	-	-	25 053	-	-	25 053
	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	1 191	-	-	25 053	-	-	26 244

		Sasfin Bank (Limited)								
		a	b	c	d	e	f	g	h	i
		June 2022								
R'000		0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
<b>Risk weight</b>										
<b>Regulatory portfolio</b>										
	Sovereigns	-	-	-	-	-	-	-	-	-
	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-
	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-
	Banks	-	-	2 175	-	-	-	-	-	2 175
	Securities firms	-	-	-	-	-	-	-	-	-
	Corporates	-	-	-	-	-	42 404	-	-	42 404
	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	2 175	-	-	42 404	-	-	44 580



## 7. Quantitative disclosure – description of a bank’s securitisation exposure

### SEC1: SECURITISATION EXPOSURES IN THE BANKING BOOK

		Sasfin Bank (Limited)								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		December 2022								
1	<b>Retail (total) – of which</b>	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	<b>Wholesale (total) – of which</b>	<b>371 953</b>	–	<b>371 953</b>	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	leases and receivables	<b>371 953</b>	–	<b>371 953</b>	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

## 7. Quantitative disclosure – description of a bank’s securitisation exposure continued

### SEC1: SECURITISATION EXPOSURES IN THE BANKING BOOK CONTINUED

		Sasfin Bank (Limited)								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		June 2022								
1	<b>Retail (total) – of which</b>	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	<b>Wholesale (total) – of which</b>	<b>334 185</b>	–	<b>334 185</b>	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	leases and receivables	<b>334 185</b>	–	<b>334 185</b>	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–





## 9. 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.

### MR1 – MARKET RISK UNDER STANDARDISED APPROACH (SA):

		Sasfin Bank (Limited)	
		a	a
		December	June
		2022	2022
		Capital	Capital
		charge	charge
		under SA	under SA
R'000			
1	General interest rate risk	–	–
2	Equity risk	–	–
3	Commodity risk	–	–
4	Foreign exchange risk	1 223	315
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	<b>Total</b>	<b>1 223</b>	<b>315</b>

# 10. Overview of funding and liquidity metrics

## LIQ1: LIQUIDITY COVERAGE RATIO

The LCR is designed to promote short-term resilience of the 30 calendar day liquidity profile, by ensuring that banks have sufficient high quality liquid assets (HQLA) to meet potential outflows in a stressed environment. The following analysis includes banking and/or deposit taking entities and represents an aggregation of the relevant individual net cash outflows and HQLA portfolios.

		<b>Sasfin Bank Limited</b>	
		<b>a</b>	<b>b</b>
		<b>Total</b>	<b>Total</b>
		<b>unweighted</b>	<b>weighted</b>
		<b>value</b>	<b>value</b>
		<b>(average)</b>	<b>(average)</b>
R'000			
<b>High-quality liquid assets</b>			
1	Total HQLA		879 859
<b>Cash outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>	1 104 160	110 416
3	Stable deposits	–	–
4	Less stable deposits	1 104 160	110 416
5	<b>Unsecured wholesale funding, of which:</b>	4 829 785	1 186 697
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7	Non-operational deposits (all counterparties)	4 829 785	1 186 697
8	Unsecured debt	–	–
9	<b>Secured wholesale funding</b>	736 693	–
10	<b>Additional requirements, of which:</b>	848 287	72 524
11	Outflows related to derivative exposures and other collateral requirements	–	–
12	Outflows related to loss of funding of debt products	–	–
13	Credit and liquidity facilities	848 287	848 287
14	<b>Other contractual funding obligations</b>	–	–
15	<b>Other contingent funding obligations</b>	–	–
16	<b>TOTAL CASH OUTFLOWS</b>		<b>1 369 636</b>
<b>Cash inflows</b>			
17	Secured lending (eg reverse repo)	939 193	939 193
18	Inflows from fully performing exposures	244 911	122 456
19	Other cash inflows	13 494	13 494
20	<b>TOTAL CASH INFLOWS</b>	<b>1 197 599</b>	<b>1 075 143</b>

		<b>Sasfin Bank Limited</b>
		<b>Total</b>
		<b>adjusted</b>
		<b>value</b>
R'000		
21	Total HQLA	879 859
22	Total net cash outflows	342 409
23	Liquidity coverage ratio (%)	256.96%

# 10. Overview of funding and liquidity metrics continued

## LIQ2: NET STABLE FUNDING RATIO

The Basel III NSFR became effective on 1 January 2018 with the objective of promoting funding stability and resilience in the banking sector, by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The available stable funding (ASF) is defined as the portion of capital and liabilities expected to be reliable over the one year time horizon. The amount of required stable funding (RSF) is a function of the liquidity characteristics and residual maturities of the various assets (including off-balance sheet exposures) held by the bank. By ensuring that banks do not embark on excessive maturity transformation that is not sustainable, the NSFR is intended to reduce the likelihood that disruptions to a banks funding sources would erode its liquidity position, increase its risk of failure and potentially lead to broader systemic risk. Only banking and/or deposit taking entities are included and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance sheet items as at 31 December 2022.

The group maintained NSFR compliance in excess of the regulatory requirement of 100% for the six months ended 31 December 2022.

R'000		Unweighted value by residual maturity			Weighted value	
		a No maturity*	b <6 months	c 6 months to <1 year		d ≥1 year
<b>Available stable funding (ASF) item</b>						
1	Capital:	-	-	-	1 117 920	1 117 920
2	Regulatory capital	-	-	-	1 117 920	1 117 920
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	2 091 906	159 772	24 013	2 050 524
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	2 091 906	159 772	24 013	2 050 524
7	Wholesale funding:	-	976 613	83 808	26 769	556 979
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	976 613	83 808	26 769	556 979
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	3 406 165	109 048	950 623	1 868 563
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	-	3 406 165	109 048	950 623	1 868 563
<b>14</b>	<b>Total ASF</b>					<b>5 593 986</b>
<b>Required stable funding (RSF) item</b>						
15	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	78 708
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	3 687 322	326 863	3 779 546	3 980 307
18	Performing loans to financial institutions secured by Level 1 HQLA	-	1 378 881	195 284	-	78 708
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1 147 180	1 041	93 346	265 943
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:	-	1 161 262	130 538	2 968 625	3 169 232
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	717 575	466 423
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	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other liabilities:	-	3 912	-	1 131 176	1 135 088
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	-	3 912	-	-	3 912
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31	All other assets not included in the above categories	-	-	-	1 131 176	1 131 176
32	Off-balance sheet items	-	-	-	-	69 917
<b>33</b>	<b>Total RSF</b>					<b>5 185 312</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>107.88%</b>

# 11. Composition of Capital

## CC1: COMPOSITION OF REGULATORY CAPITAL

		Sasfin Holdings Limited	
		a	b
		Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	
R'000		Amounts	consolidation
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	167 266	(c)
2	Retained earnings	1 545 030	
3	Accumulated other comprehensive income (and other reserves)	(130 072)	
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	
6	<b>Common Equity Tier 1 capital before regulatory deductions</b>	<b>1 582 224</b>	
<b>Common Equity Tier 1 capital regulatory adjustments</b>			
7	Prudent valuation adjustments	1 773	
8	Goodwill (net of related tax liability)	41 837	(a)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	85 242	(b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	31 077	
11	Cash flow hedge reserve	-	
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	-	
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	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>159 929</b>	
29	<b>Common Equity Tier 1 capital (CET1)</b>	<b>1 422 295</b>	



# 11. Composition of Capital continued

		Sasfin Holdings Limited	
		a	b
		Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	
R'000		Amounts	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	–	
31	Of which: classified as equity under applicable accounting standards	–	
32	Of which: classified as liabilities under applicable accounting standards	–	
33	<i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	–	
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	–	
36	Additional Tier 1 capital before regulatory adjustments	–	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
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	<b>Additional Tier 1 capital (AT1)</b>	–	
45	<b>Tier 1 capital (T1= CET1 + AT1)</b>	<b>1 422 295</b>	
<b>Tier 2 capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	
47	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	–	
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	–	
50	Provisions	<b>75 814</b>	
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>75 814</b>	
<b>Tier 2 capital: regulatory adjustments</b>			
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	<b>Total regulatory adjustments to Tier 2 capital</b>	–	

# 11. Composition of Capital continued

	Sasfin Holdings Limited	
	a	b
R'000	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
58 Tier 2 capital (T2)	75 814	
59 Total regulatory capital (TC = T1 + T2)	1 498 109	
60 Total risk-weighted assets	9 132 091	
<b>Capital ratios and buffers</b>		
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)	15.57%	
62 Tier 1 (as a percentage of risk-weighted assets)	15.57%	
63 Total capital (as a percentage of risk-weighted assets)	16.40%	
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)	4.50%	
65 Of which: capital conservation buffer requirement	2.50%	
66 Of which: bank-specific countercyclical buffer requirement	–	
67 Of which: higher loss absorbency requirement	2.00%	
68 Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	7.07%	
<b>National minima (if different from Basel III)</b>		
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	8.50%	
70 National Tier 1 minimum ratio (if different from Basel III minimum)	10.75%	
71 National total capital minimum (if different from Basel III minimum)	13.50%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	–	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
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	–	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
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)	–	

# 11. Composition of Capital continued

## CC2: RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET

R'000	Sasfin Holdings Limited		
	a	b	c
	Balance sheet as in published financial statements As at period-end	Under regulatory scope of consolidation As at period-end	Reference
<b>Assets</b>			
Cash and balances at central banks	754 447	754 447	
Items in the course of collection from other banks	–	–	
Trading portfolio assets	1 569 580	1 569 580	
Financial assets designated at fair value	474 571	474 571	
Derivative financial instruments	472 451	472 451	
Loans and advances to banks	252 195	252 195	
Loans and advances to customers	8 488 352	8 488 352	
Reverse repurchase agreements and other similar secured lending	–	–	
Available for sale financial investments	578 459	578 459	
Current and deferred tax assets	98 058	98 058	
Prepayments, accrued income and other assets	504 749	504 749	
Investments in associates and joint ventures	69 246	69 246	
Goodwill and other intangible assets	129 740	129 740	
Of which: goodwill	41 837	41 837	(a)
Of which: intangibles (excluding MSRs)	87 903	87 903	(b)
Of which: MSRs	–	–	
Property, plant and equipment	180 899	180 899	
<b>Total assets</b>	<b>13 572 747</b>	<b>13 572 747</b>	
<b>Liabilities</b>			
Deposits from banks	–	–	
Items in the course of collection due to other banks	–	–	
Customer accounts	5 941 278	5 941 277	
Repurchase agreements and other similar secured borrowing	730 285	730 285	
Trading portfolio liabilities	–	–	
Financial liabilities designated at fair value	–	–	
Derivative financial instruments	494 070	494 070	
Debt securities in issue	3 257 450	3 257 450	
Accruals, deferred income and other liabilities	1 225 136	1 225 136	
Current and deferred tax liabilities	171 903	171 903	(b)
Of which: DTLs related to goodwill	–	–	
Of which: DTLs related to intangible assets (excluding MSRs)	–	–	
Of which: DTLs related to MSRs	–	–	
Subordinated liabilities	–	–	
Provisions	38 666	38 666	
Retirement benefit liabilities	–	–	
<b>Total liabilities</b>	<b>11 858 788</b>	<b>11 858 788</b>	
<b>Shareholders' equity</b>			
Paid-in share capital	167 266	167 266	(c)
Of which: amount eligible for CET1	167 266	167 266	(c)
Of which: amount eligible for AT1	–	–	
Retained earnings	1 546 693	1 546 693	
Accumulated other comprehensive income	–	–	
<b>Total shareholders' equity</b>	<b>1 713 959</b>	<b>1 713 959</b>	

# Abbreviations and acronyms

<b>ALCO</b>	Asset and Liability Committee	<b>IRB</b>	Internal ratings-based approach
<b>ASF</b>	Available stable funding	<b>IRR</b>	Interest rate risk
<b>AT1</b>	Additional Tier 1	<b>KPI</b>	Key performance indicators
<b>BASA</b>	Banking Association of South Africa	<b>KRI</b>	Key risk indicators
<b>BCBS</b>	Basel Committee on Banking Supervision	<b>KVI</b>	Key value indicators
<b>BCM</b>	Business Continuity Management	<b>LCR</b>	Liquidity Coverage Ratio
<b>BIA</b>	Basic Indicator approach	<b>LTV</b>	Loan-to-value
<b>CCF</b>	Credit conversion factor	<b>MCC</b>	Management Credit Committee
<b>CCP</b>	Central counterparty	<b>MSR</b>	Mortgage Servicing Rights
<b>CCR</b>	Counterparty credit risk	<b>NSFR</b>	Net Stable Funding Ratio
<b>CET 1</b>	Common Equity Tier 1	<b>PA</b>	Prudential Authority (SARB)
<b>CLEC</b>	Credit and Large Exposures Committee	<b>PSE</b>	Public sector entities
<b>CRM</b>	Credit risk mitigation	<b>RBA</b>	Ratings-based approach
<b>CVA</b>	Credit valuation adjustment	<b>RDARR</b>	Risk data aggregation and risk reporting
<b>D-SIB</b>	Domestic systemically important banks	<b>REMCO</b>	Remuneration Committee
<b>DTL</b>	Deferred tax liabilities	<b>ROE</b>	Return on Equity
<b>EAD</b>	Exposure at default	<b>RSF</b>	Required stable funding
<b>ECC</b>	Executive Credit Committee	<b>RWA</b>	Risk weighted assets
<b>ECL</b>	Expected credit losses	<b>SA</b>	Standardised approach
<b>EEPE</b>	Effective expected positive exposure	<b>SASP</b>	South African Securitisation Programme (Pty) Ltd
<b>ERM</b>	Enterprise Risk Management	<b>SEC-ERBA</b>	Securitisation external ratings-based approach
<b>F-IRB</b>	Foundation internal ratings-based approach	<b>SEC-IRBA</b>	Securitisation internal ratings-based approach
<b>GAC</b>	Group Audit Committee	<b>SEC-SA</b>	Securitisation standardised approach
<b>GIA</b>	Group Internal audit	<b>SFT</b>	Securities financing transactions
<b>GRCMC</b>	Group Risk and Capital Management Committee	<b>SPV</b>	Special Purpose Vehicle
<b>G-SIB</b>	Global systemically important banks	<b>STI</b>	Short-term incentives
<b>HQLA</b>	High-quality liquid assets	<b>T2</b>	Tier 2 capital
<b>IAA</b>	Internal assessment approach	<b>TC</b>	Total regulatory capital
<b>ICAAP</b>	Internal Capital Adequacy Assessment Process	<b>TLAC</b>	Total loss-absorbing capacity
<b>IFRS</b>	International Financial Reporting Standards	<b>VaR</b>	Value at risk
<b>IMA</b>	Internal model approach		
<b>IMM</b>	Internal Model Method		

# Corporate details

<b>Country of incorporation and domicile</b>	South Africa
<b>Independent Non-executive Chair</b>	Deon de Kock
<b>Executive Directors</b>	Michael Sassoon (Chief Executive Officer) Harriet Heymans (Financial Director)
<b>Independent Non-executive Directors</b>	Richard Buchholz (Lead) Tapiwa Njikizana Mark Thompson Tienie van der Mescht Eileen Wilton
<b>Non-independent, Non-executive Directors</b>	Gugu Dingaan Nontobeko Ndhrazi Shaun Rosenthal (Alternate) Roland Sassoon
<b>Group Company Secretary</b>	Charissa De Jager
<b>Website and email</b>	www.sasfin.com investorrelations@sasfin.com
<b>Transfer secretaries</b>	Computershare Investor Services (Proprietary) Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg 2196
<b>Sponsor</b>	Questco Corporate Advisory (Proprietary) Limited
<b>Auditors</b>	PwC Inc.
<b>Registered office</b>	140 West Street, Sandown, Sandton, Johannesburg, Gauteng, 2196 Tel: +27 11 809 7500 Fax: +27 11 887 6167/2489
<b>Postal address</b>	PO Box 95104 Grant Park Johannesburg 2051
<b>Company registration number</b>	1987/002097/06
<b>Tax reference number</b>	9300/204/71/7

## Disclaimer

The Group has, in good faith, made a reasonable effort to ensure the accuracy and completeness of the information contained in this report, including information that may be regarded as forward-looking statements.

Forward-looking statements are not statements of fact, but statements by the Board based on its current estimates, projections, expectations, beliefs and assumptions regarding the Group's future performance, and no assurance is given.

The risks and uncertainties inherent in the forward-looking statements include, but are not limited to, changes to IFRS and the interpretations, applications and practices as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of current and future litigation.

The Group does not undertake to update any forward-looking statements and does not assume responsibility for any loss or damage, however arising as a result of the reliance by any party thereon, including but not limited to, loss of earnings, profits, consequential loss or damage.

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