

sasfin

Holdings Limited



Pillar III Risk Management Report

December 2021

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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. Monetary values are expressed in Rand thousands.

For the reporting period 31 December 2021, 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 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
- 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 (ERM) Framework and is effected by the Board of Directors, management and other personnel. The ERM Framework 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 and to provide reasonable assurance regarding the achievement of entity objectives.

2.1 OV1: OVERVIEW OF RISK WEIGHTED ASSETS (HOLDINGS)

Overview of risk management, key prudential metrics and RWA

Sasfin Holdings Limited				
	a	a	b	c
	RWA			Minimum capital requirements*
R'000	Dec-21	Sep-21	Jun-21	Dec-21
	T	T	T-1	T
1 Credit risk (excluding counterparty credit risk)	5 400 041	4 974 431	5 137 801	540 004
2 Of which: standardised approach (SA)	5 400 041	4 974 431	5 137 801	540 004
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)	63 311	54 123	78 190	6 331
7 Of which: standardised approach for counterparty credit risk	63 311	54 123	78 190	6 331
8 Of which: Internal Model Method (IMM)***	–	–	–	–
9 Of which: other CCR***	–	–	–	–
10 Credit valuation adjustment (CVA)	3 275	9 264	6 331	328
11 Equity positions under the simple risk weight approach	429 782	470 824	341 484	42 978
12 Equity investments in funds – look-through approach#	347 075	124 677	243 689	34 708
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	333 642	333 961	333 975	33 364
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)	333 642	333 961	333 975	33 364
20 Market risk	3 297	9 393	19 651	330
21 Of which: standardised approach (SA)	3 297	9 393	19 651	330
22 Of which: internal model approaches (IMA)	–	–	–	–
23 Capital charge for switch between trading book and banking book****	–	–	–	–
24 Operational risk	1 750 375	1 332 530	1 719 613	175 038
25 Amounts below thresholds for deduction (subject to 250% risk weight)	21 454	32 253	32 957	2 145
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)	8 352 254	7 341 455	7 913 691	835 225

* The Capital requirement calculated at 10.00% of RWA. The minimum requirement excludes the capital conservation buffer requirement. The difference to the BCBS base minimum of 8% relates to the add-on for idiosyncratic requirement and add-on buffer 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 were no other CCR (row 9 of OV1 template).

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

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

Instructions & Definitions: See pages 24 & 25 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

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

2.1 OV1: OVERVIEW OF RISK WEIGHTED ASSETS (BANK) continued

Overview of risk management, key prudential metrics and RWA

Sasfin Bank Limited				
	a			c Minimum capital require- ments+ Dec-21 T
	RWA Dec-21 T	Sep-21 T	Jun-21 T-1	
R'000				
1 Credit risk (excluding counterparty credit risk)	4 403 216	3 871 489	3 930 046	440 322
2 Of which: standardised approach (SA)	4 403 216	3 871 489	3 930 046	440 322
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)	63 311	54 123	78 190	6 331
7 Of which: standardised approach for counterparty credit risk	63 311	54 123	78 190	6 331
8 Of which: Internal Model Method (IMM)***	–	–	–	–
9 Of which: other CCR***	–	–	–	–
10 Credit valuation adjustment (CVA)	3 275	9 264	6 331	328
11 Equity positions under the simple risk weight approach	284 479	280 761	280 761	28 448
12 Equity investments in funds – look-through approach#	347 075	124 677	243 689	34 708
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	333 642	333 961	333 975	33 364
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)	333 642	333 961	333 975	33 364
20 Market risk	3 297	9 393	19 651	330
21 Of which: standardised approach (SA)	3 297	9 393	19 651	330
22 Of which: internal model approaches (IMA)	–	–	–	–
23 Capital charge for switch between trading book and banking book****	–	–	–	–
24 Operational risk	1 004 414	1 099 447	1 026 963	100 441
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)	6 442 710	5 783 114	5 919 605	644 271

* The Capital requirement calculated at 10.00% of RWA. The minimum requirement excludes the capital conservation buffer requirement. The difference to the BCBS base minimum of 8% relates to the add-on for idiosyncratic requirement and add-on buffer 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 (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 were no other CCR (row 9 of OV1 template).

**** There were no switches from the Banking to a trading book.

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

Instructions & Definitions: See pages 24 & 25 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

3. Capital Risk

Governance: The Board is responsible for capital management and has delegated certain aspects of its role to the Group Risk and Capital Management Committee (GRCMC), including setting of appropriate capital targets and ensuring adequate capitalisation. The capital management function is governed primarily by the GRCMC that 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 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
- 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.

3.1 KM1: KEY PRUDENTIAL METRICS (HOLDINGS)

Overview of risk management, key prudential metrics and RWA

Sasfin Holdings Limited					
	a	b	c	d	e
	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
	T	T-1	T-2	T-3	T-4
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	1 395 388	1 347 859	1 349 052	1 376 967	1 369 337
1a Fully loaded ECL accounting model	1 395 388	1 347 859	1 349 052	1 376 967	1 369 337
2 Tier 1	1 395 388	1 347 859	1 353 802	1 395 775	1 388 145
2a Fully loaded accounting model Tier 1	1 395 388	1 347 859	1 353 802	1 395 775	1 388 145
3 Total capital	1 461 309	1 410 939	1 418 392	1 469 075	1 465 244
3a Fully loaded ECL accounting model total capital	1 461 309	1 410 939	1 418 392	1 469 075	1 465 244
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	8 352 254	7 341 455	7 913 691	8 680 279	8 583 438
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	16,707%	18,360%	17,047%	15,863%	15,953%
5a Fully loaded ECL accounting model CET1 (%)	16,707%	18,360%	17,047%	15,863%	15,953%
6 Tier 1 ratio (%)	16,707%	18,360%	17,107%	16,080%	16,172%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	16,707%	18,360%	17,107%	16,080%	16,172%
7 Total capital ratio (%)	17,496%	19,219%	17,923%	16,924%	17,071%
7a Fully loaded ECL accounting model total capital ratio (%)	17,496%	19,219%	17,923%	16,924%	17,071%
Additional CET1 buffer requirements as a percentage of RWA					
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 (%)	8,33%	9,99%	8,67%	7,49%	7,58%
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	11 914 265	11 382 202	11 799 933	11 598 130	11 590 084
14 Basel III leverage ratio (%) (row 2/row 13)	11,71%	11,84%	11,47%	12,03%	11,98%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11,71%	11,84%	11,47%	12,03%	11,98%
Liquidity Coverage Ratio					
15 Total HQLA	1 176 782	1 142 272	1 120 952	1 061 791	1 004 362
16 Total net cash outflow	389 904	385 761	421 247	408 982	409 773
17 LCR ratio (%)	301,81%	296,11%	266,10%	259,62%	245,10%
Net Stable Funding Ratio					
18 Total available stable funding	5 690 270	5 029 195	5 009 610	5 195 500	4 850 877
19 Total required stable funding	5 074 623	4 838 519	4 792 553	4 162 261	4 129 357
20 NSFR ratio	112,13%	103,94%	104,53%	124,82%	117,47%

Instructions: See page 18 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

3. Capital Risk continued

The capital adequacy ratios remain strong, above the minimum regulatory requirements and within the Board approved limits. The YoY decrease in available capital amounts is mainly due to a decrease in tier 2 capital (general allowance for credit impairment).

Total RWA: Increased from R7.914 billion (Jun-21) to R8.352 billion (Dec-21) attributable to the growth in the lending book and the lease of the new premises.

The liquidity coverage ratio remains strong, above the regulatory requirements and within the Board risk appetite. The QoQ increase is mainly attributable to an increase in HQLA, partially offset by an increase in net cash outflows.

The net stable funding ratio remains above the regulatory minimum requirement of 100%. The QoQ increase is attributable to an increase in available stable funding.

3.2 KM1: KEY PRUDENTIAL METRICS (BANK)

Overview of risk management, key prudential metrics and RWA

Sasfin Bank Limited					
	a	b	c	d	e
	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
	T	T-1	T-2	T-3	T-4
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	997 951	993 643	998 377	923 825	922 327
1a Fully loaded ECL accounting model	997 951	993 643	998 377	923 825	922 327
2 Tier 1	997 951	993 643	998 377	923 825	922 327
2a Fully loaded accounting model Tier 1	997 951	993 643	998 377	923 825	922 327
3 Total capital	1 051 908	1 043 463	1 048 445	982 524	978 570
3a Fully loaded ECL accounting model total capital	1 051 908	1 043 463	1 048 445	982 524	978 570
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	6 442 710	5 783 114	5 919 605	6 427 726	6 141 893
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	15,490%	17,182%	16,866%	14,373%	15,017%
5a Fully loaded ECL accounting model CET1 (%)	15,490%	17,182%	16,866%	14,373%	15,017%
6 Tier 1 ratio (%)	15,490%	17,182%	16,866%	14,373%	15,017%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	15,490%	17,182%	16,866%	14,373%	15,017%
7 Total capital ratio (%)	16,327%	18,043%	17,711%	15,286%	15,933%
7a Fully loaded ECL accounting model total capital ratio (%)	16,327%	18,043%	17,711%	15,286%	15,933%
Additional CET1 buffer requirements as a percentage of RWA					
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 (%)	7,12%	8,81%	8,49%	6,00%	6,64%
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	9 877 617	8 827 539	8 489 027	8 294 798	8 052 516
14 Basel III leverage ratio (%) (row 2/row 13)	10,10%	11,26%	11,76%	11,14%	11,45%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	10,10%	11,26%	11,76%	11,14%	11,45%
Liquidity Coverage Ratio					
15 Total HQLA	1 176 782	1 142 272	1 120 952	1 061 791	1 004 362
16 Total net cash outflow	389 904	385 761	421 247	408 982	409 773
17 LCR ratio (%)	301,81%	296,11%	266,10%	259,62%	245,10%
Net Stable Funding Ratio					
18 Total available stable funding	5 690 270	5 029 195	5 009 610	5 195 500	4 850 877
19 Total required stable funding	5 074 623	4 838 519	4 792 553	4 162 261	4 129 357
20 NSFR ratio (%)	112,13%	103,94%	104,53%	124,82%	117,47%

Instructions: See page 18 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

4. Leverage ratio

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

LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE (JANUARY 2014 STANDARD)

		Sasfin Holdings Limited
		a
R'000		Dec-21
1	Total consolidated assets as per published financial statements	12 211 025
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	42 503
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	120 279
7	Other adjustments	(453 770)
8	Leverage ratio exposure measure	11 920 036

Instructions & Definitions: See pages 51 & 52 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE (JANUARY 2014 STANDARD)

		Sasfin Bank Limited
		a
R'000		Dec-21
1	Total consolidated assets as per published financial statements	9 842 650
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	42 503
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	138 110
7	Other adjustments	(145 646)
8	Leverage ratio exposure measure	9 877 617

Instructions & Definitions: See pages 51 & 52 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

4. Leverage ratio continued

LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE (JANUARY 2014 STANDARD)

		Sasfin Holdings Limited	
		a	b
		Dec-21	Sep-21
R'000		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	11 920 036	11 382 202
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)	11 920 036	11 382 202
Derivative exposures			
4	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	32 158	23 954
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	10 345	12 778
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)	42 503	36 732
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	734 125	742 937
18	(Adjustments for conversion to credit equivalent amounts)	(613 846)	(621 261)
19	Off-balance sheet items (sum of rows 17 and 18)	120 279	121 676
Capital and total exposures			
20	Tier 1 capital	1 395 388	1 347 859
21	Total exposures (sum of rows 3, 11, 16 and 19)	11 920 036	11 382 202
Leverage ratio			
22	Basel III leverage ratio	11.71%	11.84%

Instructions & Definitions: See pages 53 to 55 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

4. Leverage ratio continued

LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE (JANUARY 2014 STANDARD) continued

		Sasfin Bank Limited	
		a	b
		Dec-21	Sep-21
R'000		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	9 697 004	8 676 110
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)	9 697 004	8 676 110
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	32 158	23 954
5	Add-on amounts for PFE associated with all derivatives transactions	10 345	12 778
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)	42 503	36 732
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	138 110	114 697
18	(Adjustments for conversion to credit equivalent amounts)	–	–
19	Off-balance sheet items (sum of rows 17 and 18)	138 110	114 697
Capital and total exposures			
20	Tier 1 capital	997 951	993 643
21	Total exposures (sum of rows 3, 11, 16 and 19)	9 877 617	8 827 539
Leverage ratio			
22	Basel III leverage ratio	10,10%	11,26%

Instructions & Definitions: See pages 53 to 55 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

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	Of which ECL accounting provisions for credit losses on SA exposures		d
		Carrying values of	Non-	Allowances/	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which ECL accounting provisions for credit losses on IRB exposures
		Defaulted exposures	defaulted exposures	impairments			Net values (a+b-c)
R'000		December 2021					
1	Loans	694 919	6 709 668	531 873	419 281	112 592	– 6 872 714
2	Debt securities	337 008	1 673 408	123 678	121 594	2 084	– 1 886 738
3	Off-balance sheet exposures	–	90 149	–	–	–	– 90 149
4	Total	1 031 927	8 473 225	655 551	540 875	114 676	– 8 849 601
		June 2021					
1	Loans	611 195	6 640 110	535 354	379 023	156 331	– 6 715 951
2	Debt securities	415 979	1 793 190	124 093	121 593	2 500	– 2 085 076
3	Off-balance sheet exposures	–	213 177	–	–	–	– 213 177
4	Total	1 027 174	8 646 477	659 447	500 616	158 831	– 9 014 204

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	
R'000		Dec-21	Jun-21
1	Defaulted loans and debt securities at end of the previous reporting period	1 027 175	1 185 037
2	Loans and debt securities that have defaulted since the last reporting period	213 124	177 121
3	Returned to non-defaulted status	(31 757)	(45 921)
4	Amounts written off	(79 197)	(93 637)
5	Other changes	(97 418)	(195 427)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1 031 927	1 027 175

5. Credit risk under standardised approach continued

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

Sasfin Bank Limited						
December 2021						
	a		b		c	
	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
Asset classes						
1 Sovereigns and their central banks	1 805 221	–	1 805 221	–	–	–
2 Non-central government public sector entities	816 445	–	816 445	–	343 633	42,1%
3 Multilateral development banks	–	–	–	–	–	–
4 Banks	735 890	–	735 890	–	147 886	20,1%
5 Securities firms	–	–	–	–	–	–
6 Corporates	3 558 390	710 813	3 558 390	82 653	3 303 951	90,7%
7 Regulatory retail portfolios	158 976	23 312	158 976	184	124 138	78,0%
8 Secured by residential property	–	–	–	–	–	–
9 Secured by commercial real estate	–	–	–	–	–	–
10 Equity	–	–	–	–	–	–
11 Past-due loans	–	–	–	–	–	–
12 Higher-risk categories	–	–	–	–	–	–
13 Other assets	1 079 013	–	1 079 013	–	820 525	76,0%
14 Total	8 153 935	734 125	8 153 935	82 837	4 740 134	57,5%

R'000

June 2021						
Asset classes						
1 Sovereigns and their central banks	1 745 726	–	1 745 726	–	188	–
2 Non-central government public sector entities	876 546	–	876 546	–	418 746	47,8%
3 Multilateral development banks	–	–	–	–	–	–
4 Banks	440 868	–	440 868	–	91 374	20,7%
5 Securities firms	–	–	–	–	–	–
6 Corporates	4 881 717	807 359	3 130 699	64 475	4 230 502	132,4%
7 Regulatory retail portfolios	137 829	48 934	137 829	7 126	90 270	62,3%
8 Secured by residential property	–	–	–	–	–	–
9 Secured by commercial real estate	–	–	–	–	–	–
10 Equity	–	–	–	–	–	–
11 Past-due loans	–	–	–	–	–	–
12 Higher-risk categories	–	–	–	–	–	–
13 Other assets	647 200	–	647 200	–	380 304	58,8%
14 Total	8 729 885	856 292	6 978 868	71 601	5 211 383	73,9%

Definitions: See Page 26 of Basel's Revised Pillar disclosure requirements – January 2015.

5. Credit risk under standardised approach continued

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

Sasfin Bank Limited

R'000	December 2021										Total credit exposures amount (post CCF and post-CRMI)
	a	b	c	d	e	f	g	h	i	j	
	0%	10%	20%	35%	50%	75%	100%	150%	Others		
Risk weight*											
Asset classes											
1 Sovereigns and their central banks	1 805 221	–	–	–	–	–	–	–	–	1 805 221	
2 Non-central government public sector entities	–	–	582 622	–	5 042	–	228 781	–	–	816 445	
3 Multilateral development banks	–	–	–	–	–	–	–	–	–	–	
4 Banks	–	–	735 005	–	–	–	885	–	–	735 890	
5 Securities firms	–	–	–	–	–	–	–	–	–	–	
6 Corporates	188 117	–	–	–	112 911	1 834	3 305 800	32 381	–	3 641 043	
7 Regulatory retail portfolios	–	–	–	–	14 856	74 215	70 089	–	–	159 160	
8 Secured by residential property	–	–	–	–	–	–	–	–	–	–	
9 Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–	
10 Equity	–	–	–	–	–	–	–	–	–	–	
11 Past-due loans	–	–	–	–	–	–	–	–	–	–	
12 Higher-risk categories	–	–	–	–	–	–	–	–	–	–	
13 Other assets	–	–	–	–	–	–	1 079 013	–	–	1 079 013	
14 Total	1 993 338	–	1 317 627	–	132 809	76 048	4 684 569	32 381	–	8 236 772	

* Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

5. Credit risk under standardised approach continued

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

Sasfin Bank Limited										
June 2021										
R'000	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-CRMI)
Risk weight*										
Asset classes										
1 Sovereigns and their central banks	1 745 529	–	–	–	–	–	197	–	–	1 745 726
2 Non-central government public sector entities	–	–	563 372	–	7 010	–	306 164	–	–	876 546
3 Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4 Banks	–	–	436 852	–	–	–	4 016	–	–	440 868
5 Securities firms	–	–	–	–	–	–	–	–	–	–
6 Corporates	387 869	–	296 132	–	183 183	–	2 832 738	67 585	–	3 767 507
7 Regulatory retail portfolios	(2)	–	–	–	24 311	103 386	11 943	–	–	139 638
8 Secured by residential property	–	–	–	–	–	–	–	–	–	–
9 Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
10 Equity	–	–	–	–	–	–	–	–	–	–
11 Past-due loans	–	–	–	–	–	–	–	–	–	–
12 Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13 Other assets	–	–	–	–	–	–	938 810	–	–	938 810
14 Total	2 133 396	–	1 296 356	–	214 504	103 386	4 093 868	67 585	–	7 909 094

* Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

6. Counterparty credit risk

CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH

		Sasfin Bank Limited					
		December 2021					
		a	b	c	d	e	f
		Replace- ment cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	32 158	10 345		1,4	68 523	63 311
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						63 311

Definitions: See Page 38 of Basel's Revised Pillar disclosure requirements – January 2015.

		Sasfin Bank Limited					
		June 2021					
		a	b	c	d	e	f
		Replace- ment cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	32 175	27 037		1.4	82 898	78 190
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						78 190

CCR2 – CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE:

		Sasfin Holdings Limited			
		a	b	a	b
		December 2021		June 2021	
		EAD post- CRM	RWA	EAD post- CRM	RWA
R'000					
	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	35 602	3 275	68 809	6 331
4	Total subject to the CVA capital charge	35 602	3 275	68 809	6 331

Definitions: See Page 39 of Basel's Revised Pillar disclosure requirements – January 2015.

6. Counterparty credit risk continued

CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS:

Sasfin Bank Limited									
	a	b	c	d	e	f	g	h	i
	December 2021								Total credit exposure
R'000	0%	10%	20%	50%	75%	100%	150%	Others	
Risk weight**									
Regulatory portfolio*									
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	2 926	–	–	23 144	–	–	26 071
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	6 087	–	–	6 087
Regulatory retail portfolios	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	2 926	–	–	29 232	–	–	32 158

Sasfin Bank Limited									
	a	b	c	d	e	f	g	h	i
	June 2021								Total credit exposure
R'000	0%	10%	20%	50%	75%	100%	150%	Others	
Risk weight**									
Regulatory portfolio*									
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	1 784	–	–	5 927	–	–	7 711
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	24 464	–	–	24 464
Regulatory retail portfolios	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	1 784	–	–	30 392	–	–	32 175

* The breakdown by risk weight and regulatory portfolio included in the template is for illustrative purposes. Banks may complete the template with the breakdown of asset classes according to the local implementation of the Basel framework.

** Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

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
		December 2021								
		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	333 642	–	333 642	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	333 642	–	333 642	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

Definitions: See Page 51 of Basel's Revised Pillar disclosure requirements – January 2015.

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
		June 2021								
		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	333 975	–	333 975	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	333 975	–	333 975	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

Definitions: See Page 51 of Basel's Revised Pillar disclosure requirements – January 2015.

8. Quantitative disclosure – calculation of capital requirements

SEC3: SECURITISATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS – BANK ACTING AS ORIGINATOR OR AS SPONSOR

Sasfin Bank Limited

	December 2021															
	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	IRB (inc. IAA)	RBA (inc. IAA)	SA/SSFA	1250% RW	IRB (inc. IAA)	RBA (inc. IAA)	SA/SSFA	1250% RW	IRB (inc. IAA)	RBA (inc. IAA)	SA/SSFA	1250% RW
1 Total exposures	–	–	333 642	–	–	–	333 642	–	–	–	–	333 642	–	–	–	33 364
2 Traditional securitisation	–	–	333 642	–	–	–	333 642	–	–	–	–	333 642	–	–	–	33 364
3 Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6 Of which re-securitisation	–	–	333 642	–	–	–	333 642	–	–	–	–	333 642	–	–	–	33 364
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	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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	b
		Dec-21	Jun-21
		Capital charge in SA	Capital charge in SA
R'000			
1	General interest rate risk	–	–
2	Equity risk	–	–
3	Commodity risk	–	–
4	Foreign exchange risk	3 297	19 651
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	3 297	19 651

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.

		Sasfin Bank Limited	
		a	b
		Total unweighted value (average)	Total weighted value (average)
R'000			
	High-quality liquid assets		
1	Total HQLA		1 176 782
	Cash outflows		
2	Retail deposits and deposits from small business customers, of which:	1 171 661	117 166
3	Stable deposits	–	–
4	Less stable deposits	1 171 661	117 166
5	Unsecured wholesale funding, of which:	3 944 823	1 099 663
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7	Non-operational deposits (all counterparties)	3 944 823	1 099 663
8	Unsecured debt	–	–
9	Secured wholesale funding	666 769	–
10	Additional requirements, of which:	802 285	213 623
11	Outflows related to derivative exposures and other collateral requirements	13 480	13 480
12	Outflows related to loss of funding of debt products	–	–
13	Credit and liquidity facilities	788 804	200 142
14	Other contractual funding obligations	129 162	129 162
15	Other contingent funding obligations	–	–
16	TOTAL CASH OUTFLOWS		1 559 614
	Cash inflows		
17	Secured lending (e.g. reverse repo)	1 189 578	1 189 578
18	Inflows from fully performing exposures	237 210	118 605
19	Other cash inflows	83 459	48 249
20	TOTAL CASH INFLOWS	1 510 247	1 356 432

		Sasfin Bank Limited	
		Total adjusted value	
R'000			
21	Total HQLA		1 176 782
22	Total net cash outflows		389 904
23	Liquidity coverage ratio (%)		301.81%

Instructions & Definitions: See pages 59 & 60 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

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 2021.

The group maintained NSFR compliance in excess of the regulatory requirement of 100% for the six months ended 31 December 2021.

R'000	a Unweighted No maturity*	b value by <6 months	c residual maturity 6 months to <1 year	d ≥1 year	e Weighted value
Available stable funding (ASF) item					
1 Capital:	–	–	–	1 134 220	1 134 220
2 Regulatory capital	–	–	–	1 134 220	1 134 220
3 Other capital instruments	–	–	–	–	–
4 Retail deposits and deposits from small business customers:	–	1 979 040	215 533	24 435	1 999 551
5 Stable deposits	–	–	–	–	–
6 Less stable deposits	–	1 979 040	215 533	24 435	1 999 551
7 Wholesale funding:	–	1 103 847	99 153	45 182	646 682
8 Operational deposits	–	–	–	–	–
9 Other wholesale funding	–	1 103 847	99 153	45 182	646 682
10 Liabilities with matching interdependent assets	–	–	–	–	–
11 Other liabilities:	–	3 857 188	73 991	1 110 304	1 909 817
12 NSFR derivative liabilities	–	–	–	–	–
13 All other liabilities and equity not included in the above categories	–	–	–	–	–
14 Total ASF		3 857 188	73 991	1 110 304	1 909 817
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)	–	–	–	–	86 060
16 Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17 Performing loans and securities:	–	4 163 338	839 184	3 885 643	4 259 159
18 Performing loans to financial institutions secured by Level 1 HQLA	–	467 619	145 029	502 221	55 743
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	2 434 170	445 614	321 989	909 922
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:	–	755 618	248 541	2 742 546	2 833 275
21 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	–	–	318 849	207 252
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	–	505 931	–	–	252 965
25 Assets with matching interdependent liabilities	–	–	–	–	–
26 Other liabilities:	–	5 178	–	707 516	712 693
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	–	5 178	–	–	5 178
30 NSFR derivative liabilities before deduction of variation margin posted	–	–	–	–	–
31 All other assets not included in the above categories	–	–	–	707 516	707 516
32 Off-balance sheet items	–	–	–	–	72 454
33 Total RSF					5 074 623
34 Net Stable Funding Ratio (%)					112.13%

Instructions & Definitions: See pages 61 to 64 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

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	
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	1 450 881	
3	Accumulated other comprehensive income (and other reserves)	(39 865)	
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	Common Equity Tier 1 capital before regulatory deductions	1 578 282	
Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	1 323	
8	Goodwill (net of related tax liability)	38 937	(a)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	114 285	(b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	24 928	
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	3 421	
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	182 895	
29	Common Equity Tier 1 capital (CET1)	1 395 388	

11. Composition of Capital continued

		Sasfin Holdings Limited	
		a	b
		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
R'000			
Additional Tier 1 capital: instruments			
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	–	
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)	–	
45	Tier 1 capital (T1= CET1 + AT1)	1 395 388	
Tier 2 capital: instruments and provisions			
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	65 921	
51	Tier 2 capital before regulatory adjustments	65 921	
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)	65 921	
59	Total regulatory capital (TC = T1 + T2)	1 461 309	

11. Composition of Capital continued

		Sasfin Holdings Limited	
		a	b
		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
R'000			
60	Total risk-weighted assets	8 352 254	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	16,71%	
62	Tier 1 (as a percentage of risk-weighted assets)	16,71%	
63	Total capital (as a percentage of risk-weighted assets)	17,50%	
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.	9,98%	
	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)	–	

Instructions and Definitions: See pages 31 to 35 of Basel's Pillar 3 disclosure requirements – consolidated and enhanced framework – March 2017.

11. Composition of Capital continued

CC2: RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET (GROUP)

	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
R'000			
Assets			
Cash and balances at central banks	157 043	157 043	(a)
Items in the course of collection from other banks	–	–	
Trading portfolio assets	–	–	
Financial assets designated at fair value	523 157	523 157	
Derivative financial instruments	272 199	272 199	
Loans and advances to banks	1 101 834	1 101 834	(a)
Loans and advances to customers	7 207 981	7 207 981	(a)
Reverse repurchase agreements and other similar secured lending	35 346	35 346	
Available for sale financial investments	1 886 738	1 886 738	
Current and deferred tax assets	69 049	69 049	
Prepayments, accrued income and other assets	566 567	566 567	
Investments in associates and joint ventures	36 275	36 275	
Goodwill and other intangible assets	157 448	157 448	
Of which: goodwill	38 937	38 937	
Of which: intangibles (excluding MSRs)	118 510	118 510	
Of which: MSRs	–	–	
Property, plant and equipment	197 388	197 388	
Total assets	12 211 025	12 211 025	
Liabilities			
Deposits from banks	–	–	
Items in the course of collection due to other banks	–	–	
Customer accounts	5 559 589	5 559 589	
Repurchase agreements and other similar secured borrowing	500 154	500 154	
Trading portfolio liabilities	59 958	59 958	
Financial liabilities designated at fair value	–	–	
Derivative financial instruments	266 323	266 323	
Debt securities in issue	2 741 529	2 741 529	
Accruals, deferred income and other liabilities	1 306 867	1 306 867	
Current and deferred tax liabilities	121 144	121 144	
Subordinated liabilities	–	–	
Provisions	37 587	37 587	
Retirement benefit liabilities	–	–	
Total liabilities	10 593 151	10 593 151	
Shareholders' equity			
Paid-in share capital	167 266	167 266	
Of which: amount eligible for CET1	167 266	167 266	
Of which: amount eligible for AT1	–	–	
Retained earnings	1 450 608	1 450 608	
Accumulated other comprehensive income	–	–	
Total shareholders' equity	1 617 874	1 617 874	

Corporate details

Country of incorporation and domicile	South Africa
Independent Non-executive Chair	Deon de Kock
Executive Directors	Michael Sassoon (Chief Executive Officer) Angela Pillay (Financial Director)
Independent Non-executive Directors	Richard Buchholz (Lead) Tapiwa Njikizana Mark Thompson Tienie van der Mescht ¹ Eileen Wilton
Non-independent, Non-executive Directors	Gugu Dingaan Nontobeko Ndhrazi Shaun Rosenthal (Alternate) Roland Sassoon
Group Company Secretary	Charissa De Jager
Website and email	www.sasfin.com investorrelations@sasfin.com
Transfer secretaries	Computershare Investor Services (Proprietary) Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196
Sponsor	Questco Corporate Advisory (Proprietary) Limited
Sponsor	Deloitte & Touche Sponsor Services (Proprietary) Limited
Auditors	PwC Inc.
Registered office	140 West Street, Sandown, Sandton, Johannesburg, 2196 Tel: +27 11 809 7500 Fax: +27 11 887 6167/2489
Postal address	PO Box 95104, Grant Park, Johannesburg, 2051
Company registration number	1987/002097/06
Tax reference number	9300/204/71/7

¹ Appointed 26 November 2021.

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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