sasfin Holdings Limited

Pillar III Risk Management Report

30 June 2024

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1. Introduction

The risk and capital management report (Pillar 3 disclosure) provides information regarding the activities of Sasfin Holdings Limited (Sasfin or Group) 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 mainly to banking operations, relates to risks directly impacting capital, liquidity and other regulatory ratios. Disclosures are prepared on a historical basis. Monetary values are expressed in rand thousands.

For the reporting period, 30 June 2024 (compared to June 2023), 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 strategic reset.

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. Where weaknesses were identified, specifically on manual controls and processes, management has initiated a remediation programme to address compliance and internal financial control deficiencies identified. The Board subsequently constituted a sub-committee (Board Remediation Oversight Committee) to oversee the adequate and effective implementation of the remediation plans, progress of which has been reported to the committee on an ongoing basis. Good progress has been made in this regard and the project is close to finalisation;
- 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 and adequately disclosed.

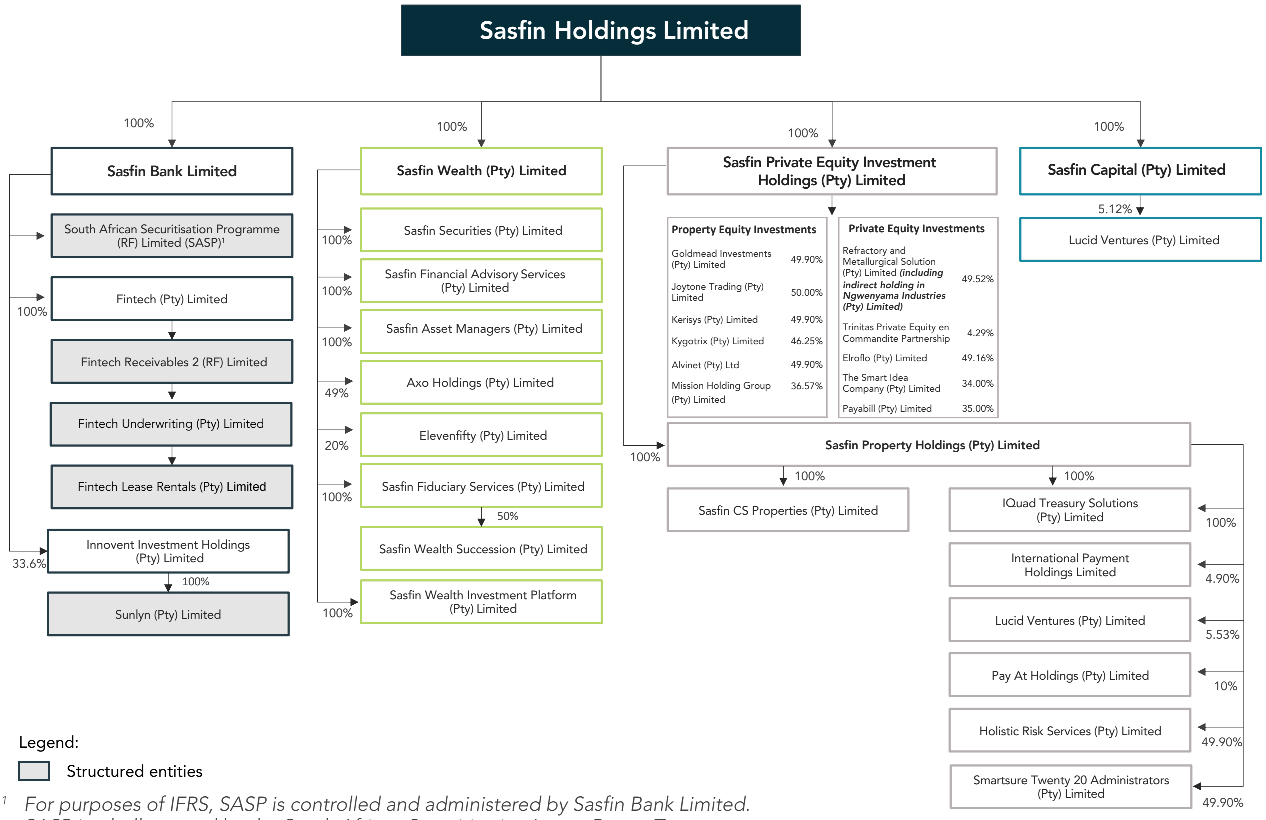
In this regard, the Board and senior management have ensured that the appropriate procedures were followed in the preparation, review and sign-off of all disclosures. The Board is satisfied that the Pillar 3 disclosures have been prepared in line with the Public Disclosure Policy, that appropriate internal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

This report is unaudited.

1. Introduction *continued*

1.1. Group legal structure

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



[1] *For purposes of IFRS, SASP is controlled and administered by Sasfin Bank Limited. SASP is wholly owned by the South African Securitisation Issuer Owner Trust.*

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares	Percentage of issued share capital
Unitas Enterprises Limited	15 398 174	47.67%
Wipfin Investments (Pty) Limited	8 107 662	25.10%
CV Partners Limited	3 332 388	10.32%

Non-Public:

Unitas Enterprises Limited (2024: 15 398 174 shares (47.67%); 2023: 15 398 174 shares (47.67%)), a company owned by trusts, of which Roland Sassoon and Michael Sassoon are discretionary beneficiaries.

Sasfin Share Incentive Trust (2024: 1 453 651 (4.50%); 2023: 1 436 052 shares (4.45%)).

Sasfin Securities Proprietary Limited (2024: 177 280 (0.55%); 2023: 92 542 (0.29%)).

Rolbase Investments Proprietary Limited, which is 100% owned by the Sassoon Children's Trust (2024: 6 123 shares (0.02%); 2023: 6 123 shares (0.02%)).

RDEB Sassoon (2024: 5 328 shares (0.02%); 2023: 5 328 shares (0.02%)).

Directors of major subsidiaries, prescribed officers and their associates (2024: 24 080 shares (0.07%); 2023: 22 480 shares (0.07%)).

Public:

- *2024: 15 414 085 shares (47.72%); (2023: 7 238 722 shares (22.41%))*[1].

Sasfin Bank has provided financial support to SASP in the form of subordinated loan funding in an amount of R394 million (2023: R394 million). The subordinated loan funding accrues interest at a 3-month Jibar plus 5.50% (Series 1 and 2) or 7.50% (Series 3) and is payable on a quarterly basis. The capital is repayable once the underlying notes are redeemed. The undertaking by Sasfin Bank to support SASP does not adversely affect the Group's solvency and liquidity.

[1] *The increase in the number of public shares is due to a change in the JSE definition of public shareholders versus non-public shareholders. It was erroneously stated that Alvinet (Pty) Limited was disposed of in the prior year. This is incorrect as the Group still holds the investment.*

1. Introduction *continued*

1.2. Group strategy

Sasfin is a bank-controlling company listed on the JSE. Sasfin and its subsidiaries provide a comprehensive range of specialist financial products and services focused on the needs of asset suppliers, small and medium businesses, and institutional and private clients.

Sasfin announced a strategic reset in March 2023. Since then, Sasfin has made meaningful progress, including:

- disposing of its Specialised Finance and Commercial Solutions businesses;
- largely concluding the disposals of Commercial Property Finance and Capital Equipment Finance businesses to African Bank (ABL) post year-end;
- exiting on an orderly basis its Foreign Exchange (Forex) business unit, including by terminating all Forex-only client accounts and introducing other core clients to or providing alternative Forex solutions through other authorised dealers;
- progressing the exit of non-strategic private equity investments; and
- announcing its intended delisting from the JSE, subject to relevant approvals, which the Company aims to conclude by December 2024.

Sasfin is one of the last remaining independent Tier 2 banks in South Africa. Increased regulatory complexity, compliance requirements, and associated costs, along with competitive dynamics and economic conditions have made it particularly difficult for Tier 2 banks to generate an appropriate risk-adjusted return on equity. The absence of a tiered banking regulatory framework and increasingly complex industry requirements needing specialised skills, advanced IT capabilities, and ongoing investment, continues to reshape the financial services industry. Considering these challenges and its strategic reset, Sasfin intends to exit its banking business by the end of 2025, subject to relevant regulatory requirements and approvals, while ensuring that it appropriately balances all stakeholder interests.

The Group has continued to build its Rental Finance and Wealth businesses, both of which have strong competitive positions, scale, and differentiation. Sasfin has maintained its position as market leader in the rental finance industry for many years, with a deep understanding of asset supplier business models, providing holistic solutions to these suppliers in serving their clients. The Sasfin Wealth business has grown steadily, leveraging on its experienced portfolio managers, who have delivered good service and returns to long-standing private clients. In recent years, Sasfin Wealth has successfully transitioned from a local private client portfolio manager and stockbroker into a diversified business serving both private and institutional clients across a wide range of local and global asset classes.

Sasfin's core businesses, Rental Finance and Wealth, continue to demonstrate good growth prospects, healthy income and earnings, and deliver value to clients. As a result, the Group's strategic reset has been focused on decisions that support the sustainable long-term growth of these businesses, while exiting non-core activities in order to simplify its business model.

The strategic reset is expected to be concluded by the end of 2025 and will bring about significant changes to the nature of Sasfin's business. Its Rental Finance business (comprising c. R5 billion of loans to SA businesses – the bulk of Sasfin's loans and advances), which is substantially funded by securitisation, will transition to being non-bank funded, remaining focused on asset suppliers and addressing the needs of small and medium businesses. The Wealth business will continue to focus on delivering relevant products and services to institutional and private clients.

Sasfin intends to emerge as an unlisted entity, with its Rental Finance and Wealth businesses at the core and a portfolio of non-strategic direct investments.

2. Risk management overview

2.1. The Group's Risk Context

This past year has been marked by significant economic challenges, regulatory changes, and a strategic reset of our Group. Amidst heavy regulatory scrutiny, we streamlined our operations to concentrate on core strategic businesses, ensuring a sharper focus on our strengths and long-term sustainability. Despite these complexities, our robust risk management framework has enabled us to navigate these challenges effectively, maintaining the Group's stability and positioning us well for future growth.

Macroeconomic Environment

Over the past 12 months, South Africa's macroeconomic performance has been marked by several challenges and some areas of resilience. The economy has struggled with persistently high inflation, largely driven by global food and energy price volatility, as well as domestic supply chain disruptions. The SARB has continued to implement tight monetary policy, raising interest rates to combat inflation, which has put pressure on consumer spending and borrowing. Unemployment remains a significant concern, staying at high levels despite some job growth in sectors like mining and agriculture. However, South Africa's trade balance showed improvement, thanks to strong exports, particularly of commodities like platinum and coal. The country's GDP growth has been subdued, with the economy expanding at a slower pace than many of its emerging-market counterparts, as it faces structural issues like energy shortages, and slow progress on economic reforms.

Despite these challenges, South Africa has seen some positive developments in terms of fiscal management, with the government working to reduce the budget deficit and improve public debt sustainability. Overall, the past year has been a period of economic fragility, with some optimism post the elections and the creation of the Government of National Unity and around future recovery contingent on resolving structural bottlenecks.

Overall, while global factors have created both challenges and opportunities for South Africa, the country's economic performance has been shaped by a delicate balance between commodity exports, inflationary pressures, and external financial conditions.

Internal Environment

In the context of the challenging environment referred to above and the reputational risk the Group has been exposed to, our priority has been to enhance the maturity of our first-line risk management programmes and strengthen the Group's operational resilience and strengthen the balance sheet. To achieve this, we have appointed an Executive Head of Combined Assurance, whose role going forward is pivotal in aligning and coordinating our internal lines of defence, ensuring a seamless and integrated approach to risk management and compliance. This integrated approach will facilitate comprehensive risk assessments, improved decision-making, and a unified response to emerging threats, ultimately fortifying the Group's overall risk posture and operational stability.

2.2. Risk culture

Our risk culture is predicated on management and employee awareness of their responsibility and accountability to identify and manage risk, while striving to maintain compliance with regulatory requirements and behave ethically. This enables Sasfin to achieve its strategic objectives proactively, ethically, and sustainably.

2. Risk management overview *continued*

2.3. Risk governance

The Board oversees the business performance and risk management activities, including setting the risk appetite (which includes limits and tolerances) in the context of the Group's overall objectives and approving policies and limits. Risks are assessed, managed, and monitored from an enterprise-wide perspective. The Board has delegated this responsibility to the Group Risk and Capital Management Committee (GRCMC), who are supported in these tasks by the first- and second-line risk functions and internal audit. Sasfin has established a 1.5 line of assurance, enabling it to embed management assurance in the first line and internal audit.

Four Lines of Defence Model

The Group's governance and risk management approach is underpinned by the four lines of defence model that ensures a layered and coordinated approach to risk management, enhancing our ability to identify, manage and mitigate risks effectively.

Four Lines of Defence Model

First line, i.e., in business, managers and employees are expected to implement procedures, processes, and standards aligned with the policies and processes put forward by governance functions and monitor and report on their application.

Second line, i.e., Group Risk and Group Compliance (and to a limited extent, Group Finance, Group Human Capital, etc. for Group Policy-setting) define policies aligned with regulatory and other requirements to deal with the management of all risk types.

Third line, i.e., Internal Audit provides independent assurance and advisory services to the Board and other stakeholders that risk management, governance, and control processes are being applied adequately, effectively, and/or efficiently.

Fourth line, i.e., the external auditors, who give assurance in respect of the organisation's financial reporting, and the regulators, who evaluate and assess the organisation's compliance with regulatory requirements.

This model distinguishes between functions owning and managing risks, functions overseeing risks, and functions providing assurance.

2. Risk management overview *continued*

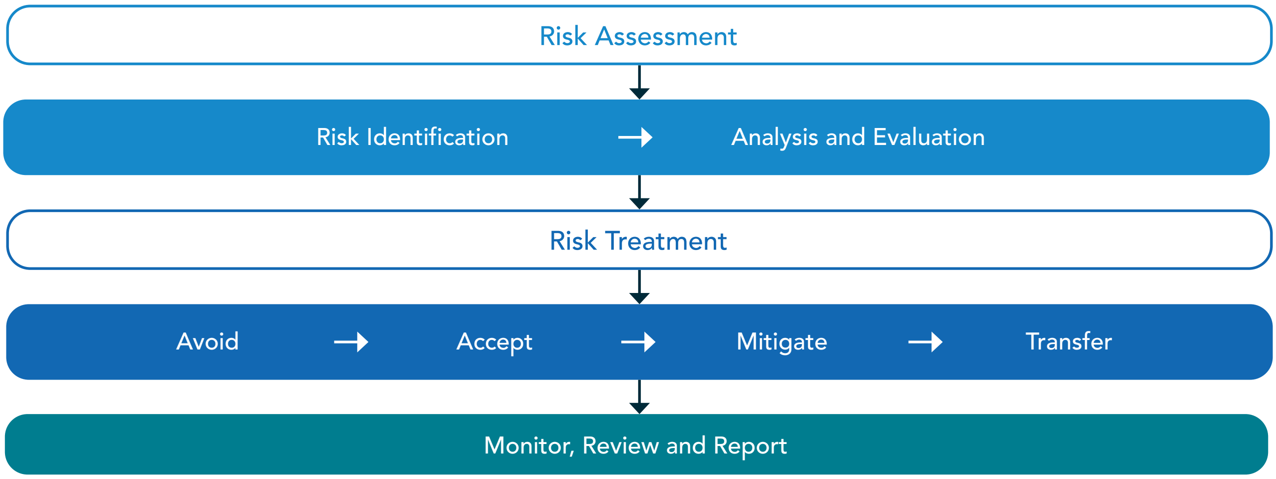
2.3. Risk governance *continued*

Board Committees	Responsibilities
Group Risk and Capital Management Committee (GRCMC)	• Provides independent oversight of the Group's risk management policies and procedures and its compliance therewith in accordance with the approved risk management framework. • Evaluates adequacy and effectiveness of risk policies, procedures, practices, and controls. • Monitors the Group's risk profile and ensures key risks are identified and reported, including capital management policy and capital planning initiatives. • Monitors the Group's Capital and ensures that the Group has sufficient, but not excessive, Capital for its operations, and complies with all Regulatory requirements. • Considers and approves certain secured and unsecured transaction proposals within the Group, in accordance with Board's risk appetite. • Monitors and oversees all aspects of the Group's Asset and Liability management (including balance sheet management), as reported on to the Committee at each meeting by the Asset and Liability Committee (ALCo) (an executive management committee). • Reviews risk appetite and tolerance levels and monitors adherence of the various limits established, and reports any breaches to the Board. • Considers reports on risks within the Group, including top risks and risks addressed by other Board Committees, as well as risk management assessments (and ratings), and management's response thereto.
Directors' Affairs and Nominations Committee (DANC)	• Evaluates adequacy, efficiency and appropriateness of corporate governance structures and practices. • Monitors directors' responsibilities and performance. • Evaluates compliance with statutory functions in terms of Section 64B of the Banks Act. • Fulfils the role of a Board nominations committee.
Group Audit Committee (GAC)	• Provides independent oversight of the effectiveness of the Group's assurance functions and services, with focus on combined assurance, internal- and external audit, and the compliance and finance functions. • Provides independent oversight of the integrity of the Annual Financial Statements (AFS) and other external reports, accounting policies and financial reporting, internal controls and systems, and compliance with statutory and regulatory reporting frameworks.
Information Technology Committee (ITC)	• Oversees information and technology matters. • Monitors the execution of IT strategy in support of the Group strategy. • Oversees, monitors, and evaluates significant IT investments. • Oversees information security, cybersecurity, and governance of IT risk.
Social and Ethics Committee (SEC)	• Oversees and reports on social and economic development, organisational ethics, responsible corporate citizenship, sustainable development, stakeholder relationships, client relationships, brand and reputation, environmental, health and safety matters, labour and employment matters, and transformation initiatives. • Reviews the strategy and monitors implementation and compliance in terms of the Financial Sector charter and the B-BBEE codes of good practice.
Group Human Resources and Remuneration Committee (REMCO)	• Oversees human capital and people governance/risk management matters. • Reviews and monitors application of remuneration and incentive practices, and human capital related policies and procedures. • Oversees remuneration and human capital policies and procedures
Credit and Large Exposures Committee (CLEC)	• Reviews and approves credit risk and granting policies, procedures, and guidelines, and monitors compliance against these. • Assesses and approves the Group's large exposures and specialised finance transactions, as well as the valuations of investments in these portfolios.
Remediation Oversight Committee (ROC)	• A Board-constituted special ad hoc committee to oversee the Group's remediation programmes on behalf of the Board. • Evaluates and approves the scope of work and related plans for each remediation stream. • Monitors and tracks progress of remediation against approved plans. • Interrogates delays in and changes to remediation plans. • Receives assurance, as appropriate, from Internal Audit on the completeness and effectiveness of remediation before approving close-out of plans.

2. Risk management overview *continued*

2.4. Enterprise Risk Management Framework

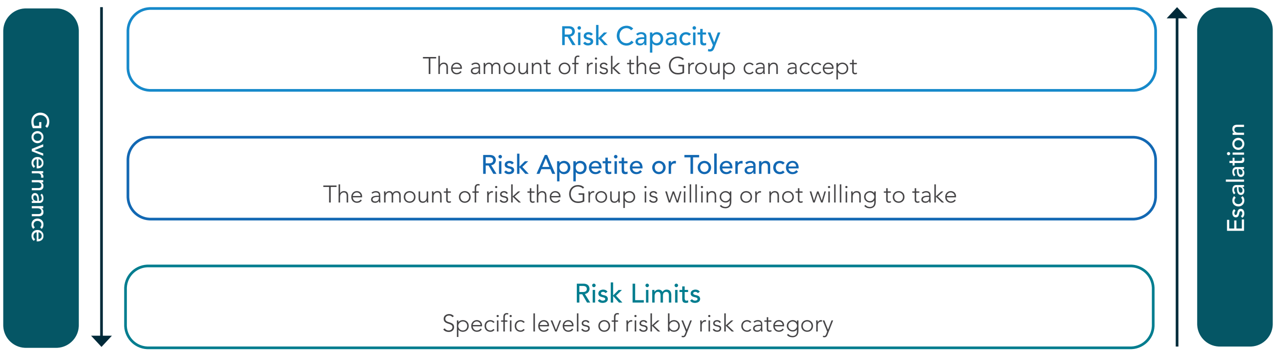
The Enterprise Risk Management (ERM) framework provides a structured approach for identifying, assessing, and managing risks that could impact Sasfin's objectives and overall performance. The risk management processes are considered adequate and commensurate with the complexity and risk maturity of the Group. The ERM Framework is an integral part of management and decision-making and is integrated into the structure, operations and processes of the Group.
The risk management process can be defined as follows:



2.5. Risk Appetite

The Board Risk Appetite (BRA) is Board-approved and defines the types and aggregate levels of risk that Sasfin is willing to accept in pursuit of business objectives. The BRA is implemented through a risk appetite framework, which includes standardised language, policies, processes, systems, and tools used to establish, communicate, and monitor risk appetite.

Board Risk appetite



Risk appetite is generally expressed through both qualitative and quantitative measures and considers extreme conditions, events, and outcomes. Any breach of Board limits is reported to the Board, and the Board will then take appropriate action to ensure that the risk is mitigated and managed promptly.

Sasfin generally has a low tolerance towards all types of risk. There are instances where a higher tolerance is either appropriate, acceptable, or prudent and these have been specifically agreed and approved by the Board to satisfy the Group's business objectives.

Risk appetite adherence is consistently embedded in all risk-related policies and guidelines.

2. Risk management overview *continued*

2.6. Combined assurance

Sasfin has appointed an Executive Head: Combined Assurance to lead its combined assurance programme, which is designed to empower the organisation to meet its objectives ethically, legally, effectively, and efficiently, and to enable its assurance providers to deliver to senior management and the Group Audit Committee oversight, insight, and foresight on governance, risk management, compliance, and internal control.

Sasfin's approach to combined assurance, which is maturing, is focused on:

- strengthening the lines of assurance;
- enhancing coordination between operations and assurance, and between assurance providers;
- simultaneously entrenching segregation between the lines of assurance and increasing the independence of assurance providers; and
- improving the quality of assurance provided for decision-making.

Compliance

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

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

Internal audit

Group Internal Audit provides independent assurance to the Board on the effectiveness of governance, risk management, and compliance, and internal control processes in relation to the Group's objectives through:

- Developing and providing assurance or advisory services against a risk informed internal audit programme that is reviewed and updated quarterly, and approved by the GAC;
- Reporting on the adequacy and effectiveness of internal controls, risk management, and governance processes.

2.7. Stress testing

Stress tests provide a forward-looking view of all in-scope risks to estimate the potential impact on the Sasfin Group. Stress testing captures the material and relevant risks identified in the forward-looking risk identification process.

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

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

Stress testing is performed at varying frequencies depending on the business needs and includes two approaches:

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

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

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

2. Risk management overview *continued*

2.8. Overview of risk weighted assets

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

OV1: Overview of RWA

		Sasfin Holdings Limited			
		a	b		c
		RWA			Minimum capital require-ments
R'000		Jun-24 T	Mar-24 T-1	Jun-23 T	Jun-24 T
1	Credit risk (excluding counterparty credit risk)	5 145 545	5 882 368	6 045 169	668 921
2	Of which: standardised approach (SA)	5 145 545	5 882 368	6 045 169	668 921
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)	1 430	7 213	60 113	186
7	Of which: standardised approach for counterparty credit risk	1 430	7 213	60 113	186
8	Of which: Internal Model Method (IMM)	–	–	–	–
9	Of which: other CCR	–	–	–	–
10	Credit valuation adjustment (CVA)	565	1 422	13 038	73
11	Equity positions under the simple risk weight approach[1]	658 843	304 518	329 417	85 650
12	Equity investments in funds – look-through approach	280 627	206 726	244 105	36 481
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[2]	870 883	200 075	207 281	113 215
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)	870 883	200 075	207 281	113 215
20	Market risk	49 711	17 057	17 895	6 462
21	Of which: standardised approach (SA)	49 711	17 057	17 895	6 462
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–	–
24	Operational risk	2 276 752	2 195 696	2 047 324	295 978
25	Amounts below thresholds for deduction (subject to 250% risk weight)	160 569	160 569	160 568	20 874
26	Aggregate capital floor applied	–	–	–	–
27	Floor adjustment (before application of transitional cap)	–	–	–	–
28	Floor adjustment (after application of transitional cap)	–	–	–	–
29	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)**	**9 444 926**	**8 975 644**	**9 124 910**	**1 227 840**

1 *Increase due to change in RWA treatment on Innovent.*
2 *Increase in Securitisation RWA to align to new securitisation regulations implemented 1 April 2024.*

2. Risk management overview *continued*

2.9. Overview of risk weighted assets *continued*

OV1: Overview of RWA *continued*

		Sasfin Bank Limited			
		a	b		c
		RWA			Minimum capital require-ments
		Jun-24	Mar-24	Jun-23	Jun-24
R'000		T	T-1	T	T
1	Credit risk (excluding counterparty credit risk)	4 856 195	5 032 458	5 232 794	631 305
2	Of which: standardised approach (SA)	4 856 195	5 032 458	5 232 794	631 305
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)	1 430	7 213	60 113	186
7	Of which: standardised approach for counterparty credit risk	1 430	7 213	60 113	186
8	Of which: Internal Model Method (IMM)	–	–	–	–
9	Of which: other CCR	–	–	–	–
10	Credit valuation adjustment (CVA)	565	1 422	13 038	73
11	Equity positions under the simple risk weight approach	316 138	316 138	328 646	41 098
12	Equity investments in funds – look-through approach	280 627	206 726	244 105	36 481
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[1]	870 883	200 075	207 281	113 215
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)	870 883	200 075	207 281	113 215
20	Market risk	49 711	17 057	17 895	6 462
21	Of which: standardised approach (SA)	49 711	17 057	17 895	6 462
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–	–
24	Operational risk	1 699 534	1 151 383	1 139 813	220 939
25	Amounts below thresholds for deduction (subject to 250% risk weight)	83 983	105 278	42 568	10 918
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)**	8 159 066	7 037 750	7 286 253	1 060 679

[1] *Increase in Securitisation RWA to align to new securitisation regulations implemented 1 April 2024.*

3. Basis of preparation

3.1. Risk measurement approaches

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

Risk type	Measurement approach
Credit risk	Standardised approach
Counterparty Credit risk	Standardised approach
Securitisation	Standardised approach
Equity investment in funds	Look-through approach
Equity positions in funds	Standardised approach
Market risk	Standardised approach
Operational risk	Basic Indicator Approach (BIA)
Other assets	Standardised approach

3.2. Accounting policies and valuation methodologies

The principal accounting policies and valuation methodologies applied are set out on pages 28 to 47 of the Group's Audited AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

3.3. Linkages between financial statements and regulatory exposures

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

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

3. Basis of preparation *continued*

3.4. LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

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

Sasfin Holdings Limited

	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and cash balances	595 678	595 678	595 678	–	–	–	–
Negotiable securities	1 896 183	1 896 183	1 896 183	–	–	–	–
Trading assets	433 989	433 989	189 813	1 430	–	49 711	–
Trade and other receivables	466 914	466 914	466 914	–	–	–	–
Non-current assets held for sale	3 135 380	3 135 380	3 135 380	–	–	–	–
Loans and advances	5 213 402	5 213 402	4 786 878	–	426 524	–	–
Current taxation asset	27 721	27 721	27 721	–	–	–	–
Investment securities	675 913	675 913	675 913	–	–	–	–
Investments at fair value through profit and loss	599 953	599 953	599 953	–	–	–	–
Equity accounted associates	75 960	75 960	75 960	–	–	–	–
Long-term receivable[1]	47 086	47 086	47 086	–	–	–	–
Property, equipment and right-of-use assets	149 426	149 426	149 426	–	–	–	–
Investment property	14 800	14 800	14 800	–	–	–	–
Intangible assets and goodwill	84 424	84 424	–	–	–	–	84 424
Deferred tax asset	119 660	119 660	–	–	–	–	119 660
Total assets	12 860 576	12 860 576	11 985 792	1 430	426 524	49 711	204 084
Liabilities							
Funding under repurchase agreements and interbank	551 205	551 205	–	–	–	–	551 205
Trading liabilities	414 601	414 601	–	–	–	–	414 601
Current taxation liability	13 483	13 483	–	–	–	–	13 483
Trade and other payables	517 924	517 924	–	–	–	–	517 924
Bank overdraft	69 081	69 081	–	–	–	–	69 081
Liabilities directly associated with assets classified as held for sale	173	173	–	–	–	–	173
Provisions	136 987	136 987	–	–	–	–	136 987
Lease liabilities	153 394	153 394	–	–	–	–	153 394
Deposits from clients	5 367 193	5 367 193	–	–	–	–	5 367 193
Debt securities issued	3 685 800	3 685 800	–	–	–	–	3 685 800
Long-term loans	214 150	214 150	–	–	–	–	214 150
Deferred tax liability	144 127	144 127	–	–	–	–	144 127
Total liabilities	11 268 118	11 268 118	–	–	–	–	11 268 118

[1] *The Corporation of Deposit Insurance (CODI) is South Africa's Deposit Insurance Scheme (DIS) which requires, by law, that banks maintain funds with CODI. Effective from 1 April 2024 therefore, there is no comparative balance.*

3. Basis of preparation *continued*

3.5. LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		Sasfin Holdings Limited				
		a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per LI1)**	**12 463 457**	**11 985 792**	**426 524**	**1 430**	**49 711**
2	Liabilities carrying value amount under regulatory scope of consolidation (as per LI1)	–	–	–	–	–
3	Total net amount under regulatory scope of consolidation	**12 463 457**	**11 985 792**	**426 524**	**1 430**	**49 711**
4	Off-balance sheet amounts	**1 153 757**	**1 153 757**	–	–	–
5	Differences in valuation	–	–	–	–	–
6	Differences due to applied netting rules, other than those already included in row 2	**244 176**	**244 176**	–	–	–
7	Difference due to consideration of provisions	–	–	–	–	–
8	Differences due to prudential filters	–	–	–	–	–
9	**Exposure amounts considered for regulatory purposes**	**13 861 390**	**13 383 725**	**426 524**	**1 430**	**49 711**

3.6. Prudent valuation adjustments

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

For Sasfin's valuation methodologies, refer to Note 2.5 Fair value of the accounting policies on pages 51 and 52 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

Regulatory frameworks require financial institutions to apply prudent valuation to all fair value assets and liabilities. Prudent valuations may differ from the fair value in terms of IFRS and such differences are directly deducted from CET 1 capital.

The Prudent valuation adjustment is calculated on assets and liabilities reported at fair value in the financial statements using the absolute value of the assets and liabilities and multiplying that by 0.1%.

4. Credit risk

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

4.1. General information about credit risk

4.1.1. Risk identification and risk management

A material income source for the Sasfin Group is the direct and indirect granting of credit to clients across its various business units. As a result, credit risk is a key risk that must be managed. The business strives to achieve a professionally delivered, soundly based, diversified, and well-spread credit portfolio that optimises the risk/return relationship. In pursuit of this goal, our approach is to understand the diversity of risk and to manage it with a strong emphasis on risk reduction/mitigation, thereby maximising returns for the risk assumed.

We base our extension of credit on sound criteria, which include financial justification, the type of business or occupation of the borrower, ability of the borrower to repay, geographical location, industry exposure, developments in the client's marketplace, the overall state of the economy as well as political, social, and demographic developments, and such other key factors as could be applicable to each application under consideration. The integrity of both the borrower and lender is paramount in any business relationship.

Basic to all credit applications is the need to satisfy ourselves that the business of the borrower has the capacity to deploy its assets in a way that will generate sufficient earnings and cash flows, on a sustainable basis, to enable the repayment of our facilities in line with the credit approval and terms of the legal agreements concluded with Sasfin.

Although justification for the granting of a facility could be found in the security, the general policy is to find primary justification in the merits of the business, the borrower's standing and in the transaction itself.

Sasfin's post-implementation credit management requires regular reviews of the credit risk on all facilities, as well as the security associated with such facilities, to ensure that Sasfin's risk position remains acceptable. Such valuation of security is done on a conservative basis, considering the type and nature of the assets, as well as the risk, timing and costs associated with disposal of the assets.

Sasfin's credit policies are conservative, with proper regard to mix of risk and reward. The objective is to ensure that, through the appropriate pricing of facilities and services, an acceptable return will be generated relative to the capital resources and risk that will be assumed by Sasfin. Returns are assessed based on ROE targets, which targets must be approved by the Board from time to time.

As a method of enhancing the monitoring and risk management of clients showing early signs of higher risk, such clients will be classified as High Care. The aim is to monitor these clients closely and take early corrective action to manage them back to a normal level of risk to prevent them becoming a problem account or be better prepared and/or secured should they become a problem account.

4.1.2. Governance

Credit risk is governed and overseen by the following management and Board committees:

Level	
4	Credit and Large Exposures Committee (CLEC)
3	Executive Credit Committee (ECC)
	Workout Committee
2	Management Credit Committee (MCC) and Equipment Finance Credit Committee
1	Individual & dual mandate approvals

4. Credit risk *continued*

4.1. General information about credit risk *continued*

4.1.3. Credit oversight

- The GRCMC is a sub-committee of the Board and is ultimately responsible for oversight of the aggregated risk of the Group.
- The CLEC is a sub-committee of the Board, mandated by the Board to oversee all matters relating to credit risk, including large exposures, and is responsible for approval of credit policies, setting guidelines, and reviewing compliance with approved policies. The CLEC is responsible for the approval of all credit applications, credit reviews and risk management reports within its mandate, in addition to its credit portfolio oversight, which includes a semi-annual review of all facilities that fall within its approval mandate.
- The ECC is responsible for approval of all credit applications, credit reviews and risk management reports within its mandate and recommends to CLEC all matters above its mandate.
- The MCC is responsible for the approval of all Business & Commercial Banking credit applications, credit reviews and risk management reports within its mandate and recommends to ECC all applications above mandate.
- The Equipment Finance Credit Committee is responsible for the approval of all Equipment Finance credit applications, credit reviews and risk management reports within its mandate and recommends to ECC all applications above mandate.
- The Workout Committee is responsible for approval of all credit and legal requests relating to exposures under business rescue, in voluntarily or final liquidation or classified as problem accounts, within its mandate, and it recommends to CLEC all matters above its mandate.

Individual and dual mandate holders are responsible for the approval of all credit applications, credit reviews and risk management reports within their mandate and recommend to the MCC all applications above their mandates.

4.1.4. Large exposures

- The CLEC is the ultimate credit sanctioning authority in the Group, responsible for the approval of all aggregated exposures that exceed 10% of the Group's Tier 1 capital (previously the Group's qualifying capital and reserves) under the revised large exposure regulations, irrespective of risk grade, or such lower limit as may be set from time to time.
- Approval must be obtained from the Board (not only the CLEC), as well as the PA for all exposures to private sector non-bank persons that are greater than 25% of the Group's Tier 1 capital.

4.1.5. Measuring and managing credit concentrations

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

4.1.6. Reporting

Reporting on the following that occurs at various levels throughout the Group:

- Group's credit risk profile;
- Measurement against risk appetite;
- Emerging risks;
- Large exposures; and
- Evaluation of adequacy and effectiveness of credit risk policies, procedures, practices, and controls applied.

4.2. Credit quality of assets

All Loans & Advances are categorised per the diagram below:

Stage 1 performing	• Performing loans with no significant increase in credit risk (SICR) since origination • Client accounts fully paid to date	12-month ECL (result from default events possible within 12 months after reporting date)
Stage 2 Under-performing (credit deteriorated)	• Arrears > 7 days overdue < 90 days overdue • Significant increase in credit risk but no objective evidence of impairment • Clients designated as high care as a result of showing signs of financial pressure due to the industry or business environment within which they operate and/or a deterioration in their own financial performance and position • Distressed restructures with no reduced financial obligation	Lifetime ECL (result from all possible default events over the expected life)
Stage 3 Non-performing (credit impaired)	• Regulatory default being: – >90 days overdue – Unlikeliness to pay indicators – Distressed restructures resulting in reduced financial obligation (cure period six consecutive payments) • Credit impaired on origination or after initial recognition	Lifetime ECL (difference between gross carrying amount and the present value of estimated future cash flows)

Please refer to accounting policies Note 1.13 Financial Instruments on pages 37 to 44 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations, for further detail on classifications, calculations of ECL, cure periods, write-offs, and restructured exposures.

4. Credit risk *continued*

4.2. Credit quality of assets *continued*

4.2.1. CR1: Credit Quality of Assets

Sasfin Holdings Limited

June 2024

		a	b	c				d
		Carrying values of			Of which ECL accounting provisions for credit losses on SA exposures			
		Defaulted exposures	Non-Defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
1	Loans (Includes loans and advances and non-current assets held for sale)	**941 311**	**7 944 789**	**537 318**	**454 876**	**82 442**	**–**	**8 348 782**
2	Debt securities	**203 501**	**1 727 850**	**35 168**	**34 300**	**868**	**–**	**1 896 183**
3	Off-balance sheet exposures	**–**	**106 249**	**–**	**–**	**–**	**–**	**106 249**
4	**Total**	**1 144 812**	**9 778 888**	**572 486**	**489 176**	**83 310**	**–**	**10 351 214**

June 2023

		a	b	c				d
		Carrying values of			Of which ECL accounting provisions for credit losses on SA exposures			
		Defaulted exposures	Non-Defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
1	Loans	935 534	8 638 269	523 827	434 668	89 159	–	9 049 976
2	Debt securities	203 478	1 151 463	61 530	59 881	1 649	–	1 293 411
3	Off-balance sheet exposures	–	181 411	–	–	–	–	181 411
4	**Total**	1 139 012	9 971 143	585 357	494 549	90 808	–	10 524 798

4.3. CR2: Defaulted loans and debt securities movement

Sasfin Holdings Limited

		Jun-24	Jun-23
1	Defaulted loans and debt securities at end of previous reporting period	**1 139 012**	1 101 764
2	Loans and debt securities that have defaulted since last reporting period	**265 243**	242 777
3	Returned to non-defaulted status	**(87 044)**	(15 634)
4	Amounts written off	**(184 235)**	(119 209)
5	Other changes	**11 836**	(70 686)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**1 144 812**	1 139 012

Definitions

Defaulted exposure: such exposures must be reported net of write-offs and gross of (i.e., ignoring) allowances/impairments.

Loans and debt securities that have defaulted since last reporting period: refers to any loan or debt securities that became marked as defaulted during the reporting period.

Return to non-defaulted status: refers to loans or debt securities that returned to non-default status during the reporting period. Amounts written off: both total and partial write-offs.

Other changes: repayments and balancing items that are necessary to enable total to reconcile.

4. Credit risk *continued*

4.4. Additional disclosures related to credit quality of assets

4.4.1. Breakdown of exposures by geographical area

Sasfin Holdings Limited

	June 2024				June 2023			
	Total exposure	**Impaired**	**Specific ECL**	**Write-offs**	Total exposure	Impaired	Specific ECL	Write-offs
South Africa	**10 923 700**	**1 144 812**	**489 176**	**158 328**	11 110 155	1 139 012	494 549	69 088

4.4.2. Breakdown of exposures by Industry

Sasfin Holdings Limited

	June 2024				June 2023			
	Total exposure	**Impaired**	**Specific ECL**	**Write-offs**	Total exposure	Impaired	Specific ECL	Write-offs
Agriculture	**650 722**	**27 819**	**13 200**	**6 383**	558 559	11 394	6 464	3 129
Community, social and personal services	**2 014 523**	**202 227**	**121 456**	**40 914**	2 135 538	256 882	124 207	12 574
Construction	**331 977**	**30 274**	**19 404**	**11 042**	309 170	39 396	24 625	1 981
Electricity and water	**48 504**	**1 008**	**643**	**485**	72 586	1 567	971	1 309
Finance, real estate and business services	**3 968 522**	**543 055**	**193 904**	**40 899**	3 191 370	570 758	196 788	14 831
Manufacturing	**1 069 561**	**119 520**	**46 055**	**13 527**	1 257 551	78 159	43 378	9 050
Mining	**272 223**	**51 545**	**8 027**	**8 853**	304 301	20 966	9 840	58
Trade and accommodation	**1 439 595**	**107 573**	**60 252**	**24 183**	1 674 776	96 258	62 232	14 161
Transport and communication	**1 112 892**	**61 143**	**25 718**	**10 518**	948 203	39 213	26 023	11 994
Other activities not adequately defined	**15 181**	**648**	**517**	**1 524**	658 101	24 417	21	–
Total exposure	**10 923 700**	**1 144 812**	**489 176**	**158 328**	11 110 155	1 139 012	494 549	69 088

4.4.3. Breakdown of exposures by residual maturity

Refer to Note 44.1 Liquidity Risk table on pages 128 to 131 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

4.4.4. Ageing analysis of accounting past-due exposures

Refer to Note 43.1 Credit risk exposure analysis table on pages 106 to 109 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

4. Credit risk *continued*

4.4. Additional disclosures related to credit quality of assets *continued*

4.4.5. Restructured Exposures

- Restructured exposures include any loan, advance or facility in respect of which the Bank granted a concession to the obligor owing to a deterioration in the obligor's financial condition, that is owing to a financially distressed situation of the relevant obligor, and which financially distressed situation results, or is likely to result, in the relevant obligor no longer being able to meet the terms or conditions originally agreed.
- A restructuring agreement shall be in writing and may include a modification of terms and conditions such as:
  - A reduction in original interest rate agreed;
  - A reduction in the relevant interest amount due;
  - A reduction in the relevant principal amount due;
  - An amendment to the originally agreed contractual maturity or payment frequency;
  - Any forgiveness, deferral or postponement of principal amount, interest amount, or fees due;
  - Any subsequent increase in the relevant level of working capital or revolving facility;
  - The transfer from the obligor to the Bank of real estate, receivables from third parties, other assets, or an equity interest in the obligor in full or partial satisfaction of the said loan, advance or facility; and
  - The substitution or addition of a new debtor for the original obligor.
- Provided that no loan, advance, increased credit limit or facility extended or renewed by the Bank in its ordinary course of business at a stated interest rate or on terms and conditions equivalent to the current interest rate or terms or conditions for new debt with similar risk, shall constitute a restructured loan or credit exposure.
- Should such Restructured Credit Exposure previously have been classified as default, it should remain so classified and, if such exposure had not previously been impaired, it should then be impaired on the same basis as a category B–Special Mention. Please refer to note 43 Credit Risk on page 104 in the AFS for the measurement of the credit risk.
- Rehabilitation/Curing of restructured loans:
  The following requirements need to be met before a restructured loan may be reclassified as performing:
  - The obligor's ability to meet the requirements of the revised terms and conditions must be established through at least 6 (six) consecutive months of adherence to the revised terms and conditions.
  - In cases of a wholesale obligor or obligors with payments dated longer than monthly, an evaluation may be done by the relevant credit mandate level, considering qualitative factors in addition to adherence to the revised terms and conditions. Such qualitative factors may include compliance with loan covenants and compliance with other existing loan obligations.
  - In no instance may any restructured credit exposure be reclassified as performing within 6 (six) months of the restructure.
  - Where the modification results in a reduced financial obligation, the obligor will be classified as impaired.

Sasfin Holdings Limited

	June 2024 Gross carrying values of			June 2023 Gross carrying values of		
	Total R'000	**Impaired R'000**	**Not impaired R'000**	Total R'000	Impaired R'000	Not impaired R'000
Total restructured exposures	**188 995**	**177 230**	**11 766**	175 597	173 736	1 861

4. Credit risk *continued*

4.5. Credit risk mitigation techniques overview

Trade and Debtor Finance

- Trade Finance involves the provision of funding on a short-term basis to assist businesses with the financing of their purchases, being either or both imports or local.
- The purpose of Debtor Finance is to fund the short-term cash flow needs of a business using its accounts receivable as collateral. Generally, companies with a limited Balance Sheet and low working capital reserves can get into cash flow problems because invoices are paid 30 days or longer. Debtor finance essentially funds slow paying invoices, which improves the cash flow of the business and allows it to meet its financial obligations and carry on trading without having to wait for the debtors to pay. The benefit of this form of finance is that it is secured by the debtors' book which limits the risk of a credit loss.
- Trade- and Debtor Financing is secured by the underlying working capital assets being financed, with funds only advanced once all security is in place.
- Operational risk reviews are conducted before activation of new facilities, as well as on a regular basis post implementation of the facilities. These reviews are conducted to monitor the business's financial controls and accounting records, as well as the value and existence of the security against the approval conditions.

Capital Equipment Finance

- Capital Equipment Finance's main business objective is the financing of income-generating equipment as well as other assets of a capital nature e.g., solar panels. The key factors in financing of this nature are that the asset under finance is either capable of generating additional revenue to the borrower, or its main purpose is the reduction of costs to the business. In addition to this, such assets typically have lifespans more than the financing term, could possibly be refinanced after the initial term, and tend to be easy to dispose of to recover the Bank's exposure in the event of liquidation. Against this background, it is then important to bear in mind that the assessment of the credit worthiness of the deal depends not only on the financial strength of the business, but also on the nature, economic lifespan, ease of disposal and recovery value of the asset.
- Security primarily consists of the assets being financed, with other assets of the business also taken as security where the risk position requires such.
- This book has been sold to African Bank Limited and the transaction met all conditions as at 31 October 2024.

Equipment Finance

- The main purpose of Equipment Finance/Rentals is to enable businesses to acquire the capital equipment needed to enable their success and growth, while preserving the business' cash resources for growth funding. It also enables upgrading of such equipment, when necessary, without tying up much needed working capital funding.
- Security primarily consists of the assets being financed, with other assets of the business also taken as security where the risk position requires such.

Property Equity and Debt Finance

- The primary purpose of this type of funding is to fund the debt and/or equity component of property developments.
- The funding is provided taking into account key factors such as the experience and track record of the developer, the viability and sustainability of the development (i.e., the nature, location and costs of the development), as well as an assessment of the cash flow risks in the development.
- Security includes the underlying property on an appropriate Loan-To-Value (LTV) basis and personal guarantees from individuals, legal entities or trusts based on assessment of the underlying business/property risk profile.
- Where appropriate, Sasfin makes use of external experts to assess the developments as well as provide valuations on the developments.
- Regular monitoring of covenants and assessment of financial performance is conducted to ensure the risk profile remains acceptable.

4. Credit risk *continued*

4.5. Credit risk mitigation techniques overview *continued*

4.5.1. Valuation of security

It is a requirement that a valuation of the tangible security be performed on all new facility requests as well as on a regular basis thereafter to ensure that Sasfin's credit risk remains adequately protected. This security calculation is done with each major credit request/change, but not less than annually for all clients (except for High Care clients, where such calculation is done monthly with the High Care Report (as far as is practically possible)).

When valuing security, the following factors are taken into consideration:

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

4.5.2. Review of security documentation

- All standard/master security documentation are reviewed regularly, but at least every 24 months, to ensure it considers all legal and regulatory changes to adequately protect Sasfin's risk. This review is the responsibility of the Head of Legal together with the Head of Collateral.
- Standard/master security documentation has been drawn up by Group Legal to govern the legal relationship between Sasfin and its clients, and such standard documentation is used in all transactions, unless otherwise approved by the Head of Legal.

CR 3: Overview of credit risk mitigation techniques

Sasfin Holdings Limited

		a	b	c	d	e	f	g
					June 2024			
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	1 842 936	7 043 164	7 043 164	–	–	–	–
2	Debt securities	1 896 183	–	–	–	–	–	–
3	**Total**	3 739 119	7 043 164	7 043 164	–	–	–	–
4	Of which: defaulted	149 069	506 467	506 467				

4. Credit risk *continued*

4.5. Credit risk mitigation techniques overview *continued*

4.5.2. Review of security documentation *continued*

CR 3: Overview of credit risk mitigation technique *continued*

		Sasfin Holdings Limited						
		a	b	c	d	e	f	g
		June 2023						
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	–	9 049 976	9 049 976	–	–	–	–
2	Debt securities	1 293 411	–	–	–	–	–	–
3	**Total**	1 293 411	9 049 976	9 049 976	–	–	–	–
4	Of which: defaulted		644 463	644 463				

Definitions

Exposures unsecured – carrying amount: carrying amount of exposures (net of allowances/impairments) that do not benefit from a credit risk mitigation technique.

Exposures secured by collateral: carrying amount of exposures (net of allowances/impairments) partly or totally secured by collateral, regardless of what portion of the original exposure is secured.

Exposures secured by collateral – of which: secured amount: amounts of the exposure portions, which are secured by collateral. Where the value of the collateral (meaning the amount that the collateral can be settled for) exceeds the value of the exposure, the Bank must report the exposure amount (i.e., it does not report the over-collateralisation).

Exposures secured by financial guarantees: carrying amount of exposures (net of allowances/impairments) partly or totally secured by financial guarantees, regardless of what portion of the original exposure is guaranteed.

Exposures secured by financial guarantees – of which: secured amount: amounts of the exposure portions, which are covered by the financial guarantee. Where the value of the guarantee (amount that can be obtained if the guarantee is called) is above the amount of the exposure, the Bank must report the amount of the exposure, i.e., not to report the excess value.

Exposures secured by credit derivatives: carrying amount of exposures (net of allowances/impairments) partly or totally secured by credit derivatives, regardless of what portion of the original exposure is secured.

Exposures secured by credit derivatives – of which: secured amount: amounts of the exposure portions that are secured by credit derivatives. Where the value of the credit derivative (amount that the credit derivative can be settled for) is above the amount of the exposure, the Bank must report the amount of the exposure, i.e., not to report the excess value.

4. Credit risk *continued*

4.6. Credit risk under standardised approach

Use of External credit ratings under the standardised approach:

Global Ratings Agency (GRA) ratings are used by Sasfin as input into standardised capital formulas for the banks and sovereign asset classes. Bank of New York has an Investment Grade rating from Moody's. The Corporate asset classes are classified as unrated for Regulatory purposes.

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

Sasfin Bank (Solo)

		a	b	c	d	e	f
		June 2024					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	2 776 160	–	2 776 160	–	7 111	0.3%
2	Non-central government public sector entities	497 906	–	497 906	–	314 662	63.2%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	122 046	–	122 046	–	26 160	21.4%
5	Securities firms	–	–	–	–	–	–
6	Corporates	8 003 744	1 128 450	8 003 744	57 728	3 995 683	49.6%
7	Regulatory retail portfolios	444 803	25 307	444 803	184	35 638	8.0%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	1 353 004	–	1 353 004	–	1 348 389	99.7%
14	**Total**	13 197 663	1 153 757	13 197 663	57 912	5 727 643	43.2%

4.6. Credit risk under standardised approach *continued*

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

		Sasfin Bank (Solo)					
		a	b	c	d	e	f
		June 2023					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	2 048 791	46 379	2 048 791	23 190	–	–
2	Non-central government public sector entities	522 179	–	522 179	–	240 175	46.0%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	41 355	–	41 355	–	8 686	21.0%
5	Securities firms	–	–	–	–	–	–
6	Corporates	4 442 561	882 676	4 442 561	69 486	4 179 331	92.6%
7	Regulatory retail portfolios	222 970	17 542	222 970	3 133	208 947	92.4%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	1 518 524	–	1 518 524	–	815 974	53.7%
14	**Total**	8 796 380	946 597	8 796 380	95 809	5 453 113	61.3%

4. Credit risk *continued*

4.6. Credit risk under standardised approach *continued*

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

		Sasfin Holdings					
		a	b	c	d	e	f
		June 2024					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	2 776 160	–	2 776 160	–	7 111	0.3%
2	Non-central government public sector entities	497 906	–	497 906	–	314 662	63.2%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	122 046	–	122 046	–	26 160	21.4%
5	Securities firms	–	–	–	–	–	–
6	Corporates	8 003 744	1 128 450	8 061 472	–	3 551 323	44.1%
7	Regulatory retail portfolios	444 803	25 307	444 987	–	35 638	8.0%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	1 353 004	–	1 353 004	–	1 348 389	99.7%
14	**Total**	**13 197 663**	**1 153 757**	**13 255 575**	**–**	**5 283 283**	**39.9%**

4. Credit risk *continued*

4.6. Credit risk under standardised approach *continued*

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

		Sasfin Holdings					
		a	b	c	d	e	f
		June 2023					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	2 048 791	46 379	2 048 791	46 379	–	–
2	Non-central government public sector entities	522 179	–	522 179	–	240 175	46.0%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	41 355	–	41 355	–	8 686	21.0%
5	Securities firms	–	–	–	–	–	–
6	Corporates	5 204 429	882 676	5 204 429	69 486	4 947 840	93.8%
7	Regulatory retail portfolios	222 970	17 542	222 970	3 083	208 947	92.4%
8	Secured by residential property						
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity						
11	Past-due loans	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	1 569 031	–	1 569 031	–	–	55.2%
14	**Total**	9 608 755	946 597	9 608 755	118 948	6 272 129	64.5%

4. Credit risk *continued*

4.6. Credit risk under standardised approach *continued*

CR5: Exposures by asset classes and risk weights

	Sasfin Bank (Solo)										
		a	b	c	d	e	f	g	h	i	j
		June 2024									
	Risk weight / **Asset classes**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
1	Sovereigns and their central banks	2 755 360	–	–	–	12 706	–	8 094	–	–	2 776 160
2	Non-central government public sector entities	109 960	–	196 016	–	295	–	23 366	168 269	–	497 906
3	Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4	Banks	427	–	119 324	–	–	–	2 295	–	–	122 046
5	Securities firms	–	–	–	–	–	–	–	–	–	–
6	Corporates	3 872 751	–	–	–	287 439	–	3 730 850	170 432	–	8 061 472
7	Regulatory retail portfolios	387 852	–	–	–	11 567	39 766	5 802	–	–	444 987
8	Secured by residential property	–	–	–	–	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other assets	–	–	–	–	–	–	1 353 003	–	–	1 353 003
14	**Total**	7 126 350	–	315 340	–	312 007	39 766	5 123 410	338 700	–	13 255 575

4. Credit risk *continued*

4.6. Credit risk under standardised approach *continued*

CR5: Exposures by asset classes and risk weights *continued*

		Sasfin Bank (Solo)									
		a	b	c	d	e	f	g	h	i	j
		June 2023									
	Risk weight / **Asset classes**	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	2 071 981	–	–	–	–	–	–	–	–	2 071 981
2	Non-central government public sector entities	165	–	335 104	–	14 166	–	172 744	–	–	522 179
3	Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4	Banks	–	–	40 836	–	–	–	519	–	–	41 355
5	Securities firms	–	–	–	–	–	–	–	–	–	–
6	Corporates	188 462	–	–	–	123 707	–	4 034 441	165 437	–	4 512 047
7	Regulatory Retail portfolios	1 269	–	–	–	14 436	171 239	39 158	–	–	226 102
8	Secured by Residential property	–	–	–	–	–	–	–	–	–	–
9	Secured by Commercial real estate	–	–	–	–	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other assets	–	–	–	–	–	–	1 518 524	–	–	1 518 524
14	**Total**	2 261 877	–	375 940	–	152 309	171 239	5 765 386	165 437	–	8 892 188

5. Counterparty credit risk (CCR)

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

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

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

5.3. **Limit approval:** Counterparty Credit Limits are approved within the delegated mandates.

5.4. **Exposure monitoring:** CCR is monitored through the ALCo (an executive management committee) and GRCMC by setting and monitoring limits with counterparties other than clients, such as banks, for placing funds on deposit with them and having them as a counterparty to a derivative.

5.5. The Group's exposure is limited to a single swap position following the exit of Forex.

5.6. Wrong-way risk arises when exposure to a counterparty is adversely (positive) correlated with the credit quality of that counterparty. The Group is no longer exposed to wrong-way risk due to the closure of Forex.

5.7. During the year, Sasfin made a strategic decision to exit it's foreign exchange division, resulting in lower CCR values at 30 June 2024.

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

		Sasfin Bank (Solo)					
		a	b	c	d	e	f
		June 2024					
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	425	596		1.4	1 430	1 430
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**						1 430

5. Counterparty credit risk (CCR) *continued*

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

		Sasfin Bank (Solo)					
		a	b	c	d	e	f
		June 2023					
	Asset classes	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	28 956	22 976		1.4	68 587	60 113
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**						60 113

CCR2: Credit Valuation Adjustment (CVA) capital charge

		Sasfin Bank (Solo)			
		a	**b**	a	b
		June 2024		June 2023	
		EAD post-CRM	**RWA**	EAD post-CRM[1]	RWA
	Total portfolios subject to the Advanced CVA capital charge	**–**	**–**	–	–
1	(i) VaR component (including the 3x multiplier)	**–**	**–**	–	–
2	(ii) Stressed VaR component (including the 3x multiplier)	**–**	**–**	–	–
3	All portfolios subject to the Standardised CVA capital charge	**1 430**	**565**	68 587	13 038
4	**Total subject to the CVA capital charge**	**1 430**	**565**	68 587	13 038

5. Counterparty credit risk (CCR) *continued*

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

Sasfin Bank (Solo)

	a	b	c	d	e	f	g	h	i
					June 2024				
Risk weight / **Regulatory portfolio**	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	–	–	–	425	–	–	425
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	–	–	–	–
Regulatory retail portfolios	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	425	–	–	425

Sasfin Bank (Solo)

	a	b	c	d	e	f	g	h	i
					June 2023				
Risk weight / **Regulatory portfolio**	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	2 926	–	–	19 943	–	–	22 869
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	6 087	–	–	6 087
Regulatory retail portfolios	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	2 926	–	–	26 030	–	–	28 956

6. Securitisation

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

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

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

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

For details on sources of funding refer to note 21. Debt securities issued on page 77 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

Securitisation SPVs are consolidated into the Group's AFS in terms of IFRS. Refer to 1.1. Legal Group Structure on page 2 of this report and note 1.3.5. Accounting policies on Structured Entities on page 31 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

Assets securitised by Sasfin include the operating and financing of capital and office equipment. SASP issues debt securities, giving current investors first option to refinance (private placement); thereafter, if not sufficient appetite, SASP will offer these notes to the public.

Refer to note 36 Securitisation on page 87 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

While SBL now recognises the assets and liabilities of SASP in terms of IFRS 9 (refer to notes 9.1 and 9.2 of the Sasfin Bank Limited AFS), these assets and liabilities have not been included for regulatory reporting purposes.

6. Securitisation *continued*

Risk management

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

Risk	
Financial risk	Market & Investment risk Credit risk Liquidity risk Excess spread risk Interest rate risk Refinancing risk Co-mingling risk – risk of mixing client-owned securities with brokerage-owned securities Concentration risk
Strategic risk: Internal	Strategy and business model risk Management of information risk Service risk New business risk
Strategic risk: External	External Stakeholder risk and reputational risk Regulatory risk Rating downgrade risk Counterparty risk
Operational risk	Execution, delivery, and process management Internal fraud External fraud Employment practices and workplace safety Clients, products, and business practices Damage to physical assets Business disruption and system failure Model risk Legal & insurance risk
Compliance risk	The risk of legal or regulatory sanctions, material financial loss, or loss of reputation because of non-compliance with laws, regulations, rules and internal policies, standards, and codes of conduct.
Reporting and disclosure risk	The risk of loss due to incomplete, inaccurate, and untimely reporting of required financial and operating information to regulatory agencies. This could result in fines, penalties, and sanctions.
Capital management risk	The risk of the Group or Bank's capital base falling below the minimum regulatory approved limit or to a level that would prevent growth in risk weighted assets without the injection of fresh capital.

6. Securitisation *continued*

SEC1: Securitisation exposures in the banking book

		Sasfin Bank (Solo)								
		a	b	c	e	f June 2024	g	h	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
1	**Retail (total) – of which**	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	**Wholesale (total) – of which**	**426 524**	–	**426 524**	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	**426 524**	–	**426 524**	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

		Sasfin Bank (Solo)								
		a	b	c	e	f June 2023	g	h	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
1	**Retail (total) – of which**	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	**Wholesale (total) – of which**	393 649	–	393 649	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	393 649	–	393 649	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

6. Securitisation *continued*

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

	Sasfin Bank (Solo)																
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
									June 2024								
	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	1 250% RW	IRB RBA (inc. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (inc. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (inc. IAA)	IRB SFA	SA/SSFA	1 250%
1 **Total exposures**	–	–	426 524	–	–	–	–	426 524	–	–	–	870 883	–	–	–	113 215	–
2 Traditional securitisation	–	–	426 524	–	–	–	–	426 524	–	–	–	870 883	–	–	–	113 215	–
3 Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Of which wholesale	–	–	426 524	–	–	–	–	426 524	–	–	–	870 883	–	–	–	113 215	–
6 Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7 Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8 Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14 Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15 Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

6. Securitisation *continued*

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

Sasfin Bank (Solo)

June 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		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	1 250% RW	IRB RBA (inc. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (inc. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (inc. IAA)	IRB SFA	SA/SSFA	1 250%
1	**Total exposures**	–	–	393 649	–	–	–	–	393 649	–	–	–	207 281	–	–	–	22 801	–
2	Traditional securitisation	–	–	393 649	–	–	–	–	393 649	–	–	–	207 281	–	–	–	22 801	–
3	Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Of which wholesale	–	–	393 649	–	–	–	–	393 649	–	–	–	207 281	–	–	–	22 801	–
6	Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

7. Market and investment risk

Market and Investment Risk refers to the risk of change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables such as interest rates, equity values, and exchange rates.

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

- All investments require approval by the relevant investment approval structures in the Group. To this threshold, any existing or prospective lending transactions are aggregated with the equity investment in determining what level of approval is required.
- Exits of investments at, or above, the carrying value of an investments can be approved by internal governance structures. Any exits below carrying value or involving vendor facilitation require CLEC approval.
- Updated valuations are considered by the CLEC on the entire portfolio twice annually.
- Risk mitigation strategies are considered on the existing investments.
- Continued emphasis is placed on portfolio management and monitoring.

Foreign exchange risk is mitigated through hedging techniques. The Foreign Exchange business unit manages the net open foreign position through the use of hedging products, such as currency swaps, forward contracts and options. These products offset the effects of exchange rate fluctuations and protect the investment from losing value.

The Group is exposed to interest rate risk from non-trading portfolios that are exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments due to a change in interest rates.

Effective 1 January 2023, the Group adopted the new regulatory requirements for Interest Rate Risk in the Banking Book.

The Group's strategy is to minimise any interest rate exposure through either natural hedging (where most of the book reprices in less than three months) and the use of interest rate swaps to match specific issuances of notes or loans and advances. In terms of SASP exposures, c. 94% of the book is split between High prime and floating rate which reduces the interest rate risk even before hedging. The fixed rate loans are predominantly in Series 3 which are hedged through swaps further mitigating the risk.

Refer to note 45 on pages 133 to 139 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

The Group's equity investments and market risk are measured on a standardised approach.

Risk management: Group Treasury monitors and manages the Bank's hedging strategy with respect to the net open foreign position, to be below or equal to 10% of the net qualifying capital at Bank, Bank Consolidated, and Group level.

Governance: Group Treasury reports monthly to ALCo and on a quarterly basis to the GRCMC.

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

MR1 – Market risk under standardised approach:

		Sasfin Bank (Solo)	
R'000		**a June 2024 Capital charge in SA**	a June 2023 Capital charge in SA
1	General interest rate risk	–	–
2	Equity risk	–	–
3	Commodity risk	–	–
4	Foreign exchange risk	**49 711**	17 895
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**	**49 711**	17 895

		Sasfin Holdings	
R'000		**a June 2024 Capital charge in SA**	a June 2023 Capital charge in SA
1	General interest rate risk	–	–
2	Equity risk	–	–
3	Commodity risk	–	–
4	Foreign exchange risk	**49 711**	17 895
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**	**49 711**	17 895

8. Operational risk

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

The management of operational risk is integral to all Sasfin activities and, therefore, understanding, monitoring, and controlling operational risk is a business imperative. The aim is not to eliminate all operational risk exposure, but to provide guidelines for effectively managing and mitigating operational risk within the business units and Sasfin's operational risk appetite levels.

Operational risk is defined as a Pillar 1 Risk in the ICAAP process. The Group applies the Basic Indicator Approach (BIA) to determine the level of capital required for operational risk.

Total gross income is used as a risk indicator for the Group's operational risk exposures to which a 15% requirement is applied to determine the minimum capital requirement.

Reporting: Business unit management is responsible for identification and collation of operational risk event data and reporting to Group Risk. Operational risk has four broad causal categories; people, processes, systems (technology), and external events. Key risk indicators are used to monitor key risks identified to assess the effectiveness of controls.

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

8.1. **Execution, delivery, and process management:** Losses from failed transaction processing or process management;

8.2. **Employment practices and workplace safety:** Losses arising from acts inconsistent with employment, health or safety laws or agreements regulation;

8.3. **Clients, products and business practices:** Losses arising from an unintentional negligent failure to meet a professional obligation to specific clients, or from the nature or design of a product;

8.4. **Damage to physical assets:** Losses arising from loss or damage to physical assets from natural disaster or other events.

8.5. **Business disruption and system failure:** Utility disruptions, software failures, hardware failures.

8.6. **Internal and External fraud risk:** Includes a wide range of commercial crimes and deals predominantly with non-violent commercial crimes, but could include non-compliance to policies and procedures, employee misconduct, harassment, and victimisation. Internal fraud involves at least one internal party whereas external fraud involves a third party. While Fraud risk is traditionally reported under operational risk, Sasfin aggregates fraud risk under financial crime risk.

8.7. **IT & Cyber risk:** The top risks that cause harm or financial loss include malicious software that is designed to infiltrate bank systems and steal sensitive information or disrupt operations.

8.8. **Model Risk:** The risk of loss resulting from using inaccurate or inadequately designed and/or ineffectively implemented models to make decisions.

8.9. **Legal and Insurance Risk:** Legal and Insurance risk is the risk of loss to an institution that is primarily caused by:

(a) a defective transaction; or

(b) a claim being made that results in a liability for the institution or other loss (for example, as a result of the termination of a contract); or

(c) failing to take appropriate measures to protect assets (for example, intellectual property) owned by the institution; or

(d) changes in the law.

Risk management: The risk management process involves the systematic application of policies, procedures and practices in the managing of risk. The process is iterative and assists in setting strategy, achieving business objectives and making informed decisions. The process involves all of the lines of defence.

The risk management process is managed through an effective risk system, supported, and applied in conjunction with other Group policies and frameworks.

9. Treasury risk

Overview of treasury risk and key prudential metrics

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

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

Capital risk: The risk of the Group's capital base falling below the risk appetite and/or Regulatory minimum levels.

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

Governance

The monitoring of liquidity risk, interest rate risk, currency risk and various other risks has been delegated to the ALCo, a sub-committee of the Group Executive Committee. The GRCMC oversees the Group's Asset and Liability management and receives reports from the ALCo on a quarterly basis.

The ALCo considers and reviews the following on a quarterly basis:

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

Reporting

Group Treasury is responsible for management reporting to ALCo on the following, inter alia:

- Overview of liquidity risk – cash flow management, liquidity mismatch, assets, and liabilities.
- Overview of interest rate risk – Interest rate management, interest rate shocks.
- Overview of currency risk – currency management, net open position limits and mismatches, Interbank facilities, operations.
- Overview of Debt Capital Markets – stress testing and performance tests.
- Economic and other related reports, International and domestic daily funding, consolidated balance sheet, liquidity stress testing, regulatory returns.

9.1. Liquidity risk

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

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

Management and Measurement: Liquidity is managed within the context of the budget and strategic plan. Critical factors impacting liquidity are monitored daily. Foreign currency and cross border liquidity are managed through matching of foreign currency assets and liabilities. Refer to Note 45.3 Currency risk on pages 136 to 138 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

Limit setting: Qualitative and quantitative targets are determined annually as part of the planning process.

The budget can only be accepted by the Board if the projected assets are reasonable in relation to the expected funding available for each of the various asset classes.

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

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

9.2. 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. Capital management is governed primarily by the GRCMC, which oversees the relevant risks, as well as the ALCo and its sub-committee, 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 review the Group's risk profile to ensure that the level of available capital:

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

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

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

Refer to note 46 Capital management on page 140 of the AFS, which can be found on Sasfin's website at www.sasfin.com/investor-relations.

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

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

9.3. Interest rate risk in the banking book

Managing Interest Rate Risk ("IRR") is a fundamental component in the safe and sound management of risks pertaining to Sasfin. It involves prudently managing mismatched positions to mitigate, within Board approved limits, the impact of changes in interest rates on the Group. Significant factors in managing IRR include the frequency, volatility and direction of rate changes, the slope of the interest rate yield curve, the size of the interest-sensitive position and the basis for repricing at rollover dates.

Risk Identification: Interest Rate Risk in the Banking Book (IRRBB) refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect Sasfin's banking book positions. Banking book instruments are accounted for on an amortized cost basis. The purpose of calculating IRRBB is to assess the impact on future earnings of IRR as well as the potential impact on shareholders' equity.

The Asset-Liability Committee (ALCo) plays a pivotal role in managing Interest Rate Risk in the Banking Book (IRRBB):

- Policy development and approval – ALCo approves policies related to IRRBB ensuring they align with Sasfin's overall risk appetite and regulatory requirements.
- Risk Measurement and Monitoring – ALCo regularly (monthly) reviews key IRRBB metrics, that is, EVE and NII sensitivities, under various interest rate scenarios.

Independent Audit:

The independent audit function ensures the robustness of IRRBB frameworks and policies, validates compliance with regulations and promotes continuous improvement through unbiased assessments and actionable recommendations. That is:

- Assessment of Policy and Framework adequacy;
- Validation of measurement tools and model;
- Compliance verification;
- Governance and Oversight; and
- Reporting and Recommendations.

Risk Measurement: To effectively monitor and manage IRR, appropriate measurements must be used to quantify the risk in operations and the balance sheet, specifically, Net Interest Income (NII) and Net Economic Value (NEV). Sensitivity to both shocks as well as varying interest rate scenarios are to be considered as an evaluation technique.

9. Treasury risk *continued*

9.3. Interest rate risk in the banking book *continued*

Internal Interest Rate Shock and Stress Scenarios: Group Risk conduct stress testing in terms of the stress testing framework, which has the requisite levels of governance to manage and monitor IRR shock and stress scenarios. The results of such stress scenarios are to be fed into the decision-making process at GRCMC and the Board. The IRRBB calculation (BA330) report is prepared monthly and reported to ALCo for evaluation.

Stress Testing approach and stress tests:

Shock and stress scenarios used in the EVE calculations are prescribed in the regulations.

CPRs under the respective shock scenarios		
Scenario number (*i*)	**Interest rate shock scenarios**	***yi* (scenario multiplier)**
1	Parallel up	0.8
2	Parallel down	1.2
3	Steepener	0.8
4	Flattener	1.2
5	Short rate up	0.8
6	Short rate down	1.2

NII Shocks:

- 400bps shock is used for the calculation of NII.
- For shock up we use positive 400bps.
- For shock down we use negative 400bps.

Interest Rate Limits: Interest Rate limits are monitored, managed, and reported monthly to the South African Reserve Bank (SARB) Prudential Authority (PA) in compliance with SARB regulatory requirements.

Interest Rate Hedging: Sasfin's use of hedging as an IRR management strategy is designed to reduce or offset price risks using derivative contracts. Sasfin is exposed to 3 types of interest rate risks, which may potentially change the price/value or earnings/costs of interest rate-sensitive assets, liabilities and/or off-balance sheet items in a way, or at a time, that can adversely affect a bank's financial condition, which are:

- Fixed vs floating risk exposure;
- Basis risk (Prime vs JIBAR); and
- Margin erosion because of high prime deals.

For the accounting policy on derivative financial instruments refer to Note 1.13.20 Derivative financial instruments in Sasfin bank AFS on page 34.

Delta EVE: The calculation of EVE is a representation of the discounted cashflows that should arise from the assets and liabilities of the bank under various interest rate scenarios. Delta EVE is therefore the change in EVE as a result of the scenario being experienced – that is, the EVE under the assumptions of the scenario, less than "baseline" EVE which is calculated under current interest rate assumptions.

At a high level, the calculation involves discounting of the repricing cash flows for both assets and liabilities, without any assumption of replacement (i.e. run-off basis). These cashflows are then discounted using a zero-coupon rate to reporting date. The EVE calculation is performed under contractual assumptions (assuming contractual terms are followed), then under behavioural assumption using the baseline assumptions and lastly under various interest rate scenarios.

Modelling Parameters: Commercial margins have been included in the deals and are included in the modelling of EVE. NMD Model Assumptions include incorporating the detailed segmentation of Non-Maturity Deposits (NMDs) into Wholesale and Retail Clients, and considering behaviours since 2021, has implications for the assumptions influencing both the yield curve response and the balance sheet composition of Sasfin. These assumptions not only reflect the distinct behaviours of these client segments but also how such behaviours can impact the bank's interest rate risk profile and strategic asset-liability management.

9. Treasury risk *continued*

9.3. Interest rate risk in the banking book *continued*

- **Yield Curve:**
  1. Segment-Specific Interest Rate Sensitivity:
     - Retail clients are assumed to have lower sensitivity to immediate changes in the yield curve, leading to a more stable cost of funds from retail deposits in short-term yield curve shifts.
     - Wholesale clients react swiftly to adjustments in the yield curve, necessitating more dynamic pricing strategies to retain these deposits, potentially affecting the overall cost of funds more significantly.
  2. Long-Term Yield Curve Anticipation:
     - The bank anticipates that long-term adjustments in the yield curve will have a gradual impact on retail client behaviour, allowing for strategic planning in asset-liability matching.
     - Wholesale client behaviour in response to long-term yield curve forecasts is expected to be more immediate, influencing short-term balance sheet management strategies.
- **Balance Sheet:**
  1. Asset Allocation and Liquidity Management:
     - Given wholesale clients' higher sensitivity to interest rates and liquidity needs, the bank assumes a need for higher liquidity buffers, influencing the composition of liquid assets on the balance sheet.
     - Retail deposits are assumed to provide a more stable funding base, allowing for longer-term investments and loans, thereby affecting the asset side of the balance sheet with potentially higher-yielding, longer-duration assets.
  2. Deposit Pricing Strategy:
     - The differentiation in interest rate sensitivity between retail and wholesale clients necessitates tiered deposit pricing strategies to manage the cost of deposits effectively, influencing the bank's net interest margin (NIM) and profitability.
     - Competitive pricing for wholesale deposits might require the bank to adjust asset yields, potentially influencing decisions on asset mix and risk appetite.
  3. Interest Rate Risk Management:
     - The variability in deposit behaviours, especially from wholesale clients in reaction to yield curve changes, reinforces the need for robust interest rate risk hedging strategies to manage the impact on the bank's economic value of equity (EVE) and net interest income (NII).
     - The assumption of stable retail deposits allows for a more aggressive pursuit of long-term assets, but with careful consideration of the potential for changes in retail behaviour over time, particularly in response to sustained yield curve shifts.
  4. Strategic Balance Sheet Management:
     - The bank assumes that maintaining a diversified balance of retail and wholesale deposits is critical for optimizing the balance sheet's composition against the backdrop of fluctuating interest rates and changing economic conditions.
     - Strategies for balance sheet growth must account for the differing behaviours and needs of retail versus wholesale clients, influencing decisions on capital allocation, product offerings, and risk management practices.
- **Foreign Currencies**
  Sasfin does not have any currencies exceeding the 5% threshold for significant currency reporting. However, as per regulations, insignificant currencies are reported collectively alongside ZAR.
- **Cash flow forecasting (including prepayment assumptions).**
  Identification of Cash Flows: Sasfin begins by identifying the principal and interest cash flows for each financial instrument within its banking book, including loans, investments, deposits, and other borrowings.

9. Treasury risk *continued*

9.3. Interest rate risk in the banking book *continued*

Behavioural Modelling: Behavioural assumptions are applied to non-maturity deposits and loan instruments subject to prepayment or drawdown options to estimate cash flows accurately. Sasfin leverages historical data and market insights to model withdrawal behaviours, prepayment frequencies, and drawdown timings.

NMD's

The following account types were used for non-maturing deposits:

- Call deposits
- Transactional and
- Notice deposits

Deposit Type	Stable / Non-Stable	Core / non-Core	Repricing Treatment
All Non Maturity Deposits	Stable Deposits	Core Deposit Book	Re-prices over longer period of time
		Non Core Deposit Book	Re-prices overnight as withdrawal is assumed
	Non-Stable Deposits		Re-prices overnight as withdrawal is assumed

Product	Core Deposits	Monthly_Run Off
Wholesale Transactional	50.00%	3.40%
Retail Transactional	90.00%	3.00%

- Assumptions
  - Applies to transactional accounts only as they carry discretionary interest rates which remain at the bank's discretion to change. While call deposits also non-maturity deposits, these are linked to movements in prime and will reprice immediately (overnight) with changes in prevailing market rates, unlike the transactional accounts.
  - The Regulator requires that NMD with Retail depositors and Wholesale depositors are treated separately. The level of CORE deposits for Wholesale deposits is capped by the Regulator at 50% of the total NMD deposit base.
  - Retail deposits are capped at 90% and the model output is 90%.
  - Although unlikely to reprice immediately, the regulations require that CORE deposits receive a repricing profile – the model calculates a run-off rate of 3% which means 3% of the NMD book will re-price each month until the entire book has re-priced.
  - Wholesale deposits are capped at 50% and the model output is at 50%.
  - Although unlikely to reprice immediately, the regulations require that CORE deposits receive a repricing profile – the model calculates a run-off rate of 3.4% which means 3.4% of the NMD wholesale book will re-price each month until the entire book has re-priced.

Prepayment:

- Loans with contractual maturity of 3 months or less – no prepayment assumed due to short term nature of the asset
- Loans with contractual maturity between 3 and 30 months – apply the "Last 3 months prepayment rate" when the loan is within its final three months, apply the "Overall Prepayment Rate excluding the last 3 months" for all other months.
- Loans with contractual maturity greater than 30 months – apply the overall prepayment rate to the life of the loan. This overall prepayment rate would be an average over the life of the loan, including the last three months

Scenario Based Projections: Cash flows are projected under various interest rate scenarios, including both parallel and non-parallel shifts in the yield curve, to understand the dynamic impact of rate changes on its financial position.

Aggregation by Time Buckets: The bank aggregates these cash flow projections into time-specific buckets, allowing for a nuanced analysis across different time horizons to better assess liquidity requirements and interest rate gaps.

9. Treasury risk *continued*

9.3. Interest rate risk in the banking book *continued*

- **Interest Rate Repricing approach:**
  Fixed Rate Instruments: For instruments with fixed interest rates, the model accounts for the known cash flow patterns but focuses on how these instruments' economic value might change with interest rate movements, particularly at maturity or during prepayment events.

  Variable Rate Instruments: Variable-rate instruments are analysed based on their repricing characteristics, which depend on changes in benchmark rates at specific intervals. Sasfin models the anticipated adjustments in cash flows and interest expenses or incomes for these instruments under various rate change scenarios.

  Incorporating Caps and Floors: Instruments subject to interest rate caps and floors are carefully modelled to predict interest rate adjustments within these contractual limits, directly affecting Sasfin's cash flow projections.

Risk Measures:

Economic Value of Equity (EVE) Sensitivity: Sasfin measures the sensitivity of its net present value (NPV) of future cash flows to interest rate changes, offering insights into how rate fluctuations could impact its capital position under different scenarios.

Net Interest Income (NII) Sensitivity: By projecting future interest incomes and expenses under varied interest rate conditions, Sasfin assesses the short-term earnings volatility linked to rate changes, focusing on the potential impact on its net interest income over specific time frames.

Gap Analysis: Sasfin also utilizes gap analysis to highlight periods where mismatches in the repricing schedules of assets and liabilities may exist, providing a preliminary view of its exposure to interest rate risk.

Review:

Group Treasury is the owner of the IRRBB model, and the review of the model happens on an annual basis as part of Sasfin's internal control and Risk management processes.

	Δ EVE (Behavioural)	**Δ NII (Behavioural)**
Period	**T**	**T**
Parallel up	25 619	50 234
Parallel down	(26 801)	(50 234)
Steepener	(21 114)	
Flattener	24 925	
Short rate up	29 705	
Short rate down	(31 482)	
Maximum	(31 482)	(31 482)
Tier 1 capital	1 039 581	

9. Treasury risk *continued*

9.4. Key prudential metrics

KM1: Prudential Metrics

		Sasfin Holdings Limited				
		a	b	c	d	e
		Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
	R'000	T	T-1	T-2	T-3	T-4
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1 425 145	1 427 558	1 419 014	1 415 555	1 410 219
1a	Fully loaded ECL accounting model	1 425 145	1 427 558	1 419 014	1 415 555	1 410 219
2	Tier 1	1 425 145	1 427 558	1 419 014	1 415 555	1 410 219
2a	Fully loaded accounting model Tier 1	1 425 145	1 427 558	1 419 014	1 415 555	1 410 219
3	Total capital	1 492 665	1 496 365	1 485 771	1 486 296	1 480 611
3a	Fully loaded ECL accounting model total capital	1 492 665	1 496 365	1 485 771	1 486 296	1 480 611
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	9 444 926	8 975 644	9 005 986	9 118 591	9 124 910
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15,089%	15,905%	15,756%	15,524%	15,455%
5a	Fully loaded ECL accounting model CET1 (%)	15,089%	15,905%	15,756%	15,524%	15,455%
6	Tier 1 ratio (%)	15,089%	15,905%	15,756%	15,524%	15,455%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15,089%	15,905%	15,756%	15,524%	15,455%
7	Total capital ratio (%)	15,804%	16,671%	16,498%	16,300%	16,226%
7a	Fully loaded ECL accounting model total capital ratio (%)	15,804%	16,671%	16,498%	16,300%	16,226%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2,500%	2,500%	2,500%	2,500%	2,500%
9	Countercyclical buffer requirement (%)	–	–	–	–	–
10	Bank D-SIB additional requirements (%)	–	–	–	–	–
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2,500%	2,500%	2,500%	2,500%	2,500%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6,589%	7,405%	7,256%	7,024%	6,955%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	12 868 650	12 684 771	13 145 929	12 855 816	13 778 526
14	Basel III leverage ratio (%) (row 2/row 13)	11,07%	11,25%	10,79%	11,01%	10,23%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11,07%	11,25%	10,79%	11,01%	10,23%
	Liquidity Coverage Ratio					
15	Total HQLA	1 094 254	1 234 058	1 122 885	1 120 438	969 118
16	Total net cash outflow	381 665	426 678	373 575	317 392	409 867
17	LCR ratio (%)	286,71%	289,22%	300,58%	353,01%	236,45%
	Net Stable Funding Ratio					
18	Total available stable funding	8 777 724	4 654 508	5 505 000	5 341 747	5 405 657
19	Total required stable funding	8 096 090	4 464 199	4 867 320	5 133 065	5 136 157
20	NSFR ratio	108,42%	104,26%	113,10%	104,07%	105,25%

9. Treasury risk *continued*

9.4. Key prudential metrics *continued*

KM1: Prudential Metrics *continued*

		Sasfin Bank Limited				
		a	**b**	**c**	**d**	**e**
	R'000	**Jun-24 T**	**Mar-24 T-1**	**Dec-23 T-2**	**Sep-23 T-3**	**Jun-23 T-4**
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1 039 581	1 000 478	1 027 265	1 040 299	1 033 007
1a	Fully loaded ECL accounting model	1 039 581	1 000 478	1 027 265	1 040 299	1 033 007
2	Tier 1	1 039 581	1 000 478	1 027 265	1 040 299	1 033 007
2a	Fully loaded accounting model Tier 1	1 039 581	1 000 478	1 027 265	1 040 299	1 033 007
3	Total capital	1 099 678	1 041 559	1 063 822	1 079 168	1 069 941
3a	Fully loaded ECL accounting model total capital	1 099 678	1 041 559	1 063 822	1 079 168	1 069 941
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	8 159 066	7 037 749	7 150 142	7 232 592	7 286 253
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	12,741%	14,216%	14,367%	14,383%	14,177%
5a	Fully loaded ECL accounting model CET1 (%)	12,741%	13,514%	13,065%	12,905%	12,875%
6	Tier 1 ratio (%)	12,741%	13,514%	13,065%	12,905%	12,875%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	12,741%	13,514%	13,065%	12,905%	12,875%
7	Total capital ratio (%)	13,478%	14,800%	14,878%	14,921%	14,684%
7a	Fully loaded ECL accounting model total capital ratio (%)	13,478%	14,800%	14,878%	14,921%	14,684%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2,500%	2,500%	2,500%	2,500%	2,500%
9	Countercyclical buffer requirement (%)	–	–	–	–	–
10	Bank D-SIB additional requirements (%)	–	–	–	–	–
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2,500%	2,500%	2,500%	2,500%	2,500%
12	CET1 available after meeting the bank's minimum capital requirements (%)	4,241%	5,716%	5,867%	5,883%	5,677%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	12 474 688	8 549 787	9 058 111	8 613 598	8 837 930
14	Basel III leverage ratio (%) (row 2/row 13)	8,33%	11,70%	11,34%	12,08%	11,69%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	8,33%	11,70%	11,34%	12,08%	11,69%
	Liquidity Coverage Ratio					
15	Total HQLA	1 094 254	1 234 058	1 122 885	1 120 438	969 118
16	Total net cash outflow	381 665	426 678	373 575	317 392	409 867
17	LCR ratio (%)	286,71%	289,22%	300,58%	353,01%	236,45%
	Net Stable Funding Ratio					
18	Total available stable funding	8 777 724	4 654 508	5 505 000	5 341 747	5 405 657
19	Total required stable funding	8 096 090	4 464 199	4 867 320	5 133 065	5 136 157
20	NSFR ratio (%)	108,42%	104,26%	113,10%	104,07%	105,25%

10. Remuneration and compensation

The Group's remuneration philosophy aims to maximise stakeholder value creation while maintaining good governance. Sasfin recognise that fair, transparent, and responsible remuneration practices are essential to fulfil our purpose, deliver on strategy, and drive performance within our desired culture and values. Our approach to remuneration aligns with the recommendations of King IV, the Basel Committee on Banking Supervision (Governance guidelines), and other applicable regulations.

REMCO assists the Board in setting and approving the remuneration policy and engages with stakeholders, including shareholders, regulators, external consultants and management. It has access to the information required to make informed remuneration decisions that align with the Board's remuneration policy, risk appetite, and regulatory requirements.

The Human Capital Risk is one of the 12 core risk themes considered by the GRCMC on a quarterly basis. The CEO, CRO, and Head: Human Capital attend REMCO meetings as invitees and report on employee matters of concern.

The Group's remuneration policy, which describes the key features of the remuneration philosophy, is outlined in the 2024 Remuneration Report, which was published with the Group's Integrated Report on 31 October 2024.

The salient features are set out below:

Oversight of remuneration

The Remuneration Committee (REMCO) is directly responsible for all human capital and remuneration decisions that affect senior managers and executives, as well as for any executive, irrespective of reward level, that reports to the Group CEO. REMCO reviews the terms and conditions of Executive Directors' and senior executives' service agreements at least annually against peer companies and local and global industry trends.

Periodic salary fairness reviews are performed by the CRO, with the results tabled at REMCO.

All positions are benchmarked individually at least every second year using independent remuneration consultants, which include REMchannel, PwC Research Services (Proprietary) Limited, the International Zonal Leadership Institute, Job evaluations supported by benchmarking provide REMCO with assurance that roles are graded correctly, and employees are paid in line with the market for the jobs they perform.

In the following tables, senior managers are defined as members of the Executive Committee (Exco) reporting to the CEO. Other material risk takers include Executive Directors and Prescribed Officers as described in the Integrated Report.

Design and structure of the remuneration processes

The objectives of the remuneration policy are to:

- Ensure we attract, develop and retain employees
- Ensure responsible remuneration practices of employees to promote and deliver on Sasfin's strategic objectives
- Reward performance and value-adding contributors
- Provide clarification and reinforcement of roles and accountabilities
- Provide a total reward structure that drives long-term performance by balancing guaranteed and variable remuneration
- Provide meaningful benefits that are cost-effective and are clearly communicated and supported
- Benchmark roles to ensure fair and equitable pay practices

Risk and remuneration

Group and operational financial targets and a non-financial component, which, in addition to the personal KPI score, includes items such as compliance, risk, strategy implementation, stakeholder expectations, transformation, and ethics.

Linking performance and reward

Remuneration forms an integral element of the Group's greater human capital management strategy, which includes performance and talent management. Remuneration practices are an effective means of supporting the business strategy by motivating and rewarding excellent employee performance that delivers on the Group's strategic objectives.

Sasfin's variable remuneration aims to directly link reward to individual, Pillar/business unit and Group performance so that employees can directly influence their total remuneration through their individual efforts. Individual performance is measured against KPIs aligned with job functions that are agreed in advance and reviewed regularly, as well as KVIs and KRIs.

Variable remuneration considers the employee's performance, future potential and value-add to the Group. Incentive payments are awarded at REMCO's discretion, and employees who do not meet their KPIs, KRIs or KVIs, or who have a current disciplinary record, do not qualify for annual increases or discretionary incentive awards.

10. Remuneration and compensation *continued*

Variable remuneration

Variable remuneration arrangements, which previously mentioned are discretionary and dependent on the Group's financial performance, include:

- Cash short-term incentives (STIs) for all eligible employees.
- Deferred short-term and long-term incentives for identified senior executives and management in good standing and not underperforming in terms of KPIs, KRIs or KVIs. These vest over three- and four years, dependent on the size of the award.

The proportion of the total remuneration mix that is variable and therefore subject to performance generally increases for more senior executives.

Remuneration awarded during the financial year

Remuneration amount			a Senior management	b Other material risk-takers
1	Fixed remuneration	Number of employees	**6**	**3**
2		Total fixed remuneration (3+5+7)	**17 473**	**12 528**
3		Of which: cash-based	**14 621**	**10 828**
4		Of which: deferred	**–**	**–**
5		Of which: shares or other share-linked instruments	**–**	**–**
6		Of which: deferred	**–**	**–**
7		Of which: other forms	**2 852**	**1 700**
8		Of which: deferred	**–**	**–**
9	Variable remuneration	Number of employees	**–**	**–**
10		Total variable remuneration (11+13+15)	**240**	**196**
11		Of which: cash-based	**–**	**–**
12		Of which: deferred	**–**	**–**
13		Of which: shares or other share-linked instruments	**–**	**–**
14		Of which: deferred	**–**	**–**
15		Of which: other forms	**240**	**196**
16		Of which: deferred	**–**	**–**
17	**Total remuneration (2+10)**		**17 713**	**12 724**

10. Remuneration and compensation *continued*

Special payments:

	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management	6	3 257	–	–	–	–
Other material risk-takers	3	4 242	–	–	–	–

Deferred remuneration:

	a	b	c	d	e
Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior management					
Cash	17 473	21 085	–	21 085	3 257
Shares	–	–	–	–	–
Cash-linked instruments	–	–	–	–	–
Other	–	–	–	–	–
Other material risk-takers					
Cash	12 527	8 916	–	–	4 242
Shares	–	–	–	–	–
Cash-linked instruments	–	–	–	–	–
Other	–	–	–	–	–
Total	30 000	30 001	–	21 085	7 499

Appendices

LR1: Summary comparison of accounting assets vs leverage ratio exposure

		Sasfin Holdings Limited	
R'000		a **June 2024**	March 2024
1	Total consolidated assets as per published financial statements	**13 063 204**	12 878 142
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	**(224 494)**	(215 329)
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)	**177 935**	166 808
7	Other adjustments	**(147 386)**	(144 850)
8	**Leverage ratio exposure measure**	**12 869 260**	12 684 771

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

LR2: Leverage ratio common disclosure template

		Sasfin Holdings Limited	
		a	b
R'000		**June 2024**	March 2024
		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	**12 690 303**	12 508 489
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	**–**	–
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	**12 690 303**	12 508 489
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**425**	4 720
5	Add-on amounts for PFE associated with *all* derivatives transactions	**596**	4 754
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)**	**1 021**	9 474
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	**1 167 728**	1 111 199
18	(Adjustments for conversion to credit equivalent amounts)	**(989 793)**	(944 391)
19	**Off-balance sheet items (sum of rows 17 and 18)**	**177 935**	166 808
Capital and total exposures			
20	**Tier 1 capital**	**1 425 755**	1 427 558
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	**12 869 261**	12 684 771
Leverage ratio			
22	**Basel III leverage ratio**	**11.08%**	11.25%

LR2: Leverage ratio common disclosure template *continued*

R'000		Sasfin Bank Limited a June 2024 T	b March 2024 T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	**12 314 215**	8 380 226
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	**–**	–
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	**12 314 215**	8 380 226
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**425**	4 720
5	Add-on amounts for PFE associated with *all* derivatives transactions	**596**	4 754
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)**	**1 021**	9 474
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	**1 153 804**	1 133 292
18	(Adjustments for conversion to credit equivalent amounts)	**(994 352)**	(973 205)
19	**Off-balance sheet items (sum of rows 17 and 18)**	**159 451**	160 087
Capital and total exposures			
20	**Tier 1 capital**	**1 039 581**	1 000 478
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	**12 474 688**	8 549 787
Leverage ratio			
22	**Basel III leverage ratio**	**8.33%**	11.70%

LIQ1: Liquidity Coverage Ratio (LCR)

		Sasfin Holdings Limited	
R'000		a Total unweighted value (average)	b Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		1 094 254
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	1 091 584	69 320
3	Stable deposits	569 120	17 074
4	Less stable deposits	522 463	52 246
5	**Unsecured wholesale funding, of which:**	4 327 810	1 246 223
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7	Non-operational deposits (all counterparties)	4 327 810	1 246 223
8	Unsecured debt	–	–
9	**Secured wholesale funding**	625 654	–
10	**Additional requirements, of which:**	172 364	67 460
11	Outflows related to derivative exposures and other collateral requirements	(175)	(175)
12	Outflows related to loss of funding of debt products	–	–
13	Credit and liquidity facilities	172 539	67 635
14	**Other contractual funding obligations**	–	3
15	**Other contingent funding obligations**	–	–
16	**TOTAL CASH OUTFLOWS**		1 383 006
Cash inflows			
17	**Secured lending**	919 948	919 948
18	**Inflows from fully performing exposures**	162 410	81 205
19	**Other cash inflows**	189	189
20	**TOTAL CASH INFLOWS**	1 082 546	1 001 341
			Total adjusted value
21	**Total HQLA**		1 094 254
22	**Total net cash outflows**		381 665
23	**Liquidity coverage ratio (%)**		286.71%

LIQ2: Net Stable Funding Ratio (NSFR)

	Sasfin Holdings Limited				
	a	b	c	d	e
	Unweighted value by residual maturity				
	No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
Available stable funding (ASF) item					
1 Capital:	–	–	–	1 120 390	1 120 390
2 *Regulatory capital*	–	–	–	1 120 390	1 120 390
3 *Other capital instruments*	–	–	–	–	–
4 Retail deposits and deposits from small business customers:	–	2 120 096	225 012	162 276	2 303 566
5 *Stable deposits*	–	598 762	15 099	–	583 168
6 *Less stable deposits*	–	1 521 334	209 912	162 276	1 720 398
7 Wholesale funding:	–	739 463	41 841	–	390 652
8 *Operational deposits*	–	–	–	–	–
9 *Other wholesale funding*	–	739 463	41 841	–	390 652
10 Liabilities with matching interdependent assets	–	–	–	–	–
11 Other liabilities:	–	3 004 482	217 501	4 325 987	4 963 116
12 *NSFR derivative liabilities*	–	–	–	–	–
13 *All other liabilities and equity not included in the above categories*	–	3 004 482	217 501	4 325 987	4 963 116
14 Total ASF					8 777 724
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)	–	–	–	–	93 734
16 Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17 Performing loans and securities:	–	3 590 211	384 571	7 318 277	6 714 117
18 Performing loans to financial institutions secured by Level 1 HQLA	–	1 748 892	–	125 780	93 734
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	1 354 839	2 379	238 066	442 481
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:	–	486 480	382 192	6 115 931	5 632 878
21 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	–	–	838 500	545 025
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:	–	425	–	1 323 016	1 323 441
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	–	425	–	–	425
30 NSFR derivative liabilities before deduction of variation margin posted	–	–	–	–	–
31 All other assets not included in the above categories	–	–	–	1 323 016	1 323 016
32 Off-balance sheet items	–	–	–	–	58 532
33 Total RSF					8 096 090
34 Net Stable Funding Ratio (%)					108.42%

Appendices *continued*

CC1: Composition of regulatory capital

	R'000	Sasfin Holdings Limited a Amounts	 b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	167 268	(h)
2	Retained earnings	1 425 190	
3	Accumulated other comprehensive income (and other reserves)	(16 822)	
4	*Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)*	–	
5	Common share capital issued by third parties (amount allowed in group CET1)	–	
6	**Common Equity Tier 1 capital before regulatory deductions**	**1 575 636**	
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	1 474	
8	Goodwill (net of related tax liability)	34 273	(a)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	49 540	(b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	64 594	
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	**Total regulatory adjustments to Common Equity Tier 1**	**149 881**	
29	**Common Equity Tier 1 capital (CET1)**	**1 425 755**	
	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	–	

CC1: Composition of regulatory capital *continued*

	R'000	Sasfin Holdings Limited a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
33	*Directly issued capital instruments subject to phase-out from additional Tier 1*	–	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	–	
35	*Of which: instruments issued by subsidiaries subject to phase-out*	–	
36	Additional Tier 1 capital before regulatory adjustments	–	
	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)**	**1 425 755**	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	
47	*Directly issued capital instruments subject to phase-out from Tier 2*	–	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–	
49	*Of which: instruments issued by subsidiaries subject to phase-out*	–	
50	Provisions	67 520	
51	**Tier 2 capital before regulatory adjustments**	**67 520**	
	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)**	**67 520**	
59	**Total regulatory capital (TC = T1 + T2)**	**1 493 276**	
60	**Total risk-weighted assets**	**9 444 926**	

CC1: Composition of regulatory capital *continued*

	R'000	Sasfin Holdings Limited a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**15.10%**	
62	**Tier 1 (as a percentage of risk-weighted assets)**	**15.10%**	
63	**Total capital (as a percentage of risk-weighted assets)**	**15.81%**	
64	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	**2.50%**	
65	**Of which: capital conservation buffer requirement**	**2.50%**	
66	**Of which: bank-specific countercyclical buffer requirement**	–	
67	**Of which: higher loss absorbency requirement**	–	
68	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	**6.60%**	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	**7.50%**	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	**9.25%**	
71	National total capital minimum (if different from Basel III minimum)	**11.50%**	
	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)*	–	

CC1: Composition of regulatory capital *continued*

	R'000	Sasfin Bank Limited a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	613 476	(h)
2	Retained earnings	506 914	
3	Accumulated other comprehensive income (and other reserves)	–	
4	*Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)*	–	
5	Common share capital issued by third parties (amount allowed in group CET1)	–	
6	**Common Equity Tier 1 capital before regulatory deductions**	1 120 390	
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	624	
8	Goodwill (net of related tax liability)	–	(a)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	46 248	(b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	33 937	
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	**Total regulatory adjustments to Common Equity Tier 1**	80 809	
29	**Common Equity Tier 1 capital (CET1)**	1 039 581	
	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	–	

CC1: Composition of regulatory capital *continued*

		Sasfin Bank Limited	
	R'000	a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
33	Directly issued capital instruments subject to phase-out from additional Tier 1	–	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	–	
35	*Of which: instruments issued by subsidiaries subject to phase-out*	–	
36	Additional Tier 1 capital before regulatory adjustments	–	
	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)**	1 039 581	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	
47	*Directly issued capital instruments subject to phase-out from Tier 2*	–	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–	
49	*Of which: instruments issued by subsidiaries subject to phase-out*	–	
50	Provisions	60 097	
51	**Tier 2 capital before regulatory adjustments**	60 097	
	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)**	60 097	
59	**Total regulatory capital (TC = T1 + T2)**	1 099 678	
60	**Total risk-weighted assets**	8 159 066	

CC1: Composition of regulatory capital *continued*

	R'000	Sasfin Bank Limited a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	12.74%	
62	**Tier 1 (as a percentage of risk-weighted assets)**	12.74%	
63	**Total capital (as a percentage of risk-weighted assets)**	13.48%	
64	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	2.50%	
65	**Of which: capital conservation buffer requirement**	2.50%	
66	**Of which: bank-specific countercyclical buffer requirement**	0.00%	
67	**Of which: higher loss absorbency requirement**	0.00%	
68	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	4.24%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	7.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	9.25%	
71	National total capital minimum (if different from Basel III minimum)	11.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	–	
73	Significant investments in common stock of financial entities	–	
74	Mortgage servicing rights (net of related tax liability)	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	–	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	–	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	–	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	*Current cap on CET1 instruments subject to phase-out arrangements*	–	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	–	
82	*Current cap on AT1 instruments subject to phase-out arrangements*	–	
83	*Amount excluded from AT1 due to cap (excess after redemptions and maturities)*	–	
84	*Current cap on T2 instruments subject to phase-out arrangements*	–	
85	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	–	

CC2: Reconciliation of regulatory capital to balance sheet

	a Balance sheet as in published financial statements As at period-end	b Under regulatory scope of consolidation As at period-end
Assets		
Cash and balances at central banks	595 678	316 013
Items in the course of collection from other banks	–	–
Trading portfolio assets	433 989	433 989
Financial assets designated at fair value	599 953	410 222
Derivative financial instruments	–	21 870
Loans and advances to banks	–	–
Loans and advances to customers	8 348 782	8 628 447
Reverse repurchase agreements and other similar secured lending	–	–
Available for sale financial investments	1 896 183	1 876 216
Current and deferred tax assets	147 381	147 381
Prepayments, accrued income and other assets	528 800	716 628
Investments in associates and joint ventures	75 960	75 960
Goodwill and other intangible assets	84 424	84 424
Of which: goodwill	34 273	34 273
Of which: intangibles (excluding MSRs)	50 151	50 151
Of which: MSRs	–	–
Property, plant and equipment	149 426	149 426
Total assets	12 860 576	12 860 576
Liabilities		
Deposits from banks	–	–
Items in the course of collection due to other banks	–	–
Customer accounts	5 367 193	5 367 193
Repurchase agreements and other similar secured borrowing	551 205	551 205
Trading portfolio liabilities	414 601	414 601
Financial liabilities designated at fair value	–	–
Derivative financial instruments	–	–
Debt securities in issue	3 685 800	3 697 495
Accruals, deferred income and other liabilities	954 722	998 428
Current and deferred tax liabilities	157 610	157 610
Of which: DTLs related to goodwill	–	–
Of which: DTLs related to intangible assets (excluding MSRs)	–	–
Of which: DTLs related to MSRs	–	–
Subordinated liabilities	–	–
Provisions	136 987	81 586
Retirement benefit liabilities	–	–
Total liabilities	11 268 118	11 268 118
Shareholders' equity		
Paid-in share capital	167 268	167 268
Of which: amount eligible for CET1	167 268	167 268
Of which: amount eligible for AT1	–	–
Retained earnings	1 425 190	1 425 190
Accumulated other comprehensive income	–	–
Total shareholders' equity	1 592 458	1 592 458

Abbreviations and acronyms

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

Corporate details

Country of incorporation and domicile	South Africa
Independent Non-executive Chair	Richard Buchholz[1] Deon de Kock[2]
Executive Directors	Michael Sassoon (Chief Executive Officer) Harriet Heymans (Group Financial Director) Erol Zeki (Alternate)[3]
Independent Non-executive Directors	Tapiwa Njikizana Mark Thompson (Lead)[4] Tienie van der Mescht Eileen Wilton Anton van Wyk[5]
Non-independent, Non-executive Directors	Gugu Dingaan Nontobeko Ndhlazi Roland Sassoon Shaun Rosenthal (Alternate)
Group Company Secretary	Charissa de Jager[6]
Acting Group Company Secretary	Howard Brown[7]
Transfer secretaries	Computershare Investor Services (Pty) Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg 2196
Independent sponsor	Questco Corporate Advisory (Pty) Limited
Auditors	PricewaterhouseCoopers Inc. (PwC)
Registered office	140 West Street, Sandown, Sandton, Johannesburg, Gauteng, 2196 Tel: +27 11 809 7500 Fax: +27 11 887 6167/2489
Postal address	PO Box 95104 Grant Park Johannesburg 2051
Website	www.sasfin.com
Email	investorrelations@sasfin.com
Company registration number	1987/002097/06
Tax reference number	9300204717

1 *Appointed as Chair with effect from 19 March 2024.*
2 *Resigned as Chair on 15 March 2024.*
3 *Appointed as Alternate Executive Director effective 10 May 2024.*
4 *Appointed Lead Independent Director effective 19 March 2024.*
5 *Appointed 23 August 2024.*
6 *Resigned 1 May 2024 and served a three month notice period until 31 July 2024.*
7 *Appointed as Acting Company Secretary with effect from 1 August 2024.*

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 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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