

SASFIN BANK LIMITED (SOLO)
PILLAR 3 - SEMI-ANNUAL REPORT
For the period ended 30 June 2018



OVERVIEW

The following information is compiled in terms of the requirements of the Banks Act 1990 (as amended) and Regulation 43(1) (e) (ii) of the Banking Regulations, where all registered banks and controlling companies are obliged to report certain qualitative and quantitative information with regards to their capital adequacy on a regular basis to the public, which incorporates the Basel III Pillar 3 requirements on market discipline.

The information disclosed within this report is based on the definitions, calculation methodologies and measurements as defined by the Amended Regulations and are reported in R'000.

Key metrics: KM1		Sasfin Bank Limited				
Key metrics		R'000 June 2018	R'000 March 2018	R'000 December 2017	R'000 September 2017	R'000 June 2017
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	934 416	956 118	969 229	929 470	939 313
1a	Fully loaded ECL accounting model					
2	Tier 1	934 416	956 118	969 229	929 470	939 313
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	958 148	971 088	990 258	953 172	963 045
3a	Fully loaded ECL accounting model total capital					
Risk weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	6 733 325	6 219 936	6 147 604	5 498 747	6 181 858
Risk-based capital ratio's as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13,877	15,372	15,766	16,903	15,195
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6	Tier 1 ratio (%)	13,877	15,372	15,766	16,903	15,195
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	Total capital ratio (%)	14,229	15,613	16,108	17,334	15,579
7a	Fully loaded ECL accounting model total capital ratio (%)					
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1,875	1,875	1,250	1,250	1,250
9	Countercyclical buffer requirements (%)	0,000	0,000	0,000	0,000	0,000
10	Bank G-SIB and/or D-SIB additional requirements (%)	0,000	0,000	0,000	0,000	0,000
11	Total of bank CET1 specific buffer requirements (%)	1,875	1,875	1,250	1,250	1,250
12	CET1 available after meeting the bank's minimum capital requirements (%)	8,377	9,872	9,766	10,903	9,195
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	7 348 462	8 546 668	7 873 029	7 539 578	7 968 039
14	Basel III leverage ratio (%) (row 2/ row 13)	12,716	11,187	12,311	12,328	11,789
14a	Fully loaded ECL accounting model Basel 3 leverage ratio (%) row 2a/row 13)	12,716	11,187	12,311	12,311	12,311
Liquidity Coverage Ratio						
15	Total HQLA	669 498,000	743 380	842 637	592 868	545 943
16	Total net cash outflow	369 234,215	377 798	348 891	295 782	333 360
17	LCR ratio (%)	181,321	197	242	200	164
Net Stable Funding Ratio						
18	Total available stable funding	4 984 713,698	5 082 731	4 901 061	4 565 397	4 911 513
19	Total required stable funding	4 802 770,160	4 420 682	4 159 529	4 203 833	4 464 399
20	NSFR ratio (%)	103,788	115	118	109	110

OV1 - Overview of RWA			
	RWA		Minimum capital requirements
	June 2018	June 2017	June 2018
1	5 045 549	4 946 308	403 644
2	5 045 549	4 946 308	403 644
3			-
4	134 598	54 027	10 768
5	134 598	54 027	10 768
6			-
7	204 339	200 030	16 347
8			-
9			-
10			-
11			-
12	590 224	326 580	47 218
13			-
14			-
15	590 224	326 580	47 218
16	1 606	3 494	128
17	1 606	3 494	128
18			-
19	755 807	651 421	60 465
20	755 807	651 421	60 465
21			-
22			-
23			-
24			-
25	6 732 123	6 181 860	538 570

L12 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Total	Items subject to:		Market risk framework	Equity risk framework
		Credit risk framework	Securitisation framework		
1 Asset carrying value amount under scope of regulatory consolidation	8 652 126	7 589 401	381 946	174 184	136 226
2 Liabilities carrying value amount under regulatory scope of consolidation	7 687 218	-	-	-	-
3 Total net amount under regulatory scope of consolidation	964 908	7 589 401	381 946	174 184	136 226
4 Off-balance sheet amounts	698 478	698 478	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 Other	-	-	-	-	-
10 Exposure amounts considered for regulatory purposes	1 663 386	8 287 879	381 946	174 184	136 226

L1A - Explanations of differences between accounting and regulatory exposure amounts

No difference between the carrying values as reported in the published financial statements and for regulatory consolidation

CR1 - Credit quality of assets

	Gross carrying values of		Allowances/ Impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	411 873	3 507 147	145 027	3 773 993
2 Debt Securities	-	2 965 632	-	2 965 632
3 Off-balance sheet exposures	-	698 478	-	698 478
4 Total	411 873	7 171 257	145 027	7 438 102

CR2 - Changes in stock of defaulted loans and debt securities

1 Defaulted loans and debt securities at end of the previous reporting period	172 552
2 Loans and debt securities that have defaulted since the last reporting period	356 685
3 Returned to non-defaulted status	0
4 Credit losses	(89 287)
5 Other changes	(28 077)
6 Defaulted loans and debt securities at end of the reporting period	411 873

CR3 - Credit Risk Mitigation Techniques

	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	27 026	3 525 246	3 525 246	-	-	-	-
2 Debt securities	33 165	150 393	150 393	-	-	-	-
3 Total	60 191	3 675 639	3 675 639	-	-	-	-
4 Of which defaulted	124 293	284 650	284 650	-	-	-	-

CRD - Qualitative disclosures on banks use of external credit ratings under the standardised approach for credit risk

The Bank makes use of the following external credit assessment institutions (ECAI):

Moody's
Standard and Poor's
Global Credit Rating
Fitch

The asset classes which ECAI is used for include:

International interbank exposures
Securitisation exposures
International sovereign exposures

CR4 - Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

Asset classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Sovereigns and their central banks	1 848 795	-	1 848 795	-	1 791	0%
2 Non-central government public sector entities	522 581	-	522 581	-	125 312	24%
3 Multilateral development banks	-	-	-	-	-	0%
4 Banks	328 820	643	328 820	643	65 893	20%
5 Securities firms	990 226	225	990 226	225	990 451	100%
6 Corporates	2 508 574	585 000	2 507 125	53 562	2 702 589	106%
7 Regulatory retail portfolios	1 153 907	112 610	1 154 067	25 500	939 441	80%
8 Secured by residential property	-	-	-	-	-	0%
9 Secured by commercial real estate	-	-	-	-	-	0%
10 Equity	136 226	-	136 226	-	204 339	150%
11 Past-due loans	-	-	-	-	-	0%
12 Higher risk categories	-	-	-	-	-	0%
13 Other assets	347 306	-	347 306	-	232 797	67%
14 Total	7 836 434	698 478	7 835 145	79 930	5 262 612	66%

CR5 - Standardised approach - exposures by asset classes and risk weights

Asset classes by Risk weightings	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1 Sovereigns and their central banks	1 846 115	-	-	-	1 777	-	903	-	-	1 848 795
2 Non-central government public sector entities	-	-	494 314	-	4 148	-	23 606	513	-	522 581
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	329 463	-	-	-	-	-	-	329 463
5 Securities firms	-	-	-	-	-	-	990 451	-	-	990 451
6 Corporates	-	-	-	-	54 183	-11 856	2 186 299	332 060	-	2 560 687
7 Regulatory retail portfolios	-	-	-	-	76 033	832 222	259 421	11 891	-	1 179 567
8 Secured by residential property	-	-	-	-	-	-	-	-	-	-
9 Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10 Equity	-	-	-	-	-	-	-	136 226	-	136 226
11 Past-due loans	-	-	-	-	-	-	-	-	-	-
12 Higher risk categories	-	-	-	-	-	-	-	-	-	-
13 Other assets	114 509	-	-	-	-	-	232 796	-	-	347 305
14 Total	1 960 624	-	823 777	-	136 141	820 367	3 693 477	480 689	-	7 915 075

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

	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 SA-CCR (for derivatives)	159 367	39 735	-	1,4	179 269	125 644
2 Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	0	0
4 Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5 VaR for SFTs	-	-	-	-	-	-
6 Total	-	-	-	-	-	125 644

CCR2 - Credit Valuation Adjustment (CVA) capital charge

	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3x multiplier)	-	-
2 (ii) Stressed VaR component (including the 3x multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	179 269	851
4 Total subject to the CVA capital charge	179 269	851

CCR3 - Standardised approach - CCR exposures by regulatory portfolio and risk weights

Regulatory portfolio by risk weightings	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-
Banks	-	-	70 822	33 600	-	-	-	-	104 422
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	1 334	-	-	1 334
Regulatory retail portfolios	-	-	-	-	-	93 345	-	-	93 345
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	70 822	33 600	-	94 680	-	-	199 102

Securitisation Risk

SECA - Qualitative disclosure requirements related to securitisation exposures

SEC1 - Securitisation exposures in the banking book

	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	-	-	-	-	-	-	381 946	-	381 946
2 residential mortgage	-	-	-	-	-	-	-	-	-
3 credit card	-	-	-	-	-	-	-	-	-
4 other retail exposures	-	-	-	-	-	-	381 946	-	381 946
5 re-securitisation	-	-	-	-	-	-	-	-	-
6 Wholesale (total) - of which	-	-	-	-	-	-	-	-	-
7 loans to corporates	-	-	-	-	-	-	-	-	-
8 commercial mortgage	-	-	-	-	-	-	-	-	-
9 lease and receivables	-	-	-	-	-	-	-	-	-
10 other wholesale	-	-	-	-	-	-	-	-	-
11 re-securitisation	-	-	-	-	-	-	-	-	-

SEC4 - Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as investor

	Exposure values (by RW banks)				Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%
1 Total exposures	-	-	-	590 224	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Traditional securitisation	-	-	-	590 224	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Of which securitisation	-	-	-	590 224	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Of which retail underlying	-	-	-	590 224	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Market Risk

MRA - Qualitative disclosure requirements related to market risk

MR1 - Market risk under standardised approach

	RWA
Outright products	-
1 Interest rate risk (general and specific)	-
2 Equity risk (general and specific)	-
3 Foreign exchange risk	1 606
4 Commodity risk	-
Options	-
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitisation	-
9 Total	1 606

Sasfin does not use the internal ratings based, but rather the standardised approach, in the calculation of risk-weighted assets. The following templates are therefore not completed:

- CR6 - IRB - Credit risk exposures by portfolio and PD range.
- CR7 - IRB - Effect on RWA of credit derivatives used as CRM techniques.
- CR10 - IRB (Specialised lending and equities under the simple risk weight method).
- CCR4 - IRB - CCR exposures by portfolio and PD scale.
- MR3 - IMA values for trading portfolios.
- MR4 - Comparison of VaR estimates with gains/losses.

Sasfin does not have exposures to credit derivatives therefore the following template is not completed:

- CCR6 - Credit derivatives exposures.

Sasfin does not have any exposures to central counterparties therefore the following template is not completed:

- CCR8 - Exposures to central counterparties.

Sasfin does not have securitisation exposures in the trading book therefore the following template is not completed:

- SEC2 - Securitisation exposures in the trading book.

Sasfin acts as an investor in the securitisation vehicles. This template is therefore not completed:

- SEC3 - Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor.