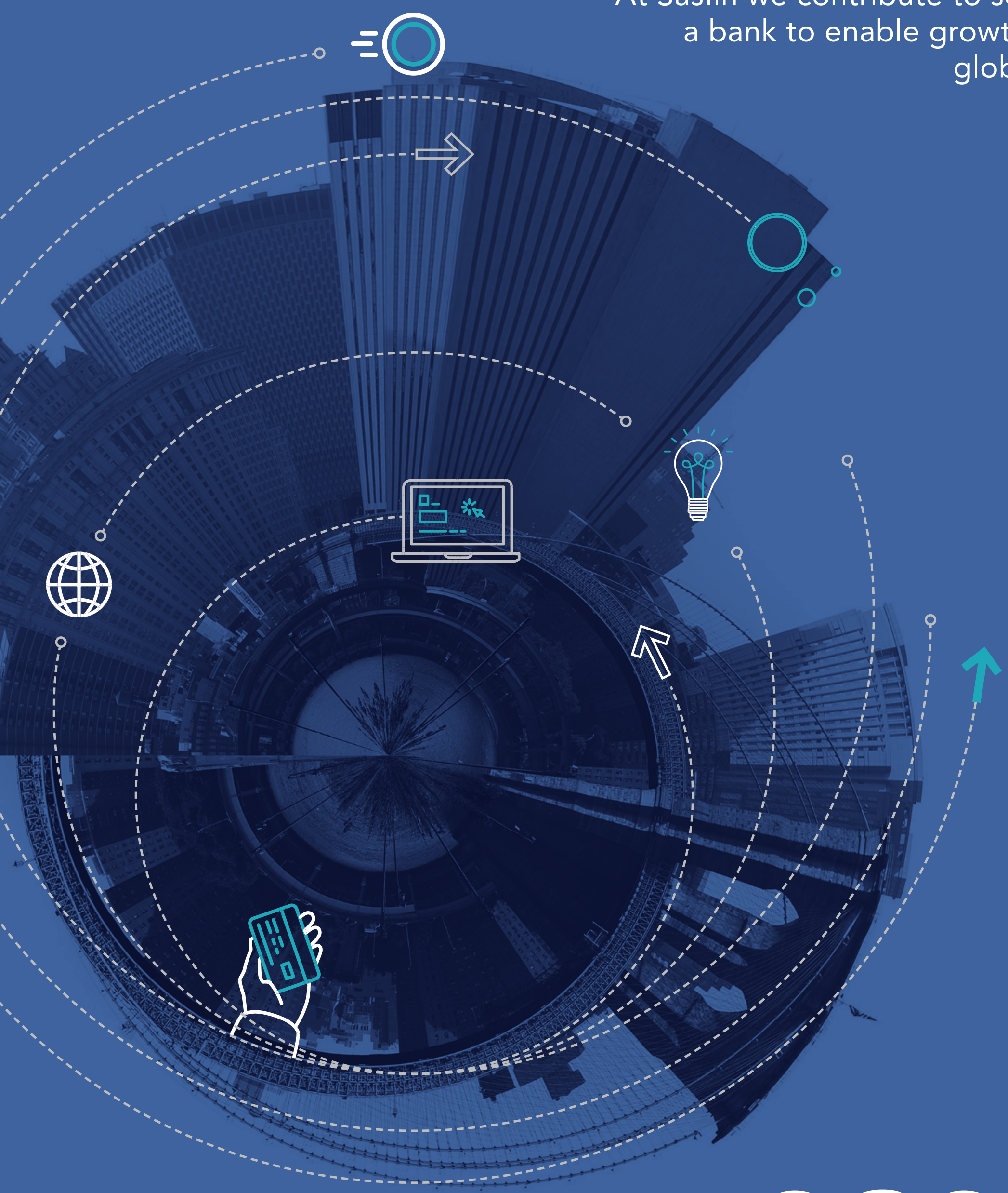
Pillar III Risk Management Report

For the six months ended

31 December 2020

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



sasfin | Holdings Limited

beyond a bank

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1. INTRODUCTION

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

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

The information in this report applies to banking operations only and is unaudited. The interim report is supplemented with the Group's Interim Financial Results booklet.

For the reporting period, 31 December 2020 (compared to June 2020), the Board and senior management are satisfied that Sasfin Holdings Limited (Group) and Sasfin Bank Limited's risk and capital management processes are operating effectively, that business activities have been managed within the Board-approved risk appetite framework, and that the Group is adequately capitalised and funded to support the execution of its strategy.

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

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

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

2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA)

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

The capital and leverage positions of the Group and the Bank as disclosed in this report are reflected on a regulatory basis (which requires unappropriated profits to be excluded), and in accordance with accounting rules. However, the capital and leverage positions of the Group are also managed on a statutory basis (which includes unappropriated profits).

The following tables provide an overview of Sasfin Holdings Limited and Sasfin Bank Limited's prudential regulatory metrics:

KM1: PRUDENTIAL METRICS:

		Sasfin Holdings Limited				
		a	b	c	d	e
R'000		Dec-20 T	Sep-20 T-1	Jun-20 T-2	Mar-20 T-3	Dec-19 T-4
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1 369 337	1 389 291	1 406 571	1 454 736	1 390 005
1a	Fully loaded ECL accounting model	1 369 337	1 389 291	1 406 571	1 454 736	1 390 005
2	Tier 1	1 388 145	1 426 908	1 444 188	1 492 354	1 446 426
2a	Fully loaded accounting model Tier 1	1 388 145	1 426 908	1 444 188	1 492 354	1 446 426
3	Total capital*	1 465 244	1 500 320	1 521 600	1 563 896	1 521 163
3a	Fully loaded ECL accounting model total capital	1 465 244	1 500 320	1 521 600	1 563 896	1 521 163
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	8 583 438	8 680 493	9 170 238	8 459 458	8 915 225
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15.953%	16.005%	15.338%	17.197%	15.591%
5a	Fully loaded ECL accounting model CET1 (%)	15.953%	16.005%	15.338%	17.197%	15.591%
6	Tier 1 ratio (%)	16.172%	16.438%	15.749%	17.641%	16.224%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.172%	16.438%	15.749%	17.641%	16.224%
7	Total capital ratio (%)	17.071%	17.284%	16.593%	18.487%	17.063%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.071%	17.284%	16.593%	18.487%	17.063%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical buffer requirement (%)	0%	0%	0%	0%	0%
10	Bank D-SIB additional requirements (%)	0%	0%	0%	0%	0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.500%	2.500%	2.500%	2.500%	2.500%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.58%	7.63%	6.96%	8.82%	7.09%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	11 590 084	11 580 969	13 001 951	13 489 376	12 175 733
14	Basel III leverage ratio (%) (row 2/row 13)	11.98%	12.32%	11.11%	11.06%	11.88%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.98%	12.32%	11.11%	11.06%	11.88%
	Liquidity Coverage Ratio					
15	Total HQLA	1 004 362	1 022 658	994 581	1 069 187	910 684
16	Total net cash outflow	409 773	411 016	415 792	698 899	635 808
17	LCR ratio (%)	245.10%	248.81%	239.20%	152.98%	143.23%
	Net Stable Funding Ratio					
18	Total available stable funding	4 850 877	4 950 952	4 628 308	5 163 170	5 371 456
19	Total required stable funding	4 129 357	4 138 204	3 869 818	4 515 603	4 854 582
20	NSFR ratio	117.47%	119.64%	119.60%	114.34%	110.65%

* *The decrease in capital is mainly due to an increase in unappropriated profits from (Jun-20 Loss R49.4m) to R49.9m (Dec-20) which is a deduction from capital.*

2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA) continued

KM1: PRUDENTIAL METRICS:

		Sasfin Bank Limited				
	R'000	a Dec-20 T	b Sep-20 T-1	c Jun-20 T-2	d Mar-20 T-3	e Dec-19 T-4
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	922 327	921 665	962 086	942 131	903 616
1a	Fully loaded ECL accounting model	922 327	921 665	962 086	942 131	903 616
2	Tier 1	922 327	921 665	962 086	942 131	903 616
2a	Fully loaded accounting model Tier 1	922 327	921 665	962 086	942 131	903 616
3	Total capital	978 570	976 095	1 018 455	981 103	941 143
3a	Fully loaded ECL accounting model total capital	978 570	976 095	1 018 455	981 103	941 143
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	6 141 893	5 833 794	6 161 568	6 062 226	6 292 215
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15.017%	15.799%	15.614%	15.541%	14.361%
5a	Fully loaded ECL accounting model CET1 (%)	15.017%	15.799%	15.614%	15.541%	14.361%
6	Tier 1 ratio (%)	15.017%	15.799%	15.614%	15.541%	14.361%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.017%	15.799%	15.614%	15.541%	14.361%
7	Total capital ratio (%)	15.933%	16.732%	16.529%	16.184%	14.957%
7a	Fully loaded ECL accounting model total capital ratio (%)	15.933%	16.732%	16.529%	16.184%	14.957%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical buffer requirement (%)	0%	0%	0%	0%	0%
10	Bank D-SIB additional requirements (%)	0%	0%	0%	0%	0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.500%	2.500%	2.500%	2.500%	2.500%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.642%	7.424%	7.239%	7.166%	5.86%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	8 052 516	8 029 119	8 810 809	8 530 380	8 833 846
14	Basel III leverage ratio (%) (row 2/row 13)	11.45%	11.48%	10.92%	11.04%	10.23%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.45%	11.48%	10.92%	11.04%	10.23%
	Liquidity Coverage Ratio					
15	Total HQLA	1 004 362	1 022 658	994 581	1 069 187	910 684
16	Total net cash outflow	409 773	411 016	415 792	698 899	635 808
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20	NSFR ratio (%)	117.47%	119.64%	119.60%	114.34%	110.65%

2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA) continued

OV1: OVERVIEW OF RWA

		Sasfin Holdings Limited			
		a	b		c
		RWA			Minimum capital requirements
		Dec-20	Sep-20	Jun-20	Dec-20
	R'000	T	T-1	T	T
1	Credit risk (excluding counterparty credit risk)	5 794 844	5 892 171	6 298 168	611 278
2	Of which: standardised approach (SA)	5 794 844	5 892 171	6 298 168	611 278
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)*	117 863	53 665	95 500	11 786
7	Of which: standardised approach for counterparty credit risk	117 863	53 665	95 500	11 786
8	Of which: Internal Model Method (IMM)	–	–	–	–
9	Of which: other CCR	–	–	–	–
10	Credit valuation adjustment (CVA)*	4 264	2 229	2 474	426
11	Equity positions under the simple risk weight approach	473 256	502 487	501 183	47 116
12	Equity investments in funds – look-through approach	–	–	–	–
13	Equity investments in funds – mandate-based approach	–	–	–	–
14	Equity investments in funds – fall-back approach	–	–	–	–
15	Settlement risk	–	–	–	–
16	Securitisation exposures in the banking book	333 750	333 762	334 965	33 375
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	–	–	–	–
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	–	–	–	–
19	Of which: securitisation standardised approach (SEC-SA)	333 750	333 762	334 965	33 375
20	Market risk	247 780	204 941	175 103	84
21	Of which: standardised approach (SA)	247 780	204 941	175 103	84
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–	–
24	Operational risk	1 567 999	1 670 872	1 742 317	153 638
25	Amounts below thresholds for deduction (subject to 250% risk weight)**	43 681	20 366	20 527	4 158
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)**	8 583 438	8 680 493	9 170 238	861 861

* *The deterioration in the rand resulted in a higher counterparty credit risk and credit valuation adjustment.*

** *Increase in portion of deferred tax assets due.*

2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA) continued

OV1: OVERVIEW OF RWA

		Sasfin Bank Limited			
		a	b		c
R'000		RWA Dec-20 T	Sep-20 T-1	Jun-20 T	Minimum capital require-ments Dec-20 T
1	Credit risk (excluding counterparty credit risk)	4 437 002	4 283 861	4 551 677	443 700
2	Of which: standardised approach (SA)	4 437 002	4 283 861	4 551 677	443 700
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)*	117 863	53 665	95 500	12 213
7	Of which: standardised approach for counterparty credit risk	117 863	53 665	95 500	12 213
8	Of which: Internal Model Method (IMM)	–	–	–	–
9	Of which: other CCR	–	–	–	–
10	Credit valuation adjustment (CVA)*	4 264	2 229	2 474	426
11	Equity positions under the simple risk weight approach	242 239	231 106	231 106	24 224
12	Equity investments in funds – look-through approach	–	–	–	–
13	Equity investments in funds – mandate-based approach	–	–	–	–
14	Equity investments in funds – fall-back approach	–	–	–	–
15	Settlement risk	–	–	–	–
16	Securitisation exposures in the banking book	333 750	333 762	334 965	33 375
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	–	–	–	–
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	–	–	–	–
19	Of which: securitisation standardised approach (SEC-SA)	333 750	333 762	334 965	33 375
20	Market risk	839	449	3 927	84
21	Of which: standardised approach (SA)	839	449	3 927	84
22	Of which: internal model approaches (IMA)	–	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–	–
24	Operational risk	1 001 674	928 723	941 919	100 002
25	Amounts below thresholds for deduction (subject to 250% risk weight)	–	–	–	–
26	Aggregate capital floor applied				–
27	Floor adjustment (before application of transitional cap)	–	–	–	–
28	Floor adjustment (after application of transitional cap)	–	–	–	–
29	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)**	6 141 894	5 833 794	6 161 568	614 024

* *The deterioration in the rand resulted in a higher counterparty credit risk and credit valuation adjustment.*

Leverage ratio:

The non-risk based leverage measure is designed to complement the Basel 3 risk-based framework. The tables below show the reconciliation of the total assets in the financial statements to the leverage ratio exposure measure and detailed breakdown of the components of the leverage ratio for the group and the bank.

2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA) continued

LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE

R'000		a Dec-20
1	Total consolidated assets as per published financial statements	12 554 814
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	132 930
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	–
6	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	170 931
7	Other adjustments	(1 268 591)
8	**Leverage ratio exposure measure**	11 590 084

LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

R'000		a Dec-20 T	b Jun-20 T-1
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	11 590 084	12 751 669
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	–	–
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	11 590 084	12 751 669
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	113 275	84 537
5	Add-on amounts for PFE associated with all derivatives transactions	19 655	33 755
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)**	132 930	118 292
	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	1 152 346	872 730
18	(Adjustments for conversion to credit equivalent amounts)	(981 415)	(740 740)
19	**Off-balance sheet items (sum of rows 17 and 18)**	170 931	131 990
	Capital and total exposures		
20	Tier 1 capital	1 388 145	1 444 188
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	11 590 084	13 001 951
	Leverage ratio		
22	Basel III leverage ratio	11.98%	11.11%

3. CREDIT RISK

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

3.1 CR 1 – CREDIT QUALITY OF ASSETS:

Sasfin Holdings Limited

		a	b	c				d
		Carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	
R'000		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General		Net values (a+b-c)
		December 2020						
1	Loans	747 722	5 960 590	629 562	447 925	181 637	–	6 078 750
2	Debt securities	470 000	1 738 642	72 747	68 244	4 503	–	2 135 895
3	Off-balance sheet exposures	–	263 028	4 200	–	4 200	–	258 828
4	**Total**	1 217 722	7 962 260	706 509	516 169	190 340	–	8 473 473
		June 2020						
1	Loans	712 038	6 449 696	552 776	399 655	153 121	–	6 608 958
2	Debt securities	473 000	2 681 579	27 984	23 481	4 503	–	3 126 595
3	Off-balance sheet exposures	–	93 899	4 328	–	4 328	–	89 571
4	**Total**	1 185 038	9 225 174	585 088	423 136	161 952	–	9 825 124

3.2. CR 2 – DEFAULTED LOANS AND DEBT SECURITIES MOVEMENT:

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

Sasfin Holdings Limited

R'000		Dec-20	Jun-20
1	Defaulted loans and debt securities at end of the previous reporting period	1 185 038	726 104
2	Loans and debt securities that have defaulted since the last reporting period	166 615	714 027
3	Returned to non-defaulted status	(33 075)	(17 954)
4	Amounts written off	(17 328)	(76 854)
5	Other changes	(83 528)	(160 286)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1 217 722	1 185 038

3. CREDIT RISK continued

3.3. CREDIT RISK MITIGATION TECHNIQUES OVERVIEW:

CR 3 – Overview of credit risk mitigation techniques:

Sasfin Holdings Limited

		a	b	c	d	e	f	g
		December 2020						
R'000		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	1 120 040	5 240 024	5 240 024	–	–	–	–
2	Debt securities	2 135 895	–	–	–	–	–	–
3	**Total**	3 255 935	5 240 024	5 240 024	–	–	–	–
4	Of which: defaulted	638 086	579 636	579 636	–	–	–	–
		June 2020						
1	Loans	453 464	6 155 494	6 155 494	53 182	53 182	–	–
2	Debt securities	3 126 595	–	–	–	–	–	–
3	**Total**	3 580 059	6 155 494	6 155 494	53 182	53 182	–	–
4	Of which: defaulted	283 747	478 155	478 155	–	–	–	–

3. CREDIT RISK continued

3.4. CREDIT RISK UNDER STANDARDISED APPROACH

CR 4 – Credit risk exposures and credit risk mitigation (CRM) effects:

Sasfin Holdings Limited

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
R'000		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	December 2020						
	Asset classes						
1	Sovereigns and their central banks	1 745 749	–	1 745 749	–	53	0.0%
2	Non-central government public sector entities	1 004 936	–	1 004 936	–	595 307	59.2%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	561 344	–	561 344	–	112 300	20.0%
5	Securities firms	503 171	–	503 171	–	503 171	100.0%
6	Corporates	3 838 456	1 079 397	2 183 126	76 142	3 089 430	136.7%
7	Regulatory retail portfolios	1 354 785	72 949	1 354 785	1 921	1 065 009	78.5%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	787 349	–	787 349	–	429 574	54.6%
14	**Total**	9 795 790	1 152 346	8 100 100	78 063	5 794 844	70.5%
	June 2020						
	Asset classes						
1	Sovereigns and their central banks	3 111 364	–	3 111 364	–	473 000	15.2%
2	Non-central government public sector entities	496 747	–	496 747	–	125 100	25.2%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	999 522	–	999 522	–	199 904	20.0%
5	Securities firms	233 346	–	233 346	–	233 346	100.0%
6	Corporates	3 611 753	395 073	3 602 892	75 804	3 406 963	92.6%
7	Regulatory retail portfolios	1 761 772	477 658	1 589 570	14 493	1 325 126	82.6%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	723 692	–	723 692	–	534 729	73.9%
14	**Total**	10 938 197	872 730	10 757 133	90 296	6 298 168	58.1%

3. CREDIT RISK continued

3.4. CREDIT RISK UNDER STANDARDISED APPROACH

CR 4 – Credit risk exposures and credit risk mitigation (CRM) effects:

		Sasfin Bank Limited December 2020					
		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
R'000		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	Asset classes						
1	Sovereigns and their central banks	1 745 749	–	1 745 749	–	53	0.0%
2	Non-central government public sector entities	1 004 936	–	1 004 936	–	595 307	59.2%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	561 344	–	561 344	–	112 300	20.0%
5	Securities firms	503 171	–	503 171	–	503 171	100.0%
6	Corporates	2 186 059	1 079 397	2 183 126	76 142	1 771 948	78.4%
7	Regulatory retail portfolios	1 354 785	72 949	1 354 785	1 921	1 065 009	78.5%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	746 990	–	746 990	–	389 215	52.1%
14	**Total**	8 120 361	1 152 346	8 100 100	78 063	4 437 002	54.3%

3. CREDIT RISK continued

3.4. CREDIT RISK UNDER STANDARDISED APPROACH

CR 4 – Credit risk exposures and credit risk mitigation (CRM) effects:

		Sasfin Bank Limited June 2020					
		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
R'000		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	Asset classes						
1	Sovereigns and their central banks	2 638 364	–	2 638 364	–	–	0.0%
2	Non-central government public sector entities	969 747	–	965 642	–	598 100	61.9%
3	Multilateral development banks	–	–	–	–	–	–
4	Banks	999 522	–	999 522	–	223 304	22.3%
5	Securities firms	233 346	–	233 346	–	233 346	100.0%
6	Corporates	1 940 721	395 073	1 732 373	75 804	1 838 154	101.7%
7	Regulatory retail portfolios	1 761 772	477 658	1 540 500	14 493	1 289 413	82.9%
8	Secured by residential property	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–
11	Past-due loans	–	–	252 661	–	–	–
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	676 064	–	676 064	–	369 360	54.6%
14	**Total**	9 219 536	872 730	9 038 473	90 296	4 551 677	49.9%

3. CREDIT RISK continued

CR 5 – Exposures by asset classes and risk weights:

		Sasfin Bank Limited					Sasfin Bank Limited				
		a	b	c	d	e	f	g	h	i	j
		December 2020					December 2020				
R'000		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
	Risk weight*										
	Asset classes										
1	Sovereigns and their central banks	1 745 696	–	–	–	–	–	53	–	–	1 745 749
2	Non-central government public sector entities	–	–	509 658	–	3 804	–	491 474	–	–	1 004 936
3	Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4	Banks	–	–	561 240	–	104	–	–	–	–	561 344
5	Securities firms	–	–	–	–	–	–	503 171	–	–	503 171
6	Corporates	467 229	–	–	–	19 187	257 574	1 447 048	68 230	–	2 259 267
7	Regulatory retail portfolios	–	–	–	–	214 099	882 749	224 253	35 604	–	1 356 706
8	Secured by residential property	–	–	–	–	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	–	–	–	–	–	–
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other assets	–	–	–		–	–	746 990	–	–	746 990
14	**Total**	2 212 925	–	1 070 898	–	237 194	1 140 323	3 412 988	103 834	–	8 178 163

3. CREDIT RISK continued

		Sasfin Bank Limited					Sasfin Bank Limited				
		a	b	c	d	e	f	g	h	i	j
		June 2020					June 2020				
R'000		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
	Risk weight*										
	Asset classes										
1	Sovereigns and their central banks	2 638 364	–	–	–	–	–	–	–	–	2 638 364
2	Non-central government public sector entities	–	–	463 411	–	–	–	502 232	–	–	965 642
3	Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4	Banks	–	–	999 522	–	–	–	–	–	–	999 522
5	Securities firms	–	–	–	–	–	–	233 346	–	–	233 346
6	Corporates	272 021	–	–	–	–	–	1 465 695	70 460	–	1 808 176
7	Regulatory retail portfolios	–	–	–	–	–	1 554 993	–	–	–	1 554 993
8	Secured by residential property	–	–	–	–	–	–	–	–	–	–
9	Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
10	Equity	–	–	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	–	14 105	25	105 151	133 380	–	252 661
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other assets	–	–	–	–	–	–	676 064	–	–	676 064
14	**Total**	2 910 385	–	1 462 933	–	14 105	1 555 018	2 982 488	203 840	–	9 128 769

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

4. COUNTERPARTY CREDIT RISK (CCR)

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

Sasfin Bank Limited

R'000		a	b	c	d	e	f
		December 2020					
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	113 275	19 655		1,4	132 930	117 863
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**						117 863

Sasfin Bank Limited

R'000		a	b	c	d	e	f
		June 2020					
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	84 537	33 755		1,4	118 293	95 500
2	Internal Model Method (for derivatives and SFTs)			–	–	–	–
3	Simple Approach for credit risk mitigation (for SFTs)					–	–
4	Comprehensive Approach for credit risk mitigation (for SFTs)					–	–
5	VaR for SFTs					–	–
6	**Total**						95 500

CCR2 – CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE:

Sasfin Bank Limited

R'000		a	b	a	b
		December 2020		June 2020	
		EAD post-CRM	RWA	EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	–	–	–	–
1	(i) VaR component (including the 3x multiplier)	–	–	–	–
2	(ii) Stressed VaR component (including the 3x multiplier)	–	–	–	–
3	All portfolios subject to the Standardised CVA capital charge	132 930	4 264	118 293	2 474
4	Total subject to the CVA capital charge	132 930	4 264	118 293	2 474

4. COUNTERPARTY CREDIT RISK (CCR) continued

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

Sasfin Bank Limited

	a	b	c	d	e	f	g	h	i
	December 2020								
R'000	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Risk weight**									
Regulatory portfolio*									
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	462	13 220	–	–	–	–	13 682
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	104 182	–	–	104 182
Regulatory retail portfolios	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	462	13 220	–	104 182	–	–	117 863

Sasfin Bank Limited

	a	b	c	d	e	f	g	h	i
	June 2020								
R'000	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Risk weight**									
Regulatory portfolio*									
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	2 706	33 534	–	–	–	–	36 240
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	13 982	–	–	13 982
Regulatory retail portfolios	–	–	–	–	–	34 315	–	–	34 315
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	2 706	33 534	–	48 298	–	–	84 537

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

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

5. SECURITISATION:

SEC1 – SECURITISATION EXPOSURES IN THE BANKING BOOK:

		Sasfin Bank Limited								
		a	b	c	e	f	g	i	j	k
		December 2020								
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
R'000		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Retail (total) – of which**	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	**Wholesale (total) – of which**	333 750	–	333 750	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	333 750	–	333 750	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

5. SECURITISATION: continued

Sasfin Bank Limited

R'000		a	b	c	e	f	g	i	j	k
		June 2020								
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Retail (total) – of which**	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	**Wholesale (total) – of which**	334 965	–	334 965	–	–	–	–	–	–
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	334 965	–	334 965	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

5. SECURITISATION: continued

SEC 3

R'000	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Sasfin Bank Limited									Sasfin Bank Limited							
	December 2020									December 2020							
	Exposure values (by RW bands)					Exposure values (by regulatory approach)		Exposure values (by regulatory approach)		RWA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%
1 **Total exposures**	–	–	333 750	–	–	–	–	333 750	–	–	–	333 750	–	–	–	33 375	–
2 Traditional securitisation	–	–	333 750	–	–	–	–	333 750	–	–	–	333 750	–	–	–	33 375	–
3 Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Of which wholesale	–	–	333 750	–	–	–	–	333 750	–	–	–	333 750	–	–	–	33 375	–
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	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

5. SECURITISATION: continued

	Sasfin Bank Limited									Sasfin Bank Limited							
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	June 2020									June 2020							
	Exposure values (by RW bands)					Exposure values (by regulatory approach)		Exposure values (by regulatory approach)		RWA (by regulatory approach)				Capital charge after cap			
R'000	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (inc. IAA)	IRB SFA	SA/ SSFA	1250%
1 **Total exposures**	–	–	334 965	–	–	–	–	334 965	–	–	–	334 965	–	–	–	33 497	–
2 Traditional securitisation	–	–	334 965	–	–	–	–	334 965	–	–	–	334 965	–	–	–	33 497	–
3 Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Of which wholesale	–	–	334 965	–	–	–		334 965	–	–	–	334 965	–	–	–	33 497	–
6 Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7 Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8 Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Of which securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Of which retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Of which re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14 Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15 Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

6. MARKET RISK

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

MR1 – MARKET RISK UNDER STANDARDISED APPROACH:

		Sasfin Holdings Limited	
		a	b
		Dec-20	Jun-20
R'000		Capital charge in SA	Capital charge in SA
1	General interest rate risk	0	0
2	Equity risk	0	0
3	Commodity risk	0	0
4	Foreign exchange risk	247 780	175 103
5	Credit spread risk – non-securitisations	0	0
6	Credit spread risk – securitisations (non-correlation trading portfolio)	0	0
7	Credit spread risk – securitisation (correlation trading portfolio)	0	0
8	Default risk – non-securitisations	0	0
9	Default risk – securitisations (non-correlation trading portfolio)	0	0
10	Default risk – securitisations (correlation trading portfolio)	0	0
11	Residual risk add-on	0	0
12	**Total**	247 780	175 103

		Sasfin Bank Limited	
		a	b
		Dec-20	Jun-20
R'000		Capital charge in SA	Capital charge in SA
1	General interest rate risk	0	0
2	Equity risk	0	0
3	Commodity risk	0	0
4	Foreign exchange risk	839	3 927
5	Credit spread risk – non-securitisations	0	0
6	Credit spread risk – securitisations (non-correlation trading portfolio)	0	0
7	Credit spread risk – securitisation (correlation trading portfolio)	0	0
8	Default risk – non-securitisations	0	0
9	Default risk – securitisations (non-correlation trading portfolio)	0	0
10	Default risk – securitisations (correlation trading portfolio)	0	0
11	Residual risk add-on	0	0
12	**Total**	839	3 927

7. OVERVIEW OF FUNDING AND LIQUIDITY METRICS

LIQ1: LIQUIDITY COVERAGE RATIO

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

	R'000	a Total unweighted value (average)	b Total weighted value (average)
	High-quality liquid assets		
1	Total HQLA		1 004 362
	Cash outflows		
2	**Retail deposits and deposits from small business customers, of which:**	965 286	96 529
3	Stable deposits	–	–
4	Less stable deposits	965 286	96 529
5	**Unsecured wholesale funding, of which:**	3 948 563	1 008 414
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7	Non-operational deposits (all counterparties)	3 948 563	1 008 414
8	Unsecured debt	–	–
9	**Secured wholesale funding**		12 842
10	**Additional requirements, of which:**	987 364	240 317
11	Outflows related to derivative exposures and other collateral requirements	27 514	27 514
12	Outflows related to loss of funding of debt products	–	–
13	Credit and liquidity facilities	959 850	212 803
14	**Other contractual funding obligations**	280 989	280 989
15	**Other contingent funding obligations**	–	–
16	**TOTAL CASH OUTFLOWS**		1 639 090
	Cash inflows		
17	**Secured lending (eg reverse repo)**	1 418 670	1 418 670
18	**Inflows from fully performing exposures**	–	–
19	**Other cash inflows**	1 965 274	1 706 473
20	**TOTAL CASH INFLOWS**	3 383 944	3 125 144

		Total adjusted value
21	**Total HQLA**	1 004 362
22	**Total net cash outflows**	409 773
23	**Liquidity coverage ratio (%)**	245.10%

7. OVERVIEW OF FUNDING AND LIQUIDITY METRICS continued

LIQ2: NET STABLE FUNDING RATIO

The Basel III NSFR became effective on 1 January 2018 with the objective of promoting funding stability and resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The available stable funding (ASF) is defined as the portion of capital and liabilities expected to be reliable over the one year time horizon considered by the NSFR. The amount of required stable funding (RSF) is a function of the liquidity characteristics and residual maturities of the various assets (including off-balance sheet exposures) held by the bank. By ensuring that banks do not embark on excessive maturity transformation that is not sustainable, the NSFR is intended to reduce the likelihood that disruptions to a banks funding sources would erode its liquidity position, increase its risk of failure and potentially lead to broader systemic risk. Only banking and/or deposit taking entities are included and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance sheet items as at 31 December 2020.

The group maintained NSFR compliance in excess of the 100% regulatory requirement and operated above risk appetite and management internal buffer requirement for the six months ended 31 December 2020.

		a	b	c	d	e
		Unweighted value by residual maturity				
	R'000	No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
	Available stable funding (ASF) item					
1	Capital:	1 013 200	–	–	–	1 013 200
2	*Regulatory capital*	1 013 200	–	–	–	1 013 200
3	*Other capital instruments*					–
4	Retail deposits and deposits from small business customers:	–	1 885 371	223 524	46 205	1 944 211
5	*Stable deposits*		–	–	–	–
6	*Less stable deposits*		1 885 371	223 524	46 205	1 944 211
7	Wholesale funding:	–	2 023 770	387 518	155 574	1 065 125
8	*Operational deposits*		4 034	–	–	2 017
9	*Other wholesale funding*		2 019 736	387 518	155 574	1 063 108
10	Liabilities with matching interdependent assets					
11	Other liabilities:	–	2 101 667	384 953	124 292	828 341
12	*NSFR derivative liabilities*	–	–	–	–	–
13	*All other liabilities and equity not included in the above categories*	–	2 101 667	384 953	124 292	828 341
14	**Total ASF**					4 850 877
	Required stable funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)					105 188
16	Deposits held at other financial institutions for operational purposes	–	216 046	–	–	7 049
17	Performing loans and securities:	–	3 122 957	1 135 723	2 592 666	2 989 882
18	*Performing loans to financial institutions secured by Level 1 HQLA*	–	593 512	436 600	499 132	105 188
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	–	1 315 675	7 464	37 544	238 627
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	–	1 213 770	691 659	1 582 812	2 298 105
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	–	–	–	271 199	176 279
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*	–	–	–	201 979	171 682
25	Assets with matching interdependent liabilities					–
26	Other liabilities:	–	10 019	–	1 157 721	1 074 810
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*	–	10 019	–	–	10 019
30	*NSFR derivative liabilities before deduction of variation margin posted*	–	–	–	–	–
31	*All other assets not included in the above categories*	–	–	–	1 157 721	1 064 791
32	Off-balance sheet items					57 617
33	**Total RSF**					4 129 357
34	**Net Stable Funding Ratio (%)**					117.47%

8. COMPOSITION OF CAPITAL

CC1: COMPOSITION OF REGULATORY CAPITAL

	R'000	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	167 267	(h)
2	Retained earnings	1 394 980	
3	Accumulated other comprehensive income (and other reserves)	(73 370)	
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**	1 488 876	
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	–	
8	Goodwill (net of related tax liability)	30 518	(a)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	171 957	(b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	21 990	
11	Cash flow hedge reserve	(107 099)	
12	Shortfall of provisions to expected losses	–	
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined benefit pension fund net assets	–	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in common equity	2 174	
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**	119 540	
29	**Common Equity Tier 1 capital (CET1)**	1 369 337	

8. COMPOSITION OF CAPITAL continued

R'000	a Amounts	b Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 capital: instruments		
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	18 809	
31 Of which: classified as equity under applicable accounting standards	188 086	
32 Of which: classified as liabilities under applicable accounting standards	–	
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	18 809	
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)**	18 809	
45 **Tier 1 capital (T1= CET1 + AT1)**	1 388 145	
Tier 2 capital: instruments and provisions		
46 Directly issued qualifying Tier 2 instruments plus related stock surplus	–	
47 *Directly issued capital instruments subject to phase-out from Tier 2*	–	
48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–	
49 *Of which: instruments issued by subsidiaries subject to phase-out*	–	
50 Provisions	77 099	
51 **Tier 2 capital before regulatory adjustments**	77 099	
Tier 2 capital: regulatory adjustments		
52 Investments in own Tier 2 instruments	–	
53 Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	–	
54 Investments in capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–	
54a Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	–	
55 Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56 National specific regulatory adjustments	–	
57 **Total regulatory adjustments to Tier 2 capital**	–	
58 **Tier 2 capital (T2)**	77 099	
59 **Total regulatory capital (TC = T1 + T2)**	1 465 244	
60 **Total risk-weighted assets**	8 583 438	

8. COMPOSITION OF CAPITAL continued

R'000	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)**	15.95%	
62 **Tier 1 (as a percentage of risk-weighted assets)**	16.17%	
63 **Total capital (as a percentage of risk-weighted assets)**	17.07%	
64 **Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	4.50%	
65 **Of which: capital conservation buffer requirement**	2.50%	
66 **Of which: bank-specific countercyclical buffer requirement**	–	
67 **Of which: higher loss absorbency requirement**	2.00%	
68 **Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	7.58%	
National minima (if different from Basel III)		
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	8.00%	
70 National Tier 1 minimum ratio (if different from Basel III minimum)	10.00%	
71 National total capital minimum (if different from Basel III minimum)	12.50%	
Amounts below the thresholds for deduction (before risk weighting)		
72 Non-significant investments in the capital and other TLAC liabilities of other financial entities	–	
73 Significant investments in common stock of financial entities	–	
74 Mortgage servicing rights (net of related tax liability)	–	
75 Deferred tax assets arising from temporary differences (net of related tax liability)	–	
Applicable caps on the inclusion of provisions in Tier 2		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	–	
77 Cap on inclusion of provisions in Tier 2 under standardised approach	–	
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80 *Current cap on CET1 instruments subject to phase-out arrangements*	–	
81 *Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	–	
82 *Current cap on AT1 instruments subject to phase-out arrangements*	–	
83 *Amount excluded from AT1 due to cap (excess after redemptions and maturities)*	–	
84 *Current cap on T2 instruments subject to phase-out arrangements*	–	
85 *Amount excluded from T2 due to cap (excess after redemptions and maturities)*	–	

8. COMPOSITION OF CAPITAL continued

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

R'000	a Balance sheet as in published financial statements As at period-end	b Under regulatory scope of consolidation As at period-end	c Reference
Assets			
Cash and balances at central banks	216 046	216 046	(a)
Items in the course of collection from other banks	–	–	
Trading portfolio assets	476 271	476 271	
Financial assets designated at fair value	523 859	523 859	
Derivative financial instruments	113 275	113 275	
Loans and advances to banks	1 373 977	1 373 977	(a)
Loans and advances to customers	6 360 064	6 360 064	(a)
Reverse repurchase agreements and other similar secured lending	455 025	455 025	
Available for sale financial investments	2 135 895	2 135 895	
Current and deferred tax assets	60 373	60 373	
Prepayments, accrued income and other assets	535 930	535 930	
Investments in associates and joint ventures	–	–	
Goodwill and other intangible assets	202 475	202 475	
Of which: goodwill	30 518	30 518	
Of which: intangibles (excluding MSRs)	171 957	171 957	
Of which: MSRs	–	–	
Property, plant and equipment	101 898	101 898	
Total assets	12 555 088	12 555 088	
Liabilities			
Deposits from banks	–	–	
Items in the course of collection due to other banks	–	–	
Customer accounts	4 831 076	4 831 076	
Repurchase agreements and other similar secured borrowing	876 077	876 077	
Trading portfolio liabilities	416 414	416 414	
Financial liabilities designated at fair value			
Derivative financial instruments	559 438	559 438	
Debt securities in issue	2 740 271	2 740 271	
Accruals, deferred income and other liabilities	1 254 652	1 254 652	
Current and deferred tax liabilities	104 014	104 014	
Of which: DTLs related to goodwill			
Of which: DTLs related to intangible assets (excluding MSRs)			
Of which: DTLs related to MSRs			
Subordinated liabilities	–	–	
Provisions	46 043	46 043	
Retirement benefit liabilities	–	–	
Total liabilities	10 827 984	10 827 984	
Shareholders' equity			
Paid-in share capital	355 352	186 076	
Of which: amount eligible for CET1	167 284	167 267	
Of which: amount eligible for AT1	188 068	18 809	
Retained earnings	1 371 752	1 202 070	
Accumulated other comprehensive income		77 099	
Total shareholders' equity	1 727 104	1 465 244	

Corporate details

Country of incorporation and domicile
South Africa

Company registration number
1987/002097/06

Tax reference number
9300/204/71/7

Independent Non-Executive Chair
Roy Andersen*

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

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

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

Group Company Secretary
Charissa de Jager

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Sponsor
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Independent sponsor
Deloitte & Touche Sponsor Services (Pty) Ltd

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

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