

Basel Pillar III Disclosure Report 30 June 2019

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

Basel Pillar III Disclosure Report

Sasfin Holdings Limited and Sasfin Bank Limited are required, in terms of Regulation 43(1)(e)(ii) of the Banks Act, No 94 of 1990, as amended, as well as in accordance with the Basel Committee on Banking Supervision (BCBS) revised pillar 3 disclosure requirements, the South African Reserve Bank (SARB) Directives 4 of 2014, 11 of 2015 and 1 of 2018, and Regulations, to publicly report on their capital management plan, capital strategy, capital structure, capital adequacy and leverage ratio.

The Group's risk governance framework is fully disclosed in the Group's 2019 Annual Financial Statements at www.sasfin.com, or from the Company Secretary. The capital structure and capital adequacy of Sasfin Holdings Limited, and the leverage and liquidity coverage ratios of Sasfin Bank Limited at 30 June 2019 are disclosed in this report.

Capital management

TEMPLATE KM1: KEY METRICS – SASFIN HOLDINGS LIMITED

	a	b	c	d	e
	Jun-19 T R'000	Mar-19 T-1 R'000	Dec-18 T-2 R'000	Sep-18 T-3 R'000	Jun-18 T-4 R'000
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	1 381 778	1 330 945	1 344 935	1 290 756	1 470 934
1a Fully loaded ECL accounting model	1 381 778	1 330 945	1 344 935	1 290 756	–
2 Tier 1	1 438 198	1 387 371	1 420 169	1 365 989	1 546 166
2a Fully loaded accounting model Tier 1	1 438 198	1 387 371	1 420 169	1 365 989	–
3 Total capital	1 518 267	1 466 785	1 499 081	1 433 741	1 581 082
3a Fully loaded ECL accounting model total capital	1 518 267	1 466 785	1 499 081	1 433 741	–
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	9 689 793	9 194 401	9 096 892	8 968 386	9 739 147
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	14.260%	14.476%	14.785%	14.392%	15.103%
5a Fully loaded ECL accounting model CET1 (%)	14.260%	14.476%	14.785%	14.392%	–
6 Tier 1 ratio (%)	14.842%	15.089%	15.612%	15.231%	15.876%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	14.842%	15.089%	15.612%	15.231%	–
7 Total capital ratio (%)	15.669%	15.953%	16.479%	15.987%	16.234%
7a Fully loaded ECL accounting model total capital ratio (%)	15.669%	15.953%	16.479%	15.987%	–
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	1.875%	1.875%	1.875%
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%	1.875%	1.875%	1.875%
12 CET1 available after meeting the bank's minimum capital requirements (%)	5.76%	6.10%	6.41%	6.02%	6.73%
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	12 273 388	11 481 774	12 728 982	13 022 234	14 359 382
14 Basel III leverage ratio (%) (row 2/row 13)	11.72%	12.08%	11.16%	10.91%	9.51%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.72%	12.08%	11.16%	10.91%	9.51%

Capital management continued

TEMPLATE KM1: KEY METRICS – SASFIN BANK LIMITED

	a	b	c	d	e
	Jun-19 T R'000	Mar-19 T-1 R'000	Dec-18 T-2 R'000	Sep-18 T-3 R'000	Jun-18 T-4 R'000
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	897 091	851 603	856 982	885 854	934 416
1a Fully loaded ECL accounting model	897 091	851 603	856 982	885 854	–
2 Tier 1	897 091	851 603	856 982	885 854	934 416
2a Fully loaded accounting model Tier 1	897 091	851 603	856 982	885 854	–
3 Total capital	939 102	912 232	914 795	949 339	958 148
3a Fully loaded ECL accounting model total capital	939 102	912 232	914 795	949 339	–
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	6 422 134	6 155 586	5 936 466	6 063 420	6 733 325
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	13.969%	13.835%	14.436%	14.610%	13.877%
5a Fully loaded ECL accounting model CET1 (%)	13.969%	13.835%	14.436%	14.610%	–
6 Tier 1 ratio (%)	13.969%	13.835%	14.436%	14.610%	13.877%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	13.969%	13.835%	14.436%	14.610%	–
7 Total capital ratio (%)	14.623%	14.820%	15.410%	15.657%	14.230%
7a Fully loaded ECL accounting model total capital ratio (%)	14.623%	14.820%	15.410%	15.657%	0.000%
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	1.875%	1.875%	1.875%
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%	1.875%	1.875%	1.875%
12 CET1 available after meeting the bank's minimum capital requirements (%)	5.47%	5.46%	6.06%	6.23%	5.50%
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	9 540 126	8 773 525	12 728 982	13 022 234	14 359 382
14 Basel III leverage ratio (%) (row 2/row 13)	9.40%	9.71%	11.16%	10.91%	9.51%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	9.40%	9.71%	11.16%	10.91%	9.51%
Liquidity Coverage Ratio					
15 Total HQLA	816 913	1 406 002	1 164 161	830 415	669 498
16 Total net cash outflow	485 585	1 120 189	922 954	605 569	405 603
17 LCR ratio (%)	168%	126%	126%	134%	165%
Net Stable Funding Ratio					
18 Total available stable funding	4 650 434	4 634 974	4 558 558	4 509 473	4 649 626
19 Total required stable funding	3 977 059	3 925 417	4 192 769	4 465 095	4 625 016
20 NSFR ratio (%)	117%	118%	109%	101%	101%

Capital management continued

TEMPLATE OV1: OVERVIEW OF RWA – SASFIN HOLDINGS LIMITED

	Sasfin Holdings Ltd		
	a	b	c
	RWA		Minimum capital requirements
	Jun-19 T R'000	Mar-19 T-1 R'000	Jun-19 T R'000
1	6 355 566	5 897 593	699 112
2	6 355 566	5 897 593	699 112
3	–	–	–
4	–	–	–
5	–	–	–
6	51 042	38 067	5 615
7	51 042	38 067	5 615
8	–	–	–
9	–	–	–
10	4 408	5 338	485
11	855 162	894 791	94 068
12	–	–	–
13	–	–	–
14	–	–	–
15	–	–	–
16	345 109	416 668	37 962
17	–	–	–
18	–	–	–
19	345 109	416 668	37 962
20	195 634	205 527	21 520
21	195 634	205 527	21 520
22	–	–	–
23	–	–	–
24	1 455 133	1 441 795	160 065
25	33 528	88 133	3 688
26	394 213	206 489	43 363
27	–	–	–
28	–	–	–
29 Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)	9 689 793	9 194 401	1 065 877

Leverage ratio

TEMPLATE LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE MEASURE – SASFIN HOLDINGS LIMITED

	Jun-19 R'000
1 Total consolidated assets as per published financial statements	15 003 144
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	63 135
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)	115 087
7 Other adjustments	(2 907 978)
8 Leverage ratio exposure measure	12 273 388

Leverage ratio continued

TEMPLATE LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE (JANUARY 2014 STANDARD) – SASFIN HOLDINGS LIMITED

	a	b
	Jun-19 T R'000	Mar-19 T-1 R'000
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	12 095 166	11 268 286
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)	12 095 166	11 268 286
Derivative exposures		
4 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	30 991	107 847
5 Add-on amounts for PFE associated with all derivatives transactions	32 143	36 850
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)	63 135	144 697
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	115 087	102 692
18 (Adjustments for conversion to credit equivalent amounts)	–	–
19 Off-balance sheet items (sum of rows 17 and 18)	115 087	102 692
Capital and total exposures		
20 Tier 1 capital	1 438 198	1 387 371
21 Total exposures (sum of rows 3, 11, 16 and 19)	12 273 388	11 481 774
Leverage ratio		
22 Basel III leverage ratio	11.72%	12.08%

Composition of Capital

TEMPLATE CC1: COMPOSITION OF REGULATORY CAPITAL – SASFIN HOLDINGS LIMITED

	Jun-19
	Amounts R'000
Common Equity Tier 1 capital: instruments and reserves	
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	167 266
2 Retained earnings	1 442 018
3 Accumulated other comprehensive income (and other reserves)	(23 658)
4 <i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	0
5 Common share capital issued by third parties (amount allowed in group CET1)	0
6 Common Equity Tier 1 capital before regulatory deductions	1 585 626
Common Equity Tier 1 capital regulatory adjustments	
7 Prudent valuation adjustments	0
8 Goodwill (net of related tax liability)	36 046
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	198 982
10 Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	21 496
11 Cash flow hedge reserve	(107 099)
12 Shortfall of provisions to expected losses	0
13 Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	0
14 Gains and losses due to changes in own credit risk on fair valued liabilities	0
15 Defined benefit pension fund net assets	0
16 Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	0
17 Reciprocal cross-holdings in common equity	3 766
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)	0
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)	0
20 Mortgage servicing rights (amount above 10% threshold)	0
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0
Common Equity Tier 1 capital regulatory adjustments (continued)	
22 Amount exceeding 15% threshold	0
23 Of which: significant investments in the common stock of financials	0
24 Of which: mortgage servicing rights	0
25 Of which: deferred tax assets arising from temporary differences	0
26 National specific regulatory adjustments	50 657
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0
28 Total regulatory adjustments to Common Equity Tier 1	203 848
29 Common Equity Tier 1 capital (CET1)	1 381 778
Additional Tier 1 capital: instruments	
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	188 068
31 Of which: classified as equity under applicable accounting standards	188 068
32 Of which: classified as liabilities under applicable accounting standards	0
33 <i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	0
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)	0
35 <i>Of which: instruments issued by subsidiaries subject to phase-out</i>	0
36 Additional Tier 1 capital before regulatory adjustments	188 068

Composition of Capital continued

TEMPLATE CC1: COMPOSITION OF REGULATORY CAPITAL – SASFIN HOLDINGS LIMITED continued

	Jun-19
	Amounts R'000
Additional Tier 1 capital: regulatory adjustments	
37 Investments in own additional Tier 1 instruments	0
38 Reciprocal cross-holdings in additional Tier 1 instruments	0
39 Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	0
40 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	0
41 National specific regulatory adjustments	131 647
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	131 647
44 Additional Tier 1 capital (AT1)	56 420
45 Tier 1 capital (T1= CET1 + AT1)	1 438 198
Tier 2 capital: instruments and provisions	
46 Directly issued qualifying Tier 2 instruments plus related stock surplus	0
47 <i>Directly issued capital instruments subject to phase-out from Tier 2</i>	0
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)	0
49 <i>Of which: instruments issued by subsidiaries subject to phase-out</i>	0
50 Provisions	80 068
51 Tier 2 capital before regulatory adjustments	80 068
Tier 2 capital: regulatory adjustments	
52 Investments in own Tier 2 instruments	0
53 Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	0
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)	0
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)	0
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)	0
56 National specific regulatory adjustments	0
57 Total regulatory adjustments to Tier 2 capital	0
58 Tier 2 capital (T2)	80 068
59 Total regulatory capital (TC = T1 + T2)	1 518 267
60 Total risk-weighted assets	9 689 793
Capital ratios and buffers	
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.260%
62 Tier 1 (as a percentage of risk-weighted assets)	14.842%
63 Total capital (as a percentage of risk-weighted assets)	15.669%
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)	
65 Of which: capital conservation buffer requirement	0
66 Of which: bank-specific countercyclical buffer requirement	0
67 Of which: higher loss absorbency requirement	0
68 Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	14.260%

Composition of Capital continued

TEMPLATE CC1: COMPOSITION OF REGULATORY CAPITAL – SASFIN HOLDINGS LIMITED continued

	Jun-19
	Amounts R'000
National minima (if different from Basel III)	
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	8.500
70 National Tier 1 minimum ratio (if different from Basel III minimum)	10.750
71 National total capital minimum (if different from Basel III minimum)	13.500
Amounts below the thresholds for deduction (before risk weighting)	
72 Non-significant investments in the capital and other TLAC liabilities of other financial entities	0
73 Significant investments in common stock of financial entities	0
74 Mortgage servicing rights (net of related tax liability)	0
75 Deferred tax assets arising from temporary differences (net of related tax liability)	0
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)	0
77 Cap on inclusion of provisions in Tier 2 under standardised approach	0
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0
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	0
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0
82 Current cap on AT1 instruments subject to phase-out arrangements	131 647
83 Amount excluded from AT1 due to cap (excess after redemptions and maturities)	131 647
84 Current cap on T2 instruments subject to phase-out arrangements	0
85 Amount excluded from T2 due to cap (excess after redemptions and maturities)	0

Composition of Capital continued

TEMPLATE CC2: RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET – SASFIN HOLDINGS LIMITED

	June-19		
	a	b	c
	Balance sheet as in published financial statements As at period-end R'000	Under regulatory scope of consolidation As at period-end R'000	Reference
ASSETS			
Cash and balances at central banks	1 312 786	140 144	(a)
Items in the course of collection from other banks	–	–	
Trading portfolio assets	628 820	628 820	
Financial assets designated at fair value	635 298	635 298	
Derivative financial instruments	39 007	39 007	
Loans and advances to banks		1 059 514	(a)
Loans and advances to customers	7 487 205	7 600 333	(a)
Reverse repurchase agreements and other similar secured lending	519 695	519 695	
Available for sale financial investments	3 077 519	3 077 519	
Current and deferred tax assets	34 907	34 907	
Prepayments, accrued income and other assets	443 475	443 476	
Investments in associates and joint ventures	112 416	112 416	
Goodwill and other intangible assets	235 028	235 028	
Of which: goodwill	36 046	36 046	
Of which: intangibles (excluding MSRs)	198 982	198 982	
Of which: MSRs	–	–	
Property, plant and equipment	75 245	75 245	
Total assets	14 601 402	14 601 402	
LIABILITIES			
Deposits from banks	120 628	120 628	
Items in the course of collection due to other banks	–	–	
Customer accounts	4 981 067	4 981 067	
Repurchase agreements and other similar secured borrowing	2 150 982	2 150 982	
Trading portfolio liabilities	593 903	593 903	
Financial liabilities designated at fair value			
Derivative financial instruments	581 925	581 925	
Debt securities in issue	2 753 521	2 753 521	
Accruals, deferred income and other liabilities	1 440 842	1 440 842	
Current and deferred tax liabilities	143 455	143 455	
Of which: DTLs related to goodwill			
Of which: DTLs related to intangible assets (excluding MSRs)			
Of which: DTLs related to MSRs			
Subordinated liabilities	–	–	
Provisions	57 695	57 695	
Retirement benefit liabilities	–	–	
Total liabilities	12 824 018	12 824 018	

Composition of Capital continued

TEMPLATE CC2: RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET – SASFIN HOLDINGS LIMITED continued

	June-19		
	a	b	c
	Balance sheet as in published financial statements As at period-end R'000	Under regulatory scope of consolidation As at period-end R'000	Reference
SHAREHOLDERS' EQUITY			
Paid-in share capital	359 024	359 024	
Of which: amount eligible for CET1	167 266	167 266	
Of which: amount eligible for AT1	56 420	56 420	
Retained earnings	1 418 360	1 418 360	
Accumulated other comprehensive income			
Total shareholders' equity	1 777 384	1 777 384	

(a) Placements with other banks are reported as part of loans and advances for regulatory reporting purposes and under cash balances in published financial statements.

Credit Risk

TEMPLATE CR1: CREDIT QUALITY OF ASSETS – SASFIN BANK LIMITED

		June-19							
		a	b	c	d	e	f	g	
		Carrying values of			Of which ECL accounting provisions for credit losses on SA exposures	Allocated in regulatory category or	Allocated in regulatory category or	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
		Defaulted exposures R'000	Non-defaulted exposures R'000	Allowances/ impairments R'000	Specific R'000	General R'000			R'000
1	Loans	515 898	5 035 370	210 859	168 848	42 011		–	5 340 409
2	Debt securities	–	–	–	–	–		–	–
3	Off-balance sheet exposures	–	621 106	–	–	–		–	621 106
4	Total	515 898	5 656 476	210 859	168 848	42 011		–	5 961 515

Credit Risk continued

TEMPLATE CR4: STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS – SASFIN BANK LIMITED

Asset classes	June-19					
	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount R'000	Off-balance sheet amount R'000	On-balance sheet amount R'000	Off-balance sheet amount R'000	RWA R'000	RWA density R'000
1 Sovereigns and their central banks	2 550 451	–	2 550 451	–	1 091	–
2 Non-central government public sector entities	727 344	–	727 344	–	155 262	–
3 Multilateral development banks	–	–	–	–	–	–
4 Banks	773 109	554	773 664	554	160 396	–
5 Securities firms	178 036	–	178 036	–	178 036	–
6 Corporates	2 954 397	520 795	3 473 745	54 358	3 159 566	–
7 Regulatory retail portfolios	1 122 055	99 757	1 221 811	6 832	936 600	–
8 Secured by residential property	–	–	–	–	–	–
9 Secured by commercial real estate	–	–	–	–	–	–
10 Equity	–	–	–	–	–	–
11 Past-due loans	–	–	–	–	–	–
12 Higher-risk categories	–	–	–	–	–	–
13 Other assets	345 109	–	345 109	–	345 109	–
14 Total	8 650 501	621 106	9 270 160	61 744	4 936 060	–

Credit Risk continued

TEMPLATE CR5: STANDARDISED APPROACH – EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS – SASFIN BANK LIMITED

Risk weight Asset classes	June-19									
	a	b	c	d	e	f	g	h	i	j
	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1 Sovereigns and their central banks	2 549 038	–	–	–	644	–	769	–	–	2 550 451
2 Non-central government public sector entities	103 305	–	585 245	–	1 162	–	37 632	–	–	727 344
3 Multilateral development banks	–	–	–	–	–	–	–	–	–	–
4 Banks	–	–	754 788	–	18 876	–	–	–	–	773 664
5 Securities firms	–	–	–	–	–	–	178 036	–	–	178 036
6 Corporates	–	–	–	–	86 950	194 298	2 802 793	391 151	–	3 475 192
7 Regulatory retail portfolios	–	–	–	–	76 108	689 180	440 515	16 008	–	1 221 811
8 Secured by residential property	–	–	–	–	–	–	–	–	–	–
9 Secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
10 Equity	–	–	–	–	–	–	–	–	–	–
11 Past-due loans	–	–	–	–	–	–	–	–	–	–
12 Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13 Other assets	–	–	–	–	–	–	345 109	–	–	345 109
14 Total	2 652 343	–	1 340 033	–	183 740	883 478	3 804 854	407 159	–	9 271 607

Credit Risk continued

TEMPLATE CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH – SASFIN BANK LIMITED

		June-19					
		a	b	c	d	e	f
		Replace- ment cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post- CRM	RWA
1	SA-CCR (for derivatives)	13 867	12 194		0	63134	40 672
2	Internal Model Method (for derivatives and SFTs)			0	0	0	0
3	Simple Approach for credit risk mitigation (for SFTs)					0	0
4	Comprehensive Approach for credit risk mitigation (for SFTs)					0	0
5	VaR for SFTs					0	0
6	Total						40 672

Credit Risk continued

TEMPLATE CCR2: CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE – SASFIN BANK LIMITED

	June-19	
	a	b
	EAD post-CRM R'000	RWA R'000
Total portfolios subject to the Advanced CVA capital charge	–	–
1 (i) VaR component (including the 3x multiplier)	–	–
2 (ii) Stressed VaR component (including the 3x multiplier)	–	–
3 All portfolios subject to the Standardised CVA capital charge	63 648	4 408
4 Total subject to the CVA capital charge	63 648	4 408

Credit Risk continued

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

Risk weight Regulatory portfolio	June-19								
	a	b	c	d	e	f	g	h	i
	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	838	9 161	–	775	–	–	10 773
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	–	–	–	–
Regulatory retail portfolios	–	–	–	–	–	24 428	–	–	24 428
Other assets	–	–	–	–	–	–	–	–	–
Total	–	–	838	9 161	–	25 203	–	–	35 201

Securitisation Disclosures

TEMPLATE SEC1: SECURITISATION EXPOSURES IN THE BANKING BOOK – SASFIN BANK LIMITED

		June-19								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional R'000	Synthetic R'000	Sub-total R'000	Traditional R'000	Synthetic R'000	Sub-total R'000	Traditional R'000	Synthetic R'000	Sub-total R'000
1	Retail (total) – of which	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–
5	re-securitisation	–	–	–	–	–	–	–	–	–
6	Wholesale (total) – of which	345 109	–	345 109	–	–	–	–	–	–
7	loans to corporates commercial	–	–	–	–	–	–	–	–	–
8	mortgages	–	–	–	–	–	–	–	–	–
9	lease and receivables	345 109	–	345 109	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitisation	–	–	–	–	–	–	–	–	–

Securitisation Disclosures continued

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

		June-19																	
		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					
		>50% to >100%		100% to <1250%		1250% to >100%		IRB		RBA		SA/SSFA		IRB		RBA		SA/SSFA	
		RW	R'000	RW	R'000	RW	R'000	R'000	R'000	(inc. IAA)	SFA	R'000	R'000	1250%	(inc. IAA)	R'000	R'000	1250%	R'000
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1	Total exposures	-	-	345 109	-	-	-	-	345 109	-	-	-	345 109	-	-	-	-	37 962	-
2	Traditional securitisation	-	-	345 109	-	-	-	-	345 109	-	-	-	345 109	-	-	-	-	37 962	-
3	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which wholesale	-	-	345 109	-	-	-	-	345 109	-	-	-	345 109	-	-	-	-	37 962	-
6	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Liquidity

TEMPLATE LIQ1: LIQUIDITY COVERAGE RATIO (LCR) – SASFIN BANK LIMITED

	June-19	
	a	b
	Total unweighted value (average) R'000	Total weighted value (average) R'000
High-quality liquid assets		
1 Total HQLA		995 148
Cash outflows		
2 Retail deposits and deposits from small business customers, of which:	1 235 570	123 557
3 Stable deposits	–	–
4 Less stable deposits	1 235 570	123 557
5 Unsecured wholesale funding, of which:	3 561 484	1 090 196
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7 Non-operational deposits (all counterparties)	3 561 484	1 090 196
8 Unsecured debt	–	–
9 Secured wholesale funding		74 479
10 Additional requirements, of which:	542 359	70 152
11 Outflows related to derivative exposures and other collateral requirements	11 976	11 976
12 Outflows related to loss of funding of debt products	–	–
13 Credit and liquidity facilities	530 383	58 176
14 Other contractual funding obligations	263 327	263 327
15 Other contingent funding obligations	–	–
16 TOTAL CASH OUTFLOWS		1 621 711
Cash inflows		
17 Secured lending (eg reverse repo)	1 687 356	51 281
18 Inflows from fully performing exposures	1 338 063	1 297 379
19 Other cash inflows	28 415	28 415
20 TOTAL CASH INFLOWS	3 053 834	1 377 075
	Total adjusted value	
21 Total HQLA		995 148
22 Total net cash outflows		627 393
23 Liquidity coverage ratio (%)		158.6%

Liquidity continued

TEMPLATE LIQ2: NET STABLE FUNDING RATIO (NSFR) – SASFIN BANK LIMITED

	June-19				
	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value R'000
No maturity* R'000	<6 months R'000	6 months to <1 year R'000	≥1 year R'000		
Available stable funding (ASF) item					
1 Capital:	–	–	–	939 102	939 102
2 <i>Regulatory capital</i>				939 102	939 102
3 <i>Other capital instruments</i>					–
4 Retail deposits and deposits from small business customers:	–	2 213 148	332 469	51 133	2 299 521
5 <i>Stable deposits</i>					
6 <i>Less stable deposits</i>		2 213 148	332 469	51 133	2 299 521
7 Wholesale funding:	–	2 818 671	293 408	92 733	1 365 788
8 <i>Operational deposits</i>		997 125	155 486	9 219	585 524
9 <i>Other wholesale funding</i>		1 821 546	137 922	83 515	780 264
10 Liabilities with matching interdependent assets					–
11 Other liabilities:	–	477 183	58 180	16 933	46 023
12 <i>NSFR derivative liabilities</i>					
13 <i>All other liabilities and equity not included in the above categories</i>		477 183	58 180	16 933	46 023
14 Total ASF					4 650 434
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)					1 325 644
16 Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17 Performing loans and securities:	–	5 431 399	163 396	3 618 760	3 907 006
18 <i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	–	–	–	–
19 <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	–	1 767 934	126 086	558 003	867 914
20 <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>	–	878 150	37 311	–	457 731
21 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	–	–	–	204 758	133 093
22 <i>Performing residential mortgages, of which:</i>	–	–	–	–	–
23 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	–	–	–	–	–

Liquidity continued

TEMPLATE LIQ2: NET STABLE FUNDING RATIO (NSFR) – SASFIN BANK LIMITED continued

		June-19				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value R'000
		No maturity* R'000	<6 months R'000	6 months to <1 year R'000	≥1 year R'000	
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	2 785 314	–	2 856 000	2 448 269
25	Assets with matching interdependent liabilities					–
26	Other liabilities:	–	–	–	–	38 997
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					38 997
30	NSFR derivative liabilities before deduction of variation margin posted					–
31	All other assets not included in the above categories					
32	Off-balance sheet items					31 055
33	Total RSF					3 977 059
34	Net Stable Funding Ratio (%)					117%

Market Risk

TABLE MR1: MARKET RISK UNDER THE STANDARDISED APPROACH (SA) – SASFIN BANK LIMITED

		June-19
		a
		Capital charge in SA
1	General interest rate risk	0
2	Equity risk	0
3	Commodity risk	0
4	Foreign exchange risk	192
5	Credit spread risk – non-securitisations	0
6	Credit spread risk – securitisations (non-correlation trading portfolio)	0
7	Credit spread risk – securitisation (correlation trading portfolio)	0
8	Default risk – non-securitisations	0
9	Default risk – securitisations (non-correlation trading portfolio)	0
10	Default risk – securitisations (correlation trading portfolio)	0
11	Residual risk add-on	0
12	Total	192

Abbreviations

ABBREVIATION	DEFINITION
A-IRB	Advanced internal ratings-based approach
AT1	Additional Tier 1
ASF	Available Stable Funding
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CCPs	Clearing Counterparties
CET1	Common Equity Tier 1
CRM	Credit Risk Mitigation
CVA	Credit Valuation adjustment
DTL	Demand and Time Liabilities
EAD	Exposure at Default
ECL	Expected Credit Loss
EEPE	Effective Expected Positive Exposure
F-IRB	Foundation internal ratings-based approach
G-SIB	Global Systemically Important Banks
HQLA	High-Quality Liquid Assets
IAA	Internal Assessment Approach
IMA	Internal model approach
IMM	Internal model method
IRB	Internal Ratings-Based
LCR	Liquidity Coverage Ratio
MDB	Multilateral development banks
MSR	Mortgage Servicing Rights
NSFR	Net Stable Funding Ratio
PSE	Public Sector Entities
RWA	Risk-Weighted Assets
SA	Standardised Approach
SA-CCR	Standardised Approach for Counterparty Credit Risk
SEC-ERBA	Securitisation external ratings-based approach
SEC-IRBA	Securitisation internal ratings-based approach
SEC-SA	Securitisation – Standardised Approach
TLAC	Total loss absorbing capacity
VAR	Value at Risk