

Basel Pillar III Disclosure Report

30 September 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.



sasfin | Holdings
Limited
beyond a bank

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 process is fully disclosed in the Group's 2019 Integrated Report which is available and still applicable for the period under review at www.sasfin.com or from the Company Secretary. The capital structure, capital adequacy of Sasfin Holdings Limited and the leverage and liquidity coverage ratios of Sasfin Bank Limited at 30 September 2019 are disclosed in this report.

Capital management

TEMPLATE KM1: KEY METRICS – SASFIN HOLDINGS LIMITED

	a	b	c	d	e
	Sep-19 T R'000	Jun-19 T-1 R'000	Mar-19 T-2 R'000	Dec-18 T-3 R'000	Sep-18 T-4 R'000
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	1 429 816	1 381 778	1 330 945	1 344 935	1 290 756
1a Fully loaded ECL accounting model	1 429 816	1 381 778	1 330 945	1 344 935	1 290 756
2 Tier 1	1 429 816	1 438 198	1 387 371	1 420 169	1 365 989
2a Fully loaded accounting model Tier 1	1 429 816	1 438 198	1 387 371	1 420 169	1 365 989
3 Total capital	1 563 033	1 518 267	1 466 785	1 499 081	1 433 741
3a Fully loaded ECL accounting model total capital	1 563 033	1 518 267	1 466 785	1 499 081	1 433 741
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	9 422 565	9 689 793	9 194 401	9 096 892	8 968 386
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	15.174%	14.260%	14.476%	14.785%	14.392%
5a Fully loaded ECL accounting model CET1 (%)	15.174%	14.260%	14.476%	14.785%	14.392%
6 Tier 1 ratio (%)	15.773%	14.842%	15.089%	15.612%	15.231%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	15.773%	14.842%	15.089%	15.612%	15.231%
7 Total capital ratio (%)	16.588%	15.669%	15.953%	16.479%	15.987%
7a Fully loaded ECL accounting model total capital ratio (%)	16.588%	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%	2.500%	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%	2.500%	1.875%	1.875%
12 CET1 available after meeting the bank's minimum capital requirements (%)	6.67%	5.76%	6.10%	6.41%	6.02%
Basel III leverage ratio					
13 Total Basel III leverage ratio measure	12 268 097	12 273 388	11 481 774	12 728 982	13 022 234
14 Basel III leverage ratio (%) (row 2/row 13)	12.11%	11.72%	12.08%	11.16%	10.91%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	12.11%	11.72%	12.08%	11.16%	10.91%

Capital management continued

TEMPLATE KM1: KEY METRICS – SASFIN BANK LIMITED

	a	b	c	d	e
	Sep-19 T R'000	Jun-19 T-1 R'000	Mar-19 T-2 R'000	Dec-18 T-3 R'000	Sep-18 T-4 R'000
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	897 647	897 091	851 603	856 982	885 854
1a Fully loaded ECL accounting model	897 647	897 091	851 603	856 982	885 854
2 Tier 1	897 647	897 091	851 603	856 982	885 854
2a Fully loaded accounting model Tier 1	897 647	897 091	851 603	856 982	885 854
3 Total capital	938 463	939 102	912 232	914 795	949 339
3a Fully loaded ECL accounting model total capital	938 463	939 102	912 232	914 795	949 339
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	6 262 732	6 422 134	6 155 586	5 936 466	6 063 420
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	14.333%	13.969%	13.835%	14.436%	14.610%
5a Fully loaded ECL accounting model CET1 (%)	14.333%	13.969%	13.835%	14.436%	14.610%
6 Tier 1 ratio (%)	14.333%	13.969%	13.835%	14.436%	14.610%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	14.333%	13.969%	13.835%	14.436%	14.610%
7 Total capital ratio (%)	14.985%	14.623%	14.820%	15.410%	15.657%
7a Fully loaded ECL accounting model total capital ratio (%)	14.985%	14.623%	14.820%	15.410%	15.657%
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	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%	2.500%	1.875%	1.875%
12 CET1 available after meeting the bank's minimum capital requirements (%)	5.83%	5.46%	5.46%	6.06%	6.23%
Basel III leverage ratio					
13 Total Basel III leverage ratio measure	9 411 408	9 540 126	8 773 525	12 728 982	13 022 234
14 Basel III leverage ratio (%) (row 2/row 13)	9.54%	9.40%	9.71%	11.16%	10.91%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	9.54%	9.40%	9.71%	11.16%	10.91%
Liquidity coverage ratio					
15 Total HQLA	1 254 680	816 913	1 406 002	1 164 161	830 415
16 Total net cash outflow	624 745	485 685	1 120 189	922 954	605 569
17 LCR ratio (%)	201%	168%	126%	126%	134%
Net Stable funding ratio					
18 Total available stable funding	5 212 237	4 650 434	4 634 974	4 558 558	4 509 473
19 Total required stable funding	4 494 031	3 977 059	3 925 417	4 192 769	4 465 095
20 NSFR ratio (%)	116%	117%	118%	109%	101%

Capital management continued

TEMPLATE OV1: OVERVIEW OF RWA – SASFIN HOLDINGS LIMITED

	Sasfin Holdings Ltd		
	a	b	c
	RWA		Minimum capital requirements
	Sep-19 T R'000	Jun-19 T-1 R'000	Sep-19 T R'000
1 Credit risk (excluding counterparty credit risk)	6 346 382	6 355 566	736 043
2 Of which: standardised approach (SA)	6 346 382	6 355 566	736 043
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)	53 000	51 042	5 830
7 Of which: standardised approach for counterparty credit risk	53 000	51 042	5 830
8 Of which: Internal Model Method (IMM)	–	–	–
9 Of which: other CCR	–	–	–
10 Credit valuation adjustment (CVA)	4 408	4 408	485
11 Equity positions under the simple risk weight approach	699 347	855 162	76 928
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	340 507	345 109	37 456
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)	340 506	345 109	37 456
20 Market risk	103 978	195 634	11 438
21 Of which: standardised approach (SA)	103 978	195 634	11 438
22 Of which: internal model approaches (IMA)	–	–	–
23 Capital charge for switch between trading book and banking book	–	–	–
24 Operational risk	1 474 962	1 455 133	162 246
25 Amounts below thresholds for deduction (subject to 250% risk weight)	33 528	33 528	–
26 Aggregate capital floor applied	366 544	394 213	40 320
27 Floor adjustment (before application of transitional cap)	–	–	–
28 Floor adjustment (after application of transitional cap)	–	–	–
29 Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)	9 422 656	9 689 793	1 070 745

Leverage ratio

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

	^a R'000
1 Total consolidated assets as per published financial statements	14 571 996
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	56 172
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6 Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	146 825
7 Other adjustments	(2 506 896)
8 Leverage ratio exposure measure	12 268 097

Leverage ratio continued

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

	a	b
	Sep-19 T R'000	Jun-19 T-1 R'000
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	12 065 101	12 095 166
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)	14 571 996	12 095 166
Derivative exposures		
4 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	23 345	30 991
5 Add-on amounts for PFE associated with all derivatives transactions	32 827	32 143
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)	56 172	63 135
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	146 825	115 087
18 (Adjustments for conversion to credit equivalent amounts)	–	–
19 Off-balance sheet items (sum of rows 17 and 18)	146 825	115 087
Capital and total exposures		
20 Tier 1 capital	1 484 783	1 438 198
21 Total exposures (sum of rows 3, 11, 16 and 19)	12 268 097	12 273 388
Leverage ratio		
22 Basel III leverage ratio	12.10%	11.72%

Liquidity

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

	Sept-19	
	a	b
	Total unweighted value (average) R'000	Total weighted value (average) R'000
High-quality liquid assets		
1 Total HQLA		1 089 798
Cash outflows		
2 <i>Retail deposits and deposits from small business customers, of which:</i>	1 246 532	124 653
3 Stable deposits	–	–
4 Less stable deposits	1 246 532	124 653
5 <i>Unsecured wholesale funding, of which:</i>	3 852 347	1 214 415
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7 Non-operational deposits (all counterparties)	3 852 347	1 214 415
8 Unsecured debt	–	–
9 <i>Secured wholesale funding</i>		65 374
10 <i>Additional requirements, of which:</i>	643 692	171 670
11 Outflows related to derivative exposures and other collateral requirements	22 506	22 506
12 Outflows related to loss of funding of debt products	–	–
13 Credit and liquidity facilities	621 186	149 164
14 <i>Other contractual funding obligations</i>	252 807	252 807
15 <i>Other contingent funding obligations</i>	–	–
16 TOTAL CASH OUTFLOWS		1 828 919
Cash inflows		
17 <i>Secured lending (e.g. reverse repo)</i>	–	–
18 <i>Inflows from fully performing exposures</i>	1 274 865	1 146 214
19 <i>Other cash inflows</i>	72 926	72 926
20 TOTAL CASH INFLOWS	1 347 791	1 219 140
	Total adjusted value	
21 <i>Total HQLA</i>		1 089 798
22 <i>Total net cash outflows</i>		659 300
23 <i>Liquidity coverage ratio (%)</i>		165.3%