

# Basel Pillar III Disclosure Report 31 December 2018

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, of South Africa, and Regulations, to report on their capital management plan, capital strategy, capital structure, capital adequacy and leverage ratio publicly.

The Group's risk governance process is fully disclosed in the Group's 2018 Integrated Report which is available and still applicable for the period under review at [www.sasfin.com](http://www.sasfin.com) or from the Company Secretary.

Sasfin Holdings Limited capital structure, capital adequacy and Sasfin Bank Limited leverage and liquidity coverage ratios at 31 December 2018 are disclosed in this report.

All amounts in this report are rounded to the nearest Rand thousand unless otherwise stated.

# CAPITAL MANAGEMENT

## KM1: KEY METRICS – Sasfin Holdings Group level

	a	b	c	d	e
	Dec-18 T	Sep-18 T-1	Jun-18 T-2	Mar-18 T-3	Dec-17 T-4
<b>Available capital (amounts)</b>					
1 Common Equity Tier 1 (CET1)	1 344 935	1 290 756	1 361 921	1 470 810	1 452 702
1a Fully loaded ECL accounting model	1 344 935	1 290 756	–	–	–
2 Tier 1	1 420 169	1 365 989	1 437 154	1 546 044	1 546 745
2a Fully loaded accounting model Tier 1	1 420 169	1 365 989	–	–	–
3 Total capital	1 499 081	1 433 741	1 469 072	1 564 265	1 562 821
3a Fully loaded ECL accounting model Total capital	1 499 081	1 433 741	–	–	–
<b>Risk-weighted assets (amounts)</b>					
4 Total risk-weighted assets (RWA)	9 096 892	8 968 386	9 705 595	9 188 479	8 856 134
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Common Equity Tier 1 ratio (%)	14.785%	14.392%	14.032%	16.007%	16.403%
5a Fully loaded ECL accounting model CET1 (%)	14.785%	14.392%	–	–	–
6 Tier 1 ratio (%)	15.612%	15.231%	14.807%	16.826%	17.465%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	15.612%	15.231%	–	–	–
7 Total capital ratio (%)	16.479%	15.987%	15.136%	17.024%	17.647%
7a Fully loaded ECL accounting model total capital ratio (%)	16.479%	15.987%	–	–	–
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	1.875%	1.875%	1.875%	1.875%	1.250%
9 Countercyclical buffer requirement (%)	–	–	–	–	–
10 Bank D-SIB additional requirements (%)	–	–	–	–	–
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	1.875%	1.875%	1.875%	1.875%	1.250%
12 CET1 available after meeting the bank's minimum capital requirements (%)	5.97%	6.02%	6.73%	7.63%	8.15%
<b>Basel III Leverage Ratio</b>					
13 Total Basel III leverage ratio measure	12 728 982	13 022 234	14 359 382	13 907 040	13 338 513
14 Basel III leverage ratio (%) (row 2/row 13)	11.16%	10.49%	10.77%	11.12%	11.60%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.16%	10.49%	–	–	–

# CAPITAL MANAGEMENT

## KM1: KEY METRICS – Sasfin Bank Limited level

	a	b	c	d	e
	Dec-18 T	Sep-18 T-1	Jun-18 T-2	Mar-18 T-3	Dec-17 T-4
<b>Available capital (amounts)</b>					
1 Common Equity Tier 1 (CET1)	856 982	885 854	934 416	956 118	969 229
1a Fully loaded ECL accounting model	856 982	885 854	–	–	–
2 Tier 1	856 982	885 854	934 416	956 118	969 228
2a Fully loaded accounting model Tier 1	856 982	885 854	–	–	–
3 Total capital	914 795	949 339	958 148	971 088	990 258
3a Fully loaded ECL accounting model total capital	914 795	949 339	–	–	–
<b>Risk-weighted assets (amounts)</b>					
4 Total risk-weighted assets (RWA)	5 936 466	6 063 420	6 733 325	6 219 936	6 147 604
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Common Equity Tier 1 ratio (%)	14.436%	14.610%	13.877%	15.372%	15.766%
5a Fully loaded ECL accounting model CET1 (%)	14.436%	14.610%	–	–	–
6 Tier 1 ratio (%)	14.436%	14.610%	13.877%	15.372%	15.766%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	14.436%	14.610%	–	–	–
7 Total capital ratio (%)	15.410%	15.657%	14.229%	15.613%	16.108%
7a Fully loaded ECL accounting model total capital ratio (%)	15.410%	15.657%	–	–	–
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	1.875%	1.875%	1.875%	1.875%	1.250%
9 Countercyclical buffer requirement (%)	–	–	–	–	–
10 Bank D-SIB additional requirements (%)	–	–	–	–	–
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	1.875%	1.875%	1.875%	1.875%	1.250%
12 CET1 available after meeting the bank's minimum capital requirements (%)	6.06%	6.23%	5.50%	7.00%	7.52%
<b>Basel III Leverage Ratio</b>					
13 Total Basel III leverage ratio measure	8 841 808	8 644 224	8 713 981	8 546 668	7 873 029
14 Basel III leverage ratio (%) (row 2/row 13)	9.69%	10.25%	10.723%	11.19%	12.31%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	9.69%	10.25%	–	–	–
<b>Liquidity Coverage Ratio</b>					
15 Total HQLA	1 164 161	830 415	669 498	743 380	842 637
16 Total net cash outflow	922 954	605 569	405 603	377 798	348 891
17 LCR ratio (%)	126%	134%	165%	197%	242%
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	4 558 558	4 509 473	4 649 626	5 082 731	4 901 061
19 Total required stable funding	4 192 769	4 465 095	4 625 016	4 420 682	4 159 529
20 NSFR ratio (%)	109%	101%	101%	115%	118%

# OV1: OVERVIEW OF RWA – Sasfin Holdings

## Group level

		Sasfin Holdings Ltd		
		a	b	c
		RWA		Minimum capital requirements
		Dec-18 T	Sep-18 T-1	Dec-18 T
1	Credit risk (excluding counterparty credit risk)			
2	Of which: standardised approach (SA)	5 750 385	5 064 416	646 918
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)	128 718	100 044	14 481
7	Of which: standardised approach for counterparty credit risk	128 718	100 044	14 481
8	Of which: Internal Model Method (IMM)	–	–	–
9	Of which: other CCR	–	–	–
10	Credit valuation adjustment (CVA)	8 457	5 729	951
11	Equity positions under the simple risk weight approach	851 536	1 021 216	95 798
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	425 406	425 126	47 858
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)	425 406	425 126	47 858
20	Market risk	204 640	202 374	23 022
21	Of which: standardised approach (SA)	204 640	202 374	23 022
22	Of which: internal model approaches (IMA)	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–
24	Operational risk	1 441 795	1 340 884	162 202
25	Amounts below thresholds for deduction (subject to 250% risk weight)	84 970	417 680	9 559
26	Aggregate capital floor applied	200 985	390 916	22 611
27	<i>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)</i>	<i>9 096 892</i>	<i>8 968 386</i>	<i>1 023 400</i>

# LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE MEASURE – Sasfin Holdings Group level

	a
1 Total consolidated assets as per published financial statements	13 572 067
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	429 317
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)	109 676
7 Other adjustments	(1 382 077)
8 <i>Leverage ratio exposure measure</i>	12 728 983

# LR2: LEVERAGE RATIO COMMON DISCLOSURE

## – Sasfin Holdings Group level

	a	b
	Dec-18 T	Sep-18 T-1
<b>On-balance sheet exposures</b>		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	10 460 136	12 806 426
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	–	–
3 <i>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)</i>	10 460 136	12 806 426
<b>Derivative exposures</b>		
4 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	390 498	107 847
5 Add-on amounts for PFE associated with all derivatives transactions	38 819	2 949
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 <i>Total derivative exposures (sum of rows 4 to 10)</i>	429 317	110 796
<b>Securities financing transactions</b>		
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 <i>Total securities financing transaction exposures (sum of rows 12 to 15)</i>	–	–
<b>Other off-balance sheet exposures</b>		
17 Off-balance sheet exposure at gross notional amount	109 676	105 014
18 (Adjustments for conversion to credit equivalent amounts)	–	–
19 <i>Off-balance sheet items (sum of rows 17 and 18)</i>	109 676	105 014
<b>Capital and total exposures</b>		
20 <i>Tier 1 capital</i>	1 420 171	1 365 989
21 <i>Total exposures (sum of rows 3, 11, 16 and 19)</i>	12 728 982	13 022 234
<b>Leverage ratio</b>		
22 <i>Basel III leverage ratio</i>	11.16%	10.49%

## CR1: CREDIT QUALITY OF ASSETS

### – Sasfin Bank Limited level

	a	b	c	d	e	f	g
	Carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category or Specific	Allocated in regulatory category or General		
Loans	362 217	4 615 929	242 461	153 456	89 005	–	4 735 685
Debt securities	–	–	–	–	–	–	–
Off-balance sheet exposures	–	727 316	–	–	–	–	727 316
<i>Total</i>	362 217	5 343 245	242 461	153 456	89 005	–	5 463 001

## CR3: CREDIT RISK MITIGATION TECHNIQUES

### – OVERVIEW – Sasfin Bank Limited level

	a	b	c	d	e	f	g
	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	1 269 797	3 708 349	3 017 968	–	–	–	4 978 146
2 Debt securities	–	–	–	–	–	–	–
3 Total	1 269 797	3 708 349	3 017 968	–	–	–	4 978 146
4 Of which defaulted	–	362 217	204 806	–	–	–	362 217



# CR4: STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS – Sasfin Bank Limited level

	a		b		c		d		e		f
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density						
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density					
<b>Asset classes</b>											
Sovereigns and their central banks	2 431 707	–	2 633 780	–	1 126	–					
Non-central government public sector entities	516 790	–	516 794	–	132 512	–					
Banks	1 349 087	20 643	966 483	20 643	285 025	–					
Securities firms	53 129	225	53 129	225	53 354	–					
Corporates	2 779 636	540 841	3 095 304	22 972	2 891 300	–					
Regulatory retail portfolios	1 014 119	61 935	985 424	4 731	836 329	–					
Other assets	368 981	–	368 981	–	425 406	–					
<i>Total</i>	8 513 449	623 644	8 619 895	48 571	4 625 052	–					

# CR5: STANDARDISED APPROACH – EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS – Sasfin Bank Limited level

	a	b	c	d	e	f	g	h	i	j
Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
<b>Asset classes</b>										
1	2 631 528	-	-	-	2 253	-	-	-	-	2 633 781
2	-	-	479 258	-	1 750	-	35 786	-	-	516 794
3	-	-	987 112	-	14	-	-	-	-	987 126
4	-	-	-	-	-	-	53 354	-	-	53 354
5	124 383	-	-	-	91 325	554	2 640 428	261 585	-	3 118 275
6	-	-	-	-	83 807	583 885	311 062	11 400	4 907	995 061
7	-	-	-	-	-	-	364 075	-	-	-
8	2 755 911	-	1 466 370	-	179 149	584 439	3 404 705	272 985	4 907	8 668 466

## CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH – Sasfin Bank Limited level

	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)	594 431	23 632		–	–	137 175
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 <i>Total</i>						137 175

## CCR2: CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE – Sasfin Bank Limited level

	a	b
	EAD post-CRM	RWA
<b>Total portfolios subject to the Advanced CVA capital charge</b>	–	–
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	803	8 457
4 Total subject to the CVA capital charge	803	8 457

## CCR3: STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS – Sasfin Bank Limited level

	a	b	c	d	e	f	g	h	i
Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
<b>Regulatory portfolio*</b>									
Sovereigns	–	–	–	–	–	–	–	–	–
Non-central government public sector entities (PSEs)	–	–	–	–	–	–	–	–	–
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	–	–	345 690	36 914	–	–	–	–	382 604
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	–	–	–	–
Regulatory retail portfolios	–	–	–	–	–	46 547	–	–	46 547
Other assets	–	–	–	–	–	166	–	–	166
<b>Total</b>	–	–	345 690	36 914	–	46 713	–	–	429 317

## SEC1: SECURITISATION EXPOSURES IN THE BANKING BOOK – Sasfin Bank Limited level

	a	b	c
	Bank acts as originator		
	Traditional	Synthetic	Sub-total
1 <i>Retail (total) – of which</i>	–	–	–
2 residential mortgage	–	–	–
3 credit card	–	–	–
4 other retail exposures	–	–	–
5 re-securitisation	–	–	–
6 <i>Wholesale (total) – of which</i>	368 981	–	368 981
7 loans to corporates	–	–	–
8 commercial mortgages	–	–	–
9 lease and receivables	368 981	–	368 981
10 other wholesale	–	–	–
11 re-securitisation	–	–	–

# LIQ1: LIQUIDITY COVERAGE RATIO (LCR)

## – Sasfin Bank Limited level

	a	b
	Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>		
1 Total HQLA		888 025
<b>Cash outflows</b>		
2 <i>Retail deposits and deposits from small business customers, of which:</i>	983 822	98 382
3 Stable deposits	–	–
4 Less stable deposits	983 822	98 382
5 <i>Unsecured wholesale funding, of which:</i>	3 512 107	1 164 382
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7 Non-operational deposits (all counterparties)	3 512 107	1 164 382
8 Unsecured debt	–	–
9 <i>Secured wholesale funding</i>		54 642
10 <i>Additional requirements, of which:</i>	623 862	89 046
11 Outflows related to derivative exposures and other collateral requirements	31 718	31 718
12 Outflows related to loss of funding of debt products	–	–
13 Credit and liquidity facilities	592 144	57 329
14 <i>Other contractual funding obligations</i>	225 447	225 447
15 <i>Other contingent funding obligations</i>	–	–
16 <i>Total cash outflows</i>		1 631 899
<b>Cash inflows</b>		
17 <i>Secured lending (eg reverse repo)</i>	1 623 615	54 642
18 <i>Inflows from fully performing exposures</i>	1 028 715	1 021 793
19 <i>Other cash inflows</i>	77 624	55 655
20 <i>Total cash inflows</i>	2 729 953	1 132 090
	<b>Total adjusted value</b>	
21 <i>Total HQLA</i>		888 025
22 <i>Total net cash outflows</i>		499 810
23 <i>Liquidity coverage ratio (%)</i>		177.7%

# LIQ2: NET STABLE FUNDING RATIO (NSFR)

## – Sasfin Bank Limited level

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity*	<6 months	6 months to <1 year	≥1 year	
<b>Available stable funding (ASF) item</b>						
1	Capital:	–	–	–	922 342	922 342
2	Regulatory capital	–	–	–	922 342	922 342
3	Other capital instruments	–	–	–	–	–
Retail deposits and deposits from small business customers:						
4	Stable deposits	–	2 088 804	281 838	51 412	2 184 990
5	Less stable deposits	–	–	–	–	–
6	Less stable deposits	–	2 088 804	281 838	51 412	2 184 990
7	Wholesale funding:	–	2 331 983	156 811	382 705	1 383 872
8	Operational deposits	–	746 681	76 685	31 162	442 844
9	Other wholesale funding	–	1 585 302	80 126	351 544	941 028
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	–	2 164 893	15 662	59 523	67 354
12	NSFR derivative liabilities					
13	All other liabilities and equity not included in the above categories		2 164 893	15 662	59 523	67 354
14	<b>Total ASF</b>					<b>4 558 558</b>
<b>Required stable funding (RSF) item</b>						
15	Total NSFR high-quality liquid assets (HQLA)	–	–	–	–	1 725 671
16	Deposits held at other financial institutions for operational purposes	–	656 566	–	–	328 283
17	Performing loans and securities:	–	3 774 921	881 939	3 119 826	3 748 645
18	Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	55 692	161 341	323 276	412 301
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:	–	1 349 576	620 598	–	985 087
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	–	–	–	–
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	–	2 369 654	100 000	2 796 550	2 351 257

## LIQ2: NET STABLE FUNDING RATIO (NSFR) – Sasfin Bank Limited level continued

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity*	<6 months	6 months to <1 year	≥1 year	
26	Other liabilities:	–	–	–	–	85 060
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		–	–	–	85 060
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		–	–	–	30 781
33	<i>Total RSF</i>					4 192 769
34	<i>Net Stable Funding Ratio (%)</i>					108.72%

# MR1: MARKET RISK UNDER THE STANDARDISED APPROACH (SA) – Sasfin Bank level

	a
	Capital charge in SA
General interest rate risk	–
Equity risk	–
Commodity risk	–
Foreign exchange risk	495
Credit spread risk – non-securitisations	–
Credit spread risk – securitisations (non-correlation trading portfolio)	–
Credit spread risk – securitisation (correlation trading portfolio)	–
Default risk – non-securitisations	–
Default risk – securitisations (non-correlation trading portfolio)	–
Default risk – securitisations (correlation trading portfolio)	–
Residual risk add-on	–
<i>Total</i>	495