Basel Pillar III Disclosure Report

31 March 2020

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
(Incorporated in the Republic of South Africa)
Registration Number 1987/002097/06)
Ordinary share code: SFN ISIN: ZAE000006565
Preference share code: SFNP ISIN: ZAE000060273
(the Group)

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 31 March 2020 are disclosed in the report.

Overview of risk management, key prudential metrics and RWA

TEMPLATE KM1: KEY METRICS – SASFIN HOLDINGS LIMITED

		a	b	c	d	e
		Mar-20 T	Dec-19 T-1	Sep-19 T-2	Jun-19 T-3	Mar-19 T-4
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1 454 736	1 390 005	1 429 816	1 381 778	1 330 945
1a	Fully loaded ECL accounting model	1 454 736	1 390 005	1 429 816	1 381 778	1 330 945
2	Tier 1	1 492 354	1 446 426	1 486 236	1 438 198	1 387 371
2a	Fully loaded accounting model Tier 1	1 492 354	1 446 426	1 486 236	1 438 198	1 387 371
3	Total capital	1 563 896	1 521 163	1 563 033	1 518 267	1 466 785
3a	Fully loaded ECL accounting model total capital	1 563 896	1 521 163	1 563 033	1 518 267	1 466 785
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	8 459 458	8 915 225	9 422 656	9 689 793	9 194 401
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	17.197%	15.591%	15.174%	14.260%	14.476%
5a	Fully loaded ECL accounting model CET1 (%)	17.197%	15.591%	15.174%	14.260%	14.476%
6	Tier 1 ratio (%)	17.641%	16.224%	15.773%	14.842%	15.089%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17,641%	16.224%	15.773%	14.842%	15.089%
7	Total capital ratio (%)	18.487%	17.063%	16.588%	15.669%	15.953%
7a	Fully loaded ECL accounting model total capital ratio (%)	18.487%	17.063%	16.588%	15.669%	15,953%
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 (%)	8.82%	7.09%	6.67%	5.76%	6.10%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	13 489 376	12 175 733	12 268 098	12 273 388	11 481 774
14	Basel III leverage ratio (%) (row 2/row 13)	11.06%	11.88%	12.11%	11.72%	12.08%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.06%	11.88%	12.11%	11.72%	12.08%

Overview of risk management, key prudential metrics and RWA continued

TEMPLATE KM1: KEY METRICS – SASFIN BANK LIMITED

		a	b	c	d	e
		Mar-20 T	Dec-19 T-1	Sep-19 T-2	Jun-19 T-3	Mar-19 T-4
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	942 131	903 616	897 647	897 091	851 603
1a	Fully loaded ECL accounting model	942 131	903 616	897 647	897 091	851 603
2	Tier 1	942 131	903 616	897 647	897 091	851 603
2a	Fully loaded accounting model Tier 1	942 131	903 616	897 647	897 091	851 603
3	Total capital	981 103	941 143	938 463	939 102	912 232
3a	Fully loaded ECL accounting model total capital	981 103	941 143	938 463	939 102	912 232
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	6 062 226	6 292 215	6 262 732	6 422 134	6 155 586
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	15.541%	14.361%	14.333%	13.969%	14.436%
5a	Fully loaded ECL accounting model CET1 (%)	15.541%	14.361%	14.333%	13.969%	14.436%
6	Tier 1 ratio (%)	15.541%	14.361%	14.333%	13.969%	14.436%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.541%	14.361%	14.333%	13.969%	14.436%
7	Total capital ratio (%)	16.184%	14.957%	14.985%	14.623%	15.410%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.184%	14.957%	14.985%	14.623%	15.410%
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 (%)	7.166%	5.86%	5.83%	5.46%	5.46%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	8 530 380	8 833 846	9 411 408	9 540 126	8 773 525
14	Basel III leverage ratio (%) (row 2/row 13)	11.04%	10.23%	9.54%	9.40%	9.71%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.04%	10.23%	9.54%	9.40%	9.71%
Liquidity Coverage Ratio						
15	Total HQLA	1 069 187	910 684	1 254 680	816 913	1 406 002
16	Total net cash outflow	698 899	635 808	624 745	485 685	1 120 189
17	LCR ratio (%)	153%	143%	201%	168%	126%
Net Stable Funding Ratio						
18	Total available stable funding	5 163 170	5 371 456	5 212 237	4 650 434	4 634 974
19	Total required stable funding	4 515 603	4 854 582	4 494 031	3 977 059	3 925 417
20	NSFR ratio (%)	114%	111%	116%	117%	118%

Overview of risk management, key prudential metrics and RWA continued

TEMPLATE OV1: OVERVIEW OF RWA – SASFIN HOLDINGS LIMITED

		Sasfin Holdings Ltd		
		a	b	c
		RWA		Minimum capital requirements
		Mar-20 T	Dec-19 T-1	Mar-20 T
1	Credit risk (excluding counterparty credit risk)	5 231 963	5 789 964	575 516
2	Of which: standardised approach (SA)	5 231 963	5 789 964	575 516
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)	152 105	82 912	16 732
7	Of which: standardised approach for counterparty credit risk	152 105	82 912	16 732
8	Of which: Internal Model Method (IMM)	–	–	–
9	Of which: other CCR	–	–	–
10	Credit valuation adjustment (CVA)	2 020	4 759	222
11	Equity positions under the simple risk weight approach	562 701	542 804	61 897
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	337 335	336 979	37 107
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)	337 335	336 979	37 107
20	Market risk	110 398	144 426	12 144
21	Of which: standardised approach (SA)	110 398	144 426	12 144
22	Of which: internal model approaches (IMA)	–	–	–
23	Capital charge for switch between trading book and banking book	–	–	–
24	Operational risk	1 659 744	1 659 744	182 572
25	Amounts below thresholds for deduction (subject to 250% risk weight)	20 968	14 972	2 306
26	Aggregate capital floor applied	382 225	338 666	42 045
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)*	8 459 458	8 915 225	930 540

Leverage ratio

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

		a	Dec-19
1	Total consolidated assets as per published financial statements	13 990 690	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	246 088	102 553
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)	123 742	119 008
7	Other adjustments	(871 144)	(2 617 824)
8	***Leverage ratio exposure measure***	13 489 376	12 175 733

Leverage ratio continued

TEMPLATE LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE – SASFIN HOLDINGS LIMITED

		a	b
		Mar-20 T	Dec-19 T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	13 119 546	14 571 996
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)*	13 119 546	14 571 996
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	212 271	86 503
5	Add-on amounts for PFE associated with all derivatives transactions	33 817	16 050
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)*	246 088	102 553
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	123 742	119 008
18	(Adjustments for conversion to credit equivalent amounts)	–	–
19	*Off-balance sheet items (sum of rows 17 and 18)*	123 742	119 008
Capital and total exposures			
20	*Tier 1 capital*	1 432 356	1 446 426
21	*Total exposures (sum of rows 3, 11, 16 and 19)*	13 489 376	12 175 733
Leverage ratio			
22	*Basel III leverage ratio*	10.62%	11.88%

Liquidity

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

		a	b
		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		1 078 184
Cash outflows			
2	*Retail deposits and deposits from small business customers, of which:*	1 025 380	102 538
3	Stable deposits	–	–
4	Less stable deposits	1 025 380	102 538
5	*Unsecured wholesale funding, of which:*	3 798 450	1 160 685
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7	Non-operational deposits (all counterparties)	3 798 450	1 160 685
8	Unsecured debt	–	–
9	*Secured wholesale funding*		54 090
10	*Additional requirements, of which:*	747 670	254 664
11	Outflows related to derivative exposures and other collateral requirements	53 741	53 741
12	Outflows related to loss of funding of debt products	–	–
13	Credit and liquidity facilities	693 929	200 923
14	*Other contractual funding obligations*	289 811	289 811
15	*Other contingent funding obligations*	–	–
16	*Total cash outflows*		1 861 787
Cash inflows			
17	*Secured lending (eg reverse repo)*	–	–
18	*Inflows from fully performing exposures*	1 201 351	1 099 184
19	*Other cash inflows*	174 870	109 467
20	*Total cash inflows*	1 376 221	1 208 651
		Total adjusted value	
21	*Total HQLA*		1 078 184
22	*Total net cash outflows*		653 137
23	*Liquidity coverage ratio (%)*		165.1%

29 May 2020

SPONSOR:
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