

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 / SASFIN BANK LIMITED CAPITAL ADEQUACY – QUARTERLY REPORT 30 Sept 2018**

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, 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 capital management plan and strategy are fully disclosed in the Group's 2018 Integrated Report and the 2018 Audited Annual Financial Statements which are available at [www.sasfin.com](http://www.sasfin.com) or from the Company Secretary.

Sasfin Holdings Limited and Sasfin Bank Limited capital structure, capital adequacy, leverage and liquidity coverage ratios at 30 September 2018 are disclosed below.

KM1 - Key metrics (at consolidated group level)		Sasfin Holdings Limited					Sasfin Bank Limited and Subsidiaries					Sasfin Bank Limited				
		R'000 Sept 2018 (T)	R'000 June 2018 (T-1)	R'000 March 2018 (T-2)	R'000 December 2017 (T-3)	R'000 September 2017 (T-4)	R'000 September 2018 (T)	R'000 June 2018 (T-1)	R'000 March 2018 (T-2)	R'000 December 2017 (T-3)	R'000 September 2017 (T-4)	R'000 September 2018 (T)	R'000 June 2018 (T-1)	R'000 March 2018 (T-2)	R'000 December 2017 (T-3)	R'000 September 2017 (T-4)
<b>Key metrics</b>																
<b>Available capital (amounts)</b>																
1	Common Equity Tier 1 (CET1)	1 290 756	1 470 934	1 470 810	1 481 239	1 426 762	1 075 686	1 203 943	1 223 238	1 229 436	1 218 815	853 029	934 416	956 118	969 229	929 470
2	Tier 1	1 365 989	1 546 166	1 546 044	1 575 282	1 520 805	1 075 686	1 203 943	1 223 238	1 229 436	1 218 815	853 029	934 416	956 118	969 229	929 470
3	Total capital	1 433 741	1 581 082	1 564 265	1 597 780	1 545 327	1 143 437	1 235 189	1 242 248	1 254 507	1 246 365	913 516	958 148	971 088	990 258	953 172
<b>Risk weighted assets (amounts)</b>																
4	Total risk-weighted assets (RWA)	8 968 383	9 739 147	9 188 478	8 860 353	8 857 511	7 289 956	8 173 516	7 527 461	7 411 225	6 883 776	6 063 420	6 733 325	6 219 936	6 147 604	5 498 747
<b>Risk-based capital ratio's as a percentage of RWA</b>																
5	Common Equity Tier 1 ratio (%)	14.392	15.103	16.007	16.718	16.108	14.463	14.730	16.250	16.589	17.706	14.068	13.877	15.372	15.766	16.903
6	Tier 1 ratio (%)	15.231	15.876	16.826	17.779	17.170	14.463	14.730	16.250	16.589	17.706	14.068	13.877	15.372	15.766	16.903
7	Total capital ratio (%)	15.986	16.235	17.024	18.033	17.447	15.374	15.112	16.503	16.927	18.106	15.066	14.229	15.613	16.108	17.334
<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	1.250	1.250	1.875	1.875	1.875	1.250	1.250	1.875	1.875	1.875	1.250	1.250
9	Countercyclical buffer requirements (%)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Total of bank CET1 specific buffer requirements (%)	1.875	1.875	1.875	1.250	1.250	1.875	1.875	1.875	1.250	1.250	1.875	1.875	1.875	1.250	1.250
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.892	9.603	10.507	10.718	10.108	8.963	9.230	10.750	10.589	11.706	8.568	8.377	9.872	9.766	10.903
<b>Basel III leverage ratio</b>																
13	Total Basel III leverage ratio exposure measure	13 022 234	14 359 382	13 907 040	13 338 513	13 046 766	11 805 504	12 443 407	11 995 049	11 488 764	10 641 153	8 611 399	8 713 981	8 546 668	7 873 029	7 539 578
14	Basel III leverage ratio (%) (row 2/ row 13)	10.490	10.768	11.117	11.810	11.657	9.112	9.675	10.198	10.701	11.454	9.906	10.723	11.187	12.311	12.328
<b>Liquidity Coverage Ratio</b>																
15	Total HQLA											830 415	669 498	743 380	842 637	592 868
16	Total net cash outflow											618 221	369 234	377 798	348 891	295 782
17	LCR ratio (%)											134	181	197	242	200

<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	4 509 473	4 984 714	5 082 731	4 901 061	4 565 397
19	Total required stable funding	4 666 482	4 802 770	4 420 682	4 159 529	4 203 833
20	NSFR ratio (%)	97	104	115	118	109

<b>OV1 - Overview of Risk Weighted Assets</b>										
	<b>Sasfin Holdings Limited</b>			<b>Sasfin Bank Limited and Subsidiaries</b>			<b>Sasfin Bank Limited</b>			
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
	<b>Risk weighted assets</b>	<b>Risk weighted assets</b>	<b>Minimum capital requirements *</b>	<b>Risk weighted assets</b>	<b>Risk weighted assets</b>	<b>Minimum capital requirements *</b>	<b>Risk weighted assets</b>	<b>Risk weighted assets</b>	<b>Minimum capital requirements *</b>	
	<b>Sept 2018 (T)</b>	<b>June 2018 (T-1)</b>	<b>Sept 2018 (T)</b>	<b>Sept 2018 (T)</b>	<b>June 2018 (T-1)</b>	<b>Sept 2018 (T)</b>	<b>Sept 2018 (T)</b>	<b>June 2018 (T-1)</b>	<b>Sept 2018 (T)</b>	
<b><u>Risk weighted assets</u></b>										
<b><u>Overview of Risk weighted assets</u></b>										
1	<b>Credit risk (excluding counterparty credit risk) (CCR)</b>	<b>6 085 631</b>	<b>6 574 987</b>	<b>677 026</b>	<b>5 199 606</b>	<b>5 760 393</b>	<b>578 456</b>	<b>4 518 086</b>	<b>5 016 007</b>	<b>502 637</b>
2	Of which: standardised approach (SA)	6 085 631	6 574 987	677 026	5 199 606	5 760 393	578 456	4 518 086	5 016 007	502 637
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	<b>Counterparty credit risk (CCR)</b>	<b>100 044</b>	<b>134 684</b>	<b>11 130</b>	<b>105 773</b>	<b>134 684</b>	<b>11 767</b>	<b>98 952</b>	<b>128 869</b>	<b>11 008</b>
7	Of which: standardised approach for counterparty credit risk	100 044	134 684	11 130	105 773	34 684	11 767	98 952	128 869	11 008
8	Of which: internal model method (IMM)	-	-	-	-	-	-	-	-	-
9	Of which: other CCR	-	-	-	-	-	-	-	-	-
10	<b>Credit valuation adjustment (CVA)</b>	<b>5 729</b>	<b>5 729</b>	<b>637</b>	<b>5 729</b>	<b>5 729</b>	<b>637</b>	<b>5 729</b>	<b>5 729</b>	<b>637</b>
11	Equity positions under the simple risk weight approach	-	-	-	-	-	-	-	-	-
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	<b>Securitisation exposures in banking book</b>	<b>425 126</b>	<b>592 511</b>	<b>47 295</b>	<b>452 551</b>	<b>592 511</b>	<b>50 346</b>	<b>425 126</b>	<b>592 511</b>	<b>47 295</b>
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-	-	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-	-	-	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	425 126	592 511	47 295	452 551	592 511	50 346	425 126	592 511	47 295
20	<b>Market risk</b>	<b>202 374</b>	<b>162 594</b>	<b>22 514</b>	<b>202 374</b>	<b>162 594</b>	<b>22 514</b>	<b>3 196</b>	<b>1 606</b>	<b>356</b>
21	Of which standardised approach (SA)	202 374	162 594	22 514	202 374	162 594	22 514	3 196	1 606	356
22	Of which internal model approaches (IMM)	-	-	-	-	-	-	-	-	-
23	<b>Capital charge for switch between trading book and banking book</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
24	<b>Operational risk</b>	<b>1 340 884</b>	<b>1 491 169</b>	<b>159 484</b>	<b>940 176</b>	<b>956 476</b>	<b>89 938</b>	<b>755 807</b>	<b>755 807</b>	<b>51 390</b>
25	<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>417 680</b>	<b>450 139</b>	<b>46 467</b>	<b>287 257</b>	<b>310 688</b>	<b>31 957</b>	<b>-</b>	<b>-</b>	<b>-</b>

26	<b>Floor adjustment</b>	<b>390 916</b>	<b>327 337</b>	<b>43 489</b>	<b>96 490</b>	<b>250 441</b>	<b>10 734</b>	<b>256 524</b>	<b>232 797</b>	<b>28 538</b>
27	<b>Total</b>	<b>8 968 383</b>	<b>9 739 147</b>	<b>1 008 043</b>	<b>7 289 956</b>	<b>8 173 516</b>	<b>796 352</b>	<b>6 063 420</b>	<b>6 733 325</b>	<b>641 862</b>

\* The minimum capital requirement per risk category is 11.125% which comprises the Base minimum (8.000%) plus the Pillar 2A systemic risk Add-on (1.250%) plus the Capital Conservation Buffer (CCB) (1.8750%).

	<b>R'000 Sept 2018 (T)</b>	<b>R'000 June 2018 (T-1)</b>	<b>R'000 Sept 2018 (T)</b>	<b>R'000 June 2018 (T-1)</b>	<b>R'000 Sept 2018 (T)</b>	<b>R'000 June 2018 (T-1)</b>
<b><u>Qualifying capital and reserves</u></b>						
<b>Tier 1 capital</b>	<b>1 365 989</b>	<b>1 546 166</b>	<b>1 075 686</b>	<b>1 203 943</b>	<b>853 029</b>	<b>934 416</b>
<b>Common equity tier 1 capital</b>	<b>1 290 756</b>	<b>1 470 934</b>	<b>1 075 686</b>	<b>1 203 943</b>	<b>853 029</b>	<b>934 416</b>
Share capital and premium	163 681	160 103	463 476	463 476	463 476	463 476
Distributable reserves and other	1 241 028	1 303 975	642 261	672 965	399 687	446 288
Prescribed deductions and non-qualifying reserves	-60 228	6 886	33 121	81 699	10 134	24 653
Intragroup investments	-53 725	-30	-63 172	-14 198	-	-
<b>Additional tier 1 capital</b>						
Non-redeemable preference share capital	75 234	75 234	-	-	-	-
<b>Tier 2 capital</b>	<b>67 751</b>	<b>34 915</b>	<b>67 751</b>	<b>31 246</b>	<b>60 487</b>	<b>23 732</b>
Sub-ordinated debt	-	2 980	-	2 998	-	2 998
General allowance for credit impairment	67 751	31 935	67 751	28 248	60 487	20 734
<b>Total qualifying capital and reserves</b>	<b>1 433 741</b>	<b>1 581 082</b>	<b>1 143 437</b>	<b>1 235 189</b>	<b>913 515</b>	<b>958 148</b>
<b>Minimum required capital and reserves</b>	<b>1 008 043</b>	<b>1 077 072</b>	<b>796 352</b>	<b>892 835</b>	<b>641 862</b>	<b>716 388</b>
<b><u>Capital adequacy ratios</u></b>						
<b>Tier 1 capital (%)</b>	<b>15.231</b>	<b>15.876</b>	<b>14.463</b>	<b>14.730</b>	<b>14.068</b>	<b>13.877</b>
Common equity tier 1 (%)	14.392	15.103	14.463	14.730	14.068	13.877
Additional tier 1 (%)	0.839	0.772	-	-	-	-
<b>Tier 2 capital (%)</b>	<b>0.755</b>	<b>0.359</b>	<b>0.911</b>	<b>0.382</b>	<b>0.998</b>	<b>0.352</b>
<b>Total capital adequacy ratio (%)</b>	<b>15.986</b>	<b>16.235</b>	<b>15.374</b>	<b>15.112</b>	<b>15.066</b>	<b>14.229</b>
<b>Minimum required capital adequacy ratio (%)</b>	<b>11.125</b>	<b>11.125</b>	<b>11.125</b>	<b>11.125</b>	<b>11.125</b>	<b>11.125</b>

**LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure**

	<b>R'000 Sept 2018 (T)</b>	<b>R'000 June 2018 (T-1)</b>	<b>R'000 Sept 2018 (T)</b>	<b>R'000 June 2018 (T-1)</b>	<b>R'000 Sept 2018 (T)</b>	<b>R'000 June 2018 (T-1)</b>
1 Total consolidated assets as per the published financial statements	13 819 714	14 321 086	11 897 290	12 362 383	8 601 295	8 646 719
2 Adjustment 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	110 796	218 168	110 796	218 168	145 733	199 102
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0	0	1 217 604	0	-	-

6	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off balance sheet exposures	105 013	109 656	133 944	149 588	106 433	124 790
7	Other adjustments	1 013 289 )	(289 528 )	(1 554 130 )	(286 732 )	(242 062)	(256 630)
8	Leverage ratio exposure measure	13 022 234	14 359 382	11 805 504	12 443 407	8 611 399	8 713 980

#### LIQ1 - Liquidity Coverage Ratio

		R'000	R'000
		Sept 2018 (T)	Sept 2018 (T)
		Total unweighted value	Total weighted value
	<b>High- quality liquid assets</b>		
1	Total HQLA	830 415	830 415
	<b>Cash outflows</b>		
	<b>Retail deposits and deposits from small business customers, of which:</b>	<b>1 619 644</b>	<b>101 681</b>
2	Stable deposits	1 016 809	101 681
3	Less stable deposits	602 835	0
4	<b>Unsecured wholesale funding, of which:</b>	<b>3 493 697</b>	<b>1 088 044</b>
5	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0
6	Non-operational deposits (all counterparties)	3 493 697	1 088 044
7	Unsecured debt		
8	<b>Secured wholesale funding</b>		<b>54 336</b>
9	<b>Additional requirements, of which:</b>	<b>837 880</b>	<b>331 241</b>
10	Outflows related to derivative exposures and other collateral requirements	28 978	28 978
11	Outflows related to loss of funding on debt products	-	-
12	Credit and liquidity facilities	515 820	47 521
13	<b>Other contractual funding obligations</b>	<b>248 442</b>	<b>248 442</b>
14	<b>Other contingent funding obligations</b>		
15	<b>TOTAL CASH OUTFLOWS</b>		<b>1 575 302</b>
16	<b>Cash inflows</b>		
17	<b>Secured lending inflows from fully performing exposures</b>	<b>1 691 242</b>	<b>54 336</b>
18	Other cash inflows	850 163	834 377
19	<b>TOTAL CASH INFLOWS</b>	<b>2 648 747</b>	<b>957 081</b>
20			
			<b>Total adjusted value</b>
21	Total HQLA		<b>830 415</b>
22	Total net cash outflows		<b>618 221</b>
23	Liquidity Coverage Ratio (%)		<b>134%</b>

**CR7- IRB- Effect on RWA of credit derivatives used as CRM techniques**

**Sasfin does not use the internal ratings based, but rather the standardised approach, in the calculation of credit risk-weighted assets. This template is therefore not completed.**

**CR8 - Risk weighted assets flow statements of credit risk exposures under IRB**

**Sasfin does not use the internal ratings based, but rather the standardised approach, in the calculation of credit risk-weighted assets. This template is therefore not completed.**

**CCR7 - Risk weighted assets flow statements of CCR exposures under Internal Model Method (IMM)**

**Sasfin does not use an internal model method, but rather the standardised approach, in the calculation of counterparty credit risk. This template is therefore not completed.**

**KM2- Key metrics - TLAC requirements**

**Sasfin is not a G-SIB. This template is therefore not completed.**

**MR3 - IMA values for trading portfolio's**

**Sasfin does not use an internal model approach, but rather the standardised approach, in the calculation of market risk. This template is therefore not completed.**

Following the finalisation of the regulatory audit in October 2018 and the introduction of IFRS 9 with effect from 1 July 2018, the Group's Regulatory Capital has reduced from R1.581bn as reported for June to R1.439bn at 30 September 2018. This also resulted in a reduction in the Capital Adequacy Ratio ("CAR") from 16.23% to 15.99%, which is well above the minimum prescribed CAR. The restated Regulatory Capital post the audit adjustments (excluding IFRS 9) at 30 June was R1.469bn with an adjusted CAR of 15.14%.

The primary contributors to the reduction in capital for the quarter are -

- Goodwill and Intangible Assets were historically treated as a deduction against capital net of deferred tax. Management have reviewed this treatment and, in consultation with our auditors, considered that the gross amount for Goodwill and Intangible Assets to be more appropriate.

- The day one impact of IFRS9 on retained earnings. The Group elected to implement the full IFRS 9 provision in year one, as opposed to the three-year option allowed by the SARB.

Sasfin's performance for the quarter has been positive and is in line with expectations and profits have not yet been appropriated. Post the end of September, the Sasfin Holdings Board approved the appropriation of R55m of profits, which will enhance the Group's CAR.

Further to the regulatory audit, the Net Stable Funding Ratio (NSFR) was revised downwards to 95.88% primarily due to certain interpretative matters on the treatment of specific deposit balances. Management actions have been implemented to remediate the NSFR above the regulatory threshold. Furthermore, we have engaged with the SARB-PA in respect of some of the abovementioned deposits and a process has commenced internally in this regard, the result of which should positively impact the NSFR. In addition, given the revisions to the NSFR, there were consequential impacts to the LCR resulting in a decline in the ratio, which remains well above the regulatory threshold.

3 December 2018

Johannesburg

Sponsor

Sasfin Capital (a member of the Sasfin group)

Independent Sponsor

Deloitte & Touche Sponsor Services (Pty) Ltd