



SASF ANNUAL GENERAL MEETING

**TO BE HELD ON THURSDAY 11 MAY 2023
AT 11H30**

**WERKSMANS ATTORNEYS,
THE CENTRAL, 96 RIVONIA ROAD, SANDTON
SEMINAR ROOM ON THE 10TH FLOOR**

No dial-in facilities are available.



WELCOME

ATTENDANCE

APOLOGIES



**SOUTH AFRICAN
SECURITISATION FORUM**

ADOPT AGENDA



SOUTH AFRICAN SECURITISATION FORUM

SIXTEENTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 11 MAY 2023
AT 11H30

AT WERKSMANS ATTORNEYS, THE CENTRAL, 96 RIVONIA ROAD, SANDTON
SEMINAR ROOM ON THE 10TH FLOOR
(No dial-in facilities are available)

AGENDA

1. Welcome and Apologies
2. Adopt the agenda
3. Approval of the minutes of the Annual General Meeting held on 12 May 2022
4. Presentation and adoption of Chairman's Annual Report for 2023
5. Presentation and adoption of Financial Report for 2023
6. Budget for 2024
7. Membership Fees – 1 March 2023 to 29 February 2024
8. Reports from sub-committees
 - 8.1 Legal & Regulatory - Hendrik Ackermann
 - 8.2 Communication & Education/Investors - David Towers
 - 8.3 Membership - Katlego Ramathlare
9. Announcement of Office Bearers for 2023/2024
10. General



APPROVAL OF PREVIOUS MINUTES

MINUTES OF THE FIFTEENTH ANNUAL GENERAL MEETING OF THE SOUTH AFRICAN SECURITISATION FORUM HELD ON THURSDAY 12 MAY 2022 AT 11H00 VIA MICROSOFT TEAMS

1. WELCOME & APOLOGIES

The Chairperson, Kurt van Staden, welcomed all those present to the 15th Annual General Meeting. A total of 56 persons, including members and their guests, were in attendance.

Apologies were received from:

Aneria Bouwer	Bowmans
Armine Schaefer	Nedbank
Arthur Hlubi	Bayport
Corneleo Keevy	Ashburton
Danielle Burns	SA Taxi
David Toerien	ABSA
Herman Human	Sasfin Bank
Louis Dirker	Investec Bank
Magola Makola	Bowmans
Natalie Scott	Werksmans
Nicola Corry	RMB
Sanold Koert	Sanlam Investments
Selma Felisberto	BMW
Simon Howie	Ninety One

2. SARB GUEST SPEAKER

The Chairman introduced Bafundi Maronoti of SARB's Markets Operation and Analysis Division, who gave an illuminating talk on interest rate reform in South Africa.

3. STRATE UPDATE

Steven Ingleby reported on STRATE's e-voting initiative, where the platform is currently used by three asset managers and all CSDPs, excluding some foreign ones with whom STRATE are engaging.

Regarding STRATE's private market initiative, the bond market had some R400 billion in assets under custody. STRATE was looking to develop an operating model that took nuances of the private market into account, details of which would be revealed when complete.

STRATE had partnered with some clients on a digitised solution for over-the-counter derivatives, which leveraged off the Collateral project. STRATE was well down the road with this, presently writing rules and directives, and at some point, would engage with those who wanted to explore this solution.

Regarding disclosures, STRATE presently provided a register at the registered-owner or beneficial note-holder level, which identified who the asset manager is in respect of the underlying note. The present specification for the register was outdated, and STRATE would be looking at implementing a project where much of the presently optional information – often not completed by the underlying service providers – was made mandatory, according to the market needs of Issuers.

The Chair reported that at the EXCO meeting held earlier in the day, Issuers had supported this initiative. Gill Raine confirmed that the ASISA standing committee had also approved this. STRATE would accordingly get the legwork done to complete the operational side of this initiative.

The Chair thanked Mr Ingleby for his feedback report.

This signalled the start of the AGM proper. There were no proposed changes to the agenda.

4. **APPROVAL OF THE MINUTES OF THE LAST MEETING**

The minutes of the previous Annual General Meeting of 13th May 2021, as included in the board pack, were tabled. In the absence of comments from the floor, the minutes were taken as a true representation of that meeting.

5. **PRESENTATION OF THE CHAIRPERSON'S REPORT**

The Chairperson thanked members for their support over the past year and confirmed that the AGM was required, inter alia, to elect the office bearers of the Forum for the coming year.

He presented his report, which was included in the AGM's board pack, and would be published on SASF's website at www.sasf.co.za.

In summary:

In the global context, the fiscal relief efforts combined with supply chain constraints, labour market disruptions and the recent shocks to food and energy supplies stemming from Russia's invasion of Ukraine, have all contributed to levels of inflation far higher than originally anticipated. As a result of these recent developments, the IMF expects the global recovery to decelerate significantly and has adjusted its forecasts downwards to 3.6% for 2022.

The strong domestic rebound of 2021 was soon derailed as the country was hit by the July unrest, a third wave of the pandemic, and disruptions to Transnet as a result of fire and cyber-attacks. In April the SARB forecasted a muted growth rate for the local economy of 2% for 2022 and 1.9% for both the 2023 and 2024 years respectively.

All things considered, the economic situation remains volatile with higher interest rates, increasing inflation, high unemployment, ongoing power cuts, higher debt levels, and an unstable global environment combined with the possibility of new variants of the coronavirus. These are some of the downside risks that could prolong a stagnant growth path.

In the local debt capital market, total bond issuance for 2021 amounted to R115.5 billion, which equated to a 25% year-on-year increase although still down 34% from the levels seen in 2019.

The bond market contracted by R2.6 billion in 2021 which was an improvement on the previous year, but still disappointing when compared to the decade preceding the pandemic.

The data is graphically presented in the full version of the Chairperson's Report in the board pack, as is more detail on the state of foreign markets.

Whilst the securitisation industry may be far off the levels it was during its heyday, it remains an important part of a well-functioning market. If ever there was a need and opportunity to expand this asset class it is now, as our country attempts to climb out of the devastation that has occurred over the past few years.

In conclusion, the Chair thanked everyone for their ongoing support, their contributions, and their willingness to give their time so freely to support this Forum and the objectives it aims to meet.

Key highlights of the Forum's activities for the year under review would be covered in the individual sub-committee reports.

6. **PRESENTATION & ADOPTION OF THE FINANCIAL REPORT FOR THE 12 MONTHS ENDED 28 FEBRUARY 2022.**

Details were provided in the board pack.

Amina Haffejee presented the budget vs actual results for the year ended 28 February 2022. There was nothing of significance other than a contingency overspend of R77 000 due, in the main, to fees for a legal opinion.

As regards the proposed 2022/23 budget, membership fees had been assumed to remain static at R15 0000 for the new year.

The adoption of the proposed 2022/2023 budget was proposed by Kurt van Staden. This was seconded by Gill Raine.

The financial statements drafted by auditors Nolands had been approved at the EXCO level, where no matters to note arose. There were no questions relating to the financial statements. Nic Gunning proposed the adoption of the statements, seconded by Olivia Ferreira.

The EXCO had earlier recommended that the annual membership fee of R15 000 remains unchanged and that the Forum would look to increase its membership base over the next year. After which, possibly, an increase might prove necessary.

These proposals were adopted by the AGM. The Annual Financial Statements would be signed by the Chairperson and his Deputy and forwarded to the auditors.

7. **PRESENTATION OF REPORTS FROM SUB-COMMITTEES**

The various reports included in the AGM board pack were tabled. These, together with the Financial Statements, would be published on the SASF website.

7.1 **Legal and Regulatory Report.**

The Sub-Committee Chairman Hendrik Ackerman thanked the members of the sub-committee for their input and time during the past busy term. The subcommittee's 2022/2023 activities and projects were detailed in the board pack and included:

SARB's update to the Securitisation regulatory framework and STC framework: The proposed implementation of the former had been moved from 1st July to 1st October 2022 while the STC Framework was, for the present, still pencilled in for 1st July. It had been pointed out to the regulator that a large part of the market had been excluded from consultations.

It was resolved by the Legal & Regulatory sub-committee to proactively engage the regulator as regards excluded players, as well as promote other regulatory reforms to benefit securitisation in South Africa. A working group would be constituted in the coming weeks to drive this.

The legal opinion of Security SPV's obligations under POPIA was detailed in the board pack.

A new standard was implemented regarding authorised and approved OTC Derivatives Providers ("ODP"). This is covered in more detail in the board pack. The sub-committee was of the view that Issuers are not included as "counterparties" as defined, and hence not impacted by the new standard.

It seemed that, from an investor perspective, there was a lot of demand for securitisation paper, and it would be good to see a lot more regular issuers come to the market.

Hopefully, the Legal & Regulatory sub-committee will help towards enabling a well-functioning market.

7.2 **Communication and Education Report.**

David Towers tabled the report, which was included in the board pack.

The Forum held a successful Securitisation course in conjunction with UCT in February 2020, attended by over 50 participants. Feedback was positive but for more non-South African content. An option could be, to focus on the fundamental legislative and market requirements for this industry to exist and succeed in other jurisdictions.

An online course later in the year would be considered if the numbers justified it.

The Forum was engaging with Moody's and Standard & Poor's to offer presentations, and possibly cash flow modelling to assist in risk assessments. This latter service would incur an as-yet-undetermined fee for users. These issues remained in progress.

There were ongoing discussions with STRATE on matters of Disclosure, a subject touched on by Steven Ingleby earlier in the AGM.

The sub-committee had also engaged with the Tribunal in Pretoria and Cape Town to educate them on the SPV structures and to obtain exemptions from establishing Social & Ethics committees for these entities. More on this was contained in the board-pack report.

The process had started of moving the administration of BASA's database of securitisation to the SASF Website, and it was hoped to expand its scope to provide more comprehensive information for the local market at a later date.

The main instrument for communication between the Forum and its stakeholders remained its website. Copies of all reports tabled at the AGM of the Forum would be posted on the site immediately after the AGM. The sub-committee Chairman thanked all personnel and institutions who had contributed items to the website.

There were no questions.

7.3 **Membership Report.**

Nick Gunning presented the report, details of which were in the board pack. Membership currently stood at 31 and all membership fees had been paid.

The sub-committee had looked at the possibility of joining efforts with Gill Raine and ASISA members to attract more investors to the Forum. This would be a project for further investigation in the coming year.

Although remaining a member of the Forum, Nick Gunning would be stepping down as Chair of the sub-committee.

8 **ELECTION OF THE EXECUTIVE COMMITTEE FOR 2022/2023.**

The Deputy-Chair and Chairpersons of the Legal & Regulatory and Communication & Education sub-committees had expressed their willingness to continue to serve in the coming year, Katlego Ramatlhare being the nominee for the Membership sub-committee.

The Treasurer, Khadija Kahn had advised that she would be stepping down from her role and would formally hand over to Amina Haffejee of PWC, after the AGM. The Chairperson expressed his gratitude to Khadija for overseeing the financial position of the Forum.

The Chairman thanked all members for their service.

Exco recommended the following offices for 2022/2023:

Chairman	Kurt van Staden	Quadrige Trust
Deputy Chairman	Evelyn Deiner	Quadrige Trust
Treasurer	Amina Haffejee	PWC
Legal & Regulatory sub-committee	Hendrik Ackermann	Nedbank
Membership sub-committee	Katlego Ramatlhare	Standard Bank
Communication & Education	David Towers	Quadrige Trust

The remainder of EXCO would comprise:

AK Ismail	SA Home Loans
Brendan Harmse	Stonehage Fleming
Cameron Gough	FirstRand Bank
Christiaan Pennekamp	Hypoport
Dheseagan Govender	Sasfin
Gill Raine	ASISA
Greg Wakelin	ABSA
Johan Scheepers	KPMG
Lindi Marais	Webber Wentzel
Louis Dirker	Investec Bank
Nelis Zeelie	BMW Financial Services
Olivia Ferreira	TMF Corporate Services (SA)(Pty)Ltd
Richard Roothman	Werksmans
Sanold Koert	Sanlam
Simon Howie	Ninety One
Stephan Pienaar	Stanlib
Thato Khaole	Ashburton
Pat Benbow-Hebbert	Secretariat

This was seconded by Brendan Harmse, and the Exco recommendations were approved by the AGM.

9 **FORUM NAME CHANGE AND WORDING OF THE SASF CONSTITUTION**

The wording of the current constitution referred exclusively to securitisation. A two-thirds majority of EXCO (as required by the constitution) voted to amend the current wording to the emboldened text, below:

“Objects: The objects of the South African Securitisation Forum ('SASF) are: To promote the development of securitisation **and asset backed debt securities** in South Africa through education of government, regulatory and other authorities, the public, investors, originators and others with an interest or potential interest, both in South Africa and overseas, in the benefits of securitisation and asset-backed debt securities to South Africa and aspects of the South African securitisation **and asset backed debt securities industries**”.

As a result of the expanded objective, the majority choice for a new name for the South African Securitisation Forum was:

The South African Securitisation and Asset Backed Securities Forum

10. There were no further questions or comments. The Chairperson thanked all attendees at the AGM for their participation, and the meeting was declared closed.

CHAIRMAN

DATE



**PRESENTATION AND ADOPTION OF THE
CHAIRMAN'S ANNUAL REPORT FOR
2023**

Chairperson's Report to the Annual General Meeting 11 May 2023

1. Introduction

Ladies and gentlemen, esteemed members and distinguished guests, it is my pleasure to welcome you to the 16th Annual General Meeting (“AGM”) of the South African Securitisation Forum.

I am delighted to be hosting this meeting in person after a period marked by virtual engagements necessitated due to the COVID pandemic. Thankfully that period is now behind us, and I am happy to see so many familiar faces and a few new ones gathered here today.

As is customary, the AGM provides the opportunity to report back to stakeholders on the activities of the Forum during the past year, discuss developments and challenges being faced by the industry and reflect on the achievements made over this period.

We are also required to elect the office bearers of the Forum for the coming year and to report back on our financial position.

As always, I encourage you to use this meeting as an opportunity to highlight any issues you feel may be of relevance to the industry and would welcome any suggestions you may have as to how the Forum may improve on delivering on its mandate to promote the development of the securitisation market in South Africa.

2. The Year Under Review

As I present this report, I cannot help but reflect on the past year and the challenges we have faced as an industry. As noted in last year's report, we were confronted with a series of economic, societal, and environmental events that had far-reaching impacts on both the local and global economies.

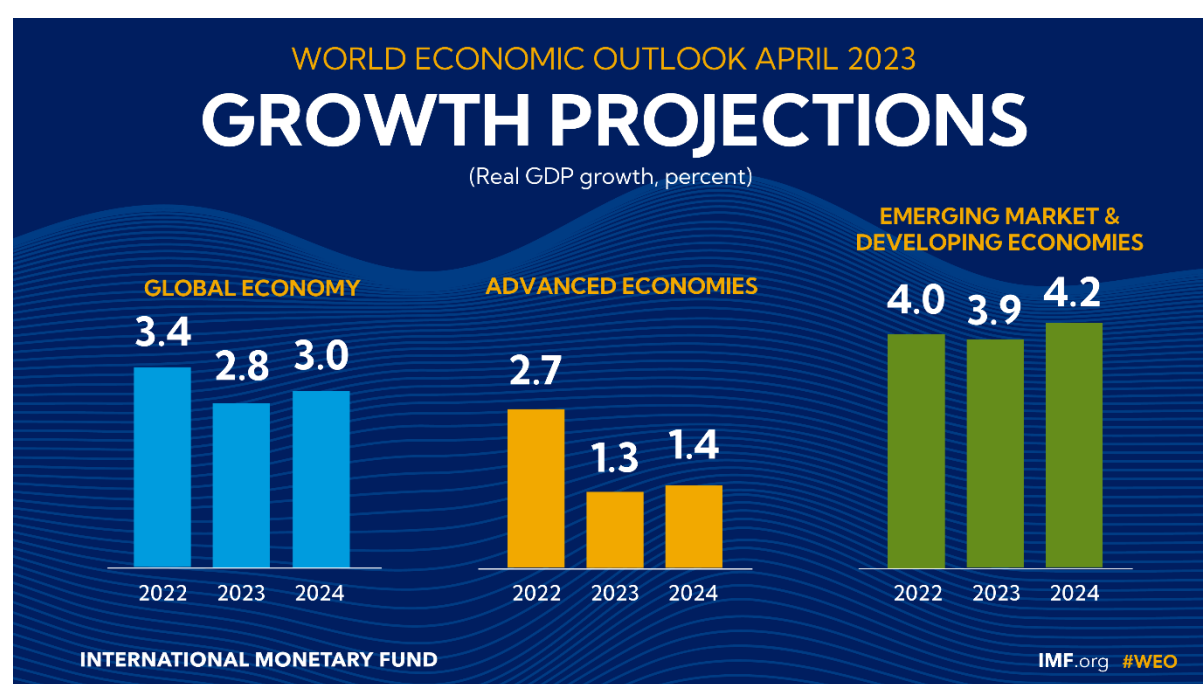
Although I would like to stand before you and deliver some positive news, unfortunately, the reality is that the situation remains largely unchanged, and we have yet to see a fundamental shift in our favour that will place the securitisation market on an upward trajectory.

2.1. Global Conditions

The year 2022 proved to be a turbulent one for the global economy marked by high inflation, low economic growth, geopolitical tensions, and energy and commodity price shocks. These forces ultimately led to lower-than-expected global economic growth of 3.2% for the year and unfortunately, indications are that the situation is likely to persist throughout 2023.

The IMF's World Economic Report (April: 2023) notes that whilst headline inflation has declined following recent hikes in interest rates, core inflation remains elevated driven by strong service price increases, higher margins in some sectors and cost pressures from tight labour markets. Side effects from the fast rise in policy rates are also becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have risen across the broader financial sector, including nonbank financial institutions.

This combined with high levels of public debt and continued geopolitical tensions as a result of the war in Ukraine pose continued risks to an economic recovery. Global real GDP growth is now forecast at 2.8% for 2023 and 3% for the following year.



In its report titled “*Falling Long-Term Growth Prospects: Trends, Expectations, and Policies*”, the World Bank paints an even bleaker picture.

It notes that across the world, a structural growth slowdown is underway and at current trends, the global potential growth rate (the maximum rate at which an economy can grow without igniting inflation), is expected to fall to a three-decade low over the remainder of the 2020s.

Reduced investment, declining productivity, and an ageing global labour force, combined with the recent shocks to the global economy, have weakened the forces that powered growth and prosperity in the 1990s.

It warns that the slowdown could be even more pronounced if financial crises erupt in major economies and spread to other countries.

If the world is to tackle climate change and reduce poverty, ambitious initiatives are needed to boost investment in sustainable sectors, cut trade costs, leverage growth in services, and expand labour force participation.

2.2. Domestic Conditions

The South African economy has also faced a series of global and domestic disruptions over the past year, which have caused economic growth to slow down significantly. Apart from the impact of slowing global growth and geopolitical tensions, the country has been grappling with acute power challenges and inefficiencies in state-owned enterprises.

In 2022, real GDP growth in South Africa dipped to 2% due mainly to substantially lower growth in Q4 2022, with seven out of ten industries contracting during that quarter. According to Statistics South Africa, the economy only expanded by 0.3% since the outbreak of the pandemic (between 2019 and 2022), which is a fraction of its population growth over that period.

The power shortages currently faced by the South African economy have spared no industry, but mining and manufacturing are among the worst affected. The year 2022 alone saw 200 days of load-shedding, and in Q1 2023, only one day of no load-shedding was recorded, resulting in lower mining (-1.9%) and manufacturing production (-3.7%) for January 2023 compared to the same period the previous year.

Domestic freight and logistics bottlenecks, together with flatter commodity prices, have further undermined growth prospects in the mining sector.

As noted by Deloitte in its South Africa Economic Outlook (April: 2023), the growth outlook for South Africa in the immediate term is bleak, with flat to no growth being a real possibility for 2023.

National Treasury's baseline forecast, released on 22 February 2023, expected a moderate deceleration of growth to 0.9% in 2023. The forecast by the South African Reserve Bank (SARB) toward the end of January 2023 was less optimistic, at 0.3%. The International Monetary Fund (IMF) slashed its 2023 forecast from 1.2% as per its January update to a meagre 0.1% on 23 March 2023, on account of intensified power shortages and an uncertain global environment.

The South African consumer is under financial strain due to increased global food and fuel prices, which have sent inflation rates over the target band of 3%-6% and there does not appear to be any respite in the short term.

Despite expectations of a cooling off, recent data from Statistics South Africa showed that headline consumer inflation continued to climb for the second month in a row in March, to 7.1 per cent year on year from 7.0 per cent in February.

This prompted the South African Reserve Bank (SARB) to increase the repo rate by a larger-than-anticipated 50 basis point hike in March with many economists now expecting a further rate increase in May.

South Africa's recent greylisting by the Financial Action Task Force (FATF) in February 2023 could also add to the country's woes as a result of reputational damage, increased transaction costs, and a negative impact on foreign flows, which would further harm the economy.

Research by the International Monetary Fund (IMF) shows that in the 89 emerging and developing countries grey listed during 2000-2017, this action resulted in a drop in capital flows equal to 7.6% of GDP over a period of nine months. The extent of its impact on South Africa will however depend on the seriousness with which authorities are perceived to be acting to address the FATF's concerns.

Deloitte further emphasises that besides a swift resolution of the country's electricity crisis, urgent action in eradicating inefficiencies at notable state-owned entities, especially in the transport and logistics sector, while hastening the implementation of structural reforms and rooting out corruption, is needed to alter the slow growth trajectory.

3. The Debt Capital Market and Securitisation Overview

3.1. The South African Market

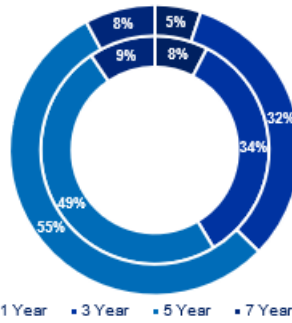
Turning to the local debt capital market we saw the total bond issuance for 2022 amount to R136.9 billion, mainly driven by the financial sector, and although this equated to a 19% increase on the previous year, was still 21% down from pre-pandemic levels. Paper in the 5- and 7-year tenure continues to account for the majority of issuance.

Both Commercial Paper and Green, Social and Sustainability linked issuances reflected year-on-year increases by 42% and 28% respectively.

Gross Bond and CP Issuance

R'bn	2017	2018	2019	2020	2021	2022
Financial	75.5	48.0	73.6	40.2	56.7	61.2
Corporate	36.8	33.9	44.3	25.3	31.9	41.4
SOE	15.0	21.2	35.8	17.8	9.2	17.2
Securitisation	13.8	13.2	20.1	7.4	17.7	16.2
Municipal	2.3	0.0	0.0	1.7	0.0	1.0
Total (bonds)	143.4	116.3	173.8	92.4	115.5	136.9
Commercial Paper	32.6	20.1	68.2	25.7	12.0	17.04
Total	176.0	136.4	242.0	118.1	127.6	153.94

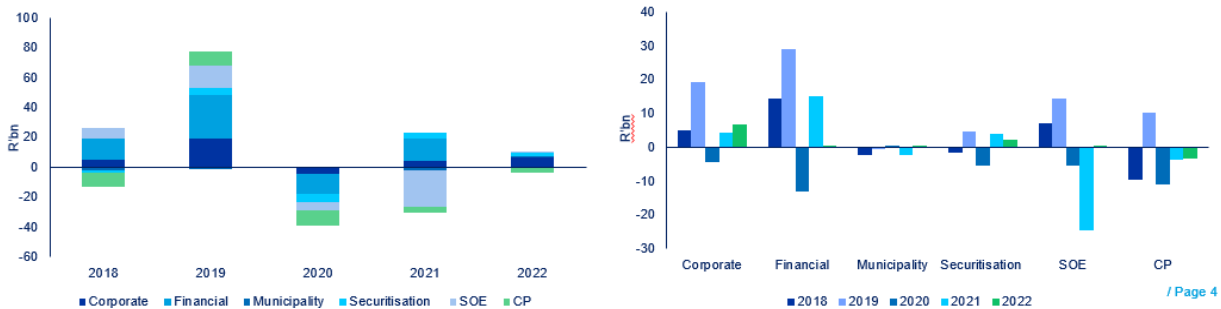
Tenor Split Across Issuers (2021 vs 2022)



*Outer circle represents Bonds issued in 2022
Inner circle represents Bonds issued in 2021

Taking redemptions into account, the bond market grew by R9,9 Billion in 2022 after having contracted in the previous two years but compared to the R48.9 Billion in the decade before the pandemic, this growth remains disappointing. The increase was primarily driven by corporate issuances.

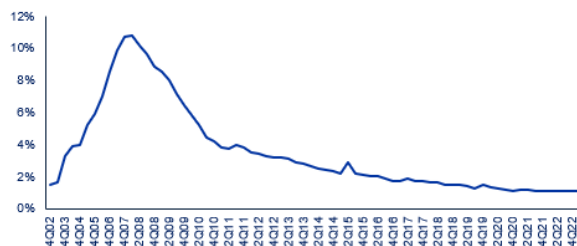
Net Bond & CP Issuance



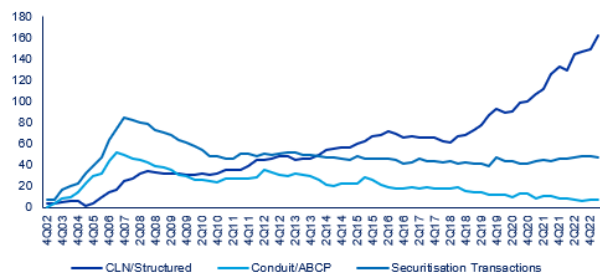
Scheduled nominal redemptions for the 2023 year are expected to amount to R133,4 Billion, which is 5% higher than the previous year.

At R53 Billion, the total Securitisation market, inclusive of Asset-Backed Commercial Paper remains flat and accounts for less than 2% of the total listed bond market.

Securitisation as a % of Total Listed Bonds



Outstanding Volume R'bn



Residential Mortgage-Backed Securitisation continues to account for the largest volume of paper in the market followed by Asset-Backed Securitisation, Collateralised Loan Obligations, and Commercial Mortgage-Backed Securities.

Volume of Securitisation Deals by Asset Class (Feb 17-Mar 23)

Type	Issuance	%
ABS	39,824,900,237	43.7%
CLO	4,275,000,000	4.7%
CMBS	3,138,000,000	3.4%
MBS	1,482,000,000	1.6%
RMBS	42,338,000,000	46.5%
	91,057,900,237	100.0%

The following key deals accounted for the listed securitisation issuances in 2022.

Key Deals for 2022

Issuer	Bond Code	Nominal R'bn	Type of note	Spread (Bps)	Price Guidance (Bps)	Settlement date	Expected Maturity	Format	Total Bids R'bn
Urban Ubomi 1 (RF) Ltd	UU1A04	0.027	Floating	170	150-170	14-Feb-22	15-May-24	Auction	0.601 (1.36x)
	UU1A05	0.283	Floating	235	205-235	14-Feb-22	15-May-26		
	UU1B02	0.118	Floating	274	250-300	14-Feb-22	15-May-26		
Richefond Circle (RF) Ltd	UU1C02	0.012	Floating	400	375-425	14-Feb-22	15-May-26	Auction	2.259 (2.14x)
	RFC A1	0.825	Floating	152	140-160	09-Mar-22	20-Dec-26		
	RFCB1	0.125	Floating	190	195-220	09-Mar-22	20-Dec-26		
	RFCC1	0.057	Floating	235	250-280	09-Mar-22	20-Dec-26		
The Thekwini Fund 17	RFCD1	0.050	Floating	345	350-425	09-Mar-22	20-Dec-26	Auction	1.959 (2.01x)
	TH1703	0.249	Floating	90	85-95	23-May-22	21-May-23		
	T17A13	0.267	Floating	128	120-130	23-May-22	21-Feb-24		
	T17A23	0.364	Floating	145	135-150	23-May-22	21-Feb-26		
	TH17B3	0.035	Floating	170	170-200	23-May-22	21-Feb-26		
	TH17C3	0.030	Floating	200	200-240	23-May-22	21-Feb-26		
	TH17D3	0.028	Floating	350	350-400	23-May-22	21-Feb-26		
Superdrive Investments (RF) Ltd	SPDA16	0.418	Floating	120	115-125	22-Aug-22	21-Aug-25	Auction	2.036 (2x)
	SPDA17	0.601	Floating	135	130-140	22-Aug-22	21-Aug-27		
The Thekwini Fund 18	TH1801	0.120	Floating	89	85-95	30-Sep-22	21-Aug-23	Auction	3.091 (2.06x)
	T18A11	0.452	Floating	127	120-130	30-Sep-22	21-Aug-23		
	T18A21	0.733	Floating	150	135-155	30-Sep-22	21-Aug-27		
	T18A31	0	Fixed	0	65-80	30-Sep-22	21-Aug-27		
	TH18B1	0.080	Floating	170	170-200	30-Sep-22	21-Aug-27		
	TH18C1	0.060	Floating	240	200-240	30-Sep-22	21-Aug-27		
MW Asset Rentals (RF) Limited	TH18D1	0.055	Floating	340	350-400	30-Sep-22	21-Aug-27	Auction	1.728 (2.65x)
	MWAR10	0.200	Floating	128	135-145	22-Nov-22	22-Nov-23		
	MWAR09	0.450	Floating	188	190-200	22-Nov-22	22-Nov-25		
	TH18C2	0.164	Floating	88	85-95	28-Nov-22	21-Nov-23		
The Thekwini Fund 18	T18A12	0.334	Floating	130	120-130	28-Nov-22	21-Aug-26	Auction	2.804 (1.65x)
	T18A22	0.485	Floating	145	140-155	28-Nov-22	21-Aug-27		
	T18A32	0.500	Fixed	70	65-80	28-Nov-22	21-Aug-27		
	TH18B2	0.089	Floating	165	170-200	28-Nov-22	21-Aug-27		
	TH18C2	0.067	Floating	220	200-240	28-Nov-22	21-Aug-27		
Urban Ubomi 1 (RF) Ltd	TH18D2	0.081	Floating	320	350-400	28-Nov-22	21-Aug-27	Auction	0,380 (1.05x)
	UU1A07	0.150	Floating	150	150-170	14-Dec-22	15-May-24		
	UU1A08	0.135	Floating	250	205-235	14-Dec-22	15-May-26		
	UU1A09	0.060	Fixed	125	105-135	14-Dec-22	15-May-26		
	UU1C03	0.018	Floating	370	370-400	14-Dec-22	15-May-26		

(Statistical data provided by Standard Bank Research and prepared by SBSA DCM April: 2023)

The first quarter of 2023 saw a number of auctions, mostly notably in bank senior unsecured notes with record bid levels reported. Toyota and Investec Property Fund dominated their respective sectors with well-supported auctions, and Resilient and Growthpoint led the net issuance in the property sector. Auction participation was strong across all sectors with most bid cover ratios above 2x. Gross issuance of bonds and commercial paper for the quarter reached a total of around R55 billion, a 15% increase compared to the previous quarter and a 73% increase year-on-year, primarily driven by the financial sector and state-owned enterprise issuances.

(Source: FutureGrowth "Listed Credit Market Commentary" March 2023)

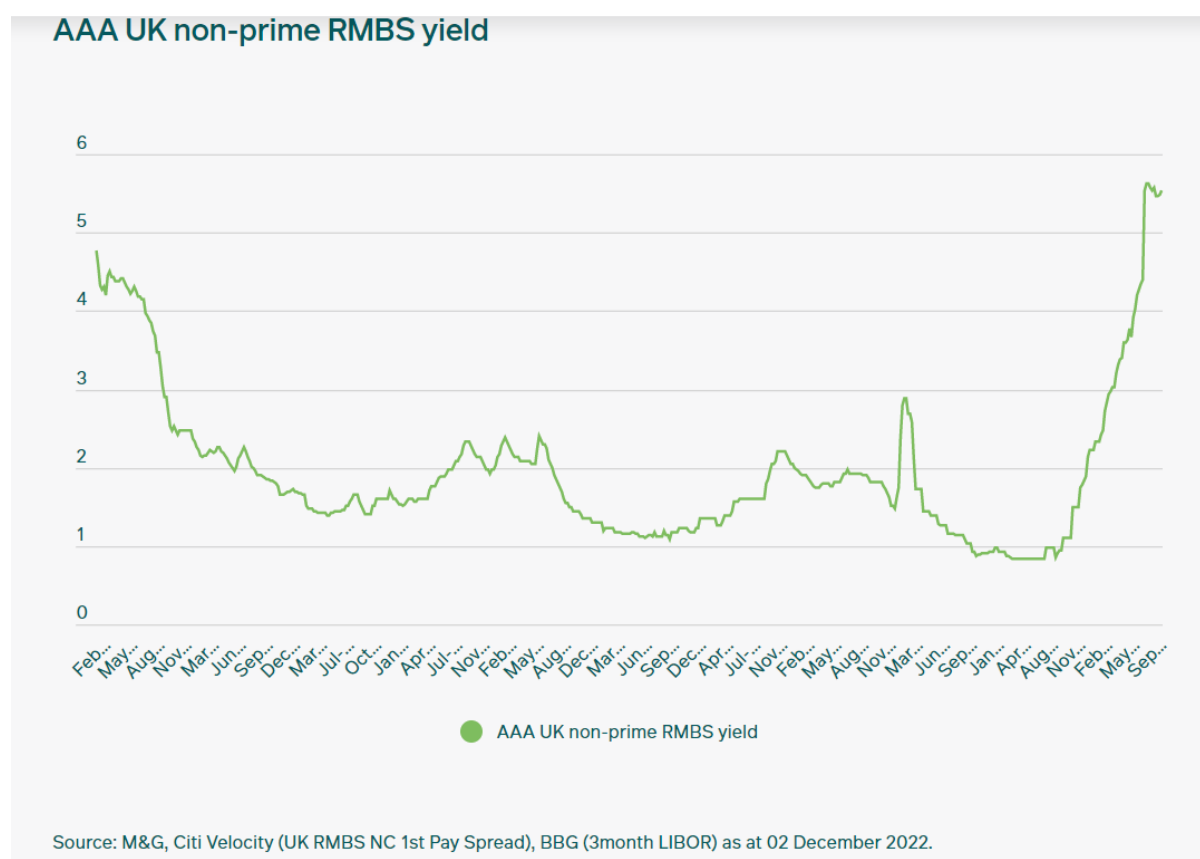
3.2. The European ABS Market

The European ABS market had a strong start in 2022, with a healthy pipeline of primary market transactions and strong investor appetite, but this momentum was short-lived due to weakness in broader markets and the Russian invasion of Ukraine.

Trading volumes in the ABS market became elevated following the UK Government's "mini-budget," with the secondary market experiencing an unprecedented selling volume, leading to wider spreads across the capital structure.

The heavily traded sectors were AAA and AA-rated European CLOs and UK RMBS, while other continental European sectors were also affected.

Despite significant spread widening, ABS liquidity was comparatively more stable than other fixed-income markets.



The outlook for supply into 2023 is likely to improve, but the trend for overall negative net supply is likely to persist. The recent bout of spread widening has shone a light on the potential for extension risk in transactions. Despite this, the yields on offer combined with the structural resilience of ABS transactions make them an attractive investment proposition.

(Source: M&G Investments "Looking beyond headline risks: European ABS review and 2023 outlook" 15 December 2022)

In their article “Europe ABS Asset Performance to Weaken on Living Costs, Rate Rises” (16 January 2023), Fitch Ratings London warns that European ABS transactions will experience greater defaults due to pressure on borrowers due to higher living costs and rising interest rates.

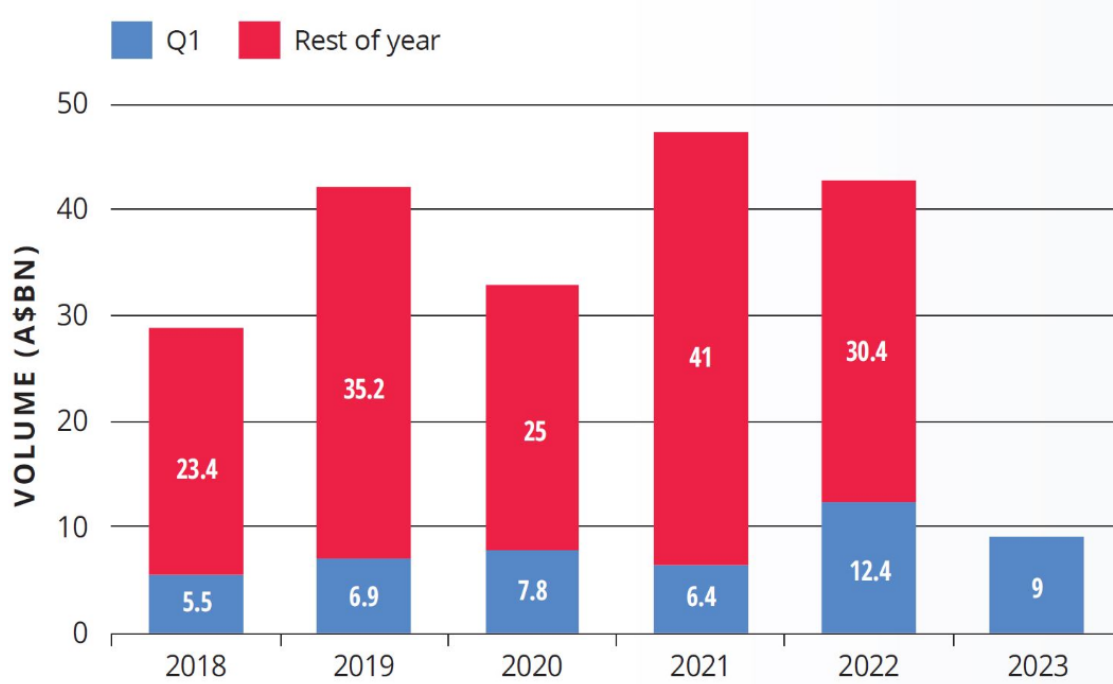
Deleveraging in underlying portfolios is identified as a key driver of rating sensitivity in stress tests for significant additional performance deterioration. Their asset performance outlook for unsecured and auto ABS in Europe is deteriorating, and after a period of strong performance, their deal-specific asset performance assumptions include worsening default levels for 2023.

3.3. The Australian Securitisation Market

Issuance of Australian securitisations picked up in mid-February 2023, with nonbank issuers Columbus Capital, Liberty Financial, and Pepper Money printing upsized A\$1 billion transactions over just 24 hours.

In the first quarter of 2023, the market experienced a healthy supply of securitisations with investors willing to take on risk and invest in higher-yielding assets.

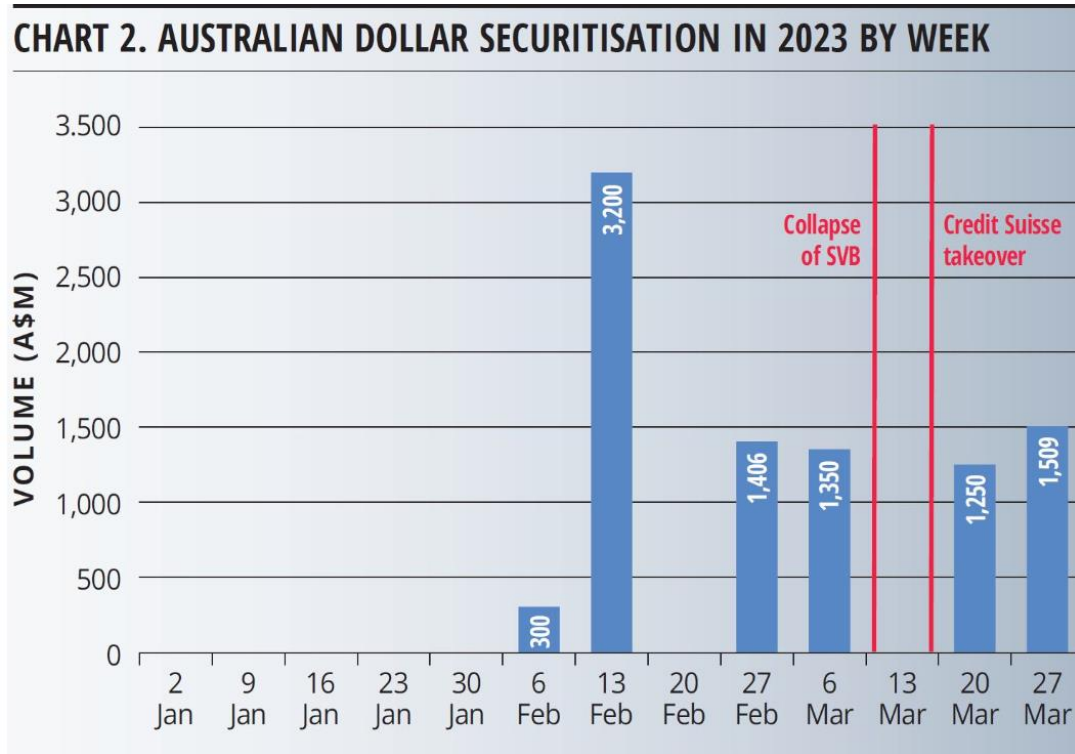
CHART 1. AUSTRALIAN DOLLAR SECURITISATION ISSUANCE



According to market participants, demand was narrow and relied on supporting bids from joint lead managers in 2022, but this improved in 2023.

The residential mortgage-backed securities (RMBS) market also saw increased investor activity compared to the previous year.

Stronger investor participation has led to less reliance on joint lead managers, a positive development after the challenging conditions of 2022. The funding and lending markets, however, remain challenging, with funding costs remaining elevated and intense competition from banks and nonbanks in the lending market placing persistent pressure on net interest margins.



(Source: Kanga News “Securitisation flow bounces back – and keeps bouncing: 01 May 2023”)

3.4. The US Securitisation Market

In the US, consumer asset-backed securities (ABS) had a tough year in 2022 due to concerns over lending standards and consumer health in the face of rising interest rates and a potential economic slowdown. However, the current state of the US consumer is healthy, and loans currently being originated exhibit much stronger fundamentals.

	1Q23	4Q22	1Q22	Q/Q	Y/Y	YTD23	YTD22	Y/Y
Issuance (\$B)								
Total Market	2,346.8	1,681.8	2,818.0	39.5%	-16.7%	2,346.8	2,818.0	-16.7%
UST	986.2	716.0	1,150.3	37.7%	-14.3%	986.2	1,150.3	-14.3%
MBS	272.2	331.3	772.2	-17.8%	-64.8%	272.2	772.2	-64.8%
Corporates	453.9	224.5	532.1	102.2%	-14.7%	453.9	532.1	-14.7%
Agency	495.5	289.2	165.8	71.3%	198.8%	495.5	165.8	198.8%
Munis	76.1	75.3	103.5	1.1%	-26.4%	76.1	103.5	-26.4%
ABS	62.8	45.5	94.1	38.0%	-33.2%	62.8	94.1	-33.2%
Trading (ADV, \$B)								
Total Market	1,124.0	910.2	1,123.6	23.5%	0.03%	1,124.0	1,123.6	0.0%
UST	804.1	627.9	784.2	28.1%	2.5%	804.1	784.2	2.5%
MBS - Agency	251.3	223.7	278.1	12.3%	-9.6%	251.3	278.1	-9.6%
MBS - Non Agency	1.7	1.5	1.5	14.8%	20.4%	1.7	1.5	20.4%
Corporates	48.3	37.8	43.3	27.8%	11.6%	48.3	43.3	11.6%
Agency	3.8	2.4	2.5	60.0%	49.8%	3.8	2.5	49.8%
Munis	12.9	15.4	12.2	-16.2%	5.7%	12.9	12.2	5.7%
ABS	1.8	1.6	1.8	15.0%	0.1%	1.8	1.8	0.1%

Source: Bloomberg, Federal Reserve Bank of New York, FINRA, Municipal Securities Rulemaking Board, Refinitiv, US Agencies, US Treasury, SIFMA estimates

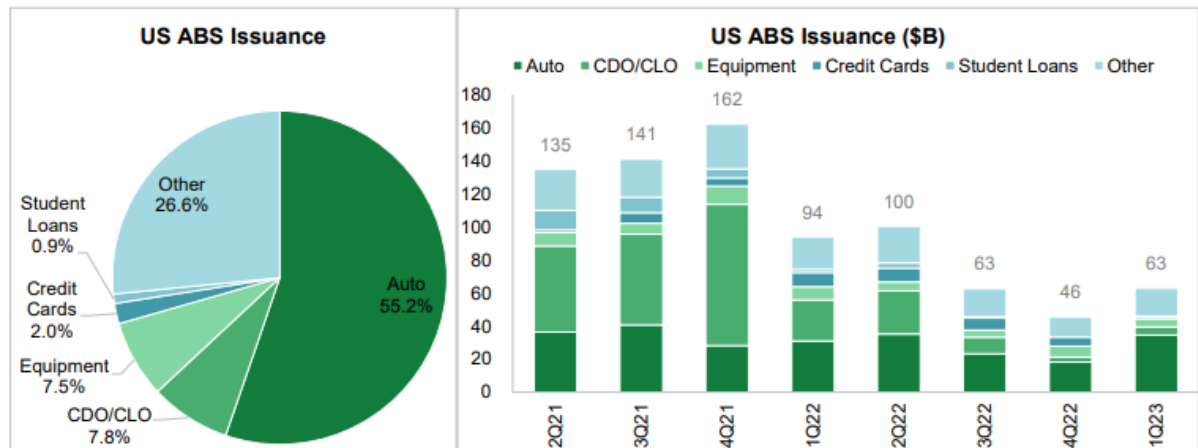
Note: Issuance = Long-term securities only, UST = U.S. Treasury securities, MBS = mortgage-backed securities, Corporates = corporate bonds, Agency = federal agency securities, Munis = municipal bonds, ABS = asset-backed securities

Although Auto loans, the largest category of ABS, underperformed corporate credit in 2022, overall, exposure to the US consumer via higher-quality ABS is viewed as one of the more compelling trades in fixed income heading into 2023.
(Source: Lord Abbett "Investment Outlook: Asset-Backed Securities" January 2023)

Asset-Backed Securities (ABS)

ABS: Review of Quarterly Statistics

- Issuance: \$62.8B; +38.0% Q/Q, -33.2% Y/Y
- ADV: \$1.8B; +15.0% Q/Q, +0.1% Y/Y



(Source: SIFMA Research Quarterly - Fixed Income Issuance and Trading 1Q23)

4. Recent Developments

The European Banking Authority recently proposed new guidelines which aim to ensure the harmonised interpretation of the STS criteria as they apply to on-balance sheet (synthetic) securitisations in the EU.

The proposed new guidelines would help transaction parties interpret the STS criteria for on-balance sheet securitisations and include guidance around aspects specific to these securitisations, such as the credit protection agreement and the requirements for the use of synthetic excess spread.

There is concern though that the EU and UK securitisation regimes are continuing to develop and expand separately post-Brexit and that this could create a deviation between the EU and the UK regimes, posing challenges for cross-border transactions.

(Source: Pinset Masons: Proposed changes in EU securitisation guidelines pose challenges to cross-border deals 28 April 2023).

In South Africa, the Market Practitioners Group established by the SARB has commenced its work on the transition from JIBAR to ZARONIA (the South African Rand Overnight Index Average) as the risk-free/near risk-free reference rate.

ZARONIA is now being published on the SARB's website for observation purposes and although there is no expectation that market participants commence referencing the rate in their transactions, they are encouraged to familiarise themselves with ZARONIA and to start considering how it will impact their transactions.

5. Key highlights of the Forum's activities for the year under review

Over the past year, the Forum has continued its efforts to engage industry stakeholders to establish collaborative working relationships that will help address industry challenges and support the growth of the securitisation market.

I want to make particular mention of the first, of what is hoped will be ongoing, periodic, Round Table workshops held recently with representatives from both the Prudential Authority and National Treasury.

The workshops aim to provide both an educational platform as well as promote discussion and debate on issues affecting the market. The topics covered in this first workshop included an overview of traditional and synthetic securitisation structures, the benefits of securitisation for non-bank issuers, regulatory changes and international legislative developments. The workshop was well received, and we hope it will yield positive outcomes.

The Forum's sub-committees remained active and continued their efforts to fulfil their mandates.

The Forum's current sub-committees are comprised of the:

- a. Legal and Regulatory
- b. Education and Communication
- c. Membership

The Treasurer and Chairpersons of the sub-committees will provide you with their reports of the activities of these committees over the course of the past year covering these in more detail.

I will proceed to attempt to highlight and summarise some of the major events as they pertain to or influence our industry.

5.1. Legal and Regulatory Developments

After South Africa's greylisting by the Financial Action Task Force and the subsequent promulgation of the General Laws Amendment Act No. 2 of 2022, various amendments to amongst others the Financial Intelligence Centre Act, the Companies Act, and the Trust Property Control Act were introduced.

These amendments had ramifications for the industry, and the Legal and Regulatory Committee was kept occupied assessing their impact on transactions, as well as advising members on recommended courses of action.

The other notable change was the update to the Regulations relating to Banks, to incorporate the Basel III amendments.

We are also eagerly awaiting the release of the draft new Commercial Paper Regulations which the Prudential Authority indicated should be ready towards the end of the second quarter.

5.2. The Communication and Education Sub-Committee

The Communication and Education Sub-Committee is dedicatedly working towards formalising an introductory course on Securitisation, in collaboration with the University of Cape Town.

As this undertaking entails consolidating extensive information into multiple modules, I want to extend my heartfelt gratitude to all those who have and continue to devote their valuable time and expertise to bring this course to fruition.

Since we have already received an expression of interest from prospective students, we hope to have the course content finalised by mid-year and the course available online by the end of the year.

5.3. Membership

The Forum currently comprises 32 members and I would like to express a warm welcome to both Merchant West (Pty) Ltd who joined the Forum in June 2022 and Mettle Specialised Finance who will be joining this year.

As a result of recent efforts by the Legal and Regulatory Committee, which required the Forum to obtain legal opinions on the implications of new legislation affecting our members, as well as the decision to develop a new data repository and reporting platform, we are having to propose an increase in membership fees to cover the additional associated costs.

Although the increase is substantial, it is noteworthy that the Forum has not increased its fees for several years and we are, moreover, convinced that our members will derive significant advantages from these undertakings.

5.4. Composition of the Exco

The composition of the Executive Committee remains largely unchanged apart from the position of Treasurer which, following Greg Lombard's resignation, is now filled by Nirvanee Naicker. I would like to take this opportunity to welcome Nirvanee and thank her for her assistance in finalising the financial statements and financial report at short notice.

The Chairpersons of the Legal & Regulatory, Communication and Education and Membership sub-committees have expressed their willingness to continue to serve in the coming year.

5.5. Financial Position

As of the end of the Financial Year, the Forum's financial position was in line with budget expectations and reflected a cash-positive position of R420 772.

6. Conclusion

Despite facing market headwinds and stagnant growth, we remain committed to promoting securitisation and asset-backed commercial paper issuance as an appealing asset class.

We remain optimistic that proposed legislative changes that are expected to be introduced in the medium term will lead to a more favourable framework, streamlining transaction structuring and reducing both setup and ongoing administration costs.

In conclusion, I want to thank everyone for their ongoing support, their contributions, and their willingness to give of their time so freely to support this Forum and the objectives it aims to meet.

A special word of thanks goes to the Deputy Chair and the Chairs of the various sub-committees for their commitment to the Forum. I also want to thank the Treasurer and the Webmaster for their contributions.

As always, my sincere thanks go to Pat for her assistance in ensuring the Forum is running smoothly.

Thank you.

Kurt van Staden
Chairperson, South African Securitisation Forum
11 May 2023.



PRESENTATION AND ADOPTION OF

- **ANNUAL FINANCIAL STATEMENTS**
- **BUDGET FOR 2024**

**The South African Securitisation Forum
Annual Financial Statements
for the year ended 28 February 2023**

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023**

General Information

Nature of business and principal activities To promote the development of securitisation in South Africa

Executive committee members

Name **Change in appointment**

K van Staden (Chairman)
 E Deiner (Deputy Chairman)
 K Khan (Treasurer) Resigned 12 May 2022
 A Haffeejee (Treasurer) Appointed 12 May 2022
 Resigned 18 August 2022
 G Lombard (Treasurer) Appointed 18 August 2022
 H Ackermann
 B Harmse
 N Zeelie
 S Howie
 R Roothman
 C Gough
 N Gunning Resigned 12 May 2022
 K Ramatlhare Appointed 12 May 2022
 L Marias
 O Ferreira Resigned 18 August 2022
 N Clarke Appointed 18 August 2022
 L Dirker
 D Govender
 D Towers
 S Pienaar
 G Wakelin
 AK Ismail
 J Scheepers
 S Koert
 T Khaole

Auditors

Nolands Inc
 Per: Craig Stansfield CA (SA), RA
 Registered Auditors

Secretary

P Benbow-Hebbert

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023**

Index

The reports and statements set out below comprise the annual financial statements presented to the members:

Index	Page
Independent Auditor's Report	3 - 4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Cash Flows	7
Accounting Policies	8
Notes to the Annual Financial Statements	9 - 10

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	11
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The annual financial statements set out on pages 5 to 10, which have been prepared on the going concern basis, were approved by the executive committee on 11 May 2023 and were signed on its behalf by:

Chairman

Deputy Chairperson

Cape Town
11 May 2023

Independent Auditor's Report

To the members of The South African Securitisation Forum

Opinion

We have audited the annual financial statements of The South African Securitisation Forum set out on pages 5 to 10, which comprise the statement of financial position as at 28 February 2023, the statement of comprehensive income and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present, in all material aspects, the financial position of The South African Securitisation Forum as at 28 February 2023 and its financial performance and cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the committee's own accounting policies to satisfy the financial information needs of the executive committee members. As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The executive committee members are responsible for the other information. The other information comprises the supplementary information set out on page 11. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members for the annual financial statements

The executive committee members are responsible for the preparation and presentation of the annual financial statements in accordance with the basis of accounting described in Note 1 and for such internal control as the executive committee members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive committee members are responsible for assessing the committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committee members either intend to liquidate the committee or to cease operations, or have no realistic alternative but to do so.

EXECUTIVE CHAIRMAN: CLIVE NOLAND BCom (Hons) CA (SA) CHIEF EXECUTIVE OFFICER: ALLAN MUNDELI BCompt (Hons) CA (SA) DIRECTORS: PAUL ERASMUS BCompt (Hons) CA (SA), ARNO DU PREEZ BCom (Hons) CA (SA), CRAIG STANFIELD BCom (Hons) CA (SA), FERDINAND CLOETE BCom (Hons) MCom (Tax) CA (SA), MARK SCHULZE BCompt (Hons) CA (SA), RAFAEL GDWES BCom (Hons) CA (SA) ASSOCIATE DIRECTORS: ANTHONY HOBSON BCom (Hons) CA (SA), BIANCA AGGETT BCom (Hons) CA (SA), JANUDDEN HASHIM BCom (CTA) AGA (SA), LUZELLE WESSELS BCompt (Hons) CA (SA), LUNGANI SHINGA BCom CTA CA (SA), SHIVAR SINGH BCompt (Hons) CA (SA) MERGERS & ACQUISITIONS DIRECTOR: DAVID MASTERTON BCompt (Hons) CA (SA) CPE MDP 8-BBEE, CORPORATE LAW & TAX SPECIALISTS: PROF. WALTER GEACH BA LLB (CPT) MCom FCS CA (SA), GRAEME SAGGERS MCom (UCT) CA (SA) MTP.

Chartered Accountants (SA) Registered Auditors. Geneva Group International (GGI), Independent Member Firm. Nolands Inc Reg No 2000/004145/21 All professional firms practising in the Republic of South Africa under Nolands ("Member firms") are licensed by Nolands Audit SA Proprietary Limited (Registration number: 2020/256102/07) ("Nolands SA") save for member firms practising outside of the Republic of South Africa which member firms are licensed by Nolands International Limited (BRN No: C16143706) (FSC No: C116016185). Each member firm is an independent contractor practising for its own risk and benefit. No member firms are partners, agents, representatives, joint ventures, fiduciaries or the like (collectively "Associates") of each other. Likewise, no member firms and Nolands SA or Nolands International Limited are Associates of each other. If any further information is required, kindly contact us. See <http://www.nolands.co.za/disclaimers>.

Independent Auditor's Report

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee's members.
- Conclude on the appropriateness of the executive committee's members use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Furthermore, we communicate with the executive committee members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nolands Inc
Registered Auditor
Practice number: 900583e
Per: Craig Stansfield CA (SA),RA
Director

11 May 2023
Cape Town

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023**

Statement of Financial Position as at 28 February 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Accounts receivable	2	15 000	-
Cash and cash equivalents	3	420 772	429 587
Total Assets		435 772	429 587
Funds and Liabilities			
Funds			
Accumulated funds	4	418 519	417 797
Liabilities			
Current Liabilities			
Accounts payable	5	17 253	11 790
Total Funds and Liabilities		435 772	429 587

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Revenue	6	476 250	465 000
Operating expenses		(500 267)	(577 432)
Operating loss	7	(24 017)	(112 432)
Investment revenue	8	24 739	17 352
Profit / (loss) for the year before taxation		722	(95 080)
Taxation	9	-	-
Profit / (loss) for the year		722	(95 080)

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023**

Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Cash used in operations	10	(33 554)	(82 432)
Interest income	8	24 739	17 352
Net cash flow from operating activities		(8 815)	(65 080)
Net cash and cash equivalents movement for the year			
Cash and cash equivalents at the beginning of the year		429 587	494 667
Cash and cash equivalents at the end of the year	3	420 772	429 587

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023**

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and the related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

1.2 Financial instruments

Accounts receivables

Accounts receivable are items that the Forum has issued invoices for, but not received payment for, as at the reporting date. They are stated at their estimated realisable value, which means that the amount stated is the figure the Forum realistically expects to receive.

Accounts payable

Accounts payable are items where the goods and services have been received by the Forum, but as at the reporting date have not yet been paid. They are stated at the amount of cash required to settle those liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently at amortised cost.

1.3 Revenue

Membership fees are recognised on the accrual basis in accordance with the substance of the relevant membership agreements.

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
2. Accounts receivable		
Membership fees receivable	15 000	-
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	420 772	429 587
4. Accumulated funds		
Opening balance	417 797	512 877
Profit / (loss) for the year	722	(95 080)
	418 519	417 797
5. Accounts payable		
Trade payables	17 253	11 790
6. Revenue		
Membership fees	476 250	465 000
7. Operating loss		
Operating loss for the year is stated after accounting for the following expense items:		
Auditors' remuneration	19 837	13 225
Consulting fees paid	416 000	396 630
Legal expenses	-	92 075
Secretarial expenses	-	6 958
Website and computer costs	58 765	64 032
	494 602	572 920
8. Investment revenue		
Interest received		
Bank	24 739	17 352
9. Taxation		

The Forum is registered as a Public Benefit Organisation. Its receipts and accruals derived from trading activities fall within the prescribed parameters as contained in Section 10(1)(d)(iv)(bb) of the Income Tax Act of South Africa. Accordingly, no provision for taxation has been made as all receipts and accruals are exempt from taxation.

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2023**

Detailed Income Statement

Figures in Rand	Note(s)	2023	2022
Revenue			
Membership fees		476 250	465 000
Operating expenses			
Auditors' remuneration		19 837	13 225
Bank charges		1 888	1 878
Consulting fees paid		416 000	396 630
Legal expenses		-	92 075
Secretarial fees		-	6 958
Sundry office costs		3 777	2 634
Website and computer costs		58 765	64 032
		500 267	577 432
Operating loss		(24 017)	(112 432)
Interest received	8	24 739	17 352
Profit / (loss) for the year		722	(95 080)

1. Cash Flow Statement – Actual from 1 March 2022 to 28 February 2023 compared to Budget from 1 March 2022 to 28 February 2023

SOUTH AFRICAN SECURITISATION FORUM				
BUDGET VS ACTUAL RESULTS - 1 MARCH 2022 – 28 February 2023				
Income Statement:	Actual	Budget	Budget remaining	Comments on variance between actual YTD and budgeted YTD
	12 Months 28-Feb-23	FULL YEAR 28-Feb-23	till 28-Feb-23	
Income	485,989	493,602	-7,613	
Interest	24,739	17,352	7,387	Stable MM balance. Current rate 6.7% Refer to membership report for more detail.
Membership Fees	461,250	476,250	-15,000	
Expenses	494,804	583,874	-89,070	
Auditors	14,375	24,393	-10,018	In line with expectation
Bank charges	1,888	1,990	-102	In line with expectation
Website design, maintenance costs	57,577	57,439	-138	In line with expectation
Consulting	416,000	416,000	0	In line with expectation
Sundry office costs	3,806	4,052	-246	In line with expectation
Travel	0	30,000	-30,000	Below expectation as no travel.
General provision - contingency	1,159	50,000	-48,841	UCT Course – formatting of presentations
Profit/(loss) before tax	-8,815	-90,272		
Tax	-	-		
Profit/(Loss) after tax	-8,815	-90,272		
Cash at Beginning of the year	429,587	429,587		
Add: Net income over expenses	-8,815	-101,522		
Closing cash balance	420,772	339,315		

2. Cash Flow Statement – Actual from 1 March 2022 to 28 February 2023 compared to Budget from 1 March 2023 to 29 February 2024

SOUTH AFRICAN SECURITISATION FORUM				
BUDGET VS ACTUAL RESULTS - 1 MARCH 2023 – 29 February 2024				
Income Statement:	Budget	Actual	Year on year movement	Comments on variance between actual YTD and budgeted YTD
	12 Months 29-Feb-24	12 Months 28-Feb-23	till 28-Feb-24	
Income	682,880	485,989	196,891	
Interest	42,880	24,739	18,141	Increase in line with increase in membership fees at MM rate of 6,7%
Membership Fees	640,000	461,250	178,750	Fees are expected to increase to R20 000 pm in FY24. Number of members expected to remain constant (32)
Expenses	719,494	494,804	224,690	
Auditors	15,238	14,375	863	Increase of 6% in line with PY
Bank charges	2,001	1,888	113	Increase of 6% in line with PY
Website design, maintenance costs	61,032	57,577	3 455	Increase of 6% in line with PY
Consulting secretarial fees	440,960	416,000	24 960	Increase of 6% in line with PY
Sundry office costs	4034	3,806	288	In line with expectation
Travel	15,000	0	15,000	Travel expenses for Secretary considered for FY24 for in person Exco/AGM meetings.
General provision – contingency	1,229	1,159	70	Increase of 6% in line with PY
Website Development	180,000	0	180,000	These relate to website development and moving the BASA reports to the SASF website.
Profit/(loss) before tax	-36,614	-8,815		
Tax	-	-		
Profit/(Loss) after tax	-36,614	-8,815		
Cash at Beginning of the year	420,772	429,587		
Add: Net income over expenses	-36,614	-8,815		
Closing cash balance	384,158	420,772		



APPROVAL OF 2023/2024 MEMBERSHIP FEES



FEEDBACK FROM THE SUB-COMMITTEES

The following sub-committee reports will be taken as read and only questions will be addressed.



LEGAL & REGULATORY



Annual Report of the Legal & Regulatory Sub-Committee of the South African Securitisation Forum for the 2022/2023 year

Members of the Executive Committee of the South African Securitisation Forum (the “Forum”), Chairpersons of the various sub-committees of the Forum, Colleagues, Ladies and Gentlemen.

1. Introduction

I am presenting this report to you in my capacity as Chairperson of the Legal and Regulatory Sub-Committee (“sub-committee”). I would also like to extend my appreciation to all the members of the sub-committee for their input and time during the past term, which was a busy one on the legal and regulatory front. Four formal sub-committee meetings were held during the term, namely in August and October 2022 and in February and May 2023. All the meetings were well attended.

2. Overview of the sub-committee’s 2022/2023 activities

2.1 Securitisation Regulatory Framework and Prudential Authority Engagement

2.1.2 Update to the Regulations relating to Banks to incorporate Basel III Amendments

The Prudential Authority (PA) has updated the Regulations relating to Banks to incorporate the Basel Committee’s latest capital framework for securitisation. The implementation date for the amendments was October 2023. Although the forum did not comment on the framework (only banks were consulted), BASA did comment. A framework for Simple, Transparent and Comparable (STC) securitisations was also published with a focus on preferential capital treatment for banks participating in transactions that comply with the STC framework. The framework implemented by the PA is essentially a direct incorporation of the Basel Committee’s framework. To allow for more flexibility regarding enhancements and amendments, it was published as a Banks Act Directive.

2.1.3 Securitisation Roundtable with the PA and National Treasury

The Forum held a round table discussion with delegates from the PA and National Treasury on the 25th of April 2023. The discussion was constructive and has hopefully laid the foundation for regular future engagements. Topics discussed included:

- a) An overview of securitisation;
- b) Securitisation from a non-bank perspective.
- c) The changing regulatory landscape for securitisation;
- d) Overview of synthetic securitisation;
- e) Overview of the securitisation and commercial paper regulations; and
- f) Developments within the EU securitisation market.

The PA also used the opportunity to update the Forum on the status of the revision to the Commercial Paper Regulations (CP Regulations). They indicated that the objective of the CP Regulations is to enable corporates to access the domestic capital markets by issuing commercial paper to raise short-term funding from institutional investors to fund their business' operational activities. They indicated that the evolution of market practices and the subsequent universal focus on financial stability have necessitated a comprehensive review of the legislative framework which includes a review of the CP Regulations. Some of the amendments will include:

- a) Expanded definitions.
- b) Term structure for CP issuance.
- c) Inclusion of a new regulatory return for compliance monitoring purposes.
- d) And expanded scope of issuers; and
- e) Enhanced disclosure requirements.

An industry survey will also be conducted on specific matters relating to the proposed amendments to the CP Regulations.

From a timing perspective, the PA indicated that they will be publishing the draft of new CP Regulations in June/July 2023 for public comment and are aiming to implement them in early 2024.

Once the CP Regulations are finalised, will the focus shift to updating the Securitisation Exemption Notice?

2.2 Amendments to the Financial Intelligence Centre Act, 38 of 2001 (“FICA”)

The sub-committee discussed the impact of the amendments to FICA and in particular the impact of the amendments to item 11 of Schedule 1 to FICA on securitisation issuers. It was discussed whether issuers are required to be registered as accountable institutions under

FICA and if so, the practical application of the outsourcing provisions of FICA and guidance provided by the Financial Intelligence Centre.

The sub-committee engaged with legal counsel at ENS who shared their views on an informal basis. The sub-committee decided not to get a formal legal opinion partly since not all structures are uniform and require a case-by-case assessment. Guidance by the FIC such as draft PCC23A, should also be considered. Draft PCC23A provides that where an institution no longer provides credit but is still managing a runoff loan book, such an institution would not be included within the scope of Item 11.

Item 11 of Schedule 1 to FICA has been amended to include the following categories of credit providers as accountable institutions:

- a) A person who carries on the business of a credit provider as defined in the National Credit Act 34 of 2005 (NCA); and
- b) A person who carries on the business of providing credit in terms of any credit agreement that is excluded from the application of the NCA by section 4(1)(a) or (b) of the NCA.

A person will only fall within the ambit of item 11 if he is engaged in the carrying on the business of a credit provider.

Should an issuer be required to register as an accountable institution, care should be given to ensure compliance with FICA as far as the outsourcing arrangements (such as the required compliance function) and reporting requirements under FICA are concerned. The issuer will also have to have its own Risk Management and Compliance Programme.

The deadline for compliance was March 2023.

3. Outlook and Conclusion

In conclusion, 2023 will continue to be a busy year on the legal and regulatory front. Constructive engagement with regulators will be a key deliverable for the sub-committee.

Current market conditions are conducive for new transactions considering conditions in the local Debt Capital Markets.

Hendrik Ackermann
Chairperson
May 2023



COMMUNICATION AND EDUCATION



REPORT OF THE COMMUNICATION AND EDUCATION
SUB-COMMITTEE OF THE SOUTH AFRICAN SECURITISATION FORUM FOR THE 2022/2023
YEAR

Members: David Towers, David Toerien, Louis Dirker, Evelyn Deiner, Gill Raine, Nick Gunning, Richard Roothman, Rishendrie Thanthony, Dhesegan Govender, Brendan Harmse and Kurt van Staden.

EDUCATION

UCT Securitisation Course

The Forum did not hold a Securitisation course with UCT in the past year despite the successful course in the previous year which enjoyed attendance by over 50 participants across the industry, including a non-South African contingent from across the continent. This course had been the first to be presented online with no in-person presence required, a legacy of the recent COVID protocols. At the suggestion of market participants and UCT, it was decided that an even more efficient way forward would be to make a course available online, accessible throughout the year and available to participants to work through in their own time.

This, however, did require a complete reboot of the course. Instead of individual presenters presenting their topic live they would now be required to prepare a brief introductory video of the topic followed by a detailed and comprehensive written report of the subject matter. The combined course material would together be an electronic book covering the entire course.

The content of the course will largely follow that of the previous year's course with a few changes including a focus on ESG and international and local regulatory and market developments.

The intention is to aim to complete all the material by the end of June to enable UCT to load it onto their electronic platform and then market it to the audience.

Once this is complete the course can be accessed on an on-going basis. It would be incumbent upon the committee members to ensure that the course material remains current and relevant. It will be updated as and when required.

Capital Markets Conferences

An in-person Bonds, Loans and Sukuk Africa Conference was held in Cape Town in March for the second year running. Although securitisation itself was not a topic which was specifically addressed, the attendees included many from our industry who would normally have attended the IMN securitisation conference. It represented a welcome opportunity for members of our industry to continue to network in the absence of the previous regular annual conference offered by the IMN.

SASF Outreach

In addition to the events already mentioned, the Committee is engaging with Moody's and Standard & Poor's to offer presentations on topics relevant to the industry, as well as possibly engage with members on cash flow modelling to assist in risk assessments.

We have liaised with various regulators to help gain a better understanding of all aspects of the market including regulatory developments and how they may impact our industry, with the intention of mutual information sharing. In particular, we are currently communicating with Strate to overcome the difficulties in engaging with the ultimate beneficiaries which currently can slow down the communication and voting processes.

Other Matters

We have observed an increasing number of non-bank securitisation transactions taking place and not necessarily reported to our database. We have undertaken to discuss this with the parties involved and hope to attract them to our Forum so that we can get a better understanding of the total market activity.

DATABASE:

To date, BASA has been maintaining a database of information related to securitisation issuances and we are in the process of engaging with them to have this moved onto the SASF Website. Once the transition has been effected, we will consider possibly expanding on the detail to provide more comprehensive information to the local market

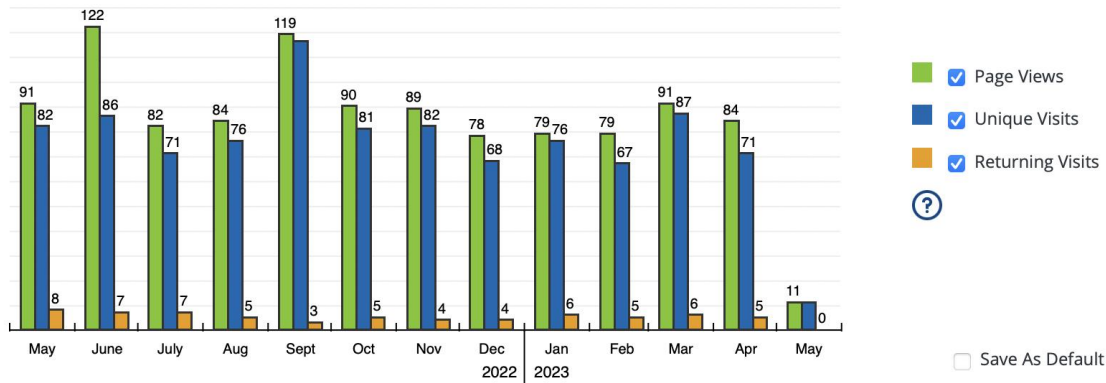
COMMUNICATION:

The main instrument for communication between the Forum and its stakeholders continues to be our website. The site presently contains all relevant details of the Forum and its members. It also contains news, publications, investor reporting, information on education, our constitution, links to other international securitisation forums, as well as basic information on securitisations and its history in South Africa. We aim to provide all available securitisation investor reporting on the SASF website shortly after they are released. Most of the JSE-listed transaction reports are listed on the website.

Copies of all reports tabled at the AGM of the Forum will also be posted on the site immediately after the AGM.

David Towers
May 2023

SASF website usage up to 4 May 2023



Average Monthly Page Views		Average Monthly Unique Visits		Average Monthly First Time Visits		Average Monthly Returning Visits		
84.5		74.9		69.9		5.0		
	Page Views	Unique Visits	First Time Visits	Returning Visits				
+ May 2023	11	11	11	0				
+ Apr 2023	84	71	66	5				
+ Mar 2023	91	87	81	6				
+ Feb 2023	79	67	62	5				
+ Jan 2023	79	76	70	6				
+ Dec 2022	78	68	64	4				
+ Nov 2022	89	82	78	4				
+ Oct 2022	90	81	76	5				
+ Sept 2022	119	116	113	3				
+ Aug 2022	84	76	71	5				
+ July 2022	82	71	64	7				
+ June 2022	122	86	79	7				
+ May 2022	91	82	74	8				
Total	1,099	974	909	65				

Returning Visits - Based purely on a cookie, if this person is returning to your website for another visit an hour or more later.

First-Time Visits - Based purely on a cookie, if this person has no cookie then this is considered their first time at your website.

Unique Visitor - Based purely on a cookie, this is the total of the returning visits and first-time visits - all your visitors.

Page Load - The number of times your page has been visited.

SASF: Investor reports on the website as of 4 May 2023

Please see below a list of all the latest Investor Reports currently displayed on the SASF website, together with the date of the latest issue available.

Residential Mortgage-Backed Securitisations

Amber House Fund 2 – SA Homeloans
April 2023

Amber House Fund 5 – SA Homeloans
February 2023

Amber House Fund 6 – SA Homeloans
February 2023

Amber House Fund 7 – SA Homeloans
February 2023

Greenhouse 5 (RF) Limited- Nedbank
January 2023

Nqaba Finance 1 - Eskom Finance Company (EFC)
February 2023

Thekwini Funds- SA Homeloans
Thek 14: Fully Redeemed
Thek 15: Fully redeemed
Thek 16: February 2023
Thek 17: February 2023
Thek 18: February 2023

Commercial Mortgage-Backed Securitisation

Precinct Funding 2 (RF) Limited - Nedbank Capital
Precinct Funding 2 (RF) Limited has been unwound at the end of January 2022

Asset-Backed Securitisations

SA Securitisation Programme (previously Equipment Rentals Securitisation) - Sasfin Bank
Series1
February 2023

Series 2
February 2023

Series 3
February 2023

Asset-Backed Securitisations - Autos

Nitro Securitisation 6 (Pty) Ltd – Wesbank
March 2022

Nitro Securitisation 7 (Pty) Ltd – Wesbank
March 2023

SuperDrive Investments (Pty) Ltd - BMW FS securitisation - Standard Bank
February 2023

Torque Securitisation (RF) Limited
February 2023

Transsec 3 (RF) Limited
October 2022 - archived

Transsec 4 (RF) Limited
March 2023

Transsec 5 (RF) Limited
February 2023

ABCP Conduits

Inkotha Investments (Pty) Ltd - Firstrand Bank
March 2023

Ivusi Investments (Pty) Ltd - Firstrand Bank
March 2023

Thekwini Warehousing Conduit - SA Homeloans
March 2023

Synthetic Securitisations

Micro-Lending Receivables



MEMBERSHIP

Annual Report of the Membership Sub-Committee for 2022/2023

The current SASF membership stands at 32 members.

Fees invoiced for 2022/2023 totalled R476 250 in respect of 32 members. All fees have been received.

At the Exco meeting held on 23 February 2023, the Executive Committee agreed to increase the membership fees from R15 000 to R20 000 per member. This would be proposed at the Annual General Meeting.

Merchant West Proprietary Limited joined the Forum in June 2022.

An approach was made to Redinkcapital (Pty)Limited to join the Forum.

Mettle Specialised Finance intends to join this financial year.

SA Securitisation Forum Members
ABSA Capital
Ashburton Investments
Bayport Securitisation (RF) Limited
BMW Financial Services (SA)(Pty)Ltd
Bowmans
Centrafin Pty Limited
Cliffe Dekker Hofmeyr
CMS RM Partners (Pty) Ltd
Deloitte & Touche
ENS
Ernst & Young
Hypoport Africa Limited
Investec Bank Limited
KPMG Inc
Merchant West Proprietary Limited
Nedbank CIB
Ninety One (Pty) Limited
PricewaterhouseCoopers
Quadridge Trust Services (Pty) Ltd
Quince Capital
Rand Merchant Bank
SA Home Loans
SA Taxi Development Finance (Pty)Limited
Sanlam Investments
Sasfin Bank Limited
Standard Bank of South Africa Limited
STANLIB
Stonehage Fleming
TMF Corporate Services (South Africa) (Pty)Ltd
TUHF Limited
Webber Wentzel
Werksmans Attorneys

Katlego Ramatlhare
May 2023



ANNOUNCEMENT OF OFFICE BEARERS FOR 2023/2024

Treasurer – Nirvanee Naicker

**Legal & Regulatory sub-committee - Hendrik
Ackermann**

**Communication & Education – David Towers
Membership - Katlego Ramatlhare**



GENERAL



Constitution

THE SOUTH AFRICAN SECURITISATION FORUM CONSTITUTION

1. Objects

- 1.1 **Objects.** The objects of the South African Securitisation Forum (“SASF”) are: To promote the development of securitisation in South Africa through education of government, regulatory and other authorities, the public, investors, originators and others with an interest or potential interest, both in South Africa and overseas, in the benefits of securitisation to South Africa and aspects of the South African securitisation industry.
- 1.2 **Co-ordinate with other forums.** It is expected that the SASF would co-ordinate, where appropriate, with the European Securitisation Forum, the Australian Securitisation Forum and other industry advocacy groups to act as a constructive force in the world securitisation markets.

2. Nature of the Association and its Profits

- 2.1 **Universitas personarum.** The SASF is a universitas personarum, constituted under the South African common law, and as such:
- (i) the SASF is a non-profit association that does not have the object of carrying on any business whereby profit or gain is generated for the SASF;
 - (ii) (ii) the SASF has perpetual succession, that is, it continues as an entity notwithstanding changes of membership;
 - (iii) the SASF holds its assets distinct from its members and no member has any right, title, claim or interest to the assets of the SASF by reason of membership; and
 - (iv) the SASF is responsible for payments of its debts.

2.2 **Use of funds.** The SASF is required to utilise its funds and assets solely for the objects for which it has been established.

3. Powers

3.1 **Give effect to the objects.** The SASF shall have the necessary powers to give effect to its objects. This includes the power to:

- (i) enter into any arrangement with any governments or authorities, supreme, municipal or otherwise;
- (ii) invest and deal with the money of the SASF that is not immediately required in such a manner as the SASF may deem fit;
- (iii) remunerate any person or company or services rendered or to be rendered in respect of organising or managing the SASF's affairs;
- (iv) open bank accounts, and to draw, make, accept, endorse, discount, execute and issue negotiable or transferable instruments or any kind;
- (v) borrow money;
- (vi) apply for and to obtain any law, order, regulation or other authorisation or provision that is to the benefit of the SASF;
- (vii) make such rules as are conducive to the SASF attaining its goals; and
- (viii) generally, do or have all such things done as may appear in the SASF to be incidental or conducive to the attainment of the objects of the SASF.

4. Method of Operation

4.1 **Meet with regulators, etc.** It is anticipated that members of the SASF and appropriate committees will meet with regulators and other relevant parties on a regular basis to develop a constructive dialogue that serves to educate regulators and improve industry appreciation for, and influence on, the development of legal, accounting, regulatory, capital and other related issues.

- 4.2 **Inform members.** The SASF will regularly keep members informed of important ongoing issues and developments.
- 4.3 **Education programs.** The SASF will sponsor high-level education programmes that will attempt to be more focused on serving the securitisation community than those currently available from commercial programmes.
- 4.4 **Industry communication.** The SASF will promote discussion and consensus between all member groups of the SASF.
- 4.5 **Standards.** The SASF will develop industry standards and endeavour to standardise matters within the industry. The SASF will also sponsor research into new developments.
5. **Executive Committee**
- 5.1 **Final authority.** The governing body of the SASF will be an Executive Committee. Final authority for the SASF, including the winding up of this constitution, will however unless otherwise specified, reside with a majority of the members of the SASF.
- 5.2 **Conduct business; delegation.** The Executive Committee shall conduct its own business when in session and may delegate its authority to Committees and Task Forces. If the Chairperson decides it is impractical to meet in person, meetings may be conducted telephonically or by the circulation of written materials.
- 5.3 **Number of members.** The Executive Committee will consist of up to 21 members plus any officers given the power to vote on the Executive Committee who have not otherwise been appointed to the Executive Committee.
- 5.4 **Open to all SASF members.** The membership of the Executive Committee will be open to all members of the SASF.
- 5.5 **Election of Chairperson and Deputy Chairperson.** Each of the Chairperson and the Deputy Chairperson of the Executive Committee will be elected by a majority vote of the Executive Committee.
- 5.6 **Term.** Each Executive Committee member's term will be 2 years, except for the initial Executive Committee members, whose term will be a period of 2 or 3 years so that approximately one-half of the Executive Committee members will rotate each year (other than after the first year) except that:

- (i) the terms of the Executive Committee members elected as Officers (being Chairperson, Deputy Chairperson, Secretary, Treasurer, or other Executive Officer) must automatically be extended to coincide with their terms in such office;
- (ii) the terms of the Executive Committee members may be extended by the Executive Committee as the Executive Committee shall deem appropriate; and
- (iii) the terms of office of Executive Committee members shall end on the last day of February of the year in which those terms are scheduled to expire, which date is intended to follow closely in time with the date of the SASF's annual meeting, at which elections of Executive Committee members and officers shall take place.

5.7 **Initial members.** The initial members of the Executive Committee (and any other Committee) will be appointed by the founding members of the SASF and then present at the meeting first establishing the SASF.

5.8 **Categories.** Executive Committee membership will be divided between member categories as set out in the table below. It is intended that members of the Executive Committee be representative of the diversity of participants in the securitisation industry, to the extent practicable, taking into consideration the SASF's overall goals set out in Clause 1.

Member category	Maximum number of Executive Committee members
Issuer/Originator	3
Investor	4
Commercial Banks	6
Trustees	3
Law firms	2
Accounting firms	2
Other	1

5.9 **Members.** A person is qualified to be appointed to the Executive Committee if at the time of their appointment, that person is employed by or is an officer or director of a member of the SASF or otherwise has an association, approved by the Executive Committee, with a member of the SASF. Each member of the Executive Committee may appoint an alternate and the representative and the alternate may both attend and participate at meetings of the Executive Committee. However, each member of the Executive Committee has only 1 vote, notwithstanding that the member and his/her alternate may both be present at a meeting.

5.10 **Cessation of employment.** A member of the Executive Committee shall not be required to resign his/her appointment on the termination of that member's employment or directorship with a member of the SASF, subject to the power of the Executive Committee to

- (i) remove a such member in terms of Clause 5.12 and
- (ii) fill a casual vacancy in terms of Clause 5.13.

5.11 **Regular meetings.** The Executive Committee will meet not less than 4 times per year with such other interim meetings (including via teleconference) as deemed necessary by the Chairperson. The Chairperson or his or her designee, in consultation with the Executive Committee, will set dates for such meetings.

5.12 **Removal.** The Executive Committee may remove a member from the Executive Committee for any reason by a vote of at least 75% of the full Executive Committee. Failure of any Executive Committee member or his alternate to attend, in person or by telephone, more than 2 Executive Committee meetings in any calendar year, constitutes sufficient cause for removal.

5.13 **Casual vacancies.** In the event of a casual vacancy occurring in the membership of the Executive Committee, the Executive Committee may appoint a member of the SASF to fill the vacancy and the member so appointed shall hold office, subject to this Constitution, until the conclusion of the annual general meeting at which that position would have been otherwise eligible to be filled but for the casual vacancy.

6. Officers of the Executive Committee

6.1 **Number of Officers.** The Executive Committee will consist of such number of officers as shall be decided by the Executive Committee.

6.2 **Officers.** Subject to the Executive Committee deciding otherwise, the officers of the Executive Committee will consist of:

- (i) the Chairperson;

- (ii) the Deputy Chairperson;
- (iii) the heads of each Subcommittee of the Executive Committee;
- (iv) the Treasurer;
- (v) the Secretary.

7. Officers

7.1 Chairperson and Deputy Chairperson

- (i) The principal duties of the Chairperson and Deputy Chairperson shall be to create policies, and strategies for effecting those policies, to accomplish the goals of the SASF set forth in Clause 1. Together, they will have all of the powers enumerated elsewhere in this Constitution and, in addition, will lead the Executive Committee. The Chairperson shall preside at, be a member and serve as the Chairperson of, all meetings by the Executive Committee, and shall call special meetings of any committee as necessary and appropriate, except as may otherwise be provided at the time any committee is established. The term of the appointment of each of the Chairperson and Deputy Chairperson shall be 2 years, except as extended by action of the Executive Committee as it shall deem appropriate.
- (ii) In the absence of the Chairperson, the Deputy Chairperson shall perform the duties of the Chairperson. The Deputy Chairperson shall generally assist the Chairperson and shall have such other powers and perform such other duties and services as the Chairperson or the Executive Committee shall prescribe, provided that the Deputy Chairperson shall report to the Chairperson.
- (iii) The Chairperson and Deputy Chairperson must have a broad understanding of and experience with the securitisation industry, and demonstrated leadership ability and experience with relevant trade or professional organizations and must be willing to devote the time necessary to carry out their responsibilities during their term.

7.2 Secretary

- (i) The Executive Committee shall appoint a Secretary. The term of the appointment of the Secretary shall be 2 years, except as extended by action of the Executive

Committee as it shall deem appropriate.

- (ii) The responsibilities of the Secretary shall include, in conjunction with the staff of the SASF, (a) the oversight of all records of the Executive Committee, the subcommittees and the members; (b) recording or causing to be recorded the minutes of each meeting of the Executive Committee and (c) performing such other duties as may be requested by the Chairperson or the Executive Committee.

7.3 Treasurer

- (i) The Executive Committee shall appoint a Treasurer. The term of the appointment of the Treasurer shall be 2 years, except as extended by action of the Executive Committee as it shall deem appropriate.
- (ii) The Treasurer shall be responsible for preparation of the budget and shall present the annual financial statements to the Executive Committee for its final approval. The Treasurer shall report the financial condition of the SASF at each regular meeting of the Executive Committee. The Treasurer shall also perform such other duties as may be assigned to such office by the Chairperson or the Executive Committee.

8. Meetings

- 8.1 **Quorum.** The quorum for meetings of any committee shall be a majority of the voting membership of that committee at the time of the meeting, present in person or by proxy. No committee may conduct official business without a quorum.
- 8.2 **Voting.** Any matter to be voted upon by a committee shall, except where otherwise specifically required, be approved by the affirmative votes of a majority of members of that committee present in person (which includes presence by telephone) or by proxy.

9. Constitution

- 9.1 **Adoption and Ratification.** The Executive Committee will adopt the Constitution of the SASF.
- 9.2 **Amendment.** The Constitution may only be amended by a super-majority vote of two thirds of the members of the Executive Committee present in person or by proxy at a meeting at which a quorum is present.

9.3 **Additional Operating Procedures.** Any committee may establish additional operating procedures with regard to its own business to the extent not inconsistent with these Operating Procedures.

10. Committees

10.1 **Establishment and staffing.** The Executive Committee will establish and staff the other standing or ad hoc committees and task forces.

10.2 **Members.** Committees established by the Executive Committee will be open to any member of the SASF. The Executive Committee will appoint the members of each Committee.

10.3 **Head.** The head of each Committee must be an Executive Committee member, Officer or their principal alternate. The Executive Committee will appoint the head of each Committee.

10.4 **Term of head.** The head of each Committee will have a term of 1 year with a consecutive 3-year maximum, except as extended by action of the Executive Committee, as it shall deem appropriate.

10.5 **Initial Subcommittees.** The Executive Committee may decide from time to time to establish any subcommittee at its discretion. The initial subcommittees will be:

- (i) Legal and Regulatory Subcommittee;
- (ii) Accounting and Tax Subcommittee;
- (iii) Membership Subcommittee;
- (iv) Market Standards and Practices Subcommittee;
- (v) Communication and Education Subcommittee;
- (vi) Investor Subcommittee;

10.6 **Meetings.** The Subcommittees may meet at any time they may choose. Dates for such meetings will be set by the head of the relevant subcommittee in consultation with the subcommittee.

11. Employees and Employment Matters

11.1 **Staff.** A dedicated, full-time professional and administrative staff at a level necessary to support and carry out its activities effectively and efficiently may be appointed to support the SASF.

12. Notices

12.1 **Types of notice.** If mailed, all notices, ballots or other material to be provided to members, officers or committee members of the SASF shall be deemed delivered when deposited with the South African Post Office or any courier service for certified delivery. Any notice delivered by facsimile shall be deemed delivered upon successful transmission of such facsimile. Any notice delivered by electronic message shall be deemed delivered upon successful transmission of such electronic message.

12.2 **Waiver of notice.** Whenever any notice is required to be given to any member, officer or committee member of the SASF under the provision of any statute or this Constitution, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

13. Membership, Budget and Finance

13.1 **Membership of SASF.** Membership of the SASF will be open to all professional participants in the securitisation industry, including without limitation issuers, originators, dealers, arranging banks, underwriters and other financial intermediaries, investors, servicers, guarantors, rating agencies, trustees, information technology specialists, lawyers and accountants. A member (whether an individual or institution) need not be a South African resident. The Membership Subcommittee may develop further membership criteria from time to time, subject to approval by the Executive Committee.

13.2 **Application for membership.** An application for membership to the SASF by any individual or business organisation must be made in writing in the form approved by the

Membership Subcommittee from time to time, signed by its nominated representative (who must be specified as such in the application) and lodged with the Secretary.

- 13.3 **Executive Committee must approve application for membership.** The Secretary must refer an application for membership of the SASF to the Executive Committee as soon as practicable after receiving the application. The Executive Committee may approve or reject an application for membership of the SASF in its sole and absolute discretion.
- 13.4 **Nominated representatives.** All notices and other communications to a member will be sent to its nominated representative. A member may from time to time replaced its then nominated representative by notification to the Secretary.
- 13.5 **Membership entitlements not transferable.** A right, privilege or obligation which a business organisation has by reason of being a member of the SASF
- (i) is not capable of being transferred or transmitted to another person or organisation,
 - (ii) terminates upon the cessation of the organisation's membership of the SASF and
 - (iii) is capable of being exercised only by the nominated representative of that organisation.
- 13.6 **Cessation of membership.** A business organisation will cease to be a member of the SASF if
- (i) the organisation resigns as a member by written notice to the Secretary or
 - (ii) the Executive Committee determines that such organisation's membership of the SASF should be terminated.
- 13.7 **Funding.** The SASF will be entirely self-funded through membership dues and other sources of revenue (such as educational conferences).
- 13.8 **Levels and dues.** Membership dues will vary according to organization size and scope of operations in the South African securitisation market. Anticipated membership levels are attached as Schedule 1. The Membership Committee may vary dues and levels from time to time, subject to approval by the Executive Committee.

13.9 **Appropriate membership level.** The Membership Committee may determine the appropriate membership level for an applicant, provided that such determinations shall be consistently applied in respect of all applicants.

13.10 **Pay dues.** In the year in which a member first joins the SASF, after 30 days (or such other period as shall be determined by the Chairperson in the reasonable exercise of his or her discretion) from notification by the membership committee of acceptance of that member, that member will not be able to attend meetings unless it shall have paid the required amount of membership dues. In subsequent years, a member will not be able to attend meetings unless it shall have paid the required amount of membership dues by March 31 of that year.

13.11 **Policies for broken periods.** Dues payable for new SASF members will be calculated based upon the pro-rata number of months of membership the new participant will enjoy, rounded to the closest month end. For instance, if a new larger financial intermediary were to join as of August, then they would owe membership dues for 5 out of 12 months at the R30K level (i.e. R12.5K). Pro-rata dues are payable after the end of June for the remainder of the year. This policy applies to new SASF members only.

13.12 **Yearly membership.** Members' financial commitment to the SASF will be on a yearly basis.

13.13 **Fiscal year.** The fiscal year of the SASF shall be from March 1 to February 28 each year and annual financial statements, prepared in terms of generally accepted account practice, shall be prepared as this date. These accounts shall be subject to annual examination by an independent firm of registered accountants and auditors. The annual financial statements shall be audited within 90 days after year end and shall be presented to the annual general meeting of SASF for ratification, after having been approved by the executive committee of SASF.

14. Indemnity

14.1 **Liability.** Every member of the Executive Committee, agent, auditor, secretary, servant and any other officer or employee for the time being of the SASF, shall be indemnified out of the assets of the SASF, against any liability incurred by him arising out of his aforesaid office in defending any proceedings, whether criminal or civil, on which judgment is given in his favour or in which he is acquitted, provided that the SASF's liability pursuant to such indemnity shall only extend to such amount which the Executive Committee in its discretion may decide.

14.2 **Dissolution and winding-up.** Should the SASF be dissolved or wound up, the assets of the SASF must be given or transferred to another society, association or company that has a similar non-profit goal to that of the SASF, after all obligations of the SASF have been met.

APPROVED AT THE ANNUAL GENERAL MEETING 19 MAY 2016

SCHEDULE I

SASF Membership Categories and Dues

As of February 2009

Type	Level	Due
Larger Rating Agencies (First year free)	I	R15 000
Financial Guarantors	I	R30 000
Larger Accounting Firms	I	R30 000
Larger Banks and/or other Financial Intermediaries	I	R30 000
Larger Law Firms	I	R30 000
Larger Issuers/Originators	I	R30 000
Larger Investors (First year free)	I	R15 000
Trustees	II	R15 000
Medium Banks and/or other Financial Intermediaries	II	R15 000
Medium Law Firms	II	R15 000
Medium Issuers/Originators	II	R15 000
Servicer Companies	II	R15 000
Smaller Rating Agencies (First year free)	II	R15 000
Medium Investors (First year free)	II	R15 000
Smaller Banks and/or other Financial Intermediaries	III	R10 000
Smaller Accounting Firms	III	R10 000
Smaller Investors (First year free)	III	R15 000
Mortgage Insurers	IV	R 7 500
Smaller Issuers	IV	R7 500
Smaller Law Firms	IV	R 7 500
Other Financial Entities	IV	R 7 500
Suppliers	IV	R 7 500