



**SOUTH AFRICAN SECURITISATION AND ASSET  
BACKED DEBT SECURITIES FORUM**

**ANNUAL GENERAL MEETING**

**TO BE HELD ON THURSDAY 16 MAY 2024 11H30**

**VIA MICROSOFT TEAMS**

**Please follow the link in the calendar invite.**



**WELCOME**

**ATTENDANCE**

**APOLOGIES**



## **ADOPT AGENDA**



**SOUTH AFRICAN SECURITISATION AND ASSET BACKED SECURITISATION  
FORUM**

**SEVENTEENTH ANNUAL GENERAL MEETING TO BE HELD  
ON THURSDAY 16 MAY 2024 AT 11H30**

**VIA MICROSOFT TEAMS**  
Please follow the link in the calendar invite

1. Welcome and Apologies
2. Adopt the agenda.
3. Approval of the minutes of the Annual General Meeting held on 11 May 2023
4. Presentation and adoption of the Chairman's Annual Report for 2024
5. Presentation and adoption of Financial Report for 2024
6. Budget for 2025
7. Membership Fees – 1 March 2024 to 28 February 2025
8. Reports from sub-committees
  - 8.1 Legal & Regulatory - Hendrik Ackermann
  - 8.2 Communication & Education/Investors - David Towers
  - 8.3 Membership - Megan Kriel
9. Announcement of Office Bearers for 2024/2025
10. General



## **APPROVAL OF PREVIOUS MINUTES**

**MINUTES OF THE SIXTEENTH ANNUAL GENERAL MEETING OF THE SOUTH AFRICAN SECURITISATION FORUM HELD ON THURSDAY 11 MAY 2023 AT 11H30 AT WERKSMANS ATTORNEYS**

**1. WELCOME & APOLOGIES**

The Chairperson, Kurt van Staden, welcomed all those present and attending online to the 16th Annual General Meeting. A total of forty-three persons, including members and their guests, were in attendance.

Apologies were received from:

Aneria Bouwer	Bowmans
Anina van Aswegen	RMB
Arthur Hlubi	Bayport
Ashley Eaton	SA Homeloans
Brett Thornton-Dibbs	Quince
Burger van der Merwe	RMB
Celiwa Ramatlhare	TUHF
Christiaan Pennekamp	Hypoport
Clarissa Wilson	Quadridge Trust
Claudette Joseph	SA Taxi
Danielle Burns	SA Taxi
Gary Sayers	Quadridge
Johan Fourie	Centrafin
Johan Scheepers	KPMG
Justine Crommelin	SA Taxi
Karen Couzyn	Webber Wentzel
Katlego Rahlagane	Standard Bank
Kireshan Royan	FirstRand
Kristen Reddy	Standard Bank
Lindi Marais	Webber Wentzel
Louis Dirker	Investec
Marita Koti	Standard Bank
Mark Abraham	Investec Bank
Morne du Plessis	Nedbank
Natasha Pather	Webber Wentzel
Neil Montgomery	Stonehage Fleming
Nick Clarke	TMF
Nick Cloete	Sanlam Investments
Phelia Loubser	Stonehage
Pierre de Vos	Deloitte & Touche
Pieter van Welzen	CMS RM Partners
Prebashini Premjeeth	FirstRand
Rozanne Kamalie	TMF
Sanold Koert	Sanlam Investments
Santhuri Thaver	Ashburton
Tarryn Sankar	Stanlib
Thato Diko	Ashburton Investments
Vicky Borg-Jorgensen	ENS

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

The minutes of the previous Annual General Meeting of 12th May 2022, as included in the board pack, were tabled. In the absence of comments from the floor, the minutes were approved as a true representation of that meeting.

3. **PRESENTATION OF THE CHAIRMAN'S REPORT**

The Chairman presented his report, which was included in the AGM's board pack, and published on SASF's website at [www.sasf.co.za](http://www.sasf.co.za).

In summary:

The AGM provided 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, reflect on the achievements made over this period, and receive feedback from stakeholders. The Forum was required to elect the office bearers for the coming year and to report back on its financial position.

Considering the year under review, the reality was that the situation in the securitisation market remained unchanged from last year, and we had yet to see a fundamental shift that would place the securitisation market on an upward trajectory. 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.

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. Swift resolution in eradicating inefficiencies at notable state-owned entities, while rooting out corruption, is needed to alter the slow growth trajectory.

Locally, the bond market increased by 19% in 2022 which was an improvement on the previous year, but still down compared to the decade preceding the pandemic. Both Commercial Paper and Green, Social and Sustainability linked issuances reflected year-on-year increases by 42% and 28% respectively.

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

The data was graphically presented in the full version of the Chairman's Report in the board pack, as was more detail on the state of foreign markets, which have shown mildly welcome signs in some sectors of the market in Europe, Australia, and the USA. However, Fitch Ratings London warned that European ABS transactions would experience greater defaults due to higher living costs and rising interest rates. There is also concern that the post-Brexit UK and European securitisation regimes are diverging, posing potential problems for cross-border transactions.

Over the past year, the Forum had continued its efforts to engage industry stakeholders to establish collaborative working relationships that would help address industry challenges and support the growth of the securitisation market. Among these was the first of a series of ongoing periodic Round Table workshops held recently with representatives from both the Prudential Authority and National Treasury. 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 constructive and will hopefully yield positive outcomes.

The Forum's sub-committees: Legal and Regulatory, Communication and Education and Membership remained active and continued their efforts to fulfil their mandates. Key highlights of their activities for the year under review were covered in the individual sub-committee reports.

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.

Despite facing market headwinds and stagnant growth, the Forum remained committed to promoting securitisation and asset-backed commercial paper issuance as an appealing asset class. The Forum remained optimistic that the proposed legislative changes would lead to a more favourable framework. The framework would streamline transaction structuring and reduce both setup and ongoing administration costs.

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 its objectives.

#### 4. **PRESENTATION & ADOPTION OF THE FINANCIAL REPORT FOR THE 12 MONTHS ENDED 28 FEBRUARY 2023.**

Details were provided in the board pack.

Nirvana Naicker presented the financial statements as of 28 February 2023, and the budget for 2024.

The Financial Statements for the year were adopted by Nolands.

As regards Actual vs Budget performance, at the date of the report, one member's fee was outstanding. The payment has since been received. Travel costs were R30 000 below expectations as was, by R48 841, the contingency provision. Otherwise, there had been no significant deviations from the budget, while the loss had been less than expected.

The 2024 budget year budget assumed a membership fee of R20,000 per member, with a membership count of thirty-two. The budget also included R180,000 for web development in presenting the BASA database on the Forum's website, including the annual webmaster fee. Travel expenses had been budgeted on the assumption that the AGM would be held in person in 2024.

Expenses were expected to increase by 6% across the board.

This would result in a net loss of R36 614 for the year. However, the cash position would remain positive at R384 158.

Arithmetic errors were pointed out by Nirvanee in the Year-on-Year Movement column for Consulting Fees and Sundry Costs, which would be corrected before the board pack is loaded on the Forum's website.

There were no questions regarding the financial statements.

The adoption of the proposed 2023/2024 budget was proposed by David Towers and seconded by Rob Moody.

The Annual 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.

The AGM adopted these proposals. The Annual Financial Statements would be signed by the Chairman and his Deputy and forwarded to the auditors for signing off.



5 **MEMBERSHIP FEES – 1 MARCH 2023 TO 29 FEBRUARY 2024**

At the Exco meeting held on 23 February 2023, it was voted on and agreed that the membership fees for the new budget year would increase from the long-standing R15 000 to R20 000. This was duly presented and agreed upon at the AGM.

6. **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.

6.1 **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.

In summary:

Update to Regulations relating to Banks.

SARB introduced a new capital regime for banks to participate in securitisation from October 2023, following a comment from the Forum via BASA. To allow for more flexibility in making amendments, it was published as a Bank Act Directive.

Security Regulatory Framework

The Forum held a constructive roundtable discussion with the PA and National Treasury on 25<sup>th</sup> April 2023, topics of which included securitisation from a non-bank perspective and the changing regulatory landscape.

The PA updated the Forum on the revision to the Commercial Paper Regulations, to be published in June/July 2023 for public comment within a four-week window. They intended to promulgate it in 2024. Hendrik considered that four weeks was insufficient time to consult all affected players; there was a possibility that these revisions would result in a disruption to the CP market, and a concern persisted that the PA did not fully understand how this market worked.

Amendments to FICA

The sub-committee report, on page 47 of the board pack, enumerates registration requirement amendments to FICA Act. As the deadline date has passed, those who need to register as accountable institutions should do so as soon as possible, ensuring compliance with reporting, outsourcing and risk-management programs.

Conclusion

The year will continue to be a busy one on the legal and regulatory front. Constructive engagement with regulators will be a key deliverable for the sub-committee towards enabling a well-functioning market.

There were no questions.

6.2 **Communication and Education**

David Towers, the Sub-Committee Chairman, presented the report. The report was included in the board pack and would be loaded to the SASF website.

UCT Securitisation Course

Following a successful online live Securitisation course held with UCT in 2022, it was decided, at the suggestion of market participants and UCT, to convert the course to one permanently available online. The content of the course would largely follow that of the

previous course, with some additional focus on ESG and international and local regulatory and market developments.

Presenters were currently busy converting their live online modules to recorded video presentations, aiming for completion in June to allow UCT time to offer it on their platform before the end of the year. When complete, the combined material will form an electronic book covering the entire course. The content would be revised from time to time as dictated by new developments. Pamphlets and course material will reference the Forum for additional education or information, to which members could respond on an ad hoc basis.

#### Outreach

The committee was engaging with Standard & Poor's to present topics relevant to the industry to Forum members, hopefully within the next few months. Moody's was involved with the UCT course and would be presenting the rating section.

A growing number of non-bank securitization transactions are not being reported on our website. We were engaging with the parties involved to attract them to the Forum so that we could get a better understanding of the total market.

We were presently communicating with Strate to overcome the difficulties in engaging with ultimate beneficiaries, which currently slows down the communication and voting processes.

#### Communications

The main instrument for communication between the Forum and its stakeholders remained the website. It contained relevant details of the Forum and its members, as well as news, publications, investor reporting, information on education, our constitution, and links to international securitisation forums.

Most of the JSE-listed transaction reports were shown on the 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.

David thanked all sub-committee members for their contribution throughout the year, particularly those who have shouldered the onerous burden of working on the UCT course presentations.

There were no questions.

### **6.3 Membership Report.**

Katlego Ramatlhare, Chairman of Membership, had prepared the report, which was included in the board pack. In the absence of Katlego, Kurt van Staden presented the report on his behalf.

Membership currently stood at 32 and all membership fees had been paid.

At the EXCO meeting held on 23 February 2023, the Executive Committee voted to propose an increase in membership fees from R15,000 to R20,000 to the AGM

Two new members were expected to join the Forum in the new year.

### **7. ELECTION OF THE EXECUTIVE COMMITTEE FOR 2023/2024.**

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

The Chairman thanked all members for their service.

Exco recommended the following offices for 2023/2024:

Chairman	Kurt van Staden	Quadridge Trust
Deputy Chairman	Evelyn Deiner	Quadridge Trust
Treasurer	Nirvanee Naicker	PWC
Legal & Regulatory sub-committee	Hendrik Ackermann	Nedbank
Membership sub-committee	Katlego Ramatlhale	Standard Bank
Communication & Education	David Towers	Quadridge Trust

The remainder of EXCO would comprise:

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

The Exco recommendations were approved by the AGM.

8. **SASF CONSTITUTION**

The Chairman would circulate to Forum members proposed changes to the constitution regarding impracticalities in sub-committee chairpersons' terms of office.

He also noted the change of the Forum's name to *The South African Securitisation and Asset Backed Securities Forum*, as agreed to at the 2022 AGM, was not yet reflected in the document.

9. **SECRETARIAL CONTRACT**

The annual contract of the Secretariat was approved by Exco members for re-signing at the AGM.

10. **GENERAL**

In reply to a question regarding whether there was a consensus of approach amongst Forum members on adopting FICA, it seemed there was no consensus. Hendrik Ackerman advised that the Forum had considered getting a legal opinion as per page 47 of the board pack, but since it was realised that not all structures were uniform - some obvious transactions needed to be registered, others not - they required a case-by-case assessment.

He suggested that each issuer make their decisions after getting a legal opinion. KvS's view was that where one could not comply fully, this should be transparently explained to the authority.

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

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CHAIRMAN

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DATE



## **PRESENTATION AND ADOPTION OF THE CHAIRMAN'S ANNUAL REPORT FOR 2024**

## **Chairperson's Report to the Annual General Meeting 16 May 2024**

### **1. Introduction**

Ladies and gentlemen, esteemed members, and distinguished guests, it is indeed my pleasure to welcome you to our 17th Annual General Meeting.

As we come together to reflect on the past year and discuss the developments, and challenges our industry has faced, we will also take this opportunity to elect the office bearers for the next term and review our financial health.

As always, this gathering is a platform for all of you to voice concerns and propose ideas that will steer our industry forward. I encourage discussions and suggestions that will aid the Forum in fulfilling its mission to promote the development of the securitisation market in South Africa.

It has always been customary to begin by reflecting on the past year. However, considering I have now served my term and will be stepping down as Chair, I decided to take the opportunity to revisit my past reports and reflect on the three years constituting the course of my tenure.

One thought came to mind. They certainly were tumultuous.

From viruses and lockdowns to riots and floods, set against the backdrop of a polarised world beset by misinformation, war, and sometimes violent climatic change.

Yet, despite what felt like a never-ending cycle of chaos and respite, disasters, and recoveries, we remained resilient. As always, it remains essential to look back, understand our journey, recognise our current standing, and strategise for the future.

### **2. The Year Under Review**

#### **2.1. Global Economic Overview**

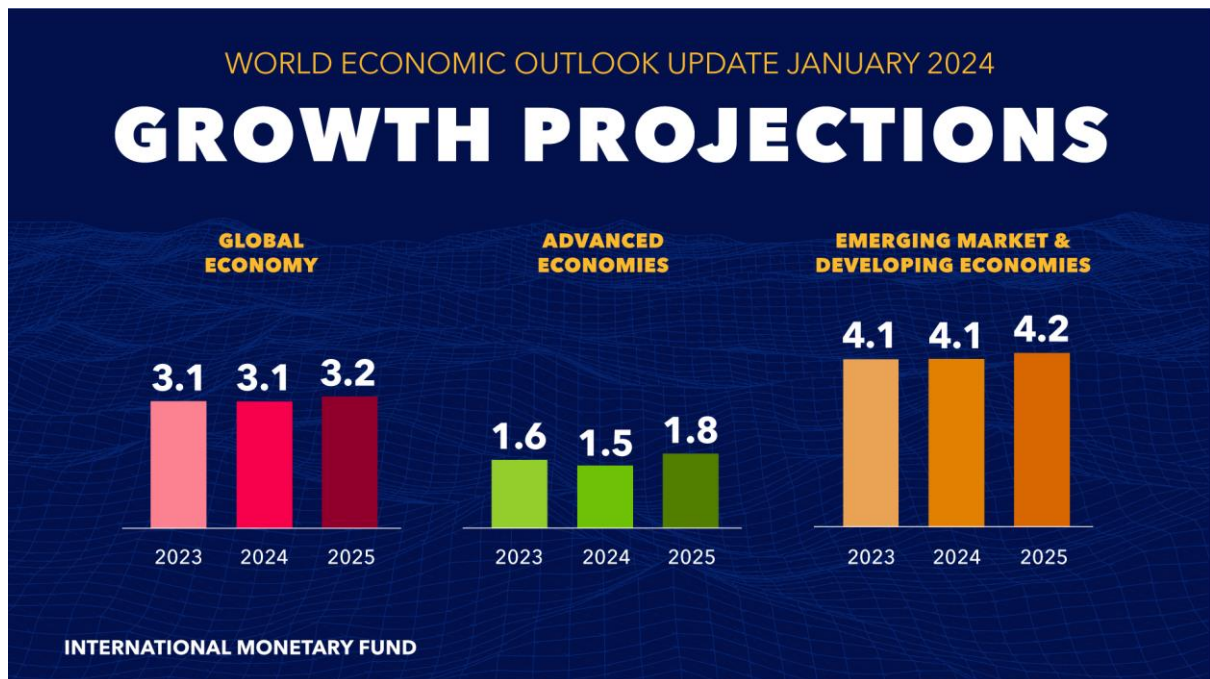
The global economy in 2023 faced numerous challenges and showed varying outcomes across different regions.

Key factors influencing economic performance included inflationary pressures, monetary policy adjustments, geopolitical tensions, supply chain disruptions, and divergent growth trajectories among advanced and emerging economies.

Global economic growth slowed to 2.9% in 2023, down from 3.4% in 2022. This deceleration was primarily driven by persistent inflation and tighter monetary policies implemented by central banks across major economies.

Advanced economies experienced a more pronounced slowdown, with growth declining from 2.7% in 2022 to 1.6% in 2023. In contrast, emerging markets, particularly in Asia, showed

relatively stronger performance, with growth in China rebounding to 5.2% following the relaxation of COVID-19 restrictions.



# World Economic Outlook

## Growth Projections

(Real GDP, annual percent change)	ESTIMATE	PROJECTIONS	
	2023	2024	2025
<b>World Output</b>	<b>3.1</b>	<b>3.1</b>	<b>3.2</b>
<b>Advanced Economies</b>	<b>1.6</b>	<b>1.5</b>	<b>1.8</b>
United States	2.5	2.1	1.7
Euro Area	0.5	0.9	1.7
Germany	-0.3	0.5	1.6
France	0.8	1.0	1.7
Italy	0.7	0.7	1.1
Spain	2.4	1.5	2.1
Japan	1.9	0.9	0.8
United Kingdom	0.5	0.6	1.6
Canada	1.1	1.4	2.3
Other Advanced Economies	1.7	2.1	2.5
<b>Emerging Market and Developing Economies</b>	<b>4.1</b>	<b>4.1</b>	<b>4.2</b>
Emerging and Developing Asia	5.4	5.2	4.8
China	5.2	4.6	4.1
India	6.7	6.5	6.5
Emerging and Developing Europe	2.7	2.8	2.5
Russia	3.0	2.6	1.1
Latin America and the Caribbean	2.5	1.9	2.5
Brazil	3.1	1.7	1.9
Mexico	3.4	2.7	1.5
Middle East and Central Asia	2.0	2.9	4.2
Saudi Arabia	-1.1	2.7	5.5
Sub-Saharan Africa	3.3	3.8	4.1
Nigeria	2.8	3.0	3.1
South Africa	0.6	1.0	1.3
<b>Memorandum</b>			
Emerging Market and Middle-Income Economies	4.2	4.0	4.0
Low-Income Developing Countries	4.0	5.0	5.6

Source: IMF, *World Economic Outlook Update*, January 2024

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2023/2024 (starting in April 2023) shown in the 2023 column. India's growth projections are 5.7 percent in 2024 and 6.8 percent in 2025 based on calendar year.

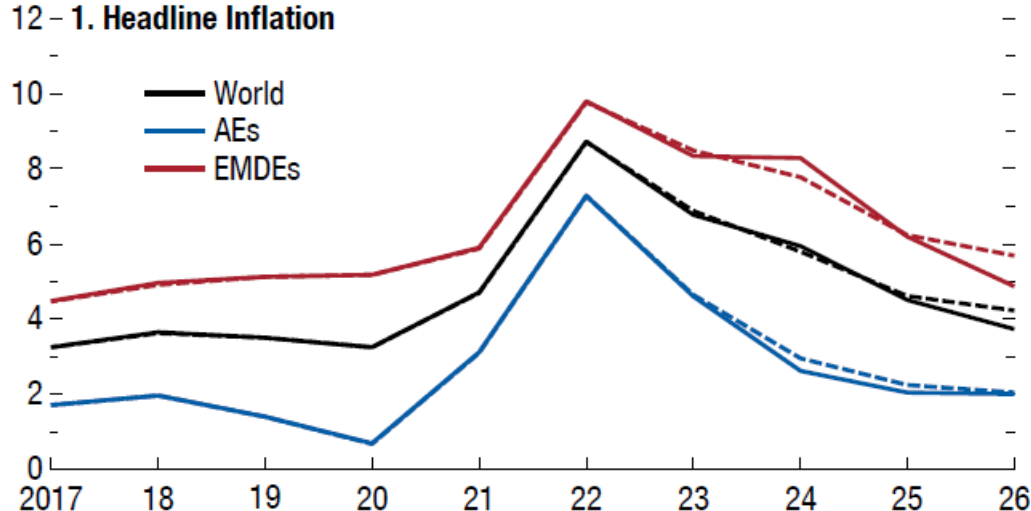


Inflation remained a significant challenge throughout 2023, although there were signs of easing compared to the previous year. Global inflation decreased from 8.7% in 2022 to 6.8% in 2023.

Central banks, including the Federal Reserve and the European Central Bank, continued to raise interest rates to combat inflation. These measures were effective to some extent, though core inflation remained elevated.

Projections indicated that global headline inflation would decline further to 5.8% in 2024 and 4.4% in 2025.

## 12 – 1. Headline Inflation



### 2.2. United States

The US economy demonstrated resilience shaking off fears of a recession, and despite numerous challenges settled on an annual growth rate for 2023 of 2.5%.

This was driven by consumer spending, along with exports and business investment in buildings and software. However, high borrowing costs and banking sector turmoil triggered by a run on deposits at Silicon Valley Bank in March posed risks to sustained growth. The labour market remained strong, which helped mitigate some of the negative impacts of monetary tightening.

### 2.3. The UK and Eurozone

The Eurozone's GDP growth slowed to 0.7% in 2023, significantly down from 3.5% in 2022, due to high energy prices, persistent inflation, and geopolitical tensions.

Inflation averaged 6.8% in 2023, a decrease from 8.7% in 2022 with core inflation remaining high, despite the European Central Bank's (ECB) interest rate hikes aimed at controlling price increases.

Despite substantial fiscal support and a mild winter, energy prices remained a challenge due to the Russia-Ukraine conflict which continued to disrupt the Eurozone's energy market, leading to high prices and supply issues.

In response, the ECB raised interest rates by a total of 250 basis points in 2023 to control inflation.

The labour market showed resilience with relatively low unemployment rates supporting consumer spending. However, inflationary pressures affected real wages and household purchasing power.

At a mere 0.1%, the UK the economy experienced its weakest growth since the financial crisis in 2009. This minimal growth was interspersed with periods of contraction in some quarters, reflecting ongoing economic pressures.

High inflation was a persistent issue during the year, peaking at 6.5% in May. This was predominantly due to soaring energy and food prices. The Bank of England's response included raising interest rates to 5.25% to control inflation and stabilise the economy, yet the overall impact was limited.

Despite these challenges, the labour market demonstrated resilience with an unemployment rate that continued to fall, averaging around 3.8% for much of the year.

## **2.4. Asia-Pacific**

Emerging markets in Asia, especially China and India, outperformed other regions. China's economic rebound, following the lifting of COVID-19 restrictions, contributed significantly to regional growth. The Asia-Pacific region was estimated to achieve a 4.6 % growth rate in 2023, with China and India together accounting for half of the global growth for the year.

## **2.5. Economic Growth**

The global economy is expected to maintain moderate growth rates over the next two years, with projections of 3.1% in 2024 and 3.2% in 2025. This forecast reflects a stable yet subdued growth environment, influenced by ongoing monetary policy tightening and geopolitical uncertainties.

## **2.6. Inflation and Interest Rates**

Inflation is projected to continue its downward trend, with global headline inflation expected to decrease to 5.8% in 2024 and further to 4.4% in 2025. This decline is driven by easing supply chain pressures, lower energy prices, and restrictive monetary policies implemented by central banks worldwide.

Advanced economies are likely to see inflation rates nearing target levels by 2025, while emerging markets may experience a slower pace of disinflation due to structural factors and ongoing adjustments in economic policies.

Several risks could however impact the global outlook including high geopolitical tensions, particularly in Eastern Europe and the Middle East.

Additionally, tighter monetary policies could strain financial markets and limit credit availability, potentially slowing economic growth.

The ongoing adjustments in China's economy, including its property market corrections and regulatory changes, pose significant risks to regional and global growth. Finally, climate-related risks, such as extreme weather events, could further exacerbate economic vulnerabilities, particularly in developing regions.

## *References:*

*IMF: Moderating Inflation and Steady Growth Open to Soft Landing, January 2024*

*IMF World Economic Outlook, April 2024.*

*Global Financial Stability: The US Banking Sector since the March 2023 Turmoil – Navigating the Aftermath, March 2024.*

*Deloitte Global Economic Outlook, January 2024.*

*World Bank's "Global Economic Prospects, January 2024"*

*OECD's "Economic Outlook, May 2024"*

*IMF: Regional Outlook for Asia Pacific: October 2023*

## **3. DOMESTIC CONDITIONS**

### **3.1. Overview**

South Africa's economy has faced substantial challenges in recent years, exacerbated by both internal and external factors. Despite these hurdles, the country has managed to avoid a technical recession, achieving a modest real GDP growth of 0.6% in 2023.

The economy has continued to face persistent headwinds stemming from electricity supply issues; infrastructural deficits, particularly in the transport and logistics sectors; and a high cost of living. The latter is driven by elevated inflation across services, food, fuel, and electricity.

These factors have hampered economic activity and export potential and strained consumer spending, which remained stagnant throughout the year. Although a downtrend in inflation is expected, the immediate outlook remains challenging.

Over the past decade, GDP growth has averaged only 0.8% annually, contributing to high unemployment and poverty levels.

Public debt has risen significantly, increasing borrowing costs and limiting funds available for growth-enhancing sectors.

Political uncertainty and governance issues have further dampened business sentiment and investor confidence, with the upcoming 2024 elections adding to this uncertainty.

### **3.2. Forecast for 2024 and Beyond**

Looking ahead, South Africa's economic growth is projected to remain modest but gradually improve. GDP is anticipated to grow by 1.3% in 2024 and 1.6% in 2025, still below the global average of 3.2%.

This forecast is supported by expected recoveries in household spending as inflation declines and increased investment in energy-related projects.

The primary areas that need to be addressed if the country is to ensure sustained economic growth are energy sector reforms, critical for ensuring long-term energy security and reducing load-shedding.

Infrastructure development particularly in energy, transport, and logistics, and an improvement in governance efforts to professionalise public administration and enhance governance across state-owned enterprises.

On a positive note:

South Africa has maintained positive FDI inflows, with R96.5 billion recorded in 2023. Key sectors attracting FDI include manufacturing, mining, and financial services. Enhancing the investment climate and addressing regulatory complexities will be essential for sustaining these inflows.

All things considered, South Africa's economic outlook remains mixed, with both significant challenges and opportunities on the horizon.

Addressing certain key areas will allow the country to unlock its full economic potential and foster a more stable and conducive investment environment.

#### *References:*

*Deloitte: South Africa's Economic Outlook, May 2024.*

*South Africa's National Treasury: 2024 Budget Review: Economic Outlook, May 2024.*

*World Bank Overview on South Africa, May 2024*

*PwC: Unlocking Foreign Direct Investment and Outlook for 2024, April 2024.*

## 4. The Securitisation Markets

### 4.1. The EU Securitisation Market

In 2023, the European securitisation market witnessed significant developments, driven by regulatory changes and evolving market conditions.

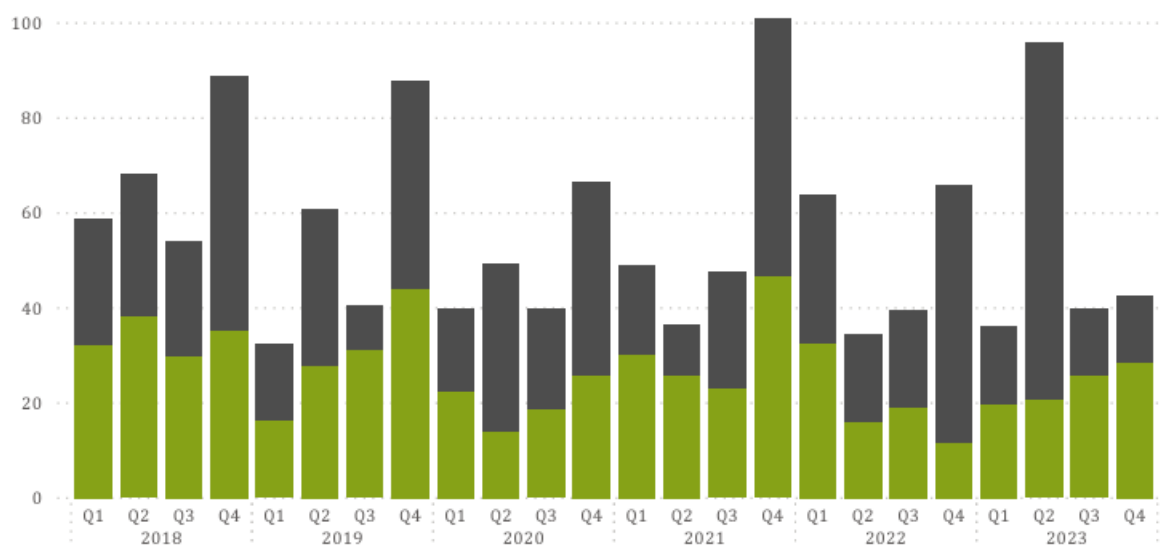
The total issuance for the year amounted to EUR 213.3 billion, a slight increase from EUR 202.8 billion in 2022. A notable trend was the 14.4% increase in Simple, Transparent, and Standardised (STS) securitisation issuance, reaching EUR 75.7 billion.

## afme / Key Findings

Finance for Europe

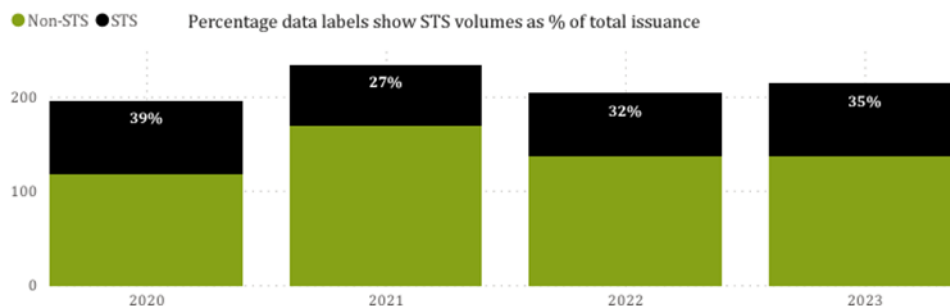
### 1.1 European Securitisation Issuance (EUR Billions)

● Placed ● Retained

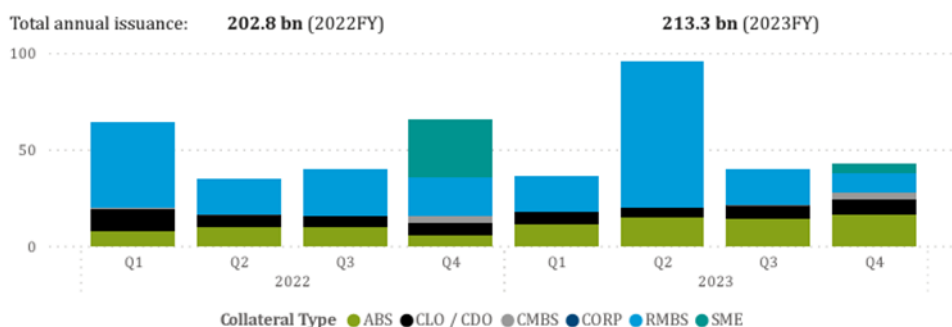


Despite these gains, certain sectors faced significant declines. Amongst them are SME securitisation issuance which plummeted by 86.3%, and issuance in the CMBS and CLO/CDO categories which decreased by 37.5% and 11.5%, respectively.

### 1.2 STS and non-STS securitisation issuance (EUR bn)



### 1.3. Quarterly European securitisation issuance by asset class (2022-2023, EUR bn)



Source: AFME, SIFMA, Bank of America, JP Morgan [Chart 1.2 & Chart 1.3] Non-STS in Chart 1.2 includes CLO / CDO, CMBS and UK NC RMBS issuance which are ineligible under the STS regime.

In the fourth quarter of 2023, issuance reached EUR 42.2 billion, representing a 6.8% increase from Q3 2023 but a 35.6% decrease from Q4 2022. Key contributors to the placed issuance included Pan-European CLOs, UK RMBS, and German Auto ABS.

Evident from a survey conducted by the International Association for Credit Portfolio Managers, is that the synthetic securitisation market is growing, attracting both banks and investors to the space, with activity levels of around two transactions occurring per week.

## Synthetic Securitization Trade Flow: Underlying Pool

### Grand Total

Year of New Production	# of Trades	RWA approach underlying loans			STS (2) qualification		Underlying pool size (notional) Sum (in mln Euro)		Underlying Pool Size at Inception By Region (in mln Euro)					Protected Tranches (in mln Euro)		% Placed with public trades (3)
		# of Trades			# of Trades		Sum (in mln Euro)									
		Advanced IRB	Foundation IRB	Standardized	Yes	No	at inception	at reporting date	Multi Region	European Union (EU) excl. UK	UK	North America	Other Regions (1)	At Inception	At Reporting Date	Weighted Average
2016	29	24	3	1	0	27	€ 54,009	€ 5,034	€ 13,125	Not enough data points to disclose				€ 3,657	€ 1,326	5.8%
2017	40	31	8	1	0	38	€ 64,317	€ 10,592	€ 17,867	€ 20,585	€ 10,693	Not enough data points to disclose		€ 5,422	€ 2,052	2.6%
2018	54	48	4	3	1	53	€ 113,945	€ 24,592	€ 56,190	€ 31,725	€ 4,351	€ 7,529	€ 14,149	€ 8,620	€ 2,837	3.2%
2019	71	55	8	7	0	68	€ 135,020	€ 75,014	€ 53,168	€ 40,305	€ 14,478	€ 8,312	€ 18,758	€ 11,275	€ 7,254	2.3%
2020	53	45	2	4	3	45	€ 94,716	€ 64,635	€ 37,095	€ 32,147	€ 5,326	Not enough data points to disclose		€ 7,556	€ 5,429	0.0%
2021	71	57	4	9	11	56	€ 130,848	€ 115,710	€ 71,692	€ 23,525	€ 8,619	€ 13,623	€ 13,389	€ 10,452	€ 9,816	4.0%
2022	90	72	6	8	18	62	€ 199,137	€ 197,482	€ 81,343	€ 49,792	€ 1,864	€ 53,738	€ 12,399	€ 15,299	€ 15,050	5.8%
2016 - 2022	408	332	35	33	33	349	€ 791,992	€ 493,058	€ 330,480	€ 221,719	€ 54,362	€ 96,735	€ 88,696	€ 62,280	€ 43,764	3.6%
	100%	81.4%	8.6%	8.1%	9%	91%	100%	62%	41.7%	28.0%	6.9%	12.2%	11.2%	7.9%	8.9%	
																% of Underlying Pool Size

Source: IACPM Synthetic Securitization Market Volume Survey 2023

(1) Western Europe outside the EU, Central & Eastern Europe, South/Latin America, Asia, Multi-country (same region), Unknown  
 (2) EU designation. Prior to April 2021, trades qualified as STS under prior Article 270 regime.  
 (3) "Public trades" is referring to tranches that are distributed and quoted on public markets, i.e., non private transactions.



Regulatory changes included the adoption of risk retention technical standards under the EU Securitisation Regulation, enforcing stricter criteria for originators to meet the sole purpose test and comply with Article 6.

Additionally, the European Securities and Markets Authority (ESMA) began reviewing disclosure templates for private securitisation, and in October 2023, the EU Green Bond Standard Regulation was approved, mandating that green bond proceeds be invested in environmentally sustainable activities aligned with EU classification.

While regulatory efforts aimed to revitalise the securitisation market, several risks and considerations emerged. The market's shift towards significant risk transfer (SRT) assets, which saw more activity in Europe than the US, highlighted the transfer of risks from banks to non-banks.

Anticipated changes to the securitisation regulation by 2025 are expected to address factors hindering market development, including prudential treatment, reporting, and due diligence requirements.

#### References:

AFME Securitisation Data Report Q4 2023 and 2023 Full Year. NPL Advisory Panel: Further Developing Secondary Markets for Non-Performing Loans: The Role of Securitisation, November 2023

### 4.2. The US Securitisation Market Overview

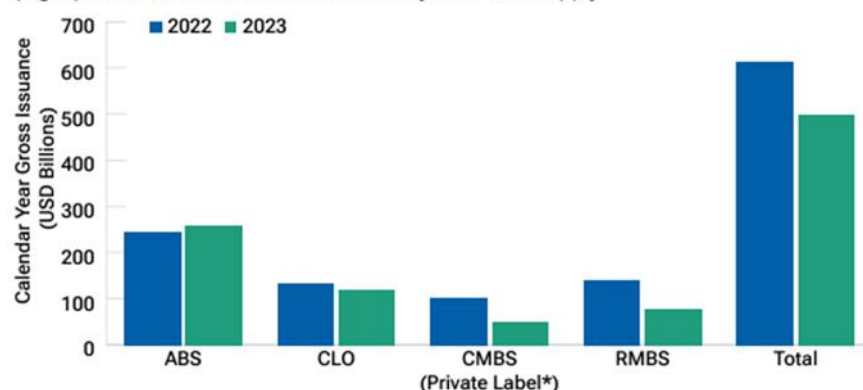
In 2023, the US securitisation market was buoyed by positive economic growth and expectations of interest rate cuts in 2024. These factors created a supportive backdrop for securitised credit, though the market remained vigilant about potential volatility due to overly optimistic projections regarding the Federal Reserve's rate cuts.

Total securitisation issuance in 2023 was lower compared to 2022, reflecting a decline from the record levels of 2021.

Whilst Asset-Backed Securities maintained a robust performance throughout the year, with issuance volumes increasing by 5%, volumes were down for both Commercial Mortgage-Backed and Residential mortgage-backed securities.

### Securitized issuance generally lower in 2023

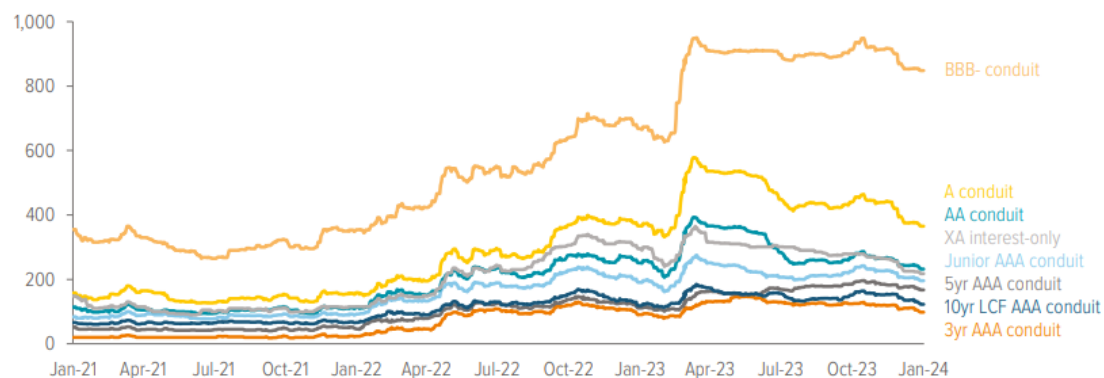
(Fig. 2) ABS countered the trend, driven by auto-loan supply



Source: JP Morgan. See Additional Disclosures.  
\*Excludes agency CMBS.

CMBS activity did begin to show signs of recovery with spreads tightening towards the end of the year.

### Exhibit 4: Spreads across CMBS are slowly recovering from mid-2023 lows



As of 01/15/24. Source: Voya IM, J.P. Morgan, Wells Fargo. Conduit loan spread is to swap; interest-only spread is to Treasuries.

The market saw active participation from a diverse range of investors, including banks, asset managers, insurance companies, pension funds, mutual funds, hedge funds, and high-net-worth individuals, contributing to a dynamic and liquid market environment.

Looking ahead, the market is expected to see a modest increase in issuance volumes, contingent on the Federal Reserve's actions and broader economic conditions.

References:

*Securitized Credit Outlook 2024: Room to Run* (Voya Investment Management).



### 4.3. The Domestic Securitisation Market Overview

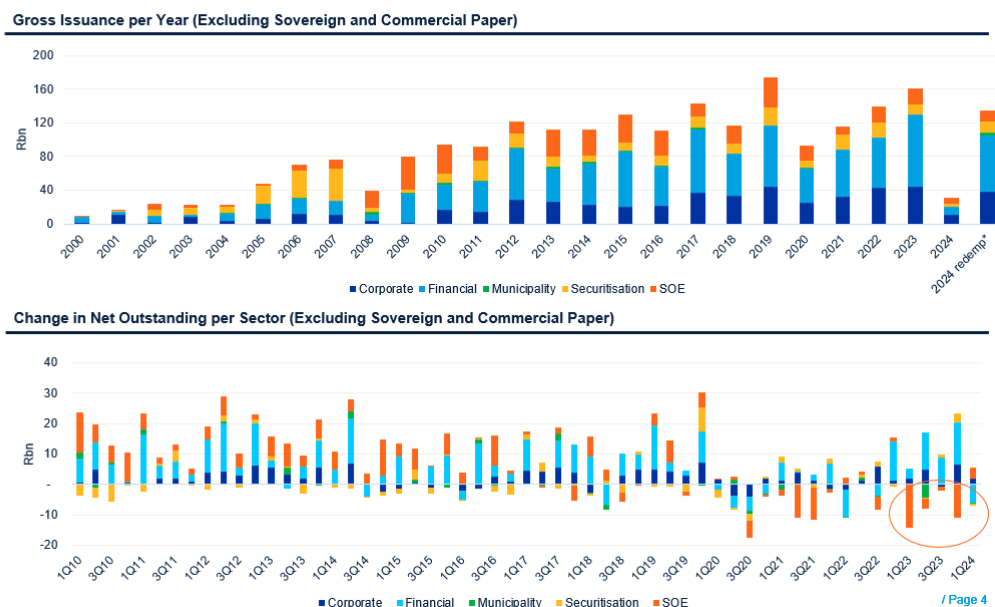
The South African Debt Capital Market has evolved to become a very deep pool of liquidity for the South African Economy.

However, with the limited growth and structural impediments in the country, the demand for funding from Corporate South Africa has been muted compared to the continually growing supply of liquidity available from the fixed-income universe.

While there has been steady growth in Issuance since 2020, it has not recovered back to the record levels seen in 2019.

On a Net-Issuance basis, the market has remained flat since 2019 with SOC's reducing its amount in issue, while Financial and Corporate issuance increasing marginally. As such, the market has stagnated over the recent years, with the same Issuers accessing the market for refinancing purposes, more than for additional debt.

#### EVOLUTION OF THE SOUTH AFRICAN DEBT CAPITAL MARKET



In 2023, gross bond issuance (excluding commercial paper) reached R161.1 billion, marking a 15% increase compared to 2022. Despite this growth, bond issuance remains below the 2019 levels and is expected to continue its gradual recovery to pre-pandemic levels. Gross commercial paper issuance for 2023 totalled R14.6 billion.

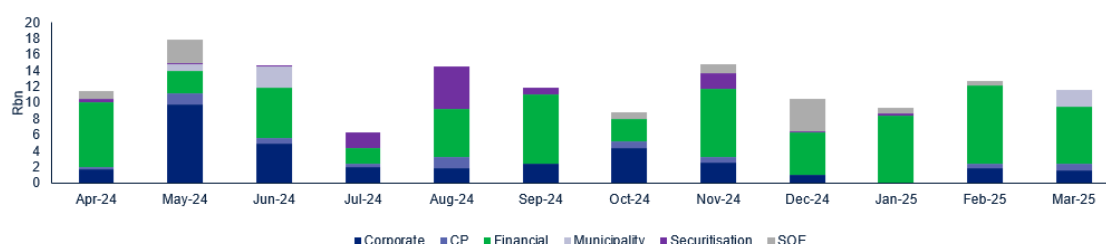
The bond market (excluding commercial paper) experienced growth of R20 billion in 2023, which although double that recorded in 2022, falls short when compared to the average annual growth of R48.9 billion observed in the decade preceding the pandemic.

Financials and corporates were the primary drivers of this growth in 2023, effectively counterbalancing the contractions seen in the State-Owned Enterprises (SOE) and Municipal sectors.

## Gross Bond and CP Issuance

R'bn	2017	2018	2019	2020	2021	2022	2023
Financial	75.5	48.0	73.6	40.2	56.7	59.5	85.4
Corporate	36.8	33.9	44.3	25.3	31.9	42.4	44.1
SOE	15.0	21.2	35.8	17.8	9.2	19.6	19.6
Securitisation	13.8	13.2	20.1	7.4	17.7	17.2	12.0
Municipal	2.3	0.0	0.0	1.7	0.0	1.0	0.0
<b>Total (bonds)</b>	<b>143.4</b>	<b>116.3</b>	<b>173.8</b>	<b>92.4</b>	<b>115.5</b>	<b>139.8</b>	<b>161.1</b>
Commercial Paper	32.6	20.1	68.2	25.7	12.0	17.0	14.6
<b>Total</b>	<b>176.0</b>	<b>136.4</b>	<b>242.0</b>	<b>118.1</b>	<b>127.6</b>	<b>156.8</b>	<b>175.7</b>

## Industry Redemptions



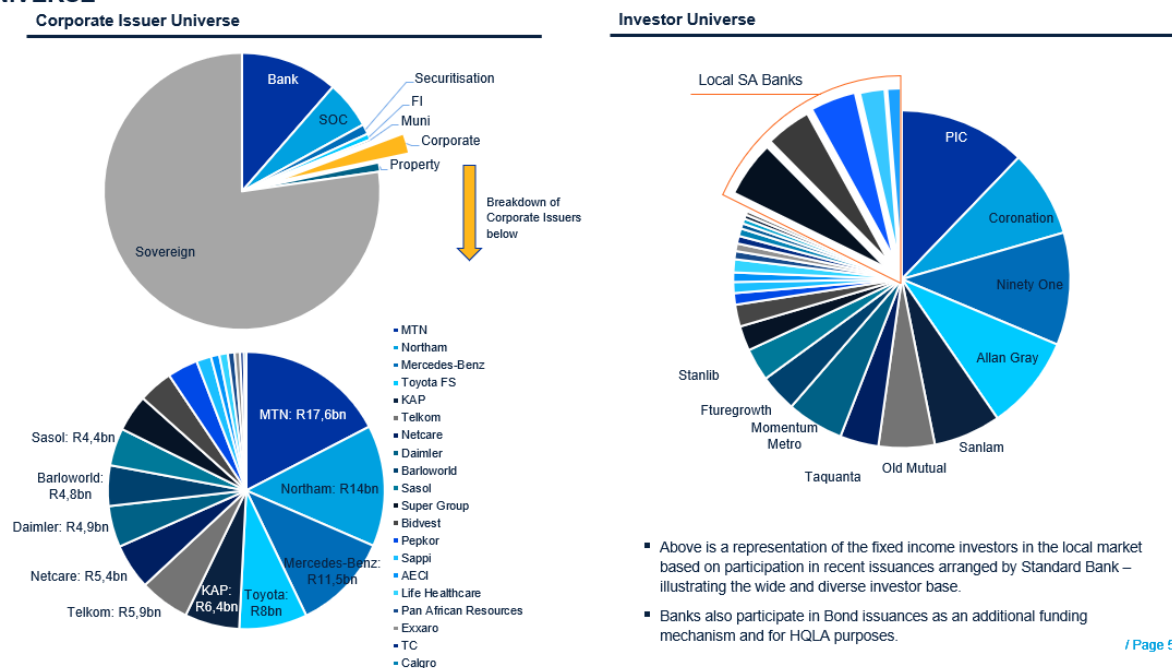
/ Page

From 2017 to 2023, the bond and CP issuance trends reflect the market's fluctuating dynamics. Financial institutions increased their issuance from R59.5 billion in 2022 to R85.4 billion in 2023, while corporates saw a slight rise to R44.1 billion. In contrast, the securitisation sector witnessed a decline, with issuances dropping from R17.2 billion in 2022 to R12.0 billion in 2023.

The JSE's Interest Rate Market features R4.6 trillion in listed debt, with the South African Sovereign issuing over 77% of this total. Banks and State-Owned Companies (SOCs) constitute the next largest segments. Corporate issuers, including property companies, contribute R101 billion derived from a mere twenty issuers.

This results in a persistent supply-demand imbalance, as the number of issuers accessing the listed market remains insufficient relative to the expanding fixed-income investor base.

## BREAKDOWN OF THE SOUTH AFRICAN DEBT CAPITAL MARKET – ISSUER & INVESTOR UNIVERSE



Key corporate issuers in the market include MTN (R17.6 billion), Northam (R14 billion), and Mercedes-Benz (R11.5 billion). The investor universe is diverse, with major participants such as the Public Investment Corporation (PIC), Coronation, Ninety One, Allan Gray, Sanlam, and Old Mutual. Banks also engage in bond issuances for additional funding and to meet High-Quality Liquid Assets (HQLA) requirements.

The securitisation market continues to constitute an important segment of the South African debt capital market and as of early 2024, accounts for various types of issuances, including Asset-Backed Securities (ABS) at 43.3%, Collateralized Loan Obligations (CLO) at 4.1%, Commercial Mortgage-Backed Securities (CMBS) at 3.5%, Mortgage-Backed Securities (MBS) at 1.4%, and Residential Mortgage-Backed Securities (RMBS) at 47.7%.

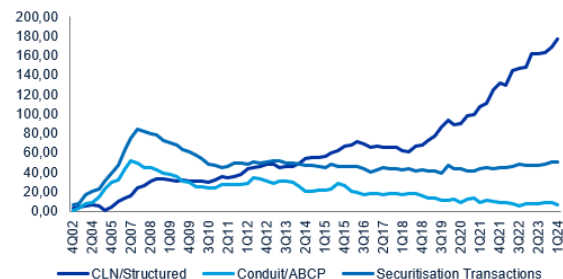
Over the period from February 2017 to April 2024, the volume of securitisation deals has varied across different asset classes.

## STATE OF THE MARKET

Securitisation as a % of Total Listed Bonds



Outstanding Volume R'bn



Net Issuance R'bn



Volume of Securitisation Deals by Asset Class (Feb 17-Apr 24)

Type	Issuance	%
ABS	45,650,800,237	43.3%
CLO	4,275,000,000	4.1%
CMBS	3,688,000,000	3.5%
MBS	1,482,000,000	1.4%
RMBS	50,268,000,000	47.7%
	<b>105,363,800,237</b>	<b>100.0%</b>

Several notable securitisation transactions occurred in 2023, highlighting the market's activity and investor interest. Key deals included:

**Grayston Drive Auto:** Issued floating-rate notes totalling R750 million, with spreads ranging from 130 to 150 basis points, maturing in July 2028.

**Lehae Programme:** Issued floating-rate notes amounting to R2 billion across various tranches, with spreads from 125 to 418 basis points, maturing between September 2028 and December 2035.

**MW Asset Rentals (RF) Limited:** Issued floating rate notes worth R500 million, maturing between November 2024 and November 2026.

**The Thekwini Fund 19:** Issued floating-rate notes totalling R1 billion, with spreads from 85 to 325 basis points, maturing in November 2028.

**Richefond Circle:** Issued floating-rate notes totalling R550 million through private placements.

These transactions illustrate the diverse range of securitisation activities in the South African market, with varying maturities, spreads, and issuance types, catering to different investor needs and preferences.

Although the South African securitisation market has shown resilience and adaptability in the face of economic challenges it has yet to reach the pre-2019 issuance levels. The supply-demand imbalance, with a limited number of issuers and a growing fixed-income investor base, remains a challenge.

However, the diverse and active participation of key corporate issuers and investors indicates a robust and evolving market.

Developments in the use of synthetic securitisation are also starting to emerge in the South African market. Several local banks are putting resources towards understanding international

trends and how these can be applied within the local regulatory framework. We have also seen some very large global investors who are interested in the junior tranches of these transactions visit our shores.

As the market continues to recover and evolve, it will be crucial for stakeholders to address structural impediments and foster an environment conducive to growth and innovation in the securitisation space. This will ensure that the South African debt capital market remains a vital source of liquidity for the economy, supporting sustainable development and financial stability.

Reference:

*Standard Bank of South Africa Debt Capital Market Update: May 2024.*

## **5. Key Highlights of the Forum's Activities for the Year Under Review**

The members of the Forum's sub-committees have continued to generously offer both their time and expertise to advance the Forum's objectives. While each sub-committee chair will present a detailed report, it is imperative to highlight some of their notable achievements.

The SASF membership now stands at 33 members, maintaining strong engagement and support from key industry players. We welcomed an additional member this year, underscoring the Forum's role as a critical nexus for industry stakeholders.

From a regulatory standpoint, a significant focus this year was the engagement with the Prudential Authority (PA) to share knowledge and provide input on the draft Commercial Paper Regulations. These efforts ensure that the proposed changes reflect the practical realities and needs of the securitisation market.

The project to transition the Securitisation Course from a workshop format to an online self-study program is nearing completion. Once launched, this will allow us to reach a wider student base, enhancing the educational impact of our efforts.

We have also launched a new reporting database that will serve as a comprehensive repository for securitisation data. This database provides public access to up-to-date statistics, trends, and related information, furthering transparency and knowledge sharing within the industry.

Financially, the SASF has maintained a positive cash position throughout the year. Prudent financial management has ensured stability, allowing us to continue supporting our initiatives effectively.

Apart from the new appointees of Chair and Deputy Chair, the other sub-committee members have expressed their willingness to continue serving in the coming year. I would like to thank them for volunteering their time and expertise once again.

## **6. Chair's Farewell Address**

As I reach the end of my three-year term as Chair of the South African Securitisation and Debt Securities Forum, I will be stepping down from this esteemed position. It has been an absolute honour to serve as Chair, and I am profoundly grateful for the unwavering support and recognition I have received from all our members. The relationships we have built and the collective efforts we have undertaken have truly humbled me. It has been a privilege to work alongside such dedicated and passionate professionals.

I am pleased to announce that the Executive Committee has elected a new Chair. It is with great confidence and optimism that I introduce Brendan Harmse as Chair and Greg Wakelin as Deputy Chair of the South African Securitisation and Asset-Backed Debt Securities Form.

I thank them for making themselves available to stand and for their willingness to lead the Forum into its next chapter.

I believe that the foundation we have established, thanks to the collaboration and support of our committees and stakeholders, has positioned the Forum to advance the industry significantly in the coming years.

Looking ahead, I see the upcoming years as pivotal. We are on the cusp of making substantial contributions to the legal landscape, with significant changes on the horizon. This presents a unique opportunity to reinvigorate the securitisation market and drive its growth and evolution. I am confident that under the new leadership, the Forum will continue to thrive and make meaningful progress.

Whilst I step down as Chair, I will remain an active member of the Forum and continue to support ongoing projects initiated during my tenure. I continue to be committed to the Forum and will be available behind the scenes to ensure the successful completion of these initiatives.

I would like to extend my heartfelt thanks to both Pat and Evelyn, whose unwavering support, dedication, and assistance have been instrumental in helping me fulfil my role.

Thank you all for the trust and support you have shown me. It has been an incredible journey, and I look forward to seeing the continued success of the South African Securitisation and Asset Backed Debt Securities Forum.



## **PRESENTATION AND ADOPTION OF**

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

**The South African Securitisation and Asset Backed Debt Securities Forum  
(Formerly The South African Securitisation Forum)  
Annual Financial Statements  
for the year ended 29 February 2024**



**The South African Securitisation and Asset Backed Debt Securities Forum**  
**Annual Financial Statements for the year ended 29 February 2024**

**General Information**

<b>Nature of business and principal activities</b>	To promote the development of securitisation in South Africa	
<b>Executive committee members</b>	<b>Name</b>	<b>Change in appointment</b>
	K van Staden (Chairman)	
	E Deiner (Deputy Chairman)	
	G Lombard (Treasurer)	Resigned 11 May 2023
	N Naicker (Treasurer)	Appointed 11 May 2023
	H Ackermann	
	B Harmse	
	N Zeelie	Resigned 22 February 2024
	N Abdul	Appointed 22 February 2024
	S Howie	Resigned 01 August 2023
	S Naidoo	Appointed 01 August 2023
	R Roothman	
	C Gough	
	K Ramatlhare	Resigned 22 September 2023
	M Kriel	Appointed 22 September 2023
	L Marais	
	N Clarke	
	L Dirker	
	D Govender	
	D Towers	
	S Pienaar	Resigned 24 April 2023
	T Sankar	Appointed 24 April 2023
	G Wakelin	
	AK Ismail	
	J Scheepers	
	S Koert	
	T Khaole	Resigned 19 September 2023
	S Thaver	Appointed 19 September 2023
<b>Auditors</b>	Nolands Inc Per: Craig Stansfield CA (SA), RA Registered Auditors	
<b>Secretary</b>	P Benbow-Hebbert	

## The South African Securitisation and Asset Backed Debt Securities Forum Annual Financial Statements for the year ended 29 February 2024

### Index

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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 23 April 2024 and were signed on its behalf by:

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Chairman

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Deputy Chairperson

Cape Town  
23 April 2024

## Independent Auditor's Report

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To the members of The South African Securitisation Forum

### Opinion

We have audited the annual financial statements of The South African Securitisation and Asset Backed Debt Securities Forum set out on pages 5 to 10, which comprise the statement of financial position as at 29 February 2024, 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 and Asset Backed Debt Securities Forum as at 29 February 2024 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.



## **Independent Auditor's Report**

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### **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.

### **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

Cape Town  
23 April 2024

The South African Securitisation and Asset Backed Debt Securities Forum  
Annual Financial Statements for the year ended 29 February 2024

Statement of Financial Position as at 29 February 2024

Figures in Rand	Note(s)	2024	2023
<b>Assets</b>			
<b>Current Assets</b>			
Accounts receivable	2	-	15 000
Cash and cash equivalents	3	321 326	420 772
<b>Total Assets</b>		<b>321 326</b>	<b>435 772</b>
<b>Funds and Liabilities</b>			
<b>Funds</b>			
Accumulated funds	4	301 198	418 519
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	5	20 128	17 253
<b>Total Funds and Liabilities</b>		<b>321 326</b>	<b>435 772</b>

**The South African Securitisation and Asset Backed Debt Securities Forum  
Annual Financial Statements for the year ended 29 February 2024**

**Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2024</b>	<b>2023</b>
Revenue	6	655 000	476 250
Operating expenses		(806 697)	(500 267)
<b>Operating loss</b>	7	<b>(151 697)</b>	<b>(24 017)</b>
Investment revenue	8	34 376	24 739
<b>(Loss) / profit before taxation</b>		<b>(117 321)</b>	<b>722</b>
Taxation	9	-	-
<b>(Loss) / profit for the year</b>		<b>(117 321)</b>	<b>722</b>

**The South African Securitisation and Asset Backed Debt Securities Forum  
Annual Financial Statements for the year ended 29 February 2024**

**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	10	(133 822)	(33 554)
Interest income	8	34 376	24 739
<b>Net cash flow from operating activities</b>		<b>(99 446)</b>	<b>(8 815)</b>
<b>Net cash and cash equivalents movement for the year</b>		<b>(99 446)</b>	<b>(8 815)</b>
Cash and cash equivalents at the beginning of the year		420 772	429 587
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>321 326</b>	<b>420 772</b>

**The South African Securitisation and Asset Backed Debt Securities Forum**  
**Annual Financial Statements for the year ended 29 February 2024**

**Accounting Policies**

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**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 and Asset Backed Debt Securities Forum  
Annual Financial Statements for the year ended 29 February 2024**

**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2024</b>	<b>2023</b>
<b>2. Accounts receivable</b>		
Membership fees receivable	-	15 000
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	321 326	420 772
<b>4. Accumulated funds</b>		
Opening balance	418 519	417 797
(Loss) / profit for the year	(117 321)	722
	<b>301 198</b>	<b>418 519</b>
<b>5. Accounts payable</b>		
Trade payables	20 128	17 253
<b>6. Revenue</b>		
Membership fees	655 000	476 250
<b>7. Operating loss</b>		
Operating loss for the year is stated after accounting for the following expense items:		
Auditors' remuneration	29 784	19 837
Consulting fees paid	445 120	416 000
Legal expenses	81 041	-
Sundry office costs	7 738	3 777
Travel - local	5 483	-
Website and computer costs	235 576	58 765
	<b>804 742</b>	<b>498 379</b>
<b>8. Investment revenue</b>		
Interest received		
Bank	34 376	24 739
<b>9. Taxation</b>		
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 and Asset Backed Debt Securities Forum  
Annual Financial Statements for the year ended 29 February 2024**

**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2024</b>	<b>2023</b>
<b>10. Cash used in operations</b>		
(Loss) / profit before taxation	(117 321)	722
Investment income	(34 376)	(24 739)
<b>Changes in working capital:</b>		
Accounts receivable	15 000	(15 000)
Accounts payable	2 875	5 463
	<b>(133 822)</b>	<b>(33 554)</b>

**11. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**12. Events after the reporting period**

The executive committee members are not aware of any matter or circumstances of a material nature arising since the end of the financial year.

- **Cash Flow Statement – Actual from 1 March 2023 to 29 February compared to budget.**

<b>SOUTH AFRICAN SECURITISATION FORUM</b>				
<b>BUDGET VS ACTUAL RESULTS - 1 MARCH 2023 – 29 February 2024</b>				
Income Statement:	Actual	Budget	Year-on-year movement	Comments on variance between actual YTD and budgeted YTD
	12 Months 29 Feb -24	12 Months 29-Feb-24	till 29-Feb-24	
<b>Income</b>	<b>704 376</b>	<b>682,880</b>	<b>21 496</b>	
Interest	34 376	42,880	8 504	Below the expectation due to fluctuating MM.
Membership Fees	670 000	640,000	15 000	Refer to the membership report.
<b>Expenses</b>	<b>803 823</b>	<b>719,494</b>	<b>281 552</b>	
Auditors	29 910	15,238	-14 672	R17 250, relates to fees billed and being paid for the prior year. Current year costs have not yet been incurred. R9660 – relates to income tax returns for 2022 and 2023
Bank charges	1 955	2,001	46	In line with expectation
Website design, maintenance costs	57 748	61,032	-3 284	Below expectation
Consulting fees	445 120	440,960	-4 106	Above expectation-inclusive of Bonus of R34 240.
Sundry office costs	8 926	4,034	-4 892	R5 400, relating to function costs weren't considered in the original budget.
Travel	5,483	15,000	9,517	Below expectation
General provision – contingency	0	1,229	-1,229	Below expectation
Legal Opinions	81 041	0	-81 041	Not forecasted in the original budget. Relates to FICA Amendments
Website Development	176 640	180,000	3 360	In line with expectation
<b>Profit/(loss) before tax</b>	<b>-99 447</b>	<b>-36,614</b>		
<b>Tax</b>	<b>-</b>	<b>-</b>		
<b>Profit/(Loss) after tax</b>	<b>-99 447</b>	<b>-36,614</b>		
Cash at the beginning of the year	420,772	420,772		
Add: Net income over expenses	-99 447	-36,614		
<b>Closing cash balance</b>	<b>321 325</b>	<b>384,158</b>		

**2. Cash Flow Statement – Actual from 1 March 2023 to 29 February 2024 compared to Budget from 1 March 2024 to 28 February 2025**

<b>SOUTH AFRICAN SECURITISATION FORUM</b>				
<b>BUDGET VS ACTUAL RESULTS - 1 MARCH 2023 – 29 February 2024</b>				
Income Statement:	Budget	Actual	Year on year movement	Comments on variance between actual YTD and budgeted YTD
	12 Months 28-Feb-25	12 Months 29 Feb -24	till 28-Feb-25	
<b>Income</b>	<b>696 679</b>	<b>704 376</b>	<b>7 697</b>	
Interest	36 679	34 376	2 303	Increase in line with increase in membership fees at MM rate of 6,7%
Membership Fees	660 000	670 000	10 000	Number of members expected to remain constant (33)
<b>Expenses</b>	<b>654 483</b>	<b>803 823</b>	<b>149 340</b>	
Auditors	31 405	29 910	1 495	Increase of 5%
Bank charges	2,053	1 955	98	Increase of 5%
Website design, maintenance costs	78 000	57 748	20 252	This consist of Gridhost costs - Carryn monthly rate, which was previously agreed at R6 500pm.
Consulting secretarial fees	467 376	445 120	22 256	Increase of 5%- inclusive of Bonus – 13 <sup>th</sup> Cheque
Sundry office costs	9 372	8 926	446	Increase of 5%
Travel	5 757	5,483	247	Increase of 5%
Legal Opinions	40 520	81 041	-40 520	Budgeted for a portion of the fee- unsure if this will incur.
Website Development- Hypoport	20 000	176 640	-156 640	An Annual fee of R20 000 is expected.
<b>Profit/(loss) before tax</b>	<b>42 196</b>	<b>99 447</b>		
<b>Tax</b>	<b>-</b>			
<b>Profit/(Loss) after tax</b>	<b>42 196</b>	<b>-99 447</b>		
		<b>-99 447</b>		
Cash at Beginning of the year	384 158	420,772		
Add: Net income over expenses	42 196	-99 447		
<b>Closing cash balance</b>	<b>426,354</b>	<b>384 158</b>		



## **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 and Asset Backed Debt Securities Forum for the 2023/2024 year.**

Members of the Executive Committee of the South African Securitisation and Asset Backed Debt Securities 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 2023 and in February and May 2024. All the meetings were well attended.

### **2. Overview of the sub-committee’s 2023/2024 activities**

#### **2.1 Draft update to the Exemption Notice relating to Commercial Paper (Commercial Paper Regulations)**

On the 14<sup>th</sup> of July 2023, the Prudential Authority (PA) published for public comment:

- i. A draft amended Commercial Paper Regulations;
- ii. a position paper on the Commercial Paper Regulations; and
- iii. an industry questionnaire to be completed by issuers.

The main themes in the proposal are:

- i. **Regulatory arbitrage concerns:** The PA is of the view that there is an arbitrage with regards to regulation in that certain issuers use the current Commercial Paper Regulations to issue commercial paper where they should be using the Exemption Notice relating to Securitisation (Securitisation Regulations) instead.

- ii. **Terms restriction:** The proposal only allows issuers to issue commercial paper with maturities of up to 364 days. The definition of “commercial paper” is also amended. It appears ostensibly that the PA would like issuers to issue commercial paper with maturities exceeding 364 days under the Securitisation Regulations or not at all.
- iii. **Use of proceeds:** A very limited use of proceeds requirement in that the proceeds should only be used for operating capital to run the day-to-day operations of a company.
- iv. **International best practice:** The PA states that they have considered international regulation and best practice in formulating their proposed approach.
- v. **Enhanced disclosure requirements:** The proposal contains enhanced disclosure requirements some of which are based on a version of the JSE DLR.
- vi. **Approval:** Issuers are required to get approval from the PA before issuing commercial paper.

Based on conversations with the PA, it appears that financial stability considerations including concerns around the growth of shadow banking in South Africa is also at play. The PA has also consulted National Treasury on the proposal.

Comments had to be submitted by the 28<sup>th</sup> of August 2023 and instead of submitting comments, the Forum decided to rather contribute to and endorse the BASA comments. BASA's submission was formulated with input from 2 law firms.

BASA and the Forum requested the PA to schedule an industry workshop to discuss the proposal and comments submitted. The PA initially agreed to this approach but later decided against it. According to the latest feedback received from the PA, they acknowledge that there are several of the proposals that need to be revisited, most notably the less than 364 days term restriction. We also understand from a recent discussion with the PA, that they are now targeting to publish a revised draft for informal comment by August 2024. It is therefore likely that the proposed implementation date of January 2025 will be moved out.

## 2.2 Engagement with the Deputy Chairperson of the Companies Tribunal

Members of the sub-committee met with the Deputy Chair of the Companies Tribunal on the topic of the need for social and ethics committees and the inconsistent treatment of applications for exemptions. The Forum has noted an increase in the number of applications for exemption in accordance with section 72(5) of the Companies Act, 2008 and the increase in the exemptions granted by the Tribunal because of such applications. The Forum has further noted the additional requirements that social and ethics committees will in future be required to adhere to and that most of these requirements are not fit for purpose for the ring-fenced special purpose entities. The Forum is of the view that it would be in the public interest to address the fact that the requirement to establish a social and ethics committee is not necessary for the ring-fenced special purpose entities.

The Deputy Chair has requested that the Forum draft a submission on this to be submitted to the DTI. A submission has been prepared and will be submitted shortly.



### **3. Outlook and Conclusion**

In conclusion, 2024 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 2024**



## **COMMUNICATION AND EDUCATION**



REPORT OF THE COMMUNICATION AND EDUCATION  
SUB-COMMITTEE OF THE SOUTH AFRICAN SECURITISATION FORUM FOR THE  
2023/2024 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

We are in the final stages of completing all the modules for the revised Securitisation Course in line with the format required by the UCT. Revised drafts have been submitted to UCT and we are working with them to complete these in the very near future.

As communicated last year going forward the course will now be accessible online via a UCT learning portal for self-study and available throughout the year for students. It will no longer be a formal course presented at a specific time.

The content has been updated but follows the material from previous courses although it has been moulded to a format preferred by UCT.

While the course will still be held under the banner of the Law Faculty we will ensure that is marketed and extended to students in the Commerce and Finance faculty, particularly those in the African Institute of Financial Markets run by David Taylor who indicated to us that he was interested in offering the course, or sections of it, to his students and undertook to engage with Law@Works on how to achieve this. Thus, the course will continue to be marketed under the Law Faculty but will be made available to finance students as well.

Once the content has been completed and approved by UCT, they will engage with us on the video presentations. However, we have discussed managing all those at Exco level.

None of the rating agents offered to contribute so we have prepared the module ourselves.

As things stand the course is likely to be available on-line no sooner than the end of the third quarter 2024. Once the UCT course is complete we will reach out to Risk.net to offer the course or a streamlined version to their members for a fee.

### Capital Markets Conferences

The Bonds, Loans and Sukuk Africa Conference was held in Cape Town in March for the third year running. We were not successful in securing a topic on securitisation at the conference as it required a significant sponsorship to get this approved. Nonetheless, the conference enabled many from our industry who would normally have attended the previous IMN securitisation conferences to engage and network.

### SASF Outreach

Standard & Poors gave presentations to the SASF members in October 2023 covering regulatory and market developments in the European securitisation market, the RMBS rating methodology approach and their newly introduced South African national scale ratings. They also held a market update at their offices in Rosebank in November.

Moody's had initially indicated that they were keen to share their updated MILAN rating methodology on rating RMBS transactions with the Forum at the end of September 2023. However, they have delayed the implementation of the new methodology in South Africa and now plan to launch the new model and make a presentation on it in 2024.

We continue to interact 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, this with the intention of mutual information sharing.

### Other Matters

As there are some securitisation transactions in the market issued by non-bank issuers who are not members of the Forum, we would not have any data to input into the new database. As this prevents us from having a comprehensive view of the market, we need to discuss this with the parties involved and attempt to attract them to the Forum or at least agree to report on their data.

We have previously engaged with the Tribunal in Pretoria and Cape Town as well as online to educate them on the SPV structures to obtain exemptions from the requirement to establish Social & Ethics committees for these entities. Although there has been no formal response from the Tribunal their understanding of our structures has improved resulting in a far higher success rate for exemption applications. Given the increased focus on these committees and a greater level of compliance included in the Companies Amendment Bill, exemptions in our industry are even more important than in the past.

Given the lack of formal response to previous engagements, the Forum has recently prepared a draft submission to the Tribunal recommending that ring-fenced entities such as those in our industry should receive automatic exemptions.

### DATABASE:

The new securitisation database supported by Hypoport has been developed and can be accessed via the SASF website. All historic data from Basa has been migrated and we are now in the process of obtaining non-bank issuance data (as previously BASA only reported on Bank issuances).

All issuers are now requested to log their monthly data directly into the system in accordance with the set template.

Once the transition has been completed, we will consider possibly expanding on the details to provide more comprehensive information to the local market.

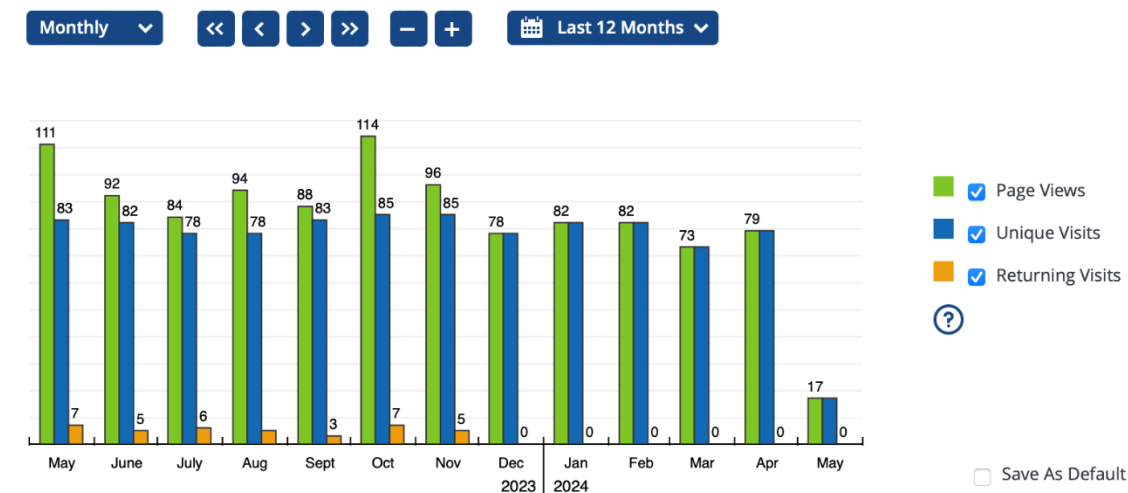
### COMMUNICATION:

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 securitisation 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 2024

SASF website usage up to 7 May 2024



Average Monthly Page Views		Average Monthly Unique Visits		Average Monthly First Time Visits		Average Monthly Returning Visits	
83.8		75.8		72.8		2.9	
Page Views		Unique Visits		First Time Visits		Returning Visits	
+ May 2024	17	17	17	0			
+ Apr 2024	79	79	79	0			
+ Mar 2024	73	73	73	0			
+ Feb 2024	82	82	82	0			
+ Jan 2024	82	82	82	0			
+ Dec 2023	78	78	78	0			
+ Nov 2023	96	85	80	5			
+ Oct 2023	114	85	78	7			
+ Sept 2023	88	83	80	3			
+ Aug 2023	94	78	73	5			
+ July 2023	84	78	72	6			
+ June 2023	92	82	77	5			
+ May 2023	111	83	76	7			
Total	1,090	985	947	38			

*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 7 May 2024**

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 2024

Amber House Fund 5 – SA Homeloans  
February 2024

Amber House Fund 6 – SA Homeloans  
August 2023

Amber House Fund 7 – SA Homeloans  
February 2024

Greenhouse 5 (RF) Limited- Nedbank  
January 2024

Lehae Programme (RF) - FNB Home Loans  
March 2024

Nqaba Finance 1 - Eskom Finance Company (EFC)  
February 2024

Thekwini Funds- SA Homeloans  
Thek 16: February 2024  
Thek 17: February 2024  
Thek 18: February 2024  
Thek 19: February 2024

### ***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  
March 2024

Series 2  
March 2024

Series 3  
March 2024

### ***Asset-Backed Securitisations - Autos***

Nitro Securitisation 6 (Pty) Ltd – Wesbank  
March 2022 - closed

Nitro Securitisation 7 (Pty) Ltd – Wesbank  
September 2023 - closed

SuperDrive Investments (Pty) Ltd - BMW FS securitisation - Standard Bank  
February 2024

Torque Securitisation (RF) Limited  
November 2023

Transsec 4 (RF) Limited  
December 2023  
Transsec 5 (RF) Limited  
November 2023

#### ***ABCP Conduits***

Inkotha Investments (Pty) Ltd - Firststrand Bank  
March 2024

Ivusi Investments (Pty) Ltd - Firststrand Bank  
Archived

Thekwini Warehousing Conduit - SA Homeloans  
March 2024

#### ***Synthetic Securitisations***

#### ***Micro-Lending Receivables***





## **MEMBERSHIP**

## Annual Report of the Membership Sub-Committee for 2023/2024

The current SASF membership stands at 33 members.

The Executive Committee approved membership fees of R20 000 per member at the Annual General Meeting held on 11 May 2023.

Fees invoiced and received for 2023/2024 totalled R655 000.

Mettle Specialised Finance joined the Forum and paid a prorated membership fee in June 2023.

SA Securitisation Forum Members
ABSA Bank
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
FirstRand Bank
Hypoport Africa Limited
Investec Bank Limited
KPMG Inc
Merchant West Proprietary Limited
Mettle Specialised Finance (Pty) Ltd
Nedbank CIB
Ninety One (Pty) Limited
PricewaterhouseCoopers
Quadridge Trust Services (Pty) Ltd
Quince Capital
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

Megan Kriel  
May 2024



## **ANNOUNCEMENT OF OFFICE BEARERS FOR 2024/2025**

<b>Chairman</b>	<b>- Brendan Harmse</b>
<b>Deputy Chairman</b>	<b>- Greg Wakelin</b>
<b>Treasurer</b>	<b>- Nirvanee Naicker</b>
<b>Sub-Committees -</b>	
<b>Legal &amp; Regulatory</b>	<b>- Hendrik Ackermann</b>
<b>Communication &amp; Education</b>	<b>- David Towers</b>
<b>Membership</b>	<b>- Megan Kriel</b>



## **GENERAL**