



SASF ANNUAL GENERAL MEETING

TO BE HELD ON THURSDAY 12 MAY 2022

AT 11H30

VIA MICROSOFT TEAMS

Please follow the link in the calendar invite.

**There will be a 20 to 30-minute presentation by SARB
followed by a Q & A Session**



**SOUTH AFRICAN
SECURITISATION FORUM**

WELCOME

ATTENDANCE

APOLOGIES



**SOUTH AFRICAN
SECURITISATION FORUM**

ADOPT AGENDA



SOUTH AFRICAN SECURITISATION FORUM

**FIFTEENTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 12 MAY 2022
AT 11H30**

VIA MICROSOFT TEAMS

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AGENDA

A 20 to 30-minute Presentation by SARB followed by a Q&A Session

- 1. Welcome and Apologies**
- 2. Adopt the agenda**
- 3. Approval of the minutes of the Annual General Meeting held on 13 May 2021**
- 4. Presentation and adoption of Chairman's Annual Report for 2022**
- 5. Presentation and adoption of Financial Report for 2022**
- 6. Budget for 2023**
- 7. Membership Fees – 1 March 2022 to 28 February 2023**
- 8. Reports from sub-committees**

8.1 Legal & Regulatory	- Hendrik Ackermann
8.2 Communication & Education/Investors	- David Towers
8.3 Membership	- Nicholas Gunning
- 9. Announcement of Office Bearers for 2022/2023**
- 10. Feedback as to the proposed amendments to the Constitution.**
 - Broadening the definition of the scope of the Forum**
 - Proposal for a change of name.**
- 11. General**



APPROVAL OF PREVIOUS MINUTES

MINUTES OF THE FOURTEENTH ANNUAL GENERAL MEETING OF THE SOUTH AFRICAN SECURITISATION FORUM HELD ON THURSDAY 13 MAY 2021 AT 11H00 VIA MICROSOFT TEAMS

1. WELCOME & APOLOGIES

The Chairperson, Evelyn Diener, welcomed all those present to the 14th Annual General Meeting. A total of 46 persons, including members and their guests, were in attendance.

Apologies were received from:

Aneria Bouwer	Bowmans
Corneleo Keevy	Ashburton
Dheseگان Govender	Sasfin Bank
Fazeka Chikowera	Investec
Francois Otto	Sasfin Bank
John Paterson	Moody's
Lauren Tunstall	A&O
Louis Dirker	Investec Bank
Marita Koti	Standard Bank
Mark Holmes	Grobank
Morne du Plessis	Nedbank
Neerie Naidoo	Maitland Group
Patrisia le Roux	Investec
Selma Felisberto	BMW
Yonke Soga	Sanfin

2. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

The minutes of the previous Annual General Meeting of 14th May 2020, as included in the board pack, was tabled. In the absence of comments from the floor, the minutes were taken as a true representation of that meeting. David Towers, seconded by Karen Couzyn proposed approval of the minutes for the Chairperson's signature. The motion was carried.

3. PRESENTATION & ADOPTION OF CHAIRPERSON'S ANNUAL REPORT

In terms of the Constitution, the Chairperson was obliged to step down from her post since her three-year term was up. All other Exco members had expressed their willingness to continue in their roles except for Olivia Ferreira, the Deputy Chairman, who had asked to step down from her role after a two-year term.

The Chairperson presented her report, of which there is a précis below. The full report was included in the AGM's board pack, and would be published on SASF's website at www.sasf.co.za.

Chairperson's Report

Worldwide issuance of ABS for 2020 was down 20% from 2019. Nevertheless, the resilience of the securitisation market was noticeable, although there had been some noise

in the market during the past week. Possibly it was a little too early to properly assess the impact of COVID on the global market.

The Forum had remained proactive and had made a difference in driving changes to the industry via its sub-committees. This was seen through, among others, changes to the debt-listing requirements, engagement with the SARB, and educational initiatives with entities such as the Social and Ethics Tribunal. The Forum was represented at several virtual conferences (more on these in the sub-committee reports).

The Global outlook projected a stronger recovery than expected, largely because of the fiscal stimulus by governments and the prospects of a broader rollout of vaccinations. There was a decline in securitisation issuances this last year, apart from Agency RMBS in the USA, which was the highest in history. This was probably attributable to lower mortgage rates and advances in technology in speeding up mortgage origination and documentation.

In Europe, distributed issuance was low, but the first quarter of 2021 showed a doubling of issuance over the year. Prospects for recovery hinge on the rate of vaccination, and the gap between advanced economies and emerging markets is driving divergence in growth projections.

The South African economy was doing better than expected, despite shrinking by about 7% last year. Consumers appear to have steered the crisis much better than had been anticipated due to low-interest rates. The tourism and hospitality sectors continue to struggle, whilst there was a strong demand for gold and other commodities as well as bumper export crops. However, continued waves of infections and long-term constraints (such as load shedding) could slow the pace of recovery. Moody's had postponed a due sovereign rating of South Africa, with no indication of when this will next take place.

The consensus view is that structures in South Africa are robust and are well able to navigate market disruption. Nonetheless, it remained subdued and underutilised compared to international markets, due to the cost of heavy local regulations and compliance requirements to bring securitisations to the market.

Legal and regulatory developments, Forum membership, and education initiatives in the South African market are dealt with in the various sub-committee reports.

Work continues on the broadening of the Forum's mandate beyond pure securitisation.

The pandemic was the panacea that accelerated change and created a new normal. We have to ensure it is better normal than we have been accustomed to, in the way we work and in the automation of data processing.

The Chairperson congratulated her successor to the role of Chairperson and thanked everyone for their suggestions and commitment to reviving the market. She also expressed appreciation to all the members of the Exco and the sub-committee members, including the secretariat and webmaster, for their service to the Forum over the past year. The Forum needed to remain a force in challenging the restrictive and costly regulation of the South African securitisation industry.

No questions were raised. Gill Raine proposed the Chairperson's report be adopted for inclusion in the minutes. This was seconded by Nick Gunning, and the motion was adopted.

4. PRESENTATION & ADOPTION OF THE FINANCIAL REPORT FOR THE 12 MONTHS ENDED 28 FEBRUARY 2021.

The Treasurer, Khadija Khan, presented the Financial Report.

The financial statements drafted by auditors Nolands had been approved at the EXCO level, where no matters of note arose.

The adoption of the proposed 2021/2022 budget was proposed by Gill Raine and seconded by Olivia Ferreira.

The EXCO had recommended that annual membership fees of R15 000 p.a. remain unchanged to cater for ongoing expenses and legal opinions, as well as to cover education and marketing initiatives planned for the forthcoming year. This was tabled for approval, proposed by Khadija Khan and seconded by Nick Gunning.

There were no questions. The adoption of the Financial Statements was tabled. Adoption thereof was proposed by Gill Raine and seconded by Hendrik Ackermann.

These proposals were adopted by the AGM.

The Annual Financial Statements would be signed by the Chairperson and her Deputy, and be forwarded to the auditors.

5. 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.

5.1 Legal and Regulatory Report.

The Sub-Committee Chairman Hendrik Ackerman tabled the report, in which he thanked the members of the sub-committee for their input and time during the past busy term. The sub-committee's 2020/2021 activities are detailed in the full report, and included:

A BASA task group of the Banks, National Treasury, SASF, SARB, and ASISA. had been working on an initiative for some time to enhance the securitisation regulatory landscape in South Africa and to update the Securitisation Regulations to comply with Basel III. This work, detailed in the sub-committee report, continues.

The sub-committee prepared a submission setting out deficiencies in the Securitisation Exemption Notice in 2016. SARB has indicated that it is considering an update but is yet to communicate its thoughts and timelines.

The proposed implementation date, of regulations relating to banks to incorporate Basel III amendments, has been postponed by SARB to further consult with the industry, particularly regarding the STC framework.

The revised JSE Debt Listings Requirements were implemented in September 2020 and most of the securitisation industry's comments were addressed.

SARB had circulated informal draft regulations, regarding Commercial Paper Regulations, to the banks for input. They have indicated no timeline for resolution.

A new Standard is being implemented that requires an authorised and approved OTC Derivatives Provider (“ODP”) to bilaterally and daily exchange variation margin with any ‘counterparty’ with whom non-centrally cleared derivative transactions (“Derivatives”) are concluded. Securitisation Issuers as counterparties to derivative transactions can’t post margins due to their legal structure. The sub-committee has started to investigate the implications of this Standard on securitisation issuers, and the initial view is that it will not have implications since a securitisation issuer should fall outside the definition of “counterparty” as defined in the Standard.

The EXCO had asked the sub-committee to look into the implications of POPIA requirements on securitisation issuance. This would be debated further.

Further focus areas for 2021 that would be considered were the creation of a forum to discuss and share experiences that participants have encountered on a practical basis with regulations and regulators (such as the JSE); the challenges the industry has with the development of synthetic securitisation structures and the ABCP market; and the broadening the mandate of the Forum beyond traditional securitisation, following further consultation with interested parties.

2021 will continue to be a busy year on the legal and regulatory front. The SARB will engage again on the Securitisation Framework and may formally engage the industry on the amendments to the Commercial Paper Regulations.

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

There were no questions and the adoption of the report was proposed by Gill Raine and seconded by Cameron Gough.

5.2 Communication and Education Report.

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

EDUCATION

The UCT Securitisation Course was last held in 2017. Despite its success, interest dropped significantly the following year. The committee would keep the Forum members updated as to when they believed it useful to run the course again.

On 25 November 2020, the Forum was represented on an online panel during the Bonds, Loans, and Sukuk Africa Virtual Conference. The topic was securitisation in the South African market from the perspective of a non-bank issuer. There had been considerable feedback and questions from attendees at the conference.

The sub-committee had previously proposed a SASF sponsored event be offered to the market which would focus on growing Securitisation. Given the lack of deals in the market, the lack of regulatory clarification, and the inability to network during online conferences, it was decided to put this proposal on hold and to wait until there were sufficient developments in the market to warrant such an event. Likewise, the same view was taken regarding active engagement with regulators such as the PA, FSCA, and the JSE.

Despite presentations to SARB, there was a lack of progress being made with long-overdue regulatory issues. The Forum would pursue engagement with SARB, and in particular with Vukile Davidson, who has been identified as a contact within the SARB policy unit.

Standard Bank Training Sessions have been suspended for the time being.

The committee had engaged with the Social & Ethics 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 was some understanding from the Tribunal, the granting of exemptions remained inconsistent. The S & E members present requested a follow-up presentation to educate a broader base of members of the Tribunal. As the economy opens up, we undertake to re-engage on this matter.

DATABASE:

The Forum has been maintaining a database of information, with the assistance of BASA, relating to securitisation deals and is looking to consolidate and expand the information available, including all non-bank issuance. We anticipate making this information available on the SASF website.

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. The majority of the JSE listed transaction reports are listed on the website.

The sub-committee Chairman thanked all personnel and institutions contributing to items on the website

There were no questions and the adoption of the report was proposed by Gill Raine and seconded by Khadija Khan.

5.3 Membership Report.

Nick Gunning presented the report, details of which were in the board pack. Membership currently stood at 32 and, as of the date of the AGM, all membership fees had been paid.

The Chairperson thanked the sub-committees for their work during the year. There were no questions and the adoption of the report was proposed by Gill Raine and seconded by Khadija Khan.

The Adoption of the various sub-committee reports was unanimously accepted by the AGM.

6. ELECTION OF THE EXECUTIVE COMMITTEE FOR 2021/2022.

There were a few changes in the composition of EXCO over the past 12 months.

- In terms of the Constitution, the Chairperson, Evelyn Deiner, after her 3 years tenure, stepped down from her post at the AGM.
- Kurt van Staden of Quadridge Trust accepted the position of Chairman of the Forum.
- Evelyn Deiner agreed to accept the position of Deputy Chairperson of the Forum.
- Direen Eraman RMB resigned and Cameron Gough FirstRand Bank Limited was appointed as representative.

The remaining EXCO officers indicated that they would be willing to stand for re-election.

Exco had consequently recommended the following offices for 2021/2022 as:

Chairman	Kurt van Staden	Quadrige Trust
Deputy Chairman	Evelyn Deiner	Quadrige Trust
Treasurer	Khadija Khan	PWC
Legal & Regulatory sub-committee	Hendrik Ackermann	Nedbank
Membership sub-committee	Nicholas Gunning	Standard Bank
Communication & Education	David Towers	Quadrige Trust

The remainder of EXCO would comprise:

Greg Wakelin	ABSA
Thato Khaole	Ashburton
Nelis Zeelie	BMW Financial Services
Cameron Gough	FirstRand Bank
Louis Dirker	Investec Bank
Johan Scheepers	KPMG
Brendan Harmse	Maitland Group
Simon Howie	Ninety One
AK Ismail	SA Home Loans
Nick Cloete	Sanlam Investments
Dheseagan Govender	Sasfin Bank
Nick Gunning	Standard Bank
Stephan Pienaar	Stanlib
Olivia Ferreira	TMF
Lindi Marais	Webber Wentzel
Richard Roothman	Werksmans

The Exco recommendations were approved by the AGM.

7. GENERAL

Kurt van Staden, the incoming chairperson, thanked the AGM for their vote of confidence and looked forward to working with them in the future. He paid tribute to the outgoing Chairperson, Evelyn Diener, as well as other members of EXCO.

There were no further questions or comments. The Chairperson thanked all attendees at the AGM for their participation.

The meeting was declared closed at 11:50 a.m.

CHAIRMAN

DATE

Chairperson's Report to the Annual General Meeting 12 May 2022

1. Introduction

It is my pleasure to welcome you to the 15th Annual General Meeting (“AGM”) of the South African Securitisation Forum and as this is my first year hosting the AGM as Chair, I would like to take the opportunity to thank all members for having entrusted me to this position.

It was hoped, after having held the past two AGMs as virtual meetings, that we would be in a position to meet in person this year. Unfortunately, due to the recent increase in Covid-19 infection rates, we had to consider the concerns raised by a number of our members and decided to revert to conducting this as a virtual meeting again. Nevertheless, I remain optimistic that we will have many opportunities during the coming year to gather face to face again.

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.

I encourage you to use this meeting to raise any questions or concerns 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

At the time the previous AGM took place, we were enjoying some respite from the hard lockdown restrictions that had been imposed to contain the spread of the coronavirus. The Government had commenced its Covid 19 vaccination programme and with South Africa being placed on an adjusted alert level 1, we were hopeful that we would see a steady and continued economic recovery.

It was also at this time however that local cases of the new Delta variant were reported and by the end of the following month, South Africa had moved back up to a level 4 lockdown.

Apart from repeated waves of the pandemic, the past year has seen several economic, societal and environmental events that have impacted both the local and global economies.

2.1. Global Conditions

When one looks back a year, *circa* April 2021 when the SARB released its Monetary Policy Review, there was a marked air of optimism.

The worst of the Covid-19-induced economic effects were fading and the global economy had started recovering from the recession brought about by the pandemic. GDP had contracted less in 2020 than was initially feared, many major economies were climbing back to near pre-Covid levels and the IMF had revised its global growth forecast upwards to 6% for 2021.

Whilst a rise in inflation was anticipated due to supply chain constraints, this increase was expected to be moderate and the IMF predicted levels of 2.3% in the US and 1.4% for the eurozone.

Thanks to continued vaccination efforts, favourable macro-economic policies and financial conditions, the general sentiment was that the global recovery would continue on this positive trajectory throughout 2022 and 2023.

Fast forward to the present and although markets did recover sharply to around the forecasted 6.1% level for 2021, the situation has changed significantly.

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. In March, the US reached an inflation rate of 8.5%, a level last seen 40 years ago, with similar situations emerging out of the UK (at 6.2%) and the eurozone (at 7.4%).

Market expectations are that central banks will act aggressively and hike short-term rates (as recently evidenced by the Fed's 50bps hike last week). (Standard Bank Research: March 2022).

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. (IMF. 202204 "World Economic Outlook Report April 2022").

2.2. Domestic Conditions

On the domestic front, the SARB's April 2021 Monetary Policy Review reflected that South Africa's economy was also on a recovery path and although the country, like many of its other emerging market counterparts, had been more severely hit by the pandemic than the advanced economies, the lockdown restrictions had been eased, the vaccination programme had commenced and favourable monetary policy together with contained inflation was supporting growth over what was initially expected.

The strong global recovery and higher commodity prices also facilitated an improvement in the Rand with the currency dipping below R14 to the dollar at the end of May last year.

The SARB was forecasting the economy to grow by 3.8% in 2021, slowing down to 2.4% in 2022 and eventually returning to pre-Covid output levels by the first Quarter of 2023. (SARB. "Monetary Policy Review- October 2021").

Although an estimated 1.4 million people had lost their jobs by the fourth quarter of 2020, the low-interest-rate environment and increased credit extensions gave rise to a record number of mortgage advances being granted in the second half of 2020. This trend continued into 2021 with the Lightstone Property Index recording the highest number of homes being sold in the first six months when compared to the same period over the previous five years.

The strong rebound was soon derailed, however, as the country was hit by the July unrests, a third wave of the pandemic and disruptions to Transnet as a result of fire and cyber-attacks. This all led to a contraction of the economy by 1.5% in the third quarter of the year (Stats SA. "GDP 3 Quarter 2021 Report").

On a positive note, despite these events and whilst still not at pre-Covid output levels, the local economy settled on an annual growth rate of 4.9% for the year.

At the time of releasing its Monetary Policy Report in April this year, the SARB being cognisance of the inflationary outlook and the increasing interest rate environment, forecasted a more muted growth rate for the local economy of 2% for 2022 and 1.9% for both the 2023 and 2024 years respectively.

Then another disaster struck as heavy rainfall, mudslides and flooding hit the KwaZulu-Natal coast causing the President to declare the National State of Disaster to focus on the provision of humanitarian relief, restoration of the provision of services and the reconstruction of infrastructure.

Whilst the cost of the destruction caused by the flooding is still being counted, the disruption to business in the province will have a notable impact on the overall South African economy.

All things considered, the economic situation remains volatile with higher interest rates, increasing inflation, high unemployment, ongoing power cuts, higher debt levels, an unstable global environment and the possibility of new variants of the coronavirus being some of the downside risks that could prolong a stagnant growth path. (Deloitte Insights “Betting on Foundational changes for higher growth 16 March 2022”).

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 2021 amount to R115.5 billion which equated to a 25% year-on-year increase although still down 34% from the levels seen in 2019.

This 25% increase represented to some extent a shift back to longer-term issuance from commercial paper which had dominated issuances in the early months of the pandemic in 2020 due to investor angst.

The 34% drop from the issuance volumes in 2019 was largely driven by a lack of supply in the market as opposed to a lack of investor demand.

The bond market contracted by R2.6 billion in 2021 which was an improvement on the previous year’s contraction of R27.9 billion, but still disappointing when compared to an annual average growth of R47.4 billion in the decade preceding the pandemic. The contraction was primarily driven by the SOE sector as both the financial and corporate sectors reported positive net issuances.

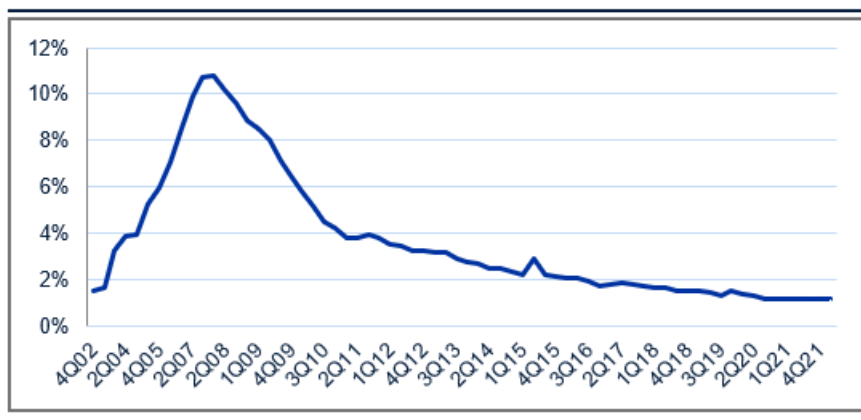
When viewing the securitisation market in isolation it becomes patently clear that we need to increase our efforts in promoting the benefits of this asset class. Although total listed securitisation issuance was up by more than R10 billion in 2021 when compared to the previous year, it still only accounted for approximately 1% of the total bond market issuance.

This level increases to around 2% if you include the shorter duration commercial paper issuances and is the same level it has been holding since the beginning of 2019.

Gross Bond and CP Issuance

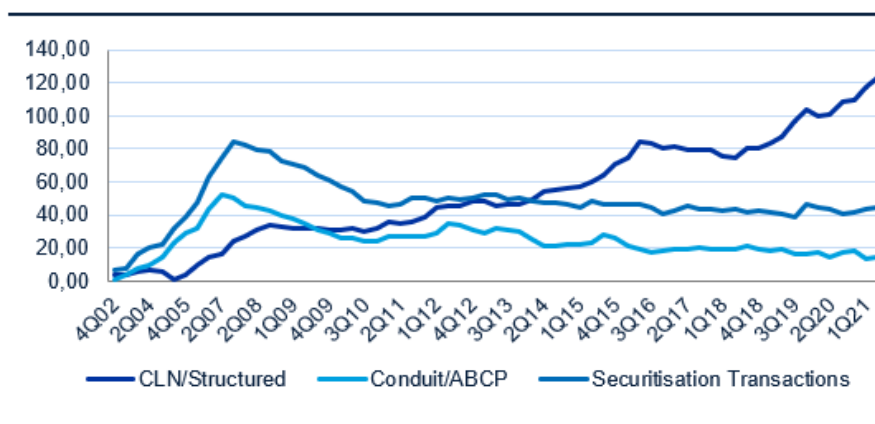
R' bn	2017	2018	2019	2020	2021
Financial	75.5	48.0	73.6	40.2	56.7
Corporate	36.8	33.9	44.3	25.3	31.9
SOE	15.0	21.2	35.8	17.8	9.2
Securitisation	13.8	13.2	20.1	7.4	17.7
Municipal	2.3	0.0	0.0	1.7	0.0
Total (bonds)	143.4	116.3	173.8	92.4	115.5
Commercial Paper	32.6	20.1	68.2	25.7	12.0
Total	176.0	136.4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

Securitisation as a % of Total Listed Bonds



Outstanding volumes have also remained relatively unchanged, averaging at around the R43 billion mark since 2017. It must be mentioned that these numbers do not include asset-backed commercial paper which averaged approximately R17 billion over the same period.

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 22)

Type	Issuance (ZAR)	%
ABS	31 849 900 237	42,6%
CLO	3 400 000 000	4,5%
CMBS	2 137 000 000	2,9%
MBS	1 454 000 000	1,9%
RMBS	35 933 000 000	48,1%
	74 773 900 237	100,0%

The following key deals accounted for the listed securitisation issuances over the period 2021 to 2022.

Key Deals (2021- 2022YTD)

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		
	UU1C02	0.012	Floating	400	375-425	14-Feb-22	15-May-26		
	TR50M2	0.075	Floating	80	80-90	29-Nov-21	20-Dec-22		
Transsec 5 (RF) Ltd (Tap)	TR5A12	0.172	Floating	143	140-150	29-Nov-21	20-Jun-24	Auction	1.322 (2.43x)
	TRA5A22	0.174	Floating	174	160-170	29-Nov-21	20-Jun-26		
	TRA5A32	-	Fixed (R186 plus)	-	-10-0	29-Nov-21	20-Jun-26		
	TRA5B2	0.087	Floating	87	200-250	29-Nov-21	20-Jun-26		
	TRA5C2	0.035	Floating	35	400-450	29-Nov-21	20-Jun-26		
Thekwini Fund 17 (RF) Ltd (Tap)	TH1702	0.352	Floating	75	75-85	22-Nov-21	22-Nov-22	Auction	2.828 (1.61x)
	T17A12	0.485	Floating	120	115-125	22-Nov-21	21-Feb-24		
	T17A22	1.005	Floating	135	130-145	22-Nov-21	21-Feb-26		
	T17A32	0.246	Fixed (R186 Less)	24	35-20	22-Nov-21	21-Feb-26		
	TH17B2	0.125	Floating	175	180-200	22-Nov-21	21-Feb-26		
SuperDrive Investments (RF)	TH17C2	0.090	Floating	203	210-240	22-Nov-21	21-Feb-26	Auction	4.890 (3.26x)
	TH17D2	0.082	Floating	373	380-430	22-Nov-21	21-Feb-26		
	SPDA15	0.750	Floating	131	135-150	23-Aug-21	21-Aug-26		
Transsec 5 (RF) Ltd	SPDA14	0.750	Floating	119	120-130	23-Aug-21	21-Aug-24	Auction	1.527 (1.70x)
	TR50M1	0.090	Floating	75	80-90	26-May-21	20-Jun-22		
	TR5A11	0.329	Floating	148	140-150	26-May-21	20-Jun-24		
	TR5A21	0.191	Floating	164	160-170	26-May-21	20-Jun-26		
	TR5A31	0.080	Fixed (R186 plus)	18	0-10	26-May-21	20-Jun-26		
Thekwini Fund 17 (RF) Ltd	TRA5E1	0.150	Floating	225	200-250	26-May-21	20-Jun-26	Auction	0.932 (1.53x)
	TRA5C1	0.060	Floating	390	400-450	26-May-21	20-Jun-26		
	T17A31	0.120	Floating	-20		24-Mar-21	21-Feb-26		
	T17A11	0.503	Floating	122		24-Mar-21	24-Mar-24		
	T17A21	0.936	Floating	145		24-Mar-21	24-Mar-26		
	TH17A31	0.120	Fixed	-20		24-Mar-21	24-Mar-26		
	TH17B1	0.107	Floating	190		24-Mar-21	24-Mar-26		
TH17C1	0.080	Floating	226		24-Mar-21	24-Mar-26			
Urban Ubomi 1 (RF) Ltd	TH17D1	0.074	Floating	410		24-Mar-21	24-Mar-26	Auction	0.932 (1.53x)
	UU1A1	0.202	Floating	155	140-160	23-Mar-21	23-Apr-24		
	UU1A2	0.309	Floating	220	180-210	23-Mar-21	23-Apr-26		
	UU1A3	-	Fixed	40	25-40	23-Mar-21	23-Apr-26		
	UU1B1	0.073	Floating	250	250-300	23-Mar-21	23-Apr-26		
UU1C1	0.025	Floating	380	375-425	23-Mar-21	23-Apr-26			

(Statistical data provided by Standard Bank Research)

I would like to take this opportunity to make a special mention of two deals in particular.

The Urban Housing Foundation's Urban Ubomi transaction and the SA Home Loans Thekwini Fund 17 Residential Mortgage-Backed Securitisation Transaction.

The Urban Ubomi 1 RF Limited deal came to the market in 2021 and was listed as a social bond on the JSE's Sustainability Segment of the Interest Rate Market. This transaction won the Local Currency Bank/FI Bond Deal of the Year award for 2022 at the GFC Media Group's Bonds, Loans and Sukuk Africa Awards.

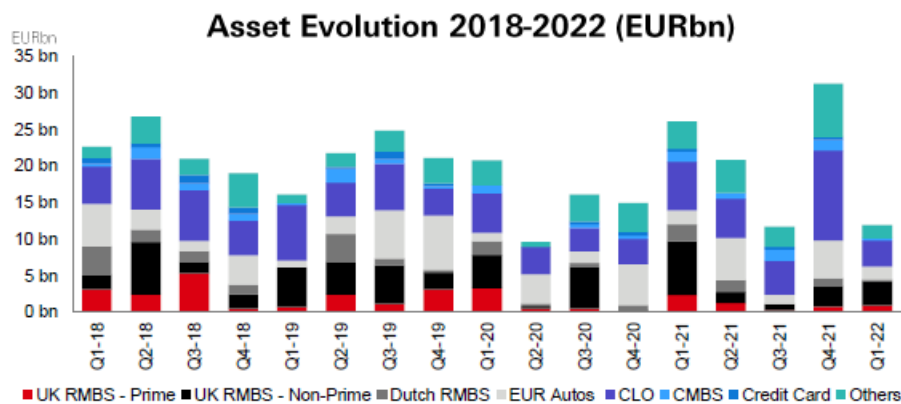
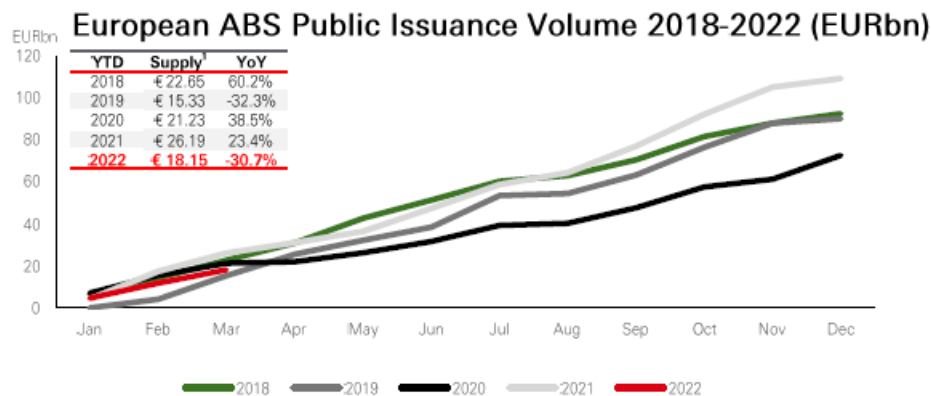
The Thekwini Fund 17 Programme was named African Securitisation Deal of the Year at The Banker's 2022 Deals of the Year Awards.

Congratulations to both recipients.

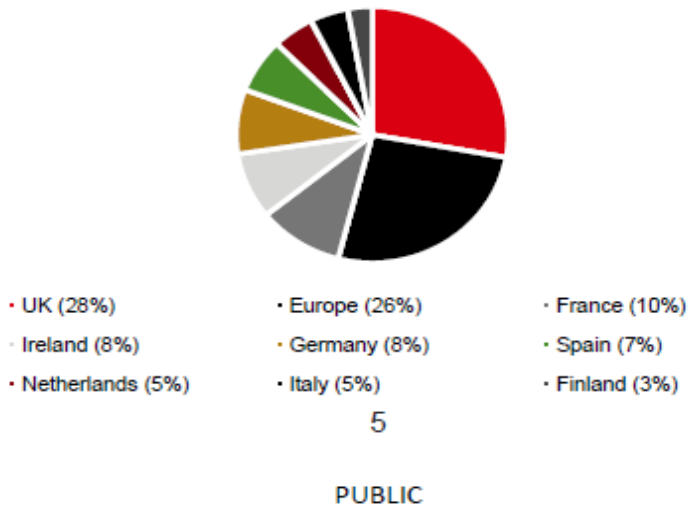
3.2. The European ABS Market

Although issuances in the eurozone were up by 14.5% year on year in January 2022, total issuances for the quarter were down 30.7% as the Ukraine-Russia conflict triggered an interruption in supply. CMBS recorded the sharpest decline in pricing a total of 9 RMBS deals during this period.

Spreads have widened, reflecting liquidity stress but remain strong by historical standards.



2022YTD Issuance by Jurisdiction



(Statistical data supplied by HSBC European ABS Market Update Q1 2022)

3.3. The Australian Securitisation Market

Australia saw a post-financial crisis record issuance year in 2021. While there was limited issuance from Australian banks, the market witnessed a steady stream of primary market issuances from non-banks which included several first-time issuers. Non-banks now account for three-quarters of the market.

There were 43 new residential mortgage-backed securities issued into the Australian public markets with a volume totalling the US \$38.8 billion, up 49.5% from the previous year's volume that was generated by 31 deals.

As is currently the case in South Africa, there were no material impacts on the performance of any of the RMBS or ABS transactions stemming from pandemic containment measures in the form of payment deferrals and government support (Australian Securitisation Journal Securitisation Outlook Issue 21 February 2022).

3.4. The US Securitisation Market

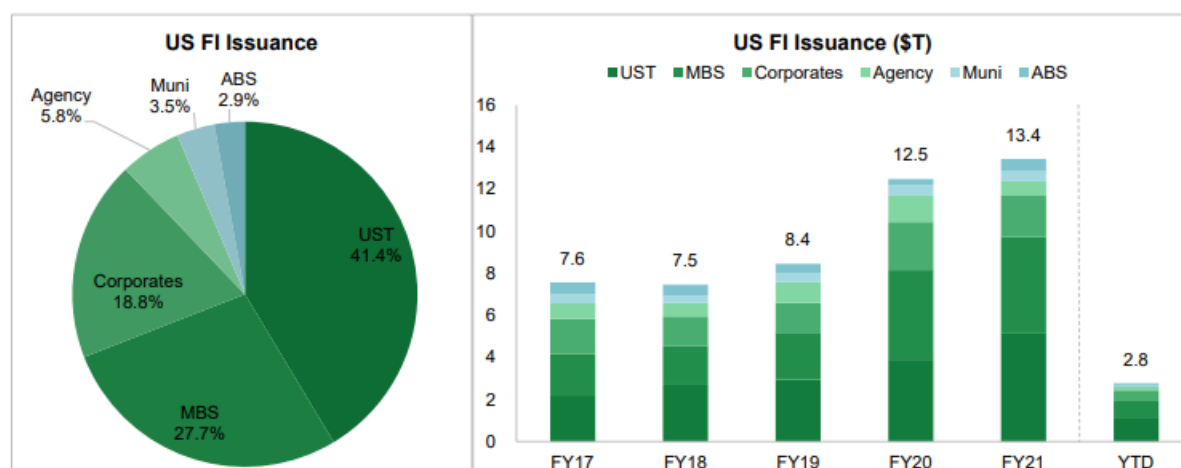
As reflected in the table below published by SIFMA Research Quarterly 1Q22, the US has seen a steep contraction in issuances across all classes of its bond market year on year to 2022 with the most notable being in the Mortgage and Asset-Backed Securities transactions.

Quarterly & YTD Highlights

Issuance (\$B)	1Q22	4Q21	1Q21	Q/Q	Y/Y	YTD 2022	YTD 2021	Y/Y
Total Market	2,779	3,088	3,684	-10.0%	-24.6%	2,779	3,684	-24.6%
UST	1,150	1,241	1,289	-7.3%	-10.8%	1,150	1,289	-10.8%
MBS	769	1,036	1,314	-25.7%	-41.5%	769	1,314	-41.5%
Corporates	522	379	610	37.5%	-14.4%	522	610	-14.4%
Agency	160	151	215	5.9%	-25.6%	160	215	-25.6%
Munis	98	119	113	-17.1%	-13.0%	98	113	-13.0%
ABS	79	162	143	-51.1%	-44.6%	79	143	-44.6%

Chart Book: Total Fixed Income

- Issuance: 1Q22 \$2.8T, -24.6% Y/Y, -10.0% Q/Q; FY21 \$13.4T, +7.7% Y/Y
- ADV: 1Q22 \$1.0T, -3.9% Y/Y, +8.9% Q/Q; FY21 \$956.7B, +0.1 % Y/Y



4. Recent Developments

A consistent theme across all regions is the move toward sustainable investing with a focus on environmental, social and governance criteria.

Stronger commitments from companies and policymakers toward sustainability goals are spurring a demand for ESG securitisation.

Toyota Financial Services issued a US \$1.6 billion asset-backed green bond to finance the sale of hybrid and fully electric vehicles and in Australia, Firstmac issued an AUS \$750 million green RMBS in June 2021.

Policymakers are currently focused on developing clear definitions and metrics to measure performance.

The EU is leading the charge with a detailed classification system that will facilitate the measurement and reporting of investment impact, which will no doubt lay the groundwork for a standardised global framework.

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

Despite challenges faced by repeated lockdowns and trying to engage and build relationships via a virtual platform for most of the year, the Forum continued the commitment made to members to be more proactive in our engagement with stakeholders and be an active voice for the industry.

We made a concerted effort, despite the logistical difficulties, to set up informal meetings with Strate, the JSE, FSCA and the SARB to introduce ourselves, explain the Forum's mandate and lay the groundwork for improved communication and collaboration as we strive to address the issues facing the industry.

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 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

The implementation date for the new Securitisation Framework was extended to July 2022 and at the time of writing the SARB had just released its proposed Directive for comment as it relates to the criteria for identifying Simple, Transparent and Comparable, term and short-term securitisation.

The concern is that consultations on this document have been limited to engagements between the banks and the SARB, to the exclusion of the broader non-bank securitisation market.

With this in mind, discussions were initiated with the FSCA to develop a joint standard that would apply to both Bank and Non-Bank Issuers and encourage a uniform approach in the implementation of the STC standards.

In the prior year, SARB commenced informal discussions with the banks on its strategy regarding the update to the Commercial Paper Regulations. It was understood that SARB would circulate a discussion document to certain industry players to solicit initial comments whereafter a more formal document would be published for wider consultation once it had been through SARB's governance processes. No progress has however been made in this regard.

The new Protection of Public Information Act came into effect in July of 2021 and the committee briefed ENS to obtain a legal opinion as to the implications this had for the industry. This opinion was provided to all members and formed a compliance framework template for meeting their obligations.

The JSE proposed various amendments to the Debt Listings Requirements over the period with the most notable being the proposals released in June 2021 aimed at introducing a new class of sustainability-linked debt securities and transition debt securities.

Other regulatory developments over the period consisted of proposed amendments to the Companies Act to which the Forum submitted commentary.

5.2. The Communication and Education Sub-Committee

After a 3 year hiatus, the Forum held its Introduction to Securitisation Course again and had a record number of registrations with participants representing a cross-section of the market and diverse geography.

In marketing the course we realised that our traditional channels of communication were not proving a success at informing the market and we reverted to contacting individuals telephonically.

Whilst not ideal, the exercise did prove fruitful in strengthening relations and expanding our network. It also highlighted the need to move to a more digitized CRM platform.

Following the success of the course, the Forum, in conjunction with UCT is investigating the possibility of converting this to a self-study, online course using UCT's current teaching platform.

The IMN Bonds Loans and Sukuk Africa Conference took place in Cape Town at the beginning of March and presented the first opportunity in months for the

industry to gather under one roof and share insights and engage on pertinent topics. Whilst this conference caters to the broader bond market, many of our members were in attendance making use of the opportunities to set up face-to-face meetings and gain access to regulators, investors, bankers and corporate decision-makers.

We will continue to drive ongoing education initiatives and information sessions with all our stakeholders throughout the coming year in the hope that these engagements will foster closer engagement, greater understanding and collaboration and a more coordinated approach to dealing with industry issues.

5.3. Membership

The Forum comprised 31 members at the end of February 2022.

We had two resignations one being Allen & Overy LLP who advised that they do not currently have a local securitisation team in South Africa but would reconsider joining should this position change.

Grobank Limited also tendered their resignation during the year.

We would like to express a warm welcome to CMS RM Partners (Pty) Ltd, who joined the Forum with effect from March 2021.

5.4. Composition of the Exco

As you are all aware, I assumed the position of Chair of the Forum this year and I would like to take this opportunity to thank Evelyn Deiner for her stewardship of the Forum over the preceding 3 years.

Fortunately, she remains actively involved and assumed the position of Deputy Chair.

Nicholas Cloete from Sanlam Investments resigned from the Exco on 1 February 2021 and Sanold Koert was appointed.

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

Nick Gunning and Khadija Kahn have both advised that they will be stepping down from their respective positions as Chair of the Membership Committee and Treasurer.

Nick will hand over to Katlego Ramatlhare and Amina Haffejee will be taking over from Khadija. I would like to express my sincere gratitude to both Nick and Khadija for their contributions over the years and extend a warm welcome to Amina and Katlego.

5.5. Financial Position

As of the end of April 2022, the Forum reflected a cash positive position of R429 587 which is slightly down from the previous year primarily due to the expenses we incurred as a result of seeking legal opinion on the POPIA legislation.

6. General

Forum name change and wording of the SASF Constitution

We have for some time now debated the need to consider expanding the wording of the Forum's current constitution to bring it in line with the scope of activities and asset classes that fall under our remit.

The wording of the current constitution refers exclusively to securitisation whereas both securitisation and commercial paper are of relevance.

With this in mind the Exco has voted in favour of changing the objectives as set out in the constitution from the current wording which reads:

“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”.

To the following:

“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”.

This amendment would effectively ensure the formal inclusion of those issuances structured under the Commercial Paper Regulations under the auspices of the Forum.

As a result of the expanded objective, we have also voted in favour of changing the name to: ***“The South African Securitisation and Asset Backed Securities Forum”.***

7. Conclusion

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 and a useful source of finance for businesses. Soundly structured, securitisation is a useful channel for diversifying funding and allows for a broader distribution of financial-sector risk.

Overall, it makes the financial system more efficient and provides additional investment opportunities, thereby supporting economic recovery. If ever there was a need and an 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, I want to thank 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.

Engaging, debating, coordinating and motivating without the ability to do so in person has been a challenge, but I have been taken aback at the extent of knowledge shared and the assistance given to me by the members of this Forum since assuming this position.

A special word of thanks goes to the Deputy Chair and the Chairs of the various sub-committees for their commitment to the Forum.

My sincere thanks go to Pat for her patience, coordination, organisational skills and her unwavering cheerfulness every Monday morning as she ensures that the Forum is running smoothly.

Last but certainly not least, I want to extend my sincere appreciation to Christian Mparutsa, from Standard Bank, without whose assistance in compiling the necessary statistical data, this report would not be possible.

Whilst the future remains uncertain and we will no doubt face substantial difficulties, I know that we are resilient. This Forum is constituted by an exceptional group of individuals with a selfless attitude and deep enthusiasm. They are always willing to share their knowledge and have the best interests of the industry at heart and I know that together we can influence the trajectory both of this industry and the broader economy.

Thank you.

Kurt van Staden
Chairperson, South African Securitisation Forum
12 May 2022.



**SOUTH AFRICAN
SECURITISATION FORUM**

**PRESENTATION AND ADOPTION OF
CHAIRMAN'S ANNUAL REPORT FOR
2022**



**SOUTH AFRICAN
SECURITISATION FORUM**

**PRESENTATION AND ADOPTION OF
FINANCIAL REPORT FOR 2021/2022 AND
BUDGET FOR 2023**

**The South African Securitisation Forum
Annual Financial Statements
for the year ended 28 February 2022**

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2022**

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)	Appointed 1 May 2021
	E Deiner (Deputy Chairman)	
	K Khan (Treasurer)	
	D Towers	
	B Harmse	
	O Ferriera	
	T Khaole	
	N Zeelie	
	S Howie	
	R Roothman	
	N Gunning	
	L Marais	
	L Dirker	
	H Ackerman	
	D Govender	
	C Gough	
	S Pienaar	
	G Wakelin	
	AK Ismail	
	J Scheepers	
	S Koert	Appointed 01 February 2022
	N Cloete	Resigned 01 February 2022

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 2022

Index

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

Index	Pages
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 6 April 2022 and were signed on its behalf by:

Chairman

Deputy Chairman

Cape Town

06 April 2022

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 2022, the statement of comprehensive income and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present, in all material respects, the financial position of The South African Securitisation Forum as at 28 February 2022 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 (ISAs). 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 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.

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 committee'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 committee'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 committee 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
06 April 2022

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2022**

Statement of Financial Position

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Accounts receivable	2	-	30 000
Cash and cash equivalents	3	429 587	494 667
Total Assets		429 587	524 667
Funds and Liabilities			
Funds			
Accumulated funds	4	417 797	512 877
Liabilities			
Current Liabilities			
Accounts payable	5	11 790	11 790
Total Funds and Liabilities		429 587	524 667

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2022**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2022	2021
Revenue	6	465 000	476 250
Operating expenses		<u>(577 432)</u>	<u>(466 197)</u>
Operating (loss) / profit		<u>(112 432)</u>	<u>10 053</u>
Investment revenue	7	<u>17 352</u>	<u>18 056</u>
(Loss) / profit for the year before taxation		<u>(95 080)</u>	<u>28 109</u>
Taxation	8	<u>-</u>	<u>-</u>
(Loss) / profit for the year		<u>(95 080)</u>	<u>28 109</u>

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2022**

Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash (used in) / generated from operations	9	(82 432)	23 737
Interest income		17 352	18 056
Net cash flow from operating activities		(65 080)	41 793
Net cash and cash equivalents movement for the year		(65 080)	41 793
Cash and cash equivalents at the beginning of the year		494 667	452 874
Cash and cash equivalents at the end of the year	3	429 587	494 667

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2022**

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 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 2022**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
2. Accounts receivable		
Membership fees receivable	-	30 000
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	429 587	494 667
4. Accumulated funds		
Opening balance	512 877	484 768
(Loss) / profit for the year	(95 080)	28 109
	<u>417 797</u>	<u>512 877</u>
5. Accounts payable		
Trade payables	11 790	11 790
6. Revenue		
Membership fees	465 000	476 250
7. Investment revenue		
Interest received Bank	17 352	18 056
8. 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.		
9. Cash (used in) / generated from operations		
(Loss) / profit before taxation	(95 080)	28 109
Adjustments for:		
Interest received	(17 352)	(18 056)
Changes in working capital:		
Accounts receivable	30 000	15 000
Accounts payable	-	(1 316)
	<u>(82 432)</u>	<u>23 737</u>

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2022**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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10. 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.

11. Events after the reporting date

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

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2022**

Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Revenue			
Membership fees	5	<u>465 000</u>	<u>476 250</u>
Other income			
Interest received	7	<u>17 352</u>	<u>18 056</u>
Operating expenses			
Auditors' remuneration		13 225	16 796
Bank charges		1 878	2 273
Consulting fees paid		396 630	383 214
Legal expenses		92 075	-
Secretarial fees		6 958	-
Sundry office costs		2 634	3 299
Travel - local		-	3 700
Website and computer costs		<u>64 032</u>	<u>56 915</u>
		<u>577 432</u>	<u>466 197</u>
(Loss) / profit before taxation		<u>(95 080)</u>	<u>28 109</u>
Taxation	8	-	-
(Loss) / profit for the year		<u>(95 080)</u>	<u>28 109</u>



**SOUTH AFRICAN
SECURITISATION FORUM**

SOUTH AFRICAN SECURITISATION FORUM				
BUDGET VS ACTUAL RESULTS - 1 MARCH 2021- 28 February 2022				
Income Statement:	Actual	Budget	Budget remaining	Comments on variance between actual YTD and budgeted YTD
	12 Months 28-Feb-22	FULL YEAR 28-Feb-22	till 28-Feb-22	
Income	512,352	483,056	29,295	
Interest and balance on current account	17,352	18,056	-705	Below expectation as a result of fluctuating MM balance.
Membership Fees	495,000	465,000	30,000	Refer to membership report for more detail. R30 000 related to 2 members whose FY 21 fee was received during FY22.
Expenses	577,431	504,511	-72,920	
Auditors	20,183	18,837	-1,346	Additional work on tax return not initially budgeted for.
Bank charges	1,877	2,410	533	In line with expectation
Website design, maintenance costs	57,439	57,956	517	In line with expectation
Consulting secretarial fees	396,630	396,630	-	In line with expectation, includes bonus
Sundry office costs	3,823	4,756	933	Below expectation, no AGM costs
Travel	-	3,922	3,922	Below expectation, limited travel
General provision - contingency	97,480	20,000	-77,480	Computer repairs(R5K) and legal fees (R92K) on legal opinions.
Profit(loss) before tax	-65,079	-21,455		
Tax	-	-		
Profit(Loss) after tax	-65,079	-21,455		
Cash at Beginning of the year	494,667	494,667		
Add: Net income over expenses	-65,079	-21,455		
Closing cash balance	429,587	473,212		



**SOUTH AFRICAN
SECURITISATION FORUM**

SOUTH AFRICAN SECURITISATION FORUM				
BUDGET 2022 VS ACTUAL RESULTS 2022				
Income Statement:	Budget	Actual	Year on Year movements	Comments on variance between actual YTD and budgeted YTD
	12 Months 28-Feb-23	FULL YEAR 28-Feb-22	till 28-Feb-23	
Income	482,352	482,352	-	
Interest and balance on current	17,352	17,352	-	Maintain at FY 2022 actual
Membership Fees	465,000	465,000	-	Fee remains the same as prior year, membership numbers remained consistent (expected 31 members)
Expenses	583,874	577,431	-6,443	
Auditors	24,393	20,183	-4,211	Increase of 6% on FY 2022 actual in line with PY increase, include R4K for tax.
Bank charges	1,990	1,877	-113	Increase of 6% on FY 2022 actual in line with PY increase
Website design, maintenance costs	57,439	57,439	-	As approved at Feb 2022 Exco. No increase was approved.
Consulting secretarial fees	416,000	396,630	-19,370	5% as approved, provision included for bonus
Sundry office costs	4,052	3,823	-229	Increase of 6% on FY 2022 actual in line with PY increase
Travel	30,000	-	-30,000	Budgeted travel costs for FY2022 included as a contingency for in person meetings
General provision - contingency	50,000	97,480	47,480	Increase from PY to account for increased discretionary costs.
Profit/(loss) before tax	-101,522	-95,079		
Tax	-	-		
Profit/(Loss) after tax	-101,522	-95,079		
Cash at Beginning of the year	429,587	494,667		
Add: Net income over expenses	-101,522	-65,079		Adjusted by R30K to account for FY 21 membership fees received in FY 22
Closing cash balance	328,065	429,587		



**SOUTH AFRICAN
SECURITISATION FORUM**

APPROVAL OF 2022/2023 MEMBERSHIP FEES



FEEDBACK FROM THE SUB-COMMITTEES

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



**SOUTH AFRICAN
SECURITISATION FORUM**

LEGAL & REGULATORY



Annual Report of the Legal & Regulatory Sub-Committee of the South African Securitisation Forum for the 2021/2022 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 2021 and in February and May 2022. All the meetings were well attended.

2. Overview of the sub-committees 2021/2022 activities

2.1 Securitisation Regulatory Framework

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

SARB is updating the Regulations relating to Banks to incorporate the Basel Committee’s latest capital framework for securitisation. The proposed implementation date for the amendments is 1 July 2022. Although the forum has not commented on the framework (only banks were consulted), BASA did comment.

2.1.3 STC Framework

A framework for Simple, Transparent and Comparable securitisations was published with a focus on preferential capital treatment for banks participating in transactions that comply with the STC framework.

The framework being proposed by SARB is essentially a direct incorporation of the Basel Committee’s framework. To allow for more flexibility regarding enhancements and

amendments, it will be published as a Banks Act Directive. The draft directive was circulated for comments to banks only and is scheduled to be implemented on 1 July 2022. It was resolved by the sub-committee that STC guidelines should be debated more broadly and that the broader securitisation industry should be consulted.

2.2 **POPIA**

The sub-committee obtained a legal opinion from ENS to provide a better understanding of both the Issuer and Security SPV's obligations in terms of POPIA. ENS is of the opinion both the Issuer and Security SPV should be "responsible parties" as defined in the Act. Many obligations in terms of POPIA are placed on "responsible parties" (as opposed to "operators"), including ensuring compliance with the Processing Conditions as set out in the legislation.

It was resolved that should Issuers face challenges, it should be brought to the attention of the Forum.

2.3 **Margining for OTC Derivatives**

A new standard was implemented that requires an authorised and approved OTC Derivatives Provider ("ODP") to bilaterally and on a daily basis exchange variation margin with any "counterparty" or "foreign counterparty" with whom non-centrally cleared derivative transactions are concluded. Securitisation Issuers as counterparties to derivative transactions can't post margins due to their legal structure. The sub-committee discussed this and is of the view that Issuers are not included as "counterparties" as defined and hence not impacted by the new standard.

2.4 **Regulatory reform to benefit the development of securitisation in South Africa**

The sub-committee resolved that more can be done from a regulatory perspective to benefit and develop securitisation in South Africa. Attention should be given to, inter alia:

- (a) Amendments to the Exemption Notices under the Banks Act for Securitisation and Commercial Paper;
- (b) Market Conduct Regulation including matters relating to risk retention and STC; and
- (c) Regulation of Synthetic Securitisations.

It was agreed that a dedicated working group be constituted to drive this. The working group will meet in the coming weeks.

3. **Outlook and Conclusion**

In conclusion, 2022 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 2022



**SOUTH AFRICAN
SECURITISATION FORUM**

COMMUNICATION AND EDUCATION



REPORT OF THE COMMUNICATION AND EDUCATION
SUB-COMMITTEE OF THE SOUTH AFRICAN SECURITISATION FORUM FOR THE 2021/2022
YEAR

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

EDUCATION

UCT Securitisation Course

The Forum held a Securitisation course in conjunction with UCT in February which proved very successful with attendance by over 50 participants across the industry, including a non-South African contingent from across the continent. This was the first time the course was held since 2017. There was generally very positive feedback from the post-course feedback received. The course was held over five days, with each day occupying three hours. The daily online nature of the course appeared to be popular in that it did not interrupt a full business day and did not involve any travel and attendance issues as the previous courses might have done. It was a model that the Forum could replicate in the future. It appears that given sufficient lead-time for internal approvals, certain regulatory bodies would have been very interested in attending.

Some feedback had requested more non-South African content, but it remained unclear how to include insights from other jurisdictions such as Namibia and Kenya. An option could be to focus on the fundamental legislative and market requirements for this industry to exist and succeed.

We would consider holding another course online course later in 2022 if the numbers warranted it. Much of the existing material could be used while other topics could be included to cover areas that participants felt could be expanded on and were not sufficiently covered.

Capital Markets Conferences

The last IMN Africa Capital Markets conference was in 2016. It remains uncertain when it will be held again.

However, an in-person Bonds, Loans and Sukuk Africa Conference was held in Cape Town in March. 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 network and connect for the first time in a long while.

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, this 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.

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 was some understanding the members present requested a follow-up presentation to educate a broader base of members of the Tribunal who are involved in deciding on exemption requests. Whilst the industry has experienced some success with exemptions being granted, applications are also still being rejected despite being virtually identical structures. Current circumstances have not yet permitted us to re-engage on this matter. However, it remains a focus especially as the proposed amendments to the Companies Act provide for an increasing focus on these committees.

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

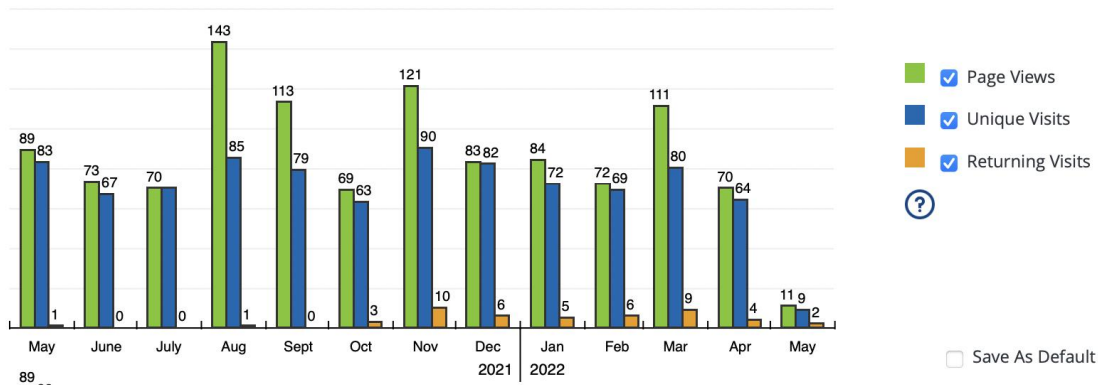
COMMUNICATION:

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. The majority 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 2022

SASF website usage up to 4 May 2022



Average Monthly Page Views		Average Monthly Unique Visits		Average Monthly First Time Visits		Average Monthly Returning Visits	
85.3		70.2		66.6		3.6	
	Page Views	Unique Visits	First Time Visits	Returning Visits			
+ May 2022	11	9	7	2			
+ Apr 2022	70	64	60	4			
+ Mar 2022	111	80	71	9			
+ Feb 2022	72	69	63	6			
+ Jan 2022	84	72	67	5			
+ Dec 2021	83	82	76	6			
+ Nov 2021	121	90	80	10			
+ Oct 2021	69	63	60	3			
+ Sept 2021	113	79	79	0			
+ Aug 2021	143	85	84	1			
+ July 2021	70	70	70	0			
+ June 2021	73	67	67	0			
+ May 2021	89	83	82	1			
Total	1,109	913	866	47			

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 2022

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 2022

Amber House Fund 5 – SA Homeloans
February 2022

Amber House Fund 6 – SA Homeloans
February 2022

Amber House Fund 7 – SA Homeloans
February 2022

Greenhouse 5 (RF) Limited- Nedbank
January 2022

Nqaba Finance 1 - Eskom Finance Company (EFC)
August 2020 - email sent requesting new report -No response

Thekwini Funds- SA Homeloans
Thek 13: has been fully redeemed so no further reporting is required
Thek 14: November 2021
Thek 15: February 2022
Thek 16: February 2022
Thek 17: February 2022

Commercial Mortgage-Backed Securitisation

Precinct Funding 2 (RF) Limited - Nedbank Capital
October 2021

Asset-Backed Securitisations

SA Securitisation Programme (previously Equipment Rentals Securitisation) - Sasfin Bank
Series1
January 2022

Series 2
January 2022

Series 3
January 2022

Asset-Backed Securitisations - Autos

Nitro Securitisation 6 (Pty) Ltd – Wesbank
March 2022

Nitro Securitisation 7 (Pty) Ltd – Wesbank
March 2022

SuperDrive Investments (Pty) Ltd - BMW FS securitisation - Standard Bank
February 2022

Torque Securitisation (RF) Limited
February 2022

Transsec 3 (RF) Limited
January 2022

Transsec 4 (RF) Limited
March 2022

Transsec 5 (RF) Limited
February 2022

ABCP Conduits

Inkotha Investments (Pty) Ltd - Firstrand Bank
March 2022

Ivusi Investments (Pty) Ltd - Firstrand Bank
March 2021

Thekwini Warehousing Conduit - SA Homeloans
March 2022

Synthetic Securitisations

Micro-Lending Receivables



MEMBERSHIP

ANNEXURE F



Annual Report of the Membership Sub-Committee for the 2021/2022 year

The Executive Committee agreed to keep the annual membership fees at R15,000 per member; the current SASF membership stands at 31 members.

As of 28 February 2022, the fees invoiced for 2021/2022 totalled R465 000. This was in respect of 31 members. All fees were received.

CMS RM Partners (Pty) Ltd joined the Forum during the year.

Grobank Limited and Allen & Overy LLP resigned their membership in June 2021.

Allen & Overy advised that due to changes in their office, they do not have on-the-ground securitisation capacity. They would re-assess membership once circumstances change.

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
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

Nick Gunning
May 2022



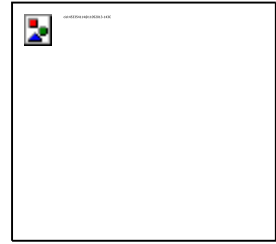
**SOUTH AFRICAN
SECURITISATION FORUM**

ANNOUNCEMENT OF OFFICE BEARERS FOR 2022/2023



Feedback as to the proposed amendments to the Constitution.

- **Broadening the definition of the scope of the Forum**
- **Proposal for a change of name.**



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 in order 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 own 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 of 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 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 in order that approximately one half of the Executive Committee membership 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 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 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 membership 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 Clause1.

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 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 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.

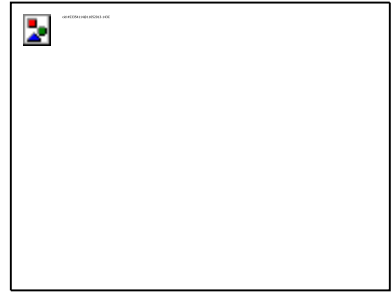
APPROVED AT THE ANNUAL GENERAL MEETING 19 MAY 2016

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



GENERAL