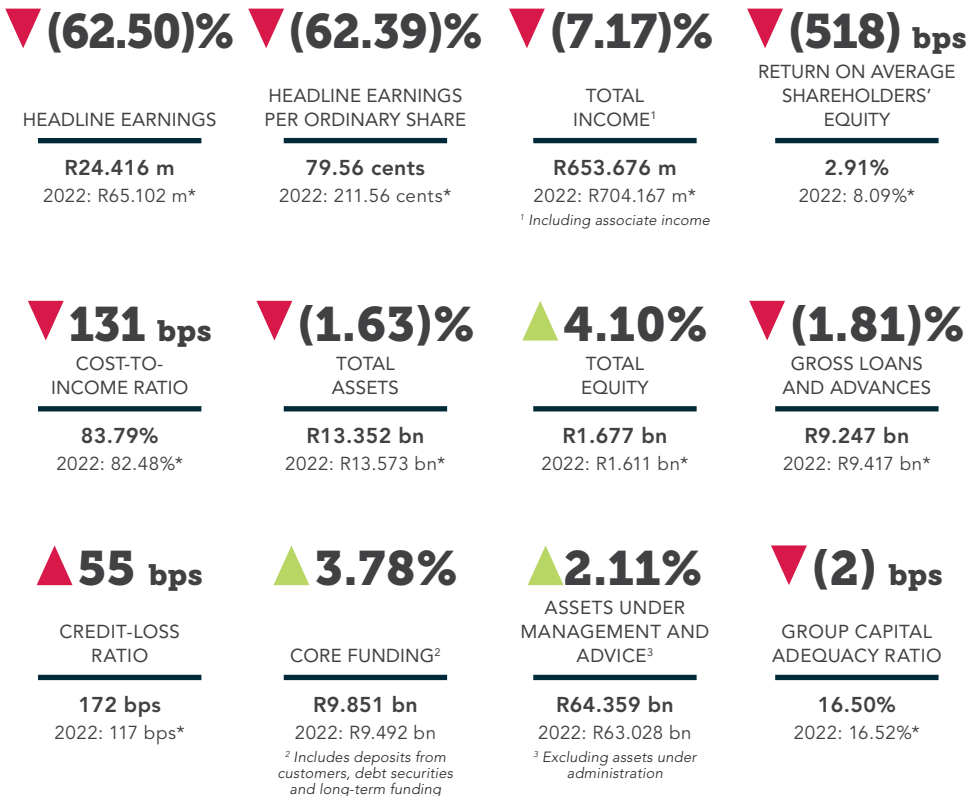


Unaudited condensed consolidated interim results

for the six months ended 31 December 2023



Sasfin Holdings Limited Incorporated in the Republic of South Africa (Company registration number 1987/002097/06) ("Sasfin" or "the Group" or "the Company") (Share code: SFN ISIN: ZAE000006565)

* Prior periods by restatement refer to Note 9 for additional information.

Financial highlights

for the six months ended 31 December 2023

	% Change	31 December 2023 Unaudited	31 December 2022 Unaudited Restated ¹	30 June 2023 Audited
Condensed consolidated statement of financial position				
Total cash (Rm)	54.01	1 383	898	867
Negotiable securities (Rm)	(11.85)	1 384	1 570	1 293
Total assets (Rm)	(1.63)	13 352	13 573	14 013
Gross loans and advances (Rm)	(1.81)	9 247	9 417	9 574
Non-performing loans and advances (Rm)	(4.37)	896	937	936
Net available cash (Rm) ²	46.37	2 039	1 393	1 666
Deposits from customers (Rm)	0.08	5 946	5 941	5 629
Income statement				
Earnings attributable to ordinary shareholders (Rm)	(62.46)	24.504	65.272	108.827
Headline earnings (Rm)	(62.50)	24.416	65.102	112.683
Financial performance				
Return on ordinary shareholders' average equity (%)	(64.03)	2.91	8.09	7.02
Return on total average assets (%)	(64.36)	0.36	1.01	0.83
Operating performance				
Non-interest income to total income (%)	(21.78)	39.98	51.11	49.40
Cost-to-income ratio (%)	1.58	83.79	82.48	85.38
Credit loss ratio (bps)	(47.01)	172	117	125
Non-performing advances to total amortised cost gross loans and advances (%)	(3.34)	10.13	10.48	10.41
Share statistics				
Earnings per ordinary share (cents)	(62.35)	79.85	212.11	353.65
Headline earnings per ordinary share (cents)	(62.39)	79.56	211.56	366.18
Number of ordinary shares in issue at end of the period ('000)	–	32 301	32 301	32 301
Number of ordinary shares in issue at end of the period excluding treasury shares ('000)	(0.28)	30 688	30 773	30 773
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	(0.28)	30 688	30 773	30 773
Net asset value per ordinary share (cents) ³	4.10	5 191	4 987	5 036
Capital adequacy				
Group capital adequacy ratio (%)	(0.02)	16.50	16.52	16.07

¹ Prior periods by restatement – please refer to note 9 for additional information.

² Total cash and liquid negotiable securities less funding under repurchase agreements.

³ Based on the total shares in issue including treasury shares.

Condensed consolidated statement of financial position

for the six months ended 31 December 2023

	31 December 2023 Unaudited R'000	31 December 2022 Unaudited Restated ¹ R'000	30 June 2023 Audited R'000
Assets			
Cash and cash equivalents ¹	1 382 614	897 786	866 637
Negotiable securities	1 383 940	1 569 580	1 293 411
Trading assets	465 113	472 451	467 196
Trade and other receivables ¹	342 646	526 053	1 232 952
Non-current assets held for sale	3 132 382	9 299	–
Loans and advances ^{1,3}	5 572 425	8 945 132	9 049 976
Current taxation asset	51 888	54 684	47 679
Investment securities	677 361	723 400	700 918
Investments at fair value through profit or loss ¹	597 396	654 154	621 058
Equity accounted associates	79 965	69 246	79 860
Property, equipment and right-of-use assets	151 904	180 899	164 536
Investment property	14 600	20 138	14 600
Intangible assets and goodwill	96 568	129 740	110 949
Deferred tax asset	80 059	43 374	64 228
Total assets	13 351 500	13 572 536	14 013 082
Liabilities			
Funding under repurchase agreements	500 386	730 285	351 885
Trading liabilities	441 806	494 070	441 344
Current taxation liability	12 792	21 914	1 746
Trade and other payables ¹	499 760	801 749	1 448 676
Bank overdraft	23 432	73 524	113 081
Non-current liabilities held for sale	119	–	–
Provisions	47 204	38 666	68 657
Lease liabilities	146 234	159 348	151 518
Deposits from customers	5 945 631	5 941 278	5 629 443
Debt securities issued	3 686 914	3 257 450	3 720 138
Long-term loans	218 444	293 417	276 488
Deferred tax liability	151 925	149 989	155 633
Total liabilities	11 674 647	11 961 690	12 358 609
Equity			
Ordinary share capital ¹	323	323	323
Ordinary share premium	166 945	166 945	166 945
Reserves ²	1 509 585	1 443 578	1 487 205
Total equity	1 676 853	1 610 846	1 654 473
Total liabilities and equity	13 351 500	13 572 536	14 013 082

¹ Prior periods by restatement – please refer to note 9 for additional information.

² Treasury shares are aggregated together with distributable reserves as reserves.

³ Loans and advances exclude loans and advances classified as non-current assets held for sale of R3.132 billion, refer to note 1.

Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 December 2023

	31 December 2023 Unaudited R'000	31 December	
		2022	30 June
		Unaudited Restated ¹ R'000	2023 Audited R'000
Interest income	828 897	676 955	1 471 670
Interest income calculated using the effective interest method ¹	802 550	649 993	1 414 961
Other interest income ¹	26 347	26 962	56 709
Interest expense	(454 175)	(347 210)	(773 926)
Interest expense calculated using the effective interest method	(442 730)	(338 734)	(755 978)
Other interest expense	(11 445)	(8 476)	(17 948)
Net interest income	374 722	329 745	697 744
Non-interest income	261 349	359 927	681 094
Net fee and commission income	191 046	194 660	382 068
Fee and commission income ¹	309 017	320 962	658 891
Fee and commission expense ¹	(117 971)	(126 302)	(276 823)
Gains and losses on financial instruments	(1 792)	78 755	140 815
Net gains or losses on the derecognition of financial instruments at amortised cost	11 191	55 625	17 168
Other gains or losses on financial instruments	(12 983)	23 130	123 647
Other income on non-financial assets ¹	72 095	86 512	158 211
Total income	636 071	689 672	1 378 838
Credit impairment charges ¹	(77 204)	(40 403)	(77 424)
Net income after impairments	558 867	649 268	1 301 414
Total operating costs	(547 700)	(580 815)	(1 203 945)
Staff costs	(296 070)	(297 368)	(620 604)
Other operating expenses ¹	(251 630)	(283 447)	(579 178)
Impairment of non-financial assets	–	–	(4 163)
Profit from operations	11 167	68 453	97 469
Share of associate income	17 605	14 496	31 270
Profit before income tax	28 772	82 949	128 739
Income tax expense	(4 268)	(17 677)	(19 912)
Profit for the period	24 504	65 272	108 827
Total comprehensive income for the period	24 504	65 272	108 827
Profit and total comprehensive income attributable to Equity holders of the Group	24 504	65 272	108 827
Earnings per share			
Basic and diluted earnings per share (cents) ¹	79.85	212.11	353.65

¹ Prior periods by restatement – please refer to note 9 for additional information.

Headline earnings reconciliation

for the six months ended 31 December 2023

	Gross R'000	Tax impact R'000	Profit attributable to ordinary shareholders R'000
Earnings are determined as follows:			
31 December 2023			
Unaudited			
Earnings attributable to ordinary shareholders	28 772	(4 268)	24 504
Headline adjustable items	(129)	41	(88)
Profit on disposal of property and equipment	(129)	41	(88)
Headline earnings	28 643	(4 227)	24 416
31 December 2022			
Unaudited			
Earnings attributable to ordinary shareholders ¹	82 949	(17 677)	65 272
Headline adjustable items	(233)	63	(170)
Profit on disposal of property and equipment	(233)	63	(170)
Headline earnings¹	82 716	(17 614)	65 102
30 June 2023			
Audited			
Earnings attributable to ordinary shareholders	128 739	(19 912)	108 827
Headline adjustable items	5 586	(1 730)	3 856
Investment property – fair value loss	4 361	(942)	3 419
Impairment of non-financial assets	4 163	(899)	3 264
Profit on loss of control of subsidiary	(2 640)	–	(2 640)
Profit on disposal of property and equipment	(298)	111	(187)
Headline earnings	134 325	(21 642)	112 683
	31 December 2023 Unaudited	31 December 2022 Unaudited Restated ¹	30 June 2023 Audited
Headline earnings per ordinary share (cents)¹	79.56	211.56	366.18

¹ Prior periods by restatement – please refer to note 9 for additional information.

Condensed consolidated statement of changes in equity

for the six months ended 31 December 2023

	Ordinary share capital R'000	Ordinary share premium R'000	Treasury shares R'000
31 December 2023			
Opening balance at the beginning of the period	323	166 945	(40 177)
Total comprehensive income for the period	-	-	-
Profit for the period	-	-	-
Transactions with owners recorded directly in equity			
Acquisition of Treasury shares	-	-	(2 124)
Dividends to ordinary shareholders	-	-	-
Balance at the end of the period	323	166 945	(42 301)
31 December 2022			
Opening balance at the beginning of the period	321	166 945	(40 177)
Restatement (Note 9)	2	-	-
Restated opening balance at the beginning of the period	323	166 945	(40 177)
Total comprehensive income for the period	-	-	-
Profit for the period	-	-	-
Transactions with owners recorded directly in equity			
Dividends to ordinary shareholders	-	-	-
Balance at the end of the period	323	166 945	(40 177)
30 June 2023			
Restated opening balance at the beginning of the year	323	166 945	(40 177)
Total comprehensive income for the year	-	-	-
Profit for the year	-	-	-
Transactions with owners recorded directly in equity			
Dividends to ordinary shareholders	-	-	-
Balance at the end of the year	323	166 945	(40 177)

Distributable reserves R'000	Total ordinary shareholders equity R'000
1 527 382	1 654 473
24 504	24 504
-	(2 124)
-	-
1 551 886	1 676 853
1 556 657 (100 511)	1 683 746 (100 509)
1 456 146 65 272	1 583 237 65 272
65 272	65 272
(37 663)	(37 663)
1 483 755	1 610 846
1 456 411 108 827	1 583 502 108 827
108 827	108 827
(37 856)	(37 856)
1 527 382	1 654 473

Condensed consolidated statement of cash flows

for the six months ended 31 December 2023

	31 December 2023 Unaudited R'000	31 December 2022 Unaudited Restated ¹ R'000	30 June 2023 Audited R'000
Cash flows from operating activities			
Interest received ¹	715 729	631 640	1 316 030
Interest paid ¹	(440 339)	(304 104)	(785 079)
Fee and commission income received ¹	307 061	320 962	658 891
Fee and commission expense paid ¹	(117 971)	(126 302)	(276 823)
Net trading and other income received ¹	85 191	129 696	153 701
Cash payments to employees and suppliers ¹	(490 245)	(525 541)	(1 066 675)
Cash inflow from operating activities	59 426	126 351	45
Dividends received	3 598	–	24 954
Taxation paid	(16 970)	(4 745)	(35 352)
Dividends paid	–	(37 663)	(37 856)
Cash flows from operating activities before changes in operating assets and liabilities	46 054	83 943	(48 209)
Changes in operating assets and liabilities	560 950	(168 765)	(650 907)
Decrease/(Increase) in loans and advances ¹	306 914	(773 571)	(822 009)
Decrease in trading assets ¹	3 384	61 909	120 648
(Increase)/Decrease in negotiable securities ¹	(85 214)	241 319	551 875
Decrease/(Increase) in trade and other receivables ¹	863 915	266 899	(426 239)
Increase in deposits from customers ¹	305 485	700 524	398 001
(Decrease)/Increase in trade and other payables ¹	(948 036)	(311 793)	333 273
(Decrease) in provisions	(44 133)	(48 901)	(54 082)
Increase/(Decrease) in long-term loans ¹	10 676	(206 104)	(223 033)
Increase/(Decrease) in funding under repurchase agreements	147 498	(74 522)	(452 090)
Increase/(Decrease) in trading liabilities	461	(24 525)	(77 251)
Net cash from operating activities	607 004	(84 822)	(699 116)

¹ Prior periods by restatement – please refer to note 9 for additional information.

	31 December 2023 Unaudited R'000	31 December 2022 Unaudited Restated ¹ R'000	30 June 2023 Audited R'000
Cash flows from investing activities			
Proceeds from the disposal of property and equipment	162	225	360
Proceeds from the disposal of subsidiary	–	–	80
Proceeds from the disposal of investment property	–	–	1 097
Proceeds on the disposal of investment securities	32 175	–	56 756
Acquisition of property and equipment	(3 165)	(7 301)	(10 933)
Acquisition of intangible assets	(1 206)	(2 514)	(6 256)
Acquisition of investment securities	3 108	–	(15)
Advances of investment securities	(8 665)	(350)	(1 940)
Repayments of investment securities ¹	17 650	868	8 062
Net cash flows from investing activities	40 059	(9 072)	47 211
Cash flows from financing activities			
Acquisition of treasury shares	(2 124)	–	–
Settlement of debt securities ¹	(676 000)	(1 303 364)	(972 625)
Proceeds from issuance of debt securities ¹	642 000	1 534 939	1 711 000
Repayment of lease liabilities	(8 587)	(8 082)	(15 908)
Increase in bank overdraft ²	23 432	–	113 081
Net cash flows from financing activities	(21 279)	223 493	835 548
Net increase in cash and cash equivalents	625 785	129 599	183 643
Cash and cash equivalents at the beginning of the year ¹	753 557	700 229	700 229
Effect of exchange rate movements on cash and cash equivalents	3 271	(5 566)	(17 234)
Cash and cash equivalents at the end of the period¹	1 382 614	824 262	866 637

¹ Prior periods by restatement – please refer to note 9 for additional information.

² The bank overdraft is not included in the calculation of cash and cash equivalents presented in the statement of cash flows in the current year as it forms part of financing activities.

Condensed consolidated segmental analysis

for the six months ended 31 December 2023

Management reports on three business segments and the Group and inter-segment elimination segment which includes Treasury. The business segments are Asset Finance, Business and Commercial Banking and Wealth. The segmental income statement has been disaggregated to better align to how management analyses and reviews segments. The prior year comparative disclosures have also been restated in line with this change. This disaggregation had no impact on the income statement.

	Asset Finance ¹ R'000	Business and Commercial Banking ² R'000	Wealth ^{3,4} R'000	Group Treasury & Eliminations R'000	Total R'000
Business Segments					
31 December 2023					
Interest income	644 950	159 525	18 707	5 715	828 897
Interest expense	(380 104)	(82 570)	(14 204)	22 703	(454 175)
Net interest income	264 846	76 955	4 503	28 418	374 722
Non-interest income	47 614	51 079	186 111	(23 455)	261 349
Net fee and commission income	(23 905)	45 787	180 402	(11 238)	191 046
Fee and commission income	12 522	51 346	259 201	(14 052)	309 017
Fee and commission expense	(36 427)	(5 559)	(78 799)	2 814	(117 971)
Gains and losses on financial instruments	7 293	2 525	4 169	(15 779)	(1 792)
Other income on non-financial assets	64 226	2 768	1 541	3 560	72 095
Total income	312 460	128 034	190 614	4 963	636 071
Credit impairment charges	(44 651)	(28 839)	21	(3 735)	(77 204)
Net income after impairments	267 809	99 195	190 635	1 228	558 867
Operating costs	(166 747)	(157 559)	(148 841)	(74 553)	(547 700)
Staff costs	(60 715)	(47 572)	(81 000)	(106 783)	(296 070)
Depreciation	(294)	(89)	(1 997)	(16 688)	(19 068)
Amortisation	(2 649)	–	(403)	(12 535)	(15 587)
Other operating expenses	(103 089)	(109 898)	(65 441)	61 453	(216 975)
Goodwill and intangible asset impairments	–	–	–	–	–
Profit from operations	101 062	(58 364)	41 794	(73 325)	11 167
Share of associate income	–	–	17 605	–	17 605
Profit before income tax	101 062	(58 364)	59 399	(73 325)	28 772
Income tax expense	(27 625)	11 776	(11 378)	22 959	(4 268)
Profit for the period	73 437	(46 588)	48 021	(50 366)	24 504
Headline adjustable items	–	–	–	(88)	(88)
Headline earnings	73 437	(46 588)	48 021	(50 454)	24 416
Segment assets	8 338 132	2 011 905	842 813	2 158 650	13 351 500
Segment liabilities	7 836 463	1 962 266	569 366	1 306 552	11 674 647

Segment reporting *continued*

	Asset Finance ¹ R'000	Business and Commercial Banking ² R'000	Wealth ^{3, 4} R'000	Group Treasury & Eliminations R'000	Total R'000
Disaggregation of fee and commission income⁵					
31 December 2023					
Brokerage income and asset management fees	–	–	156 971	–	156 971
Foreign income	–	–	85 956	–	85 956
Brokerage income	–	–	29 077	–	29 077
Administration fees	–	–	41 938	–	41 938
Confirming fees	–	18 845	–	–	18 845
Commission income	–	5 330	1 983	(397)	6 916
Administration fees	9 073	7 565	4 611	(7 565)	13 684
Other fee and commission income	3 449	19 606	95 636	(6 090)	112 601
Fee and commission income	12 522	51 346	259 201	(14 052)	309 017

¹ Asset Finance provides finance contracts for equipment via instalment sales, lease facilities and rental finance.

² Business and Commercial Banking offers a range of banking options for businesses and individuals which includes transactional banking (business accounts, investment accounts and personal accounts) forex, revolving credit facilities and Commercial Banking (specialized lending, trade finance and debtor finance).

³ Incorporates all divisions including Asset Management Portfolio Management, Stockbroking, Fiduciary Services, Financial Planning as well as Wealth Advisory and Asset Consulting.

⁴ Wealth total income includes associate income.

⁵ The disaggregation of fee and commission income has been added based on the requirements of IFRS 8 Operating Segments and IFRS 15 Revenue from Contracts with Customers.

Condensed consolidated segmental analysis

continued

Segment reporting *continued*

	Asset Finance ¹ R'000	Business and Commercial Banking ² R'000	Wealth ^{3,4} R'000	Group Treasury & Eliminations R'000	Total R'000
Business Segments					
31 December 2022⁶					
Interest income	488 785	129 210	12 659	46 301	676 955
Interest expense	(255 845)	(56 144)	(10 623)	(24 598)	(347 210)
Net interest income	232 940	73 066	2 036	21 703	329 745
Non-interest income	63 330	92 363	185 260	18 975	359 927
Net fee and commission income	(29 371)	56 060	178 156	(10 185)	194 660
Fee and commission income	13 084	64 525	254 625	(11 272)	320 962
Fee and commission expense	(42 455)	(8 465)	(76 469)	1 087	(126 301)
Gains and losses on financial instruments	12 538	31 624	5 658	28 935	78 755
Other income on non-financial assets	80 162	4 679	1 446	225	86 512
Total income	296 270	165 429	187 296	40 677	689 672
Credit impairment charges	(33 473)	(27 247)	–	20 317	(40 403)
Net income after impairments	262 797	138 182	187 296	60 993	649 268
Operating costs	(171 349)	(188 202)	(141 965)	(79 299)	(580 815)
Staff costs	(54 931)	(62 598)	(73 868)	(105 971)	(297 368)
Depreciation	(296)	(85)	(1 740)	(17 430)	(19 551)
Amortisation	(2 649)	–	(403)	(14 451)	(17 503)
Other operating expenses	(113 473)	(125 519)	(65 954)	58 553	(246 393)
Goodwill and intangible asset impairments	–	–	–	–	–
Profit from operations	91 448	(50 020)	45 331	(18 306)	68 453
Share of associate income	–	–	14 496	–	14 496
Profit before income tax	91 448	(50 020)	59 827	(18 306)	82 949
Income tax expense	(19 022)	8 462	(12 539)	5 422	(17 677)
Profit for the year	72 426	(41 558)	47 288	(12 884)	65 272
Headline adjustable items	–	–	–	(170)	(170)
Headline earnings	72 426	(41 558)	47 288	(13 054)	65 102
Segment assets	8 246 323	2 289 580	829 326	2 207 307	13 572 536
Segment liabilities	7 775 009	2 243 313	619 765	1 323 603	11 961 690

Segment reporting *continued*

	Asset Finance ¹ R'000	Business and Commercial Banking ² R'000	Wealth ^{3,4} R'000	Group Treasury & Eliminations R'000	Total R'000
Disaggregation of fee and commission income⁵					
31 December 2022⁶					
Brokerage income and asset management fees	–	–	146 735	–	146 735
Foreign income	–	–	79 281	–	79 281
Brokerage income	–	–	30 002	–	30 002
Administration fees	–	–	37 452	–	37 452
Confirming fees	–	22 474	–	–	22 474
Commission income	–	7 057	1 699	2 841	11 597
Administration fees	9 988	6 880	5 011	(7 375)	14 504
Other fee and commission income	3 096	28 114	101 180	(6 738)	125 652
Fee and commission income	13 084	64 525	254 625	(11 272)	320 962

¹ Asset Finance provides finance contracts for equipment via instalment sales, lease facilities and rental finance.

² Business and Commercial Banking offers a range of banking options for businesses and individuals which includes transactional banking (business accounts, investment accounts and personal accounts) forex, revolving credit facilities and Commercial Banking (commercial property lending, trade finance and debtor finance).

³ Incorporates all divisions related to wealth management including Asset Management, Portfolio Management, Stockbroking, Fiduciary Services, Financial Planning as well as Wealth Advisory and Asset Consulting.

⁴ Wealth total income includes associate income.

⁵ The disaggregation of fee and commission income has been added based on the requirements of IFRS 8 Operating Segments and IFRS 15 Revenue from Contracts with Customers.

⁶ Prior periods by restatement please refer to note 9 for additional information.

Selected explanatory notes to the condensed consolidated interim financial statements

Condensed consolidated interim financial statements

The Condensed Consolidated Interim Financial Statements comprise the following:

- Condensed Consolidated Statement of Financial Position;
- Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income;
- Condensed Consolidated Statement of Changes in Equity;
- Condensed Consolidated Statement of Cash Flows;
- Headline Earnings Reconciliation, and
- Condensed Consolidated Segmental Analysis.

at and for the six months ended 31 December 2023.

These Condensed Consolidated Interim Financial Statements have not been audited and have been prepared under the supervision of Harriet Heymans CA(SA), Group Financial Director.

Basis of preparation and presentation of the condensed consolidated interim financial statements for the six months ended 31 December 2023

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with, and contain disclosures required by, IAS 34 Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements (JSE Listings Requirements), and the requirements of the Companies Act of South Africa No 71 of 2008, as amended (Companies Act).

The directors assess the Group's future performance and financial position on a continuous basis and have no reason to believe that the Group will not be a going concern in the reporting period ahead. Consequently, the Condensed Interim Consolidated Financial Statements have been prepared on the going concern basis.

The Condensed Consolidated Interim Financial Statements are presented in ZAR. All entities in the Group operate in the Republic of South Africa with a functional currency of ZAR.

The accounting policies applied in these unaudited unreviewed Condensed Consolidated Interim Financial Statements for the period ended 31 December 2023 are in terms of International Financial Reporting Standards (IFRS) and are the same as those applied in the Group's Audited Consolidated Annual Financial Statements at the year ended 30 June 2023.

1. Non-current assets held for sale

As disclosed in the SENS announcements dated 13 October 2023, 13 December 2023, 23 February 2024 and 25 March 2024 Sasfin Holdings, via its wholly owned subsidiary, Sasfin Bank Limited ("Sasfin Bank") had entered into agreements, in terms of which, subject to certain suspensive conditions, it will, as one indivisible transaction, dispose of its Capital Equipment Finance business ("CEF business"), as a going concern, and its Commercial Property Finance business (CPF business), as a going concern, to African Bank Limited ("the Purchaser") ("the Disposal").

The Comprehensive Agreements relating to the Disposal were concluded on 16 February 2024 and 22 February 2024 in terms of which Sasfin Bank will, subject to certain suspensive conditions, as one indivisible transaction, dispose of its CEF business as a going concern and its CPF business as a going concern to the Purchaser.

As at 31 December 2023 it was assessed that the Disposal meets the criteria for non-current assets

held for sale. As a result, the related loans and advances were reclassified to non-current assets held for sale.

The determination of whether the CEF business and CPF business are discontinued operations required management to determine if they represent separate major lines of business. The concept of a "separate major line of business" is not accompanied by any application criteria or guidance in IFRS 5. The IASB and IFRS Interpretations Committee are aware of this gap however it remains unaddressed.

Under such circumstances, management has followed the process required in terms of IAS 8 which requires it to develop policies to address such gaps. In forming its judgement, management considered both qualitative and quantitative factors and ultimately determined that, under the circumstances, the CEF business and CPF business do not constitute discontinued operations.

Whilst not the sole factor, a key consideration was that the pillars in which the CEF business and CPF business are reported, will retain the ability to generate future cash flows by utilising the same operational platforms, central support and systems which have supported the CEF and CPF business operations as these do not form part of the disposal. Those platforms and systems are shared by the other operations which will continue unaffected.

It may be that others, considering the same facts and circumstances, and having developed their own criteria in terms of IAS 8, may arrive at a different conclusion. We therefore consider this to be a significant accounting judgement and therefore disclose it as such.

	31 December 2023 Unaudited R'000	31 December 2022 Unaudited R'000
Non-current assets held for sale		
Investment securities	–	9 299
Balance at the beginning of the year	9 299	–
Transfer from investment securities	–	9 299
Transfer out from non-current assets held for sale ¹	(9 299)	–
Loans and advances	3 132 382	–
Balance at the beginning of the year	–	–
Transfer from loans and advances	3 132 382	–
Total non-current assets held for sale	3 132 382	9 299
Non-current liabilities held for sale		
Provisions	(119)	–
Balance at the beginning of the year	–	–
Transfer from provisions	(119)	–
Total non-current assets held for sale	(119)	–

¹ This related to an investment security that was classified as a non-current asset held for sale at 31 December 2022 and which sale was subsequently no longer considered to be highly probable. This is unrelated to the sale of the CEF and CPF businesses to the Purchaser.

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk

2.1 Credit risk exposure analysis

The table below contains an analysis of the credit risk exposure of financial instruments for which an Expected Credit Loss (ECL) allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets by credit quality.

	Credit risk grading ECL staging			
	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
Credit risk exposure analysis				
31 December 2023				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents ¹	828 735	828 735	–	–
Negotiable securities ²	1 383 940	1 444 692	60 752	4.21
Loans and advances	8 304 796	8 846 600	541 804	6.12
Equipment finance	4 800 343	5 183 040	382 697	7.38
Capital equipment finance	2 695 451	2 741 357	45 906	1.67
Trade and debtor finance	463 734	477 019	13 285	2.79
Other loans	346 879	445 184	98 305	22.08
Guarantees ³	(1 611)	–	1 611	–
Trade and other receivables ⁴	342 646	360 157	17 511	4.86
Net carrying amount	10 860 117	11 480 184	620 067	5.40
31 December 2023				
Off-balance sheet exposure to credit risk				
Letters of credit	42 388	42 388	–	–
Loan commitments	73 154	73 154	–	–
Financial guarantees issued	60 845	60 845	–	–
Total exposure to off-balance sheet credit risk	176 387	176 387	–	–
31 December 2023				
Maximum credit exposures on financial assets at FVTPL				
Cash and cash equivalents	553 879			
Loans and advances	400 011			
Trading assets	465 113			
Investment securities	597 396			
	2 016 399			
Total exposure to credit risk	13 052 903			

¹ Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these as it would be immaterial.

² Negotiable securities in stage 3 impairment are not considered to be liquid.

³ ECL on off-balance sheet exposures that specifically relates to the Loans and advances exposures.

⁴ This includes non-financial assets of R173,754 million that are not subject to credit risk exposure.

A			A and B			Default (C, D and E)		
Stage 1			Stage 2			Stage 3		
Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
828 735	-	-	-	-	-	-	-	-
1 241 190	871	0.07	-	-	-	203 502	59 881	29.43
7 659 456	62 185	0.81	291 306	22 143	7.60	895 838	457 476	51.07
4 561 008	43 406	0.95	89 539	12 104	13.52	532 493	327 187	61.44
2 601 959	10 248	0.39	53 409	3 312	6.20	85 989	32 346	37.62
308 978	1 724	0.56	128 879	3 588	2.78	39 162	7 973	20.36
187 511	5 196	2.77	19 479	3 139	16.11	238 194	89 970	37.77
-	1 611	-	-	-	-	-	-	-
321 920	70	0.02	-	-	-	38 237	17 441	45.61
10 051 301	63 126	0.63	291 306	22 143	7.60	1 137 577	534 798	47.01
42 388	-	-	-	-	-	-	-	-
73 154	-	-	-	-	-	-	-	-
60 845	-	-	-	-	-	-	-	-
176 387	-	-	-	-	-	-	-	-

SARB risk bucket/Credit risk grade

Categorisation of counterparty (IFRS 9)

A Good Book
 B Special Mention
 C Sub Standard
 D Doubtful
 E Loss

Stage 1 and Stage 2
 Stage 2
 Stage 3
 Stage 3
 Stage 3

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk *continued*

2.1 Credit risk exposure analysis *continued*

	Credit risk grading ECL staging			
	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %
Credit risk exposure analysis				
31 December 2022				
Maximum credit exposures of financial assets at amortised cost				
Cash and cash equivalents ¹	797 059	797 059	–	–
Negotiable securities ²	1 569 580	1 672 699	103 119	6.16
Loans and advances	8 470 561	8 942 889	472 328	5.28
Equipment finance	4 948 169	5 321 211	373 042	7.01
Capital equipment finance	2 237 135	2 268 153	31 018	1.37
Trade and debtor finance	616 884	623 277	6 393	1.03
Other loans	668 539	730 248	61 709	8.45
Guarantees ³	(166)	–	166	–
Trade and other receivables ⁴	526 053	536 952	10 899	2.03
Net carrying amount	11 363 253	11 949 599	586 346	4.91
31 December 2022				
Off-balance sheet exposure to credit risk				
Letters of credit	37 725	37 725	–	–
Loan commitments	139 415	139 415	–	–
Financial guarantees issued	46 665	46 665	–	–
Total exposure to off-balance sheet credit risk	223 805	223 805	–	–
31 December 2022				
Maximum credit exposures on financial assets at FVTPL				
Cash and cash equivalents ⁵	100 727			
Loans and advances	474 571			
Trading assets	472 451			
Investment securities ^{5,6}	654 154			
	1 701 903			
Total exposure to credit risk	13 288 961			

¹ Management has assessed these as high-quality liquid assets held with institutions with a low risk of default and hence no ECL allowance has been recognised for these as it would be immaterial.

² Negotiable securities in stage 3 impairment are not considered to be liquid.

³ ECL on off-balance sheet exposures that specifically relates to the Loans and advances exposures.

⁴ This includes non-financial assets of R113,863m that are not subject to credit risk exposure.

⁵ Prior periods by restatements – please refer to Note 9 for additional information.

⁶ In the prior year this amount was incorrectly reflected. This has been amended accordingly.

Exposure R'000	A		A and B			Default (C, D and E)		
	Stage 1		Stage 2			Stage 3		
	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
797 059	–	–	–	–	–	–	–	–
1 401 893	1 140	0.08	–	–	–	270 806	101 979	37.66
7 749 213	67 576	0.87	256 632	20 500	7.99	937 044	384 252	41.01
4 707 441	59 474	1.26	125 861	15 781	12.54	487 909	297 787	61.03
2 056 056	5 328	0.26	54 612	1 952	3.57	157 485	23 738	15.07
542 812	968	0.18	43 120	425	0.99	37 345	5 000	13.39
442 904	1 640	0.37	33 039	2 342	7.09	254 305	57 727	22.70
–	166	–	–	–	–	–	–	–
526 546	493	0.09	–	–	–	10 406	10 406	100.00
10 474 711	69 209	0.66	256 632	20 500	7.99	1 218 256	496 637	40.77
37 725	–	–	–	–	–	–	–	–
139 415	–	–	–	–	–	–	–	–
46 665	–	–	–	–	–	–	–	–
223 805	–	–	–	–	–	–	–	–

SARB risk bucket/Credit risk grade

Categorisation of counterparty (IFRS 9)

A Good Book
B Special Mention
C Sub Standard
D Doubtful
E Loss

Stage 1 and Stage 2
Stage 2
Stage 3
Stage 3
Stage 3

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk *continued*

2.2 Credit loss allowance analysis

2.2.1 Reconciliation of ECL on loans and advances at amortised cost by product

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2023				
Equipment Finance				
Credit loss allowance balance beginning of the period	50 513	13 924	332 492	396 929
Transfers between stages	(923)	(4 247)	29 715	24 545
Stage 1 to Stage 2	(638)	–	–	(638)
Stage 2 from Stage 1	–	7 362	–	7 362
Stage 1 to Stage 3	(730)	–	–	(730)
Stage 3 from Stage 1	–	–	21 767	21 767
Stage 2 to Stage 1	–	(6 386)	–	(6 386)
Stage 1 from Stage 2	345	–	–	345
Stage 2 to Stage 3	–	(5 260)	–	(5 260)
Stage 3 from Stage 2	–	–	12 386	12 386
Stage 3 to Stage 1	–	–	(4 339)	(4 339)
Stage 1 from Stage 3	100	–	–	100
Stage 3 to Stage 2	–	–	(99)	(99)
Stage 2 from Stage 3	–	37	–	37
Net expected credit losses (released)/raised	(6 184)	2 427	(35 020)	(38 777)
ECL on new exposure raised	8 705	3 466	675	12 846
Subsequent changes in ECL input (total including transfers)	(12 398)	(327)	14 218	1 493
Change in ECL due to derecognition	(2 491)	(712)	(4 771)	(7 974)
Impaired accounts written off	–	–	(45 142)	(45 142)
Credit loss allowance balance end of the period	43 406	12 104	327 187	382 697

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2023				
Capital Equipment Finance				
Credit loss allowance balance beginning of the period	8 934	1 173	32 828	42 935
Transfers between stages	(221)	1 727	6 084	7 590
Stage 1 to Stage 2	(156)	–	–	(156)
Stage 2 from Stage 1	–	2 542	–	2 542
Stage 1 to Stage 3	(108)	–	–	(108)
Stage 3 from Stage 1	–	–	4 420	4 420
Stage 2 to Stage 1	–	(399)	–	(399)
Stage 1 from Stage 2	26	–	–	26
Stage 2 to Stage 3	–	(416)	–	(416)
Stage 3 from Stage 2	–	–	1 964	1 964
Stage 3 to Stage 1	–	–	(300)	(300)
Stage 1 from Stage 3	17	–	–	17
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	1 535	412	(6 566)	(4 619)
ECL on new exposure raised	2 669	400	595	3 664
Subsequent changes in ECL input (total including transfers)	(958)	18	3 329	2 389
Change in ECL due to derecognition	(176)	(6)	(3 340)	(3 522)
Impaired accounts written off	–	–	(7 150)	(7 150)
Credit loss allowance balance end of the period	10 248	3 312	32 346	45 906

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk *continued*

2.2 Credit loss allowance analysis *continued*

2.2.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2023				
Trade and Debtor Finance				
Credit loss allowance balance beginning of the period	1 834	1 427	4 101	7 362
Transfers between stages	(132)	918	532	1 318
Stage 1 to Stage 2	(68)	–	–	(68)
Stage 2 from Stage 1	–	973	–	973
Stage 1 to Stage 3	(64)	–	–	(64)
Stage 3 from Stage 1	–	–	64	64
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	(55)	–	(55)
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	468	468
Net expected credit losses (released)/raised	22	1 243	3 340	4 605
ECL on new exposure raised	1 682	730	23	2 435
Subsequent changes in ECL input (total including transfers)	259	838	4 844	5 941
Change in ECL due to derecognition	(1 919)	(325)	(1 527)	(3 771)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the period	1 724	3 588	7 973	13 285

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2023				
Other loans				
Credit loss allowance balance beginning of the period	6 257	4 207	65 247	75 711
Transfers between stages	(5 139)	624	8 881	4 366
Stage 1 to Stage 2	(346)	–	–	(346)
Stage 2 from Stage 1	–	1 958	–	1 958
Stage 1 to Stage 3	(4 798)	–	–	(4 798)
Stage 3 from Stage 1	–	–	4 798	4 798
Stage 2 to Stage 1	–	(162)	–	(162)
Stage 1 from Stage 2	5	–	–	5
Stage 2 to Stage 3	–	(1 172)	–	(1 172)
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	4 083	4 083
Net expected credit losses (released)/raised	4 078	(1 692)	15 842	18 228
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL input (total including transfers)	5 170	(1 186)	16 502	20 486
Change in ECL due to derecognition	(1 092)	(506)	(639)	(2 237)
Impaired accounts written off	–	–	(21)	(21)
Credit loss allowance balance end of the period	5 196	3 139	89 970	98 305

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk *continued*

2.2 Credit loss allowance analysis *continued*

2.2.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2023				
Guarantees				
Credit loss allowance balance beginning of the period	890	–	–	890
Transfers between stages	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	721	–	–	721
ECL on new exposure raised	672	–	–	672
Subsequent changes in ECL input (total including transfers)	49	–	–	49
Change in ECL due to derecognition	–	–	–	–
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the period	1 611	–	–	1 611

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2023				
Total loans and advances				
Credit loss allowance balance beginning of the period	68 428	20 731	434 668	523 827
Transfers between stages	(6 415)	(977)	45 211	37 819
Stage 1 to Stage 2 ¹	(1 208)	–	–	(1 208)
Stage 2 from Stage 1	–	12 835	–	12 835
Stage 1 to Stage 3 ³	(5 700)	–	–	(5 700)
Stage 3 from Stage 1	–	–	31 049	31 049
Stage 2 to Stage 1 ⁵	–	(6 947)	–	(6 947)
Stage 1 from Stage 2	376	–	–	376
Stage 2 to Stage 3	–	(6 903)	–	(6 903)
Stage 3 from Stage 2	–	–	14 351	14 351
Stage 3 to Stage 1 ¹	–	–	(4 640)	(4 640)
Stage 1 from Stage 3	117	–	–	117
Stage 3 to Stage 2 ²	–	–	(99)	(99)
Stage 2 from Stage 3 ³	–	37	4 551	4 588
Net expected credit losses (released)/raised	172	2 389	(22 403)	(19 842)
ECL on new exposure raised	13 729	4 596	1 293	19 618
Subsequent changes in ECL input (total including transfers) ⁶	(7 877)	(658)	38 893	30 358
Change in ECL due to derecognition ⁷	(5 680)	(1 549)	(10 276)	(17 505)
Impaired accounts written off ⁸	–	–	(52 313)	(52 313)
Credit loss allowance balance end of the period	62 185	22 143	457 476	541 804

¹ Clients that are up to date with six consecutive payments paid on due date and no significant increase in credit risk (SICR) exists.

² Clients that are still in high care or the client still displays signs of SICR. Distressed restructures that were in default and made six consecutive monthly payments under the revised terms.

³ Clients classified as credit impaired.

⁴ Clients defined as 'high care' showing signs of SICR. SICR takes into account technical arrears (account past due for up to seven days) and materiality (an amount that is equal to or less than 5% of the next instalment due).

⁵ Clients that are up to date and no qualitative indicators of SICR are present.

⁶ Include ECL move in the current stage for increases/decreases in client exposures.

⁷ Settlement of accounts.

⁸ No reasonable expectation of further recovery exists.

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk *continued*

2.2 Credit loss allowance analysis *continued*

2.2.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2022				
Equipment Finance				
Credit loss allowance balance beginning of the period	77 504	14 047	288 327	379 878
Transfers between stages	(1 319)	(2 042)	24 572	21 211
Stage 1 to Stage 2	(991)	–	–	(991)
Stage 2 from Stage 1	–	7 905	–	7 905
Stage 1 to Stage 3	(742)	–	–	(742)
Stage 3 from Stage 1	–	–	15 709	15 709
Stage 2 to Stage 1	–	(5 373)	–	(5 373)
Stage 1 from Stage 2	329	–	–	329
Stage 2 to Stage 3	–	(4 633)	–	(4 633)
Stage 3 from Stage 2	–	–	11 947	11 947
Stage 3 to Stage 1	–	–	(2 875)	(2 875)
Stage 1 from Stage 3	85	–	–	85
Stage 3 to Stage 2	–	–	(209)	(209)
Stage 2 from Stage 3	–	59	–	59
Net expected credit losses (released)/raised	(16 711)	3 776	(15 112)	(28 047)
ECL on new exposure raised	17 413	5 786	2 021	25 220
Subsequent changes in ECL input (total including transfers)	(28 864)	(829)	44 985	15 292
Change in ECL due to derecognition	(5 260)	(1 181)	(8 303)	(14 744)
Impaired accounts written off	–	–	(53 815)	(53 815)
Credit loss allowance balance end of the period	59 474	15 781	297 787	373 042

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2022				
Capital Equipment Finance				
Credit loss allowance balance beginning of the period	7 023	1 838	23 793	32 654
Transfers between stages	(115)	(662)	8 529	7 752
Stage 1 to Stage 2	(132)	–	–	(132)
Stage 2 from Stage 1	–	1 053	–	1 053
Stage 1 to Stage 3	(39)	–	–	(39)
Stage 3 from Stage 1	–	–	2 589	2 589
Stage 2 to Stage 1	–	(861)	–	(861)
Stage 1 from Stage 2	56	–	–	56
Stage 2 to Stage 3	–	(854)	–	(854)
Stage 3 from Stage 2	–	–	5 942	5 942
Stage 3 to Stage 1	–	–	(2)	(2)
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	(1 580)	776	(8 584)	(9 388)
ECL on new exposure raised	1 460	847	766	3 073
Subsequent changes in ECL input (total including transfers)	(2 840)	(16)	(6 920)	(9 776)
Change in ECL due to derecognition	(200)	(55)	(2 005)	(2 260)
Impaired accounts written off	–	–	(425)	(425)
Credit loss allowance balance end of the period	5 328	1 952	23 738	31 018

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk *continued*

2.2 Credit loss allowance analysis *continued*

2.2.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2022				
Trade and Debtor Finance				
Credit loss allowance balance beginning of the period	3 371	1 228	2 018	6 617
Transfers between stages	–	–	8	8
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	1	1
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	4	4
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	3	3
Net expected credit losses (released)/raised	(2 403)	(803)	2 974	(232)
ECL on new exposure raised	546	142	3 400	4 088
Subsequent changes in ECL input (total including transfers)	854	(321)	(1 497)	(964)
Change in ECL due to derecognition	(3 803)	(624)	1 071	(3 356)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the period	968	425	5 000	6 393

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2022				
Other loans				
Credit loss allowance balance beginning of the period	3 209	6 863	44 360	54 432
Transfers between stages	(159)	(3 532)	20 931	17 240
Stage 1 to Stage 2	(149)	–	–	(149)
Stage 2 from Stage 1	–	995	–	995
Stage 1 to Stage 3	(10)	–	–	(10)
Stage 3 from Stage 1	–	–	10 043	10 043
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	(4 527)	–	(4 527)
Stage 3 from Stage 2	–	–	9 544	9 544
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	1 344	1 344
Net expected credit losses (released)/raised	(1 410)	(989)	(7 564)	(9 963)
ECL on new exposure raised	277	149	350	776
Subsequent changes in ECL input (total including transfers)	(1 547)	(1 138)	2 926	241
Change in ECL due to derecognition	(140)	–	(10 840)	(10 980)
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the period	1 640	2 342	57 727	61 709

Selected explanatory notes to the condensed consolidated financial statements *continued*

2. Credit Risk *continued*

2.2 Credit loss allowance analysis *continued*

2.2.1 Reconciliation of ECL on loans and advances at amortised cost by product *continued*

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2022				
Guarantees				
Credit loss allowance balance beginning of the period	1 671	–	–	1 671
Transfers between stages	–	–	–	–
Stage 1 to Stage 2	–	–	–	–
Stage 2 from Stage 1	–	–	–	–
Stage 1 to Stage 3	–	–	–	–
Stage 3 from Stage 1	–	–	–	–
Stage 2 to Stage 1	–	–	–	–
Stage 1 from Stage 2	–	–	–	–
Stage 2 to Stage 3	–	–	–	–
Stage 3 from Stage 2	–	–	–	–
Stage 3 to Stage 1	–	–	–	–
Stage 1 from Stage 3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–
Stage 2 from Stage 3	–	–	–	–
Net expected credit losses (released)/raised	(1 505)	–	–	(1 505)
ECL on new exposure raised	–	–	–	–
Subsequent changes in ECL input (total including transfers)	(1 505)	–	–	(1 505)
Change in ECL due to derecognition	–	–	–	–
Impaired accounts written off	–	–	–	–
Credit loss allowance balance end of the period	166	–	–	166

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
31 December 2022				
Total loans and advances				
Credit loss allowance balance beginning of the period	92 779	23 975	358 479	475 233
Transfers between stages	(1 593)	(6 236)	45 042	37 213
Stage 1 to Stage 2 ⁴	(1 271)	–	–	(1 271)
Stage 2 from Stage 1	–	9 953	–	9 953
Stage 1 to Stage 3 ³	(792)	–	–	(792)
Stage 3 from Stage 1	–	–	19 343	19 343
Stage 2 to Stage 1 ⁵	–	(6 234)	–	(6 234)
Stage 1 from Stage 2	385	–	–	385
Stage 2 to Stage 3	–	(10 014)	–	(10 014)
Stage 3 from Stage 2	–	–	27 437	27 437
Stage 3 to Stage 1 ¹	–	–	(2 876)	(2 876)
Stage 1 from Stage 3	85	–	–	85
Stage 3 to Stage 2 ²	–	–	(209)	(209)
Stage 2 from Stage 3 ³	–	59	1 347	1 406
Net expected credit losses (released)/raised	(23 610)	2 761	(19 269)	(40 118)
ECL on new exposure raised	19 695	6 925	6 537	33 157
Subsequent changes in ECL input (total including transfers) ⁶	(33 902)	(2 304)	48 511	12 305
Change in ECL due to derecognition ⁷	(9 403)	(1 860)	(20 077)	(31 340)
Impaired accounts written off ⁸	–	–	(54 240)	(54 240)
Credit loss allowance balance end of the period	67 576	20 500	384 252	472 328

¹ Clients that are up to date with six consecutive payments paid on due date and no significant increase in credit risk (SICR) exists.

² Clients that are still in high care or the client still displays signs of SICR. Distressed restructures that were in default and made six consecutive monthly payments under the revised terms.

³ Clients classified as credit impaired.

⁴ Clients defined as 'high care' showing signs of SICR. SICR takes into account technical arrears (account past due for up to seven days) and materiality (an amount that is equal to or less than 5% of the next instalment due).

⁵ Clients that are up to date and no qualitative indicators of SICR are present.

⁶ Include ECL move in the current stage for increases/decreases in client exposures.

⁷ Settlement of accounts.

⁸ No reasonable expectation of further recovery exists.

Selected explanatory notes to the condensed consolidated financial statements *continued*

3. Fair values of financial assets and financial liabilities

The Group's financial risk management objectives and policies are consistent with those disclosed in the Consolidated and Separate Annual Financial Statements at and for the period ended 30 June 2023.

Financial hierarchy

The table below analyses financial instruments carried at fair value by level of fair value hierarchy.

The different levels are based on the inputs used in the calculation of fair value of the financial instruments. The levels have been defined as follows:

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

3.1 Financial assets and liabilities measured at fair value

	Level 1 R'000	Level 2 R'000	Level 3 R'000	31 December 2023 Unaudited R'000	31 December 2022 Unaudited R'000	30 June 2023 Audited R'000
Financial assets	447 909	659 204	909 287	2 016 400	1 701 903	1 924 028
Cash and cash equivalents ^{1,3}	–	553 879	–	553 879	100 727	251 430
Investment securities ^{1,2}	–	104 904	492 492	597 396	654 154	621 058
Loans and advances at fair value through profit or loss	2 526	–	397 486	400 012	474 571	584 344
Trading assets	445 383	421	19 309	465 113	472 451	467 196
Financial liabilities	441 806	–	–	441 806	494 070	441 344
Trading liabilities	441 806	–	–	441 806	494 070	441 344

¹ Prior periods by restatement – please refer to Note 9 for additional information.

² Excluding equity accounted associates.

³ Fair Value Cash and cash equivalents primarily relate to money market fund investments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using recognised valuation techniques.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy for the period ended 31 December 2023.

Fair value of financial assets and financial liabilities	Investment Securities – excluding equity accounted associates	Loans and advances at fair value through profit or loss	Investment securities – non-current assets held for sale	Trading assets
December 2023				
Movement in level 3 instruments				
Balance at the beginning of the period	516 094	584 344	–	19 309
Additions	–	–	–	–
Total gains or losses in profit or loss	(30 100)	29 083	–	–
Acquisition of investments	–	–	–	–
Disposal of investments	–	–	–	–
Advances	8 392	92 771	–	–
Repayments	(1 894)	(308 712)	–	–
Transfers	–	–	–	–
Balance at the end of the period	492 492	397 486	–	19 309
December 2022				
Movement in level 3 instruments				
Balance at the beginning of the period				
Additions	529 122	377 291	–	20 104
Total gains or losses in profit or loss	–	–	–	–
Acquisition of investments	29 750	42 068	–	2 650
Disposal of investments	–	–	–	–
Advances	(868)	–	–	–
Repayments	–	83 519	–	–
Transfers	–	(28 307)	–	–
Balance at the end of the period	(9 299)	–	9 299	–
Balance at the end of the period	548 705	474 571	9 299	22 754

The valuations of Level 2 and Level 3 investment securities were based predominantly on detailed discounted cash flow methodologies which were compared with implied price/earnings multiples and where applicable benchmarked to proxies of listed entities in similar industries for reasonableness.

These valuation methodologies are per the South African Venture Capital and Private Equity guidelines.

3.2 Financial assets and financial liabilities not measured at fair value

	31 December 2023				
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total fair value R'000	Amortised cost R'000
Financial assets	–	2 165 562	8 501 884	10 667 446	10 686 362
Cash and cash equivalents	–	828 735	–	828 735	828 735
Negotiable securities	–	1 336 827	–	1 336 827	1 383 940
Trade and other receivables	–	–	168 892	168 892	168 892
Loans and advances ¹	–	–	8 332 992	8 332 992	8 304 795
Financial liabilities	3 688 681	6 469 449	561 372	10 719 502	10 720 448
Funding under repurchase agreements	–	500 386	–	500 386	500 386
Trade and other payables	–	–	345 641	345 641	345 641
Bank overdraft	–	23 432	–	23 432	23 432
Deposits from customers	–	5 945 631	–	5 945 631	5 945 631
Debt securities issued	3 688 681	–	–	3 688 681	3 686 914
Long-term loans	–	–	215 731	215 731	218 444

Selected explanatory notes to the condensed consolidated financial statements *continued*

3. Fair values of financial assets and financial liabilities *continued*

3.2 Financial assets and financial liabilities not measured at fair value *continued*

	31 December 2022				
	Unaudited			Total	Amortised
	Level 1	Level 2	Level 3	fair value	cost
	R'000	R'000	R'000	R'000	R'000
Financial assets	–	2 366 639	8 882 751	11 249 390	11 249 390
Cash and cash equivalents	–	797 059	–	797 059	797 059
Negotiable securities	–	1 569 580	–	1 569 580	1 569 580
Trade and other receivables	–	–	412 190	412 190	412 190
Loans and advances ¹	–	–	8 470 561	8 470 561	8 470 561
Financial liabilities	3 257 450	6 745 087	992 678	10 995 215	10 995 215
Funding under repurchase agreements	–	730 285	–	730 285	730 285
Trade and other payables	–	–	699 261	699 261	699 261
Bank overdraft	–	73 524	–	73 524	73 524
Deposits from customers	–	5 941 278	–	5 941 278	5 941 278
Debt securities issued	3 257 450	–	–	3 257 450	3 257 450
Long-term loans	–	–	293 417	293 417	293 417

¹ Only includes loans and advances measured at amortised cost.

The carrying amount of financial assets and financial liabilities recognised at amortised cost is considered a reasonable approximation of fair value unless otherwise indicated above.

4. Changes in the composition of the Group

There were no material changes to the composition of the group in the six-month period ending 31 December 2023.

5. Related parties

There has been no material change by nature or amount in transactions with related parties since the 2023 financial year-end.

6. Accounting standards interpretations and amendments to existing standards that are not yet effective

There has been no significant change to management's estimates of the impact of new accounting standards amendments and interpretations to existing standards that have been published, which are not yet effective, and which have not yet been adopted by the Group.

7. Subsequent events

7.1 SARS summons

On 27 February 2024, Sasfin Holdings announced on SENS that Sasfin Bank, a wholly owned subsidiary of Sasfin Holdings was served a civil summons for a total amount of R4.9 billion plus interest and costs in the form of a damages claim, instituted by SARS. This summons which was received on 9 January 2024 arises from SARS' purported inability to collect income tax, Value Added Tax and penalties allegedly owed by former foreign exchange clients of Sasfin Bank.

Former foreign exchange clients of Sasfin Bank operated as a syndicate that ran an unlawful scheme to facilitate the expatriation of money out of South Africa and colluded with former employees of Sasfin Bank who operated outside the scope of their employment. The details hereof were disclosed in the 2023 Integrated Annual Report of Sasfin Holdings (available on Sasfin Holdings' website). Sasfin Bank took decisive action when it became aware of this unlawful scheme including instituting an expanded investigation led by an independent forensic consultancy. This resulted in the termination of relationships with the implicated clients and employees and the opening of criminal cases against them.

7. Subsequent events *continued*

7.1 SARS summons *continued*

Subsequent to receiving the summons, Sasfin Bank engaged transparently with the relevant regulators on the matter and obtained a legal opinion from ENS authored by Professor Dale Hutchinson, Professor Michael Katz and Aslam Moosajee and endorsed by Adv. Wim Trengove S.C (“Legal Opinion”). The Legal Opinion is unequivocal that the claim falls outside of the recognised parameters of applicable law and has a very remote likelihood of success. On the basis of this strong Legal Opinion, Sasfin Holdings concluded that the claim will not result in the recognition of any liability and the likelihood of an outflow of resources embodying economic benefits is remote. Sasfin Holdings continues to engage with its regulators in this regard.

7.2 Update on contingent liability assessment

As previously noted in Note 26 (Commitments and contingent liabilities) of Sasfin Holdings’ Consolidated Annual Financial Statements for the year ended 30 June 2023 (“2023 AFS”), Sasfin received notifications from the South African Reserve Bank (“SARB”, “Regulator”) of its intention to impose administrative sanctions for alleged contraventions of certain provisions of the Financial Intelligence Centre Act 38 of 2001 read with the Money Laundering and Terrorist Financing Control Regulations, and provisions of the Exchange Control Regulations and the Banks Act 94 of 1990, read with the Financial Sector Regulation Act 9 of 2017.

As at the date of signing the 2023 AFS, Sasfin Bank was considering the Regulator’s notifications of intention to sanction and was in the process of preparing comprehensive responses. Subsequently, on 1 December 2023, Sasfin Bank submitted its representations in this regard to the Regulator. The process of engaging with the SARB in respect of the notices of intention to sanction is ongoing and still at an early stage. It is therefore still not possible to reliably estimate the timing, form of resolution, or quantum of any potential sanctions, as there are numerous considerations and factors that may affect the outcome or final determination by the Regulator. As a result, there have been no changes to our assessment that this represents a contingent liability.

7.3 Update on binding heads of agreement for of disposal Capital Equipment Finance business and Commercial Property Finance business to African Bank Limited

In Note 48.3 (Events after reporting date) of the 2023 AFS, management noted the intended disposal of its CEF business and CPF business to African Bank Limited (“the Purchaser”); at that point Sasfin Bank had signed a binding heads of agreement with the Purchaser. On 16 February 2024 and 22 February 2024, the final sale agreements were signed for the CEF business and the CPF business respectively. It is expected that the suspensive conditions will be met towards the end of June 2024 with the transaction being concluded early July 2024 or such later date as may be agreed. For more information, please refer to the circular that was published on 25 March 2024 (available on Sasfin Holdings’ website).

7.4 Update on recovery of operational loss lodged in August 2021

As reported in Note 48.4 (Events after reporting date) of the annual financial statements for the year ended 30 June 2021, Sasfin Securities (Pty) Limited lodged a claim for an amount of R33.9 million for operational losses incurred in the normal course of business due to an error. At that point, the timing and quantum of the settlement (if any) was uncertain.

During the month of February 2024, following an arbitration process, the matter was settled and an amount of R23 million was paid in respect of this claim.

8. Interim Cash Dividend

Given the current performance and the challenging economic conditions the Board of Directors of the Company has resolved not to pay an interim cash dividend for the six months ending 31 December 2023 (2022: 0 cents).

9. Correction of prior period errors

As disclosed in Note 49 of the 2023 AFS, certain restatements were required in the 2023 financial year which impacted the 31 December 2022 interim financial statements as summarised in the table below.

Selected explanatory notes to the condensed consolidated financial statements *continued*

9. Correction of prior period errors *continued*

	As previously reported R'000	BCB reconciliations R'000	Asset Finance balance sheet substantiation R'000
31 December 2022			
Condensed consolidated statement of financial position			
Assets			
Cash and cash equivalents	1 006 642	–	(3 724)
Trade and other receivables	504 749	12 943	(27 464)
Loans and advances	8 962 923	–	(7 665)
Investment securities	618 268	–	–
Investments at fair value through profit or loss	549 022	–	–
Total assets	13 572 747	12 943	(38 853)
Liabilities			
Trade and other payables	698 847	31 762	23 242
Total liabilities	11 858 788	31 762	23 242
Equity			
Ordinary share capital	321	–	–
Reserves	1 546 693	(18 819)	(62 095)
Total equity	1 713 959	(18 819)	(62 095)
Total liabilities and equity	13 572 747	12 493	(38 853)

Restatement of ISP R'000	Other R'000	System VAT correction R'000	Cash equivalents R'000	Statement of cash flows changes R'000	Restated R'000
-	-	-	(105 132)	-	897 786
-	-	35 825	-	-	526 053
-	(10 126)	-	-	-	8 945 132
-	-	-	105 132	-	723 400
-	-	-	105 132	-	654 154
-	(10 126)	35 825	105 132	-	13 572 536
-	-	47 898	-	-	801 749
-	-	47 898	-	-	11 961 960
-	2	-	-	-	323
-	(10 128)	(12 073)	-	-	1 443 578
-	-	(12 073)	-	-	1 610 846
-	(10 126)	35 825	-	-	13 572 536

Selected explanatory notes to the condensed consolidated financial statements *continued*

9. Correction of prior period errors *continued*

	As previously reported R'000	BCB reconciliations R'000	Asset Finance balance sheet substantiation R'000
31 December 2022			
Condensed consolidated statement of profit and loss and other comprehensive income			
Interest income	685 257	–	2 842
Interest income calculated using the effective interest method	669 005	–	2 842
Other interest income	16 252	–	–
Net interest income	338 047	–	2 842
Non-interest income	352 660	1 271	5 996
Net fee and commission income	221 560	–	(26 900)
Fee and commission income	327 341	–	(6 379)
Fee and commission expense	(105 781)	–	(20 985)
Other income on non-financial assets	52 345	1 271	32 896
Total income	690 707	1 271	8 838
Credit impairment charges	(81 582)	4 902	25 133
Net income after impairments	609 125	6 173	33 970
Total operating costs	(538 068)	(24 992)	(17 755)
Other operating expenses	(240 700)	(24 992)	(17 755)
Profit from operations	71 057	(18 819)	16 215
Profit before income tax	85 553	(18 819)	16 215
Profit for the period	67 876	(18 819)	16 215
Total comprehensive income for the period	67 876	(18 819)	16 215
Earnings per share for profit attributable to ordinary equity shareholders of the Group:			
Basic and diluted earnings per share (cents)	220.58	(61.16)	52.69

Restatement of ISP R'000	Other R'000	System VAT correction R'000	Cash equivalents R'000	Statement of cash flows changes R'000	Restated R'000
(11 144)	-	-	-	-	676 955
(11 144)	-	-	(10 710)	-	649 993
-	-	-	10 710	-	26 962
(11 144)	-	-	-	-	329 745
-	-	-	-	-	359 927
-	-	-	-	-	194 660
-	-	-	-	-	320 962
-	-	-	-	-	(126 302)
-	-	-	-	-	86 512
(11 144)	-	-	-	-	689 672
11 144	-	-	-	-	(40 403)
-	-	-	-	-	649 268
-	-	-	-	-	(580 815)
-	-	-	-	-	(283 447)
-	-	-	-	-	68 453
-	-	-	-	-	82 949
-	-	-	-	-	65 272
-	-	-	-	-	65 272
-	-	-	-	-	212.11

Selected explanatory notes to the condensed consolidated financial statements *continued*

9. Correction of prior period errors *continued*

	As previously reported R'000	BCB reconciliations R'000	Asset Finance balance sheet substantiation R'000
31 December 2022			
Condensed consolidated statement of cash flows			
Interest received	662 336	–	2 842
Interest paid	(346 955)	–	–
Fee and commission income received	327 341	–	(6 379)
Fee and commission expense paid	(105 781)	–	(20 521)
Net trading and other income/(expenses)	27 887	6 173	58 029
Cash payments to employees and suppliers	(482 794)	(24 992)	(17 755)
Cash inflow from operating activities	82 034	(18 819)	16 216
Cash flows from operating activities before changes in operating assets and liabilities	39 626	(18 819)	16 216
Changes in operating assets and liabilities	100 258	18 819	(9 788)
(Increase)/Decrease in loans and advances	(811 783)	–	4 674
(Increase)/Decrease in trading assets	99 614	–	–
Increase/(Decrease) in trade and other receivables	195 506	66 314	2 842
Increase/(Decrease) in deposits from customers	708 096	–	–
(Decrease) in trade and other payables	(245 296)	(47 495)	(17 304)
Increase/(Decrease) in funding under repurchase agreements	(73 691)	–	–
Increase in debt securities issued	266 023	–	–
Net cash from operating activities	139 884		6 428
Repayments/(Advances) of settling issued debt securities	–	–	–
Proceeds from issuance of debt securities	–	–	–
Net cash flows from financing activities	(8 082)	–	–
Net increase/(decrease) in cash and cash equivalents	122 730	–	6 428
Cash and cash equivalents at beginning of the period	815 954	–	(10 425)
Cash and cash equivalents at the end of the period	933 118	–	(3 724)

Restatement of ISP R'000	Other R'000	System VAT correction R'000	Cash equivalents R'000	Statement of cash flows changes R'000	Restated R'000
(11 144)	-	-	-	(22 394)	631 640
-	-	-	-	42 851	(304 104)
-	-	-	-	-	320 962
-	-	-	-	-	(126 302)
-	-	-	-	37 607	129 696
-	-	-	-	-	(525 541)
(11 144)	-	-	-	58 064	126 351
(11 144)	-	-	-	58 064	83 943
11 144	-	539	-	(289 737)	(168 765)
11 144	-	-	-	22 394	(773 571)
-	-	-	-	(37 705)	61 909
-	-	2 237	-	-	266 899
-	-	-	-	(7 572)	700 524
-	-	(1 698)	-	-	(311 793)
-	-	-	-	(831)	(74 522)
-	-	-	-	(266 023)	-
-	-	539	-	(231 673)	(84 822)
-	-	-	-	(1 303 364)	(1 303 364)
-	-	-	-	1 534 939	1 534 939
-	-	-	-	231 575	223 493
-	-	539	-	(98)	129 599
-	-	-	(105 300)	-	700 229
-	-	-	(105 132)	-	824 262

Commentary

About the business

Sasfin Holdings Limited (“Sasfin” or “the Group”) is a bank-controlling company listed on the JSE Limited. Sasfin and its subsidiaries provide a comprehensive range of specialist financial products and services focused on the needs of asset suppliers, small and medium businesses, and institutional and private clients.

Strategic update

Sasfin has made significant strides in relation to the strategic reset announced in 2023 and is focused on refining its business offering within its risk appetite to deliver sustainable value to Sasfin stakeholders.

As communicated previously, Sasfin is focused on building its core businesses, while exiting non-core activities. In this regard, the Company recently issued a circular to shareholders, regarding the disposal of its Capital Equipment Finance business and Commercial Property Finance business units to African Bank Limited (‘the Disposal’), which disposal is expected to be finalised before the end of this financial year, subject to regulatory approvals. Sasfin is also in the final stages of exiting its Foreign Exchange business. These actions are important steps in Sasfin’s strategic reset and will result in additional surplus liquidity, a stronger capital position and will create strategic options for Sasfin.

Financial performance

Group headline earnings for the six months ended 31 December 2023 reduced by 62.50% to R24.416 million (2022: R65.102 million). The primary reasons for the decrease were negative adjustments to the Group’s fair value loans and private equity portfolio as well as an increase in credit impairments, reflecting the challenging economic environment for businesses within South Africa.

Total income (including income from associates) decreased 7.17% to R653.676 million (2022: R704.167 million), primarily as a result of the fair value adjustments, while net interest income grew due to healthy margins in the loan book. Encouragingly the Group saw a reduction in total costs of 5.70% to R547.700 million (2022: R580.815 million).

Total assets decreased 1.63% to R13.352 billion (2022: R13.573 billion). Core funding increased 3.78% to R9.851 billion (2022: R9.492 billion). Net available cash and near cash increased 40.39% and ended at R2.100 billion (2022: R1.496 billion), and total ordinary shareholders equity increased 4.10% to R1.677 billion (2022: R1.611 billion), contributing to a healthy Group capital adequacy ratio of 16.50% (2022: 16.52%). The liquidity coverage ratio and net stable funding ratio remain above regulatory requirements.

The Expected Credit Loss (ECL) increased primarily due to higher coverage in the Stage 3 portfolio, resulting in a higher aggregate coverage ratio of 6.12% (2022: 5.28%). Since June 2023, Stage 3 loans have reduced to 10.13% (June 2023: 10.48%).

Gross loans and advances at amortised cost	Exposure R'000	Exposure % of book	ECL R'000	Coverage ratio %
31 December 2023				
Stage 1	7 659 456	86.58	62 185	0.81
Stage 2	291 306	3.29	22 143	7.60
Stage 3	895 838	10.13	457 476	51.07
Total	8 846 600	100.00	541 804	6.12
30 June 2023				
Stage 1	7 832 953	87.13	68 428	0.87
Stage 2	220 973	2.46	20 731	9.38
Stage 3	935 534	10.41	434 668	46.46
Total	8 989 460	100.00	523 827	5.83
31 December 2022 – restated				
Stage 1	7 749 213	86.65	67 576	0.87
Stage 2	256 632	2.87	20 500	7.99
Stage 3	937 044	10.48	384 252	41.01
Total	8 942 889	100.00	472 328	5.28

Segmental overview

Asset Finance

Asset Finance operating profit for the six months ended 31 December 2023 increased by 10.5% to R101.1 million (2022: R 91.5 million) due to income growth of 5.15% to R312.5 million (2022: R296.2 million). Asset Finance continues to strengthen its operational, financial and technology capabilities, while ensuring efficiencies, which has translated into a marginal reduction in operating costs. The Rental Finance business continues to operate at a healthy scale and is well positioned both in terms of financial and competitive strength.

Business and Commercial Banking ('BCB')

The Group is focused on streamlining its BCB pillar. BCB recorded an operating loss of R58.4 million (2022: loss of R50.0 million) due to lower non-interest income, and higher credit impairment charges, offset by savings in operating costs. Total Income declined 22.6% to R128.0 million (2022: R165.4 million) primarily as a result of the negative fair value adjustments.

Sasfin Wealth

Sasfin Wealth Operating Profit declined slightly to R59.4 million (2022: R59.8 million). Total Income grew 3.19% to R208.2 million (2022: R201.8 million). Assets under management and advice (collectively referred to as AUM) increased marginally to R64,4 billion (2022: R63.0 billion). The private client business performed strongly, experiencing AUM growth, including in its offshore offerings. We continue to segment our base, ensuring appropriate service models and solutions for each segment of the market, creating capacity in the high-touch space for growth. Solid performance and distribution capabilities continue to enhance our institutional business.

Commentary *continued*

Changes to the Board

As communicated on SENS on 12 February 2024 Mr Deon de Kock resigned as Chair of the Board and independent non-executive director of Sasfin and Sasfin Bank Limited due to health reasons. The Group wishes to extend their sincere gratitude to Deon for his invaluable counsel and his dedication and commitment in discharging his duties during his tenure and wishes him all the best.

Mr Richard Buchholz has been appointed as new Chair of the Board. Richard has been the lead independent director since 2019 and Sasfin has benefitted from his wise counsel, experience and contribution and is confident that he will ably lead the Board.

Mr Mark Thompson, who has been an independent director of the Group since 2019, has been appointed as lead independent director of the Board.

Prospects

The solid financial performance of both Asset Finance and Wealth reflects our commitment to investing in core capabilities within these pillars. We are making progress in streamlining BCB. The enhanced capital and liquidity position afforded by the Disposal will create strategic breadth and flexibility for Sasfin which we will leverage to maximise stakeholder value.

We continue to support our core customer base while reviewing our strategic options in an ever-changing regulatory and competitive landscape. We are focused on delivering sustained performance through tough and uncertain economic conditions and remain committed to exiting under-performing business lines that are both investment-heavy and capital-intensive.

Glossary of terms

Term	Definition
BCB	Business and Commercial Banking
bps	Basis points
bn	Billion
CAR	Capital Adequacy Ratio
ECL	Expected Credit Loss/Losses
FVTPL	Fair value through profit and loss
IFRS	International Financial Reporting Standards
ISP	Interest in suspense
JSE	Johannesburg Stock Exchange Limited
m	Million
PWC	PricewaterhouseCoopers Inc.
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Services
Sasfin Bank	Sasfin Bank Limited
SICR	Significant increase in credit risk
SPEIH	Sasfin Private Equity Investment Holdings Proprietary Limited

Corporate details

Country of incorporation and domicile	South Africa
Independent Non-executive Chair	Richard Buchholz ¹
Executive Directors	Michael Sassoon (Chief Executive Officer) Harriet Heymans (Financial Director)
Independent Non-executive Directors	Eileen Wilton Mark Thompson (Lead) ² Tapiwa Njikizana Tienie van der Mescht
Non-independent, Non-executive Directors	Gugu Dingaan Nontobeko Ndhrazi Roland Sassoon Shaun Rosenthal (Alternate)
Group Company Secretary	Charissa De Jager
Website and email	www.sasfin.com investorrelations@sasfin.com
Transfer secretaries	Computershare Investor Services (Proprietary) Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196
Sponsor	Questco Corporate Advisory (Proprietary) Limited
Auditors	PricewaterhouseCoopers Inc. (PWC)
Registered office	140 West Street, Sandown, Sandton, Johannesburg, 2196 Tel: +27 11 809 7500 Fax: +27 11 887 6167/2489
Postal address	PO Box 95104, Grant Park, Johannesburg, 2051
Company registration number	1987/002097/06
Tax reference number	9300/204/71/7

Disclaimer

The Group has in good faith made a reasonable effort to ensure the accuracy and completeness of the information contained in this report including information that may be regarded as forward-looking statements.

Forward-looking statements are not statements of fact but statements by the Board based on its current estimates projections expectations beliefs and assumptions regarding the Group's future performance and no assurance is given.

The risks and uncertainties inherent in the forward-looking statements include but are not limited to changes to IFRS and the interpretations applications and practices as they apply to past present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational social economic and political risks; and the effects of current and future litigation.

The Group does not undertake to update any forward-looking statements and does not assume responsibility for any loss or damage however arising as a result of the reliance by any party thereon including but not limited to loss of earnings profits consequential loss or damage.

¹ Mr Deon de Kock resigned as Chair of the board of directors of the Company due to health reasons on 15 March 2024 and Mr Richard Buchholz was appointed on 19 March 2024.

² Mr Mark Thompson was appointed as lead independent director on 19 March 2024, following Mr Buchholz's appointment as Chair of the board of directors.

sasfin

beyond a bank

sasfin.com

0861 SASFIN