

SASFIN HOLDINGS LIMITED
(Incorporated in The Republic of South Africa)
(Registration Number 1987/002097/06)
Share code: SFN ISIN: ZAE000006565
("Sasfin" or "the Company" or "the Group")



UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 - SHORT FORM ANNOUNCEMENT

RESULTS

	31 December 2023	31 December 2022 Restated ¹	Change (% or bps)
Group headline earnings for the period (R'000)	24,416	65,102	-62.50%
Group headline earnings per ordinary share (cents)	79.56	211.56	-62.39%
Earnings per ordinary share (cents)	79.85	212.11	-62.35%
Total Income (R'000)	653.676	704.167	-7.17%
Profit before income tax (R'000)	28,772	82,949	-65.34%
Group profit (Rm)	24,504	65,272	-62.46%
Cost to income ratio (%)	83.79	82.48	131bps
Return on average equity (%)	2.91	8.09	518bps
Net asset value per ordinary share (cents)	5,191	4,987	4.09%
Total assets (Rbn)	13,352	13,573	-1.63%
Gross loans and advances (Rbn)	9,247	9,417	-1.81%
Core funding (Rbn)	9,851	9,492	3.78%
Capital adequacy ratio (%)	16.50	16.52	-2bps
Group coverage ratio (%)	6.12	5.27	85bps
Credit loss ratio (bps)	172	117	55bps

¹ Restated in accordance with restatement applied in the 30 June 2023 Annual Financial Statements.

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 and scalable value to Sasfin stakeholders.

As communicated previously, Sasfin is focused on supporting its core businesses, while exiting non-core activities. In this regard, the Company issued a circular to shareholders on 25 March 2024, regarding the disposal of its Capital Equipment Finance and Commercial Property Finance business units to African Bank Limited ('the Disposal'), which is expected to be finalised before the end of this financial year, subject to regulatory approvals. The Disposal is an important step in Sasfin's strategic reset and will result in surplus liquidity and a stronger capital position, creating additional 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 the healthy margins within 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: 5.27%). Since June 2023, Stage 3 loans have reduced to 10.13% (June 2023: 10.48%).

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) remained steady at 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.

Prospects

The solid financial performance of both Asset Finance and Wealth reflects our commitment to investing in fundamental expertise 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.

Cash Dividend Declaration

As a result of the challenging economic climate and subdued financial performance, the board of directors of Sasfin (“Directors”) has resolved not to declare an interim dividend (2022: 0 cents).

Announcement

This short-form announcement is the responsibility of the Directors of the Company and is a summary of the information in the full announcement and does not contain full or complete details. The full announcement is available for viewing on the following websites:

Company’s website: <https://www.sasfin.com/investor-relations/>

JSE website: <https://senspdf.jse.co.za/documents/2024/jse/isse/sfn/H12024.pdf>

Any investment decision by investors and/or shareholders should be based on consideration of the full announcement, copies of which are also available for inspection at our offices and our sponsor’s offices on workdays during business hours, at no charge. Copies can also be requested from Sasfin’s company secretary at charissa.dejager@sasfin.com.

On behalf of the Board

Mr. Richard Buchholz
Chair

Mr. Michael Sassoon
Group Chief Executive Officer

Johannesburg
27 March 2024

Sponsor: Questco Corporate Services (Pty) Ltd