sasfin Holdings Limited

Summarised Consolidated Group Results and Dividend Declaration

for the year ended 30 June 2022

▲ 18.19%
HEADLINE EARNINGS
R166.731 m
2021: R141.071 m

▲ 23.63%
HEADLINE EARNINGS PER ORDINARY SHARE
541.81 cents
2021: 438.24 cents

— (0.08%)
TOTAL INCOME[2]
R1.332 bn
2021: 1.333 bn[1]
[2] including associate income

▲ 100 bps
RETURN ON AVERAGE SHAREHOLDERS' EQUITY
10.46%
2021: 9.46%[1]

▲ 272 bps
COST-TO-INCOME RATIO
78.93%
2021: 76.21%[1]

▲ 7.70%
TOTAL ASSETS
R13.117 bn
2021: R12.179 bn[1]

▲ 8.72%
TOTAL EQUITY[3]
R1.684 bn
2021: R1.549 bn[1]
[3] excludes preference shares and non-controlling interest

▲ 18.56%
GROSS LOANS AND ADVANCES
R8.606 bn
2021: R7.259 bn[1]

▼ 56 bps
CREDIT-LOSS RATIO
62 bps
2021: 118 bps[1]

▲ 10.56%
DEPOSITS FROM CUSTOMERS
R5.233 bn
2021: R4.733 bn

▲ 9.77%
ASSETS UNDER MANAGEMENT AND ADVICE[5]
R59.165 bn
2021: R53.899 bn
[5] excludes assets under administration

▼ 125 bps
GROUP CAPITAL ADEQUACY RATIO[6]
16.04%
2021: 17.29%[1]
[6] unaudited

Sasfin Holdings Limited incorporated in the Republic of South Africa (Company registration number 1987/002097/06) ("Sasfin" or "the Group" or "the Company") (Ordinary share code: ZAE000006565)

[1] Prior periods by restatement refer to Note 4.2 (page 12).

Financial highlights

For the year ended 30 June 2022

	% Change	30 June 2022	30 June 2021 Restated[4]
Condensed consolidated statement of financial position			
Total cash (Rm)	(35.64)	**885**	1 375
Negotiable securities (Rm)	(14.15)	**1 790**	2 085
Gross loans and advances (Rm)	18.56	**8 606**	7 259
Non-performing loans and advances (Rm)	36.01	**831**	611
Deposits from Customers	10.56	**5 233**	4 733
Total assets (Rm)	7.70	**13 117**	12 179
Net available cash[1]	32.1	**1 656**	2 438
Income statement			
Earnings attributable to ordinary shareholders (Rm)	>100	**183.860**	77.644
Headline earnings (Rm)	18.19	**166.731**	141.071
Financial performance			
Return on ordinary shareholders' average equity (%)	10.57	**10.46**	9.46
Return on total average assets (%)	22.22	**1.32**	1.08
Operating performance			
Non-interest income to total income (%)		**55.51**	57.25
Cost-to-income ratio (%)		**78.93**	76.21
Credit-loss ratio (bps)		**62**	118
Non-performing advances to total amortised cost gross loans and advances (%)		**10.10**	8.81
Share statistics			
Earnings per ordinary share (cents)	>100	**597.47**	241.20
Headline earnings per ordinary share (cents)	23.63	**541.81**	438.24
Number of ordinary shares in issue at end of the year ('000)		**32 301**	32 301
Number of ordinary shares in issue at end of the year excluding treasury shares ('000)		**30 773**	30 773
Weighted average number of ordinary shares in issue excluding treasury shares ('000)		**30 773**	32 191
Dividends per ordinary share for the year (cents)[5]		**164.97**[3]	–
Net asset value per ordinary share (cents)	11.86	**5 213**	4 660
Capital adequacy			
Capital adequacy ratio (%)		**16.04**[2]	17.29[2]

[1] *Total cash and liquid negotiable securities less funding under repurchase agreement.*

[2] *Unaudited.*

[3] *A final dividend of 120.90 cents per share was declared by the board on 9 September 2022. Refer to page 16 for more information.*

[4] *Prior periods by restatement refer to Note 4.2 (page 12).*

[5] *Based on the total shares in issue, including treasury shares.*

Condensed consolidated statement of financial position

at 30 June 2022

	30 June 2022 R'000	30 June 2021 R'000 Restated[1]	1 July 2020 R'000 Restated[1]
ASSETS			
Cash and cash equivalents[1]	**884 495**	1 374 857	1 773 544
Negotiable securities	**1 790 340**	2 085 077	3 126 595
Trading assets	**547 848**	703 433	1 060 342
Trade and other receivables[1]	**745 903**	439 034	348 821
Non-current assets held for sale	**–**	6 700	6 700
Loans and advances[1]	**8 130 704**	6 723 672	6 617 049
Current taxation asset	**39 766**	26 595	21 035
Investment securities	**584 147**	540 061	654 966
Investments at fair value through profit and loss	**529 397**	519 972	528 771
Equity accounted associates	**54 750**	20 089	126 195
Property, equipment and right-of-use assets	**183 082**	65 068	103 550
Investment property	**20 138**	16 400	13 123
Intangible assets and goodwill	**144 729**	160 856	205 206
Deferred tax asset	**45 380**	37 584	36 808
Total assets	**13 116 532**	12 179 337	13 967 739
LIABILITIES			
Funding under repurchase agreements and interbank	**803 976**	700 067	1 882 806
Trading liabilities	**518 596**	658 957	999 842
Current taxation liability	**1 364**	5 093	3 963
Trade and other payables[1]	**945 020**	804 318	803 679
Bank overdraft	**68 541**	30 392	151 462
Provisions	**69 348**	72 714	41 629
Lease liabilities	**157 116**	43 205	70 266
Deposits from customers	**5 233 182**	4 732 764	5 138 778
Debt securities issued	**2 991 426**	2 741 583	2 743 823
Long-term loans	**499 521**	730 904	371 649
Deferred tax liability	**144 696**	110 770	94 531
Total liabilities	**11 432 786**	10 630 767	12 302 428
EQUITY			
Ordinary share capital	**321**	321	321
Ordinary share premium	**166 945**	166 945	166 945
Reserves[1,2]	**1 516 480**	1 337 973	1 309 959
Preference share capital	**–**	18	18
Preference share premium	**–**	43 313	188 068
Total equity	**1 683 746**	1 548 570	1 665 311
Total liabilities and equity	**13 116 532**	12 179 337	13 967 739

[1] *Prior periods by restatement refer to Note 4.2 (page 12).*

[2] *In the current year, Treasury shares (2022 and 2021: 40 177) were reclassified to be presented together with Distributable Reserves (2022: 1 556 657; 2021: 1 378 150) as Reserves. This was to enhance disclosures. Prior year was aligned accordingly.*

Condensed consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	30 June 2022 R'000	30 June 2021 R'000 Restated[1]
Interest and similar income	**1 059 052**	1 024 814
Interest income calculated using the effective interest method[1]	**1 033 288**	977 200
Other interest income	**25 764**	47 614
Interest and similar expense	**(480 771)**	(457 081)
Interest expense calculated using the effective interest method	**(469 526)**	(440 234)
Other interest expense	**(11 245)**	(16 847)
Net interest income	**578 281**	567 733
Non-interest income	**739 146**	745 800
Net fee and commission income	**439 303**	416 112
Fee and commission income	**639 301**	628 388
Fee and commission expense	**(199 998)**	(212 276)
Gains and losses on financial instruments	**152 461**	168 845
Other income	**147 382**	160 843
Total income	**1 317 427**	1 313 533
Credit impairments charges[1]	**(46 608)**	(180 449)
Net income after impairments	**1 270 819**	1 133 084
Total operating costs	**(1 050 971)**	(1 015 455)
Staff costs	**(560 259)**	(530 484)
Other operating expenses	**(490 712)**	(444 387)
Impairments of non-financial assets	**–**	(40 584)
Profit for the year from operations	**219 848**	117 629
Share of associate income	**14 146**	18 962
Profit for the year before income tax	**233 994**	136 591
Income tax expense	**(50 134)**	(58 947)
Profit for the year	**183 860**	77 644
Other comprehensive income for the year, net of tax effects		
Items that may be subsequently reclassified to profit or loss:		
Foreign exchange differences on translation of foreign operations	**–**	(40 843)
Reclassification of foreign currency differences on loss of control	**–**	(75 886)
Reclassification of hedge reserves on loss of control	**–**	107 099
Total comprehensive income for the year	**183 860**	68 014
Profit attributable to:	**183 860**	77 644
Equity holders of the Group	**183 860**	77 644
Total comprehensive income attributable to:	**183 860**	68 014
Equity holders of the Group	**183 860**	68 014
Earnings per share:		
Basic and diluted earnings per share (cents)	**597.47**	241.21

[1] *Prior periods by restatement refer to Note 4.2 (page 12).*

Headline earnings reconciliation

For the year ended 30 June 2022

	Gross R'000	Direct tax R'000	Profit attributable to ordinary shareholders R'000
2022			
Basic earnings	**233 994**	**(50 134)**	**183 860**
Headline adjustable items:	**(22 156)**	**5 027**	**(17 129)**
Investment property – fair value loss on continuing operations	**1 162**	**(260)**	**902**
Insurance claim proceeds	**(22 172)**	**4 966**	**(17 206)**
(Profit)/loss on disposal of property and equipment	**(1 146)**	**321**	**(825)**
Headline earnings	**211 838**	**(45 107)**	**166 731**
2021			
Basic earnings	136 591	(58 947)	77 644
Headline adjustable items:	54 130	9 297	63 427
Loss on loss of control of subsidiary	31 016	–	31 016
Investment property – fair value loss	3 726	–	3 726
Intangible impairments	40 583	–	40 583
Profit on disposal of interest in associate	(21 195)	9 297	(11 898)
Headline earnings	190 721	49 650	141 071

	Earnings attributable		Weighted average number of shares[1]		Cents per share	
Per ordinary share	**2022 R'000**	2021 R'000	**2022**	2021	**2022**	2021
Earnings	**183 860**	77 644	**30 772 847**	32 190 579	**597.47**	241.20
Diluted earnings	**183 860**	77 644	**30 772 847**	32 190 579	**597.47**	241.20
Headline earnings	**166 731**	141 071	**30 772 847**	32 190 579	**541.81**	438.24
Diluted headline earnings	**166 731**	141 071	**30 772 847**	32 190 579	**541.81**	438.24

[1] *In 2021 treasury shares were bought during the last month of the financial year (June) and weighted accordingly.*

Condensed consolidated statement of changes in equity

For the year ended 30 June 2022

	Ordinary share capital R'000	Ordinary share premium R'000	Treasury shares[1] R'000	Distributable Reserves[1] R'000
2022				
Restated opening balance at the beginning of the year	321	166 945	(40 177)	1 378 150
Total comprehensive income for the year	–	–	–	183 860
Profit for the year	–	–	–	183 860
Transactions with owners recorded directly in equity				
Preference share buy-back and cancellation and transfer of reserves	–	–	–	43 331
Preference share buy-back accrual write back	–	–	–	2 556
Dividends to ordinary shareholders	–	–	–	(51 240)
Balance at the end of the year	321	166 945	(40 177)	1 556 657

[1] *In the current year, Treasury shares are presented together with Distributable Reserves as Reserves in the Consolidated statement of changes in equity.*

[2] *Sasfin Holdings Limited entered into a scheme of arrangement whereby the Company acquired all of the non-redeemable, non-cumulative, non-participating variable rate preference shares in issue by way of a share buy-back. This took place on 5 July 2021. These shares have been cancelled. Therefore, there are nil preference shares in issue at 30 June 2022. The shares were acquired at a discount and the remaining balance was transferred directly to distributable reserves.*

	Ordinary share capital R'000	Ordinary share premium R'000	Treasury shares[1] R'000	Distributable Reserves[1] R'000
2021				
Opening balance at the beginning of the year	321	166 945	(177)	1 358 200
Adjustment on correction of error (Refer to Note 4.2)	–	–	–	(57 694)
Restated opening balance	321	166 945	(177)	1 300 506
Total comprehensive income for the year	–	–	–	77 644
Profit for the year	–	–	–	77 644
Other comprehensive income net of income tax for the year	–	–	–	–
Foreign exchange differences on translation of foreign operations	–	–	–	–
Reclassification of foreign currency differences on loss of control[1]	–	–	–	–
Reclassification of hedge reserves on loss of control[1]	–	–	–	–
Changes in ownership interests				
Preference share buy-back	–	–	–	–
Transactions with owners recorded directly in equity				
Net (increase)/decrease in treasury shares	–	–	(40 000)	–
Restated balance at the end of the year	321	166 945	(40 177)	1 378 150

[1] *During the prior year Sasfin Asia Limited was placed in voluntary liquidation and deconsolidated and the related hedging and FCTR reserves were recycled through profit or loss.*

Foreign currency translation reserve R'000	Hedging reserve R'000	Total ordinary shareholders' equity R'000	Preference share capital[2] R'000	Preference share premium[2] R'000	Total shareholders equity R'000
		1 505 239	**18**	**43 313**	**1 548 570**
–	**–**	**183 860**	**–**	**–**	**183 860**
–	**–**	**183 860**	**–**	**–**	**183 860**
–	**–**	**43 331**	**(18)**	**(43 313)**	**–**
–	**–**	**2 556**	**–**	**–**	**2 556**
–	**–**	**(51 240)**	**–**	**–**	**(51 240)**
–	**–**	**1 683 746**	**–**	**–**	**1 683 746**
116 729	(107 099)	1 534 919	18	188 068	1 723 005
–		(57 694)	–	–	(57 694)
116 729	(107 099)	1 477 225	18	188 068	1 665 311
(116 729)	107 099	68 014	–	–	68 014
–	–	77 644	–	–	77 644
(116 729)	107 099	(9 630)	–	–	(9 630)
(40 843)	–	(40 843)	–	–	(40 843)
(75 886)	–	(75 886)	–	–	(75 886)
–	107 099	107 099	–	–	107 099
–	–	–	–	(144 755)	(144 755)
–	–	(40 000)	–	–	(40 000)
–	–	1 505 239	18	43 313	1 548 570

Condensed consolidated statement of cash flows

For the year ended 30 June 2022

	30 June 2022 R'000	30 June 2021 R'000 Restated[1]
Cash flows from operating activities		
Interest received	**980 182**	995 061
Interest paid	**(471 259)**	(457 079)
Fee and commission income received	**639 299**	628 388
Fee and commission expense paid	**(199 998)**	(212 276)
Net trading and other income received[2]	**122 594**	127 388
Cash payments to employees and suppliers	**(910 687)**	(844 725)
Cash inflow from operating activities	**160 132**	236 757
Dividends received	**20 965**	32 157
Taxation paid	**(40 905)**	(47 915)
Dividends paid	**(51 240)**	–
Cash flows from operating activities before changes in operating assets and liabilities	**(71 180)**	220 999
Changes in operating assets and liabilities	**(401 917)**	(544 949)
Increase in loans and advances	**(1 307 896)**	(81 939)
Decrease in trading assets	**212 096**	423 572
Decrease in negotiable securities	**295 151**	945 410
(Increase) in trade and other receivables[1]	**(306 869)**	(98 736)
Increase/(Decrease) in deposits from customers	**500 418**	(406 013)
Increase/(Decrease) in trade and other payables[1]	**278 443**	(144 118)
(Decrease) in provisions	**(55 269)**	(16 517)
(Decrease)/Increase in long-term loans	**(231 383)**	359 255
Increase/(Decrease) in funding under repurchase agreements and interbank	**103 909**	(1 182 739)
(Decrease) in trading liabilities	**(140 361)**	(340 884)
Increase/(Decrease) in debt securities issued	**249 844**	(2 240)
Net cash from operating activities	**(312 965)**	(323 950)
Cash flows from investing activities		
Proceeds from the disposal of property and equipment	**3 890**	1 630
Proceeds from the disposal of investment property	**23 972**	–
Proceeds from the disposal of investment securities[2]	**–**	27 437
Proceeds from the disposal of an associate	**–**	146 261
Acquisition of property and equipment	**(38 796)**	(10 928)
Acquisition of investment securities	**(1 382)**	–
Acquisition of intangible assets	**(15 665)**	(27 935)
Acquisition of and restructures of associates[2]	**(20 515)**	–
Advances of investment securities[1]	**(10 512)**	(35 401)
Repayments of investment securities[1]	**28 655**	28 254
Net cash flows from investing activities	**(30 353)**	129 318
Cash flows from financing activities		–
Acquisition of treasury shares	**–**	(40 000)
Repurchase and cancellation of treasury shares	**(135 180)**	–
Repayment of lease liabilities	**(33 232)**	(33 354)
Net cash flows from financing activities	**(168 412)**	(73 354)
Net (decrease)/increase in cash and cash equivalents	**(528 511)**	(267 986)
Cash and cash equivalents at beginning of the year[1]	**1 344 465**	1 622 081
Effect of exchange rate movements on cash and cash equivalents	**–**	(9 631)
Cash and cash equivalents at the end of the year	**815 954**	1 344 465

[1] *Prior periods by restatement refer to Note 4.2 (page 12).*

[2] *Refer to Note 10 of the Group Annual Financial Statements for more information on the acquisition of and restructure of associates.*

Condensed consolidated segmental analysis

For the year ended 30 June 2022

For the prior financial year ended 30 June 2021, management reported on four segments:

Asset Finance, B\\yond Business Banking, Capital and Wealth. With effect from 1 July 2021, Sasfin Capital merged with Business Banking to create one pillar committed to supporting the growth of businesses. This combined Pillar is better placed to provide a holistic client experience and to extract efficiencies where appropriate. Management now reports on three segments (excluding the Group and inter-segment elimination segment, which includes Treasury). These segments are Asset Finance, Business and Commercial Banking and Wealth. Accordingly, the segment information for prior periods has been restated.

	Asset Finance[1] R'000	Business and Commercial Banking[2] R'000	Wealth[3] R'000	Group and Treasury Eliminations R'000	Total R'000
Business segments					
2022					
Interest income	**782 557**	**164 695**	**15 965**	**95 835**	**1 059 052**
Interest expense	**(342 065)**	**(76 184)**	**(15 590)**	**(46 932)**	**(480 771)**
Net interest income	**440 492**	**88 511**	**375**	**48 903**	**578 281**
Non-interest income	**164 033**	**214 935**	**348 092**	**12 086**	**739 146**
Total income	**604 525**	**303 446**	**348 467**	**60 989**	**1 317 427**
Credit impairment charges	**(32 939)**	**(26 355)**	**(18)**	**12 704**	**(46 608)**
Net income after impairments	**571 586**	**277 091**	**348 449**	**73 693**	**1 270 819**
Operating costs	**(316 775)**	**(314 037)**	**(304 595)**	**(115 564)**	**(1 050 971)**
Employee costs	**(107 413)**	**(109 065)**	**(128 220)**	**(215 561)**	**(560 259)**
Depreciation	**(690)**	**(173)**	**(3 700)**	**(50 863)**	**(55 425)**
Amortisation	**(5 297)**	**–**	**(2 401)**	**(24 093)**	**(31 792)**
Other operating expenses	**(203 375)**	**(204 799)**	**(170 274)**	**174 953**	**(403 495)**
Goodwill and intangible asset impairments	**–**	**–**	**–**	**–**	**–**
Profit/(loss) from operations	**254 811**	**(36 946)**	**43 854**	**(41 871)**	**219 848**
Share of associate income	**–**	**–**	**14 146**	**–**	**14 146**
Profit/(loss) before income tax	**254 811**	**(36 946)**	**58 000**	**(41 871)**	**233 994**
Income tax expense	**(67 721)**	**12 868**	**(12 773)**	**17 492**	**(50 134)**
Profit/(loss) for the year	**187 090**	**(24 078)**	**45 227**	**(24 379)**	**183 860**
Segment assets	**7 829 017**	**2 123 231**	**1 108 173**	**2 056 111**	**13 116 532**
Segment liabilities	**7 340 902**	**2 074 982**	**931 484**	**1 085 418**	**11 432 787**

[1] *Asset Finance provides finance contracts for equipment via instalment sales, lease facilities or 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 and forex risk solutions, unsecured lending and Commercial Banking (specialised lending, 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.*

Condensed consolidated segmental analysis continued

For the year ended 30 June 2022

	Asset Finance R'000	Business and Commercial Banking R'000	Wealth R'000	Group and Treasury Eliminations R'000	Total R'000
Business segments					
2021 – Restated[1]					
Interest income	748 614	119 246	20 443	136 511	1 024 814
Interest expense	(331 173)	(58 449)	(20 661)	(46 798)	(457 081)
Net interest income	417 441	60 797	(218)	89 713	567 733
Non-interest income	191 756	206 739	326 630	20 675	745 800
Total income	609 197	267 536	326 412	110 388	1 313 533
Credit impairment charges	(65 836)	(13 480)	–	(101 133)	(180 449)
Net income after impairments	543 361	254 056	326 412	9 255	1 133 084
Operating costs	(254 088)	(303 030)	(267 898)	(190 439)	(1 015 455)
Employee costs	(88 169)	(117 025)	(131 190)	(194 100)	(530 484)
Depreciation	(794)	(304)	(6 154)	(39 062)	(46 314)
Amortisation	(5 297)	(591)	(3 151)	(22 662)	(31 701)
Other operating expenses	(159 828)	(185 110)	(127 403)	105 969	(366 372)
Goodwill and intangible asset impairments	–	–	–	(40 584)	(40 584)
Profit/(loss) from operations	289 273	(48 974)	58 514	(181 184)	117 629
Share of associate income	–	–	18 962	–	18 962
Profit/(loss) before income tax	289 273	(48 974)	77 476	(181 184)	136 591
Income tax expense	(86 393)	11 411	(24 947)	40 982	(58 947)
Profit/(loss) for the year	202 880	(37 563)	52 529	(140 202)	77 644
Segment assets	6 998 078	1 926 412	984 589	2 270 258	12 179 337
Segment liabilities	6 562 320	1 836 254	833 222	1 398 971	10 630 767

[1] *Prior periods by restatement, refer to Note 4.2 (page 12).*

Selected explanatory notes to the summarised consolidated annual financial statements

Summarised consolidated annual financial statements

The summarised Condensed Consolidated 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
- Condensed Consolidated Segmental Analysis

at and for the year ended 30 June 2022.

Audited annual financial statements for the year ended 30 June 2022 and audit report.

Although these financial results were themselves not audited they are extracted from the consolidated and company annual financial statements (annual financial statements) that were audited by PricewaterhouseCoopers Inc, who issued an unmodified audit opinion on the annual financial statements. The annual financial statements and the audit opinion thereon, which also provides more details on the key audit matters on pages 9–17 of the annual financial statements, can be viewed on the Company's website and is available for inspection at the company's office, upon request or at a secure electronic location, at no cost, during business hours.

The board of directors (the board) of the Group takes full responsibility for the preparation of this report and confirms that the information therein has been correctly extracted from the annual financial statements. These annual financial statements have been prepared under the supervision of Harriet Heymans, CA(SA), Group and Bank Financial Director. The results were published on 21 September 2022.

Basis of preparation and presentation of the condensed consolidated annual financial statements for the year ended 30 June 2022

The Condensed Consolidated and Separate Annual Financial Statements have been prepared in accordance with and contain disclosure required by IAS 34 Interim Financial Reporting and have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, No 71 of 2008, as amended, and the JSE Listings Requirements.

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 continue to be a going concern in the reporting year ahead. Consequently, the Condensed Consolidated Annual Financial Statements have been prepared on the going concern basis.

The accounting policies applied in the Condensed Annual Financial Statements are the same as those applied in the Group's Audited Consolidated and Separate Annual Financial Statements for the year ended 30 June 2022.

The Condensed Consolidated Annual Financial Statements are presented in ZAR.

1. Impact of COVID-19

The board has determined that the effect of COVID-19 might continue to have some impact, however it is not expected to be significant.

2. Changes in the composition of the Group

During the period under review, there have been no material changes in the composition of the Group.

3. Related parties

There have been no material changes, by nature or amount, in transactions with related parties during the period.

Selected explanatory notes to the summarised consolidated annual financial statements continued

4. Accounting standards, interpretations and amendments to existing standards that are not yet effective and correction of prior year errors, restatements and reclassifications

4.1 There have been no changes of significant nature in accounting standards, interpretations and amendments to existing standards that are not yet effective from what has been previously reported.

4.2 During the period under review, management became aware that certain prior period transactions may not have been correctly accounted for. A detailed review confirmed that there were errors affecting prior periods which required the restatement and/or reclassification as set out in Note 49 of the Group Annual Financial Statements.

The restatement arose from transactions which occurred in the 2019 and 2020 financial periods. Given the amounts involved, management determined that a restatement would be required in terms of IFRS. From an earnings perspective, the restatement affected the opening retained earnings relating to financial periods prior to 2021.

The reclassification items impact certain line items in the statement of profit or loss and other comprehensive income and statement of financial position, but do not impact the previously reported earnings for 2021.

Reclassifications:
The reclassification of certain line items in the consolidated statements of financial position and profit or loss and other comprehensive income for the 2021 financial period did not impact earnings.

Interest in suspense: Interest in suspense was incorrectly processed to interest income instead of credit impairment charges. As a result, these financial statement line items were misstated, albeit with a nil net effect on earnings.

Reconciliations in Business and Commercial Banking (BCB): It was identified that certain reconciling items were processed to the incorrect financial statement line items in prior years which resulted in a misstatement of cash and cash equivalents, trade and other payables and trade and other receivables. These misstatements did not affect earnings.

Reconciliations in Treasury: At 30 June 2021, timing differences existed between the SAMOS account and the general ledger, which resulted in cash and cash equivalents and trade and other payables being misstated. These misstatements did not affect earnings.

Cash flow statement reclassification: In the prior year, the net movement on investment securities was presented as (repayments)/advances of investment securities in investing activities. In the current year, the gross amounts were presented as separate line items for advances and repayments of investment securities and net trading and other income received, as they reflect the movements more accurately.

Restatement:
Cash book reconciliations: It was identified that certain reconciling items were recognised in incorrect line items in the statement of financial position and statement of profit or loss and other comprehensive income. These misclassifications related to transactions occurring in financial periods prior to 2021, consequently the restatement has impacted the retained earnings for 2021. Consequently, the restatements reduced the distributable reserves by R57.6 million in 2020 (4.1% of distributable reserves as at 30 June 2020).

5. Events after the reporting date

5.1 Refinancing of Absa preference shares

Sasfin Private Equity Investment Holdings (Proprietary) Limited (SPEIH), a wholly owned subsidiary, entered into a preference share subscription agreement dated 5 September 2013 with Absa Bank Limited. The redemption date of the ABSA preference shares was 30 August 2022. On 29 August 2022, SPEIH refinanced the preference shares with a new scheduled redemption date of 30 August 2025.

5.2 South African Securitisation Programme (RF) Limited (SASP) notes

SASP successfully re-financed notes with a value of R511 million in August 2022, and placed an additional R250 million of notes which mature in 3-5 years.

5.3 Investigation into suspected financial misconduct

On 26 of August 2022, the South African Revenue Services (SARS) issued a statement related to its actions against Gold Leaf Tobacco and its associates who were former clients of our foreign exchange unit in 2016 and 2017. In accordance with our Anti Money Laundering (AML)/ Countering the Financing of Terrorism (CFT) policies and our risk appetite, management closed the accounts of these clients in 2017 and has cooperated fully with the relevant authorities in their investigation. Sasfin has also commissioned an independent investigation which is ongoing. Sasfin will take any necessary action flowing from these investigations.

Commentary

Purpose
We contribute to society by going beyond a bank to enable growth in the businesses and global wealth of our clients.

Introduction
Economic growth remains a challenge for South Africa, which is now facing the additional global impacts of increasing inflation and interest rates. While the economy has recovered somewhat from the lows of the COVID-19 pandemic, the landscape remains challenging with high levels of unemployment and low levels of business confidence. In addition, the heightened risks associated with, *inter alia*, the up-and-coming ANC national conference, the potential Financial Action Task Force (FATF) grey-listing, and the energy crisis will need to be carefully navigated to restore the confidence needed to attract investment to drive economic growth. The global landscape is also volatile, with increased conflict, higher inflation, and rising interest rates.

Three distinct yet complementary businesses
Sasfin is built on three distinct pillars namely Asset Finance, Wealth and Business and Commercial Banking and Wealth. The management teams of the Pillars have been strengthened with skilled and Pillar, focused management, and are well-positioned to enhance our client-centric approach.

The Asset Finance and Wealth pillars, built over many years, generate healthy returns on equity, thanks to their compelling value propositions, scale and deep distribution and service models. The Business and Commercial Banking Pillar came together under the leadership of newly appointed pillar Chief Executive, Sandile Shabalala, during the financial year. Sasfin continues to invest meaningfully into this pillar to ensure that it is well placed to service the needs of growing businesses.

Loan Growth of R1.35 billion to SA businesses
Over the last couple of years, Sasfin has been strengthening its capacity to grow loans to businesses. Emerging out of COVID-19, Sasfin has seen record growth in loans. Sasfin provides a wide range of credit solutions to businesses including SMEs. This includes entering into a successful UD$50 million arrangement with the Dutch Entrepreneurial Development Bank (FMO), to provide loans to women, youth and COVID-19 impacted businesses through the NASIRA loan programme.

Financial performance
Group headline earnings increased to R166.7 million (2021: R141.1 million) for the year ended 30 June 2022. This improvement was mainly driven by better credit performance. Total income (including income from associates) was flat at R1.332 billion (2021: R1.333 billion), largely due to the divestment of non-core businesses (SCS Global Trade, Sasfin Asia and Efficient Group) which contributed R51.5 million in 2021. This also contributed to non-interest revenue declining marginally by 0.89%. Costs increased 3.5% to R1.051 billion. Despite an improved cash cost associated with our Head Office move, the Group carried an IFRS16 lease depreciation charge for both the old and new offices for the second six months of the period. As a result of higher operating costs and a once-off operational loss (R45 million) posted in the Wealth Pillar, the cost-to-income ratio increased to 78.93% (2021: 76.21%).

Group profit improved markedly to R183.9 million (2021: R77.6 million). The primary headline earnings adjustment in the current year relates to insurance proceeds received for an investment property that was damaged. Return on Equity improved to 10.46% (2021: 9.46%).

Net interest income grew 1.87% to R578.3 million (2021: R567.7 million) following the excellent growth in loans and advances of 20.93% to R8.131 billion (2021: R6.724 billion), mainly in the latter part of the second half of the year, but offset by some margin reduction related to fixed rate deals. This growth was achieved with higher net margins and lower credit loss ratios. The strong book growth should provide a good foundation for net-interest income growth for the next financial year.

Financial, liquidity and capital position
Total assets increased 7.7% to R13.117 billion (2021: R12.179 billion (restated)) mainly due to the growth in gross loans and advances to R8.606 billion (2021: R7.259 billion). Core funding (excluding funding received under repurchase agreements) increased 6.76% to R8.793 billion (2021: R8.236 billion), as deposits from customers grew 10.56% to R5.233 billion (2021: R4.733 billion), while long-term funding was reduced to R499.5 million (2021: R730.9 million).

While the Group's cash position remains strong, the meaningful loan growth resulted in net available cash dropping by 32.1% to R1.656 billion (2021: R2.438 billion).

Increased risk weighted assets, arising from loan growth, resulted in the Group's capital adequacy ratio (unaudited) reducing to 16.04% (2021: 17.29%). The capital adequacy ratio, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) were above the regulatory requirements.

Credit performance

Despite the fragile economy, our clients have demonstrated resilience. Many clients with whom we worked closely throughout the COVID period, have pleasingly brought their accounts back up to date, evidenced in the improved Stage 1 and Stage 2 portfolios.

Profile of the book:

- Stage 1 Loans (up to date loans): 86.68% of total book (2021: 84.99%)
- Stage 2 Loans (overdue loans): 3.22% of total book (2021: 6.20%)
- Stage 3 Loans (non-performing loans): 10.10% of total book (2021: 8.81%)

The improved Stage 1 portfolio, together with healthy recoveries and stronger security embedded in the Stage 3 portfolio, has resulted in the Group loan coverage ratio reducing to 5.78% (2021: 7.71%) which ultimately resulted in the credit-loss ratio reducing to 62bps (2021: 118bps). A significant portion of the non-performing loans relate to credit-insured and well-secured loans. The forward-looking macro economic assumptions have improved, however, we continue to anticipate tough economic conditions.

The net exposure on the Land Bank bills has reduced significantly due to capital repayments during the period. The Group has maintained the Land Bank provision at the same level as in the prior period, resulting in a higher coverage ratio, which reflects the ongoing risk associated with reaching a final resolution of the Land Bank recapitalisation process.

Segmental overview

Asset Finance

Asset Finance achieved an operating profit of R254.8 million (2021: R289.3 million). Total income decreased by 0.77% to R604.5 million (2021: R609.2 million) due to rising interest rates. However, new business volumes were well above pre-COVID-19 levels, this resulted in asset book growth of 6.7% to R7.8 billion (2021: R7.3 billion). Improved arrears management from focused collection efforts resulted in a decrease in impairments. Operating costs increased by 24.68% to R316.8 million (2021: R254.1 million) partly due to investment in key management roles, the embedding of certain Group capabilities into the Pillar and the allocation of additional lease costs.

Asset Finance has been the predominant business of the Group for many years. We see continued growth in this business as we increasingly finance new asset types and roll out additional products to support our clients. We anticipate increased demand for climate-friendly assets and software, which we are well placed to finance.

Business and Commercial Banking

With effect 1 July 2021, Sasfin Capital merged with Sasfin Business Banking to create this new pillar committed to supporting the growth of business in South Africa. In merging our business banking and capital areas, we have brought together excellent client-centred specialists, digital capabilities and deep lending expertise. The combined pillar is better placed to provide a holistic client experience and extract efficiencies where appropriate. The pillar now comprises:

Business Banking:

- Transactional Banking
- Forex
- Revolving Credit Facilities

Commercial Banking:

- Trade and Debtor finance
- Specialised lending
- Property lending

Commentary continued

This merger is starting to yield results, with the operating loss improving to R36.9 million (2021: loss -R49 million). The improvement was due to total income growing 13.4% to R303.4 million (2021: R267.5 million) resulting from strong growth of 26.2% in loans and advances. Approximately 2 000 new Business Transactional accounts were opened during the year. Costs were well managed, and the pillar showed positive "jaws", with total income growth exceeding expense growth, for the period.

As we transform the digital business banking experience, we continue to strengthen our client value proposition. We are growing our lending capabilities and have built new credit offerings, introduced a credit application scorecard for smaller loans and have put in place the necessary funding and support to focus on SME lending and appropriate personalised services in business banking.

The Commercial Banking area performed particularly well, with an uptick in new clients and strong credit performance. We have grown our specialised and property lending books by 21.5% to R 701 million (2021: R577 million) and seen healthy returns in Trade Finance. These well secured portfolios are performing to expectation.

Sasfin Wealth

Sasfin Wealth's operating profit reduced to R58 million (2021: R77.5 million), despite good underlying performance with total income growing by 5% to R362.6 million (2021: R345.4 million) driven by growth in assets under advice and management to R59.2 billion (2021: R53.9 billion). The strongest growth came from Sasfin Asset Managers with assets under management increasing 25.9% to R21.9 billion (2021: R17.4 billion). Sasfin Wealth continues to enhance its offering and strengthen its institutional asset management capabilities, distribution and technology teams. While core costs were well managed, the reason for the reduction in profit was mainly as a result of a once-off operational loss of R45 million.

Investment performance remained sound and Sasfin Wealth continues to receive recognition and industry accolades. During the year, the Sasfin BCI Flexible Income Fund won a fourth consecutive Raging Bull award, and the Sasfin BCI Stable fund won the coveted Morning Star award in its category. Sasfin was also announced as the Top Advice Stockbroker in the country for the second year running and placed in the top 3 Top Boutique Wealth Managers at the Intellidex industry evaluation and awards.

Prospects and refinement of strategy

People and Culture

In line with our revised operating model, we have made several key changes to the way we manage our Human Capital, most notably embedding Human Capital capabilities in each pillar. This will enable us to enhance our approach to Human Capital across the Group at a more strategic level and in line with the pillar requirements. Our hybrid working model is proving to be effective, and our new office space in Sandton is ensuring that we deliver a compelling value proposition to our employees. We have been pleased to see a thriving workplace environment that is delivering innovation and solid performance.

Pillar Platforms for Growth

We continue to strengthen the operational and technological capabilities of our pillars to ensure that each pillar is well geared to deliver client-focused solutions in terms of the changing technology landscape and to achieve greater scale. We will achieve this by strengthening our teams with skilled and experienced individuals in each pillar. Our operating model allows for greater collaboration between the pillars, operations and finance, which will continue to improve our reporting and controls through empowered leadership teams.

Distribution Drive

We have seen healthy growth in loans, deposits and assets under management. This is a result of identifying key markets where we deliver value and strengthening the distribution efforts in these areas. We will continue to grow this capacity over the coming year to build more scale.

Transform our society

We are focused on transforming society. We deliver value to small businesses through our B\\YOND platform, as well as NASIRA backed loans offered to women, youth and Covid impacted businesses. We are experiencing accelerated transformation within Sasfin with increased levels of diversity across the business.

Pillar Focus

In Business and Commercial Banking we are taking increased steps to become our clients' primary bank, thereby increasing deposits and non-interest revenue. Ongoing diversification of our Asset Finance loan portfolio remains a top priority, and we are committed to building a world class asset management business in our Wealth Pillar.

Conclusion

As the country is emerging from the COVID-19 pandemic, Sasfin has seen excellent growth in loans, deposits, and assets under management providing the backdrop for improved earnings. The strong demand for Sasfin's services is testament to the competitive position we occupy. Over the last few years, we have enhanced our financial and operational environment, resulting in a more streamlined business with stronger systems.

This enables us to provide a comprehensive service offering to our clients to enable them to grow their businesses and global wealth.

Final cash dividend

The directors have declared a final gross cash dividend for the year ended 30 June 2022 ("dividend") of 120.89800 cents (2021: 131.02000 cents) per share.

The board declared an interim dividend for the six months ended 31 December 2021 of 33.95026 cents (2021: Nil). The total cash dividend for the financial year ended 30 June 2022 amounts to 154.84826 cents (2021: 131.02000 cents) per share.

The final dividend is payable to shareholders recorded in the register of the Company at the close of business on Friday, 14 October 2022.

The salient dates relating to the cash dividend are as follows:

Last day to trade 'cum' the dividend
Tuesday, 11 October 2022

Shares commence trading 'ex' the dividend
Wednesday, 12 October 2022

Dividend record date
Friday, 14 October 2022

Payment date of dividend
Monday, 17 October 2022

Share certificates may not be dematerialised or rematerialised between 12 October 2022 and 14 October 2022, both days inclusive.

The above dates and times are subject to amendment. Any such amendment will be published on SENS and in the press.

The following further information is provided to shareholders with regards to the dividend declaration in respect of dividends tax:

- The dividend has been declared from income reserves
- The dividend withholding tax rate is 20%, and a net dividend of 96.71851 cents (2021: 104.81600 cents) per share will be paid to those shareholders who are not exempt from dividend withholding tax
- The issued number of ordinary shares as at date of dividend declaration is 32 301 441 (2021: 32 301 441)
- The issued number of ordinary shares (excluding treasury shares) as at date of dividend declaration is 30 772 847 (2021: 30 772 847)

Corporate details

Country of incorporation and domicile	South Africa
Independent Non-executive Chair	Deon de Kock[1]
Executive Directors	Michael Sassoon (Chief Executive Officer) Harriet Heymans[2] (Financial Director)
Independent Non-executive Directors	Richard Buchholz (Lead) Tapiwa Njikizana Eileen Wilton Mark Thompson Tienie van der Mescht[3]
Non-independent, Non-executive Directors	Gugu Dingaan Nontobeko Ndhlazi Shaun Rosenthal (Alternate) Roland Sassoon
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
Independent sponsor	Questco Corporate Advisory Proprietary Limited
Auditors	PwC Inc
Registered office	140 West Street, Sandown, Sandton, Johannesburg, 2129 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

[1] *Appointed Chair of the board on 25 November 2021.*
[2] *Appointed 4 April 2022.*
[3] *Appointed 26 November 2021.*

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 or consequential loss or damage.

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