

The background of the slide is a deep blue with a fine grid pattern. A large, stylized graphic of a water droplet falling into water, creating concentric ripples, is positioned on the right side. The droplet is at the top of the ripples, and its reflection is visible below. The text is white and positioned on the left side of the slide.

**sasfin**

beyond a bank

# Sasfin Holdings Limited

Annual Results  
for the financial year ended  
**30 June 2022**

At Sasfin, we contribute to society by going  
beyond a bank to enable growth in the  
businesses and global wealth of our clients.

**21 September 2022**



# Agenda

## WELCOME

**Deon De Kock**

Chair: Sasfin Holdings Limited

## FINANCIAL REVIEW

**Harriet Heymans**

Group Financial Director

## PILLAR REVIEWS

**Linda Fröhlich**

Chief Executive: Asset Finance

**Erol Zeki**

Chief Executive: Sasfin Wealth

**Sandile Shabalala**

Chief Executive: Business and  
Commercial Banking

## PROSPECTS

**Michael Sassoon**

Group Chief Executive Officer

## QUESTIONS



# WELCOME

## Deon De Kock

CHAIR  
SASFIN HOLDINGS LIMITED



# FINANCIAL REVIEW

Harriet Heymans

GROUP FINANCIAL DIRECTOR



# Restatement and reclassifications

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During the period under review, management became aware that certain prior period transactions may not have been correctly accounted for.

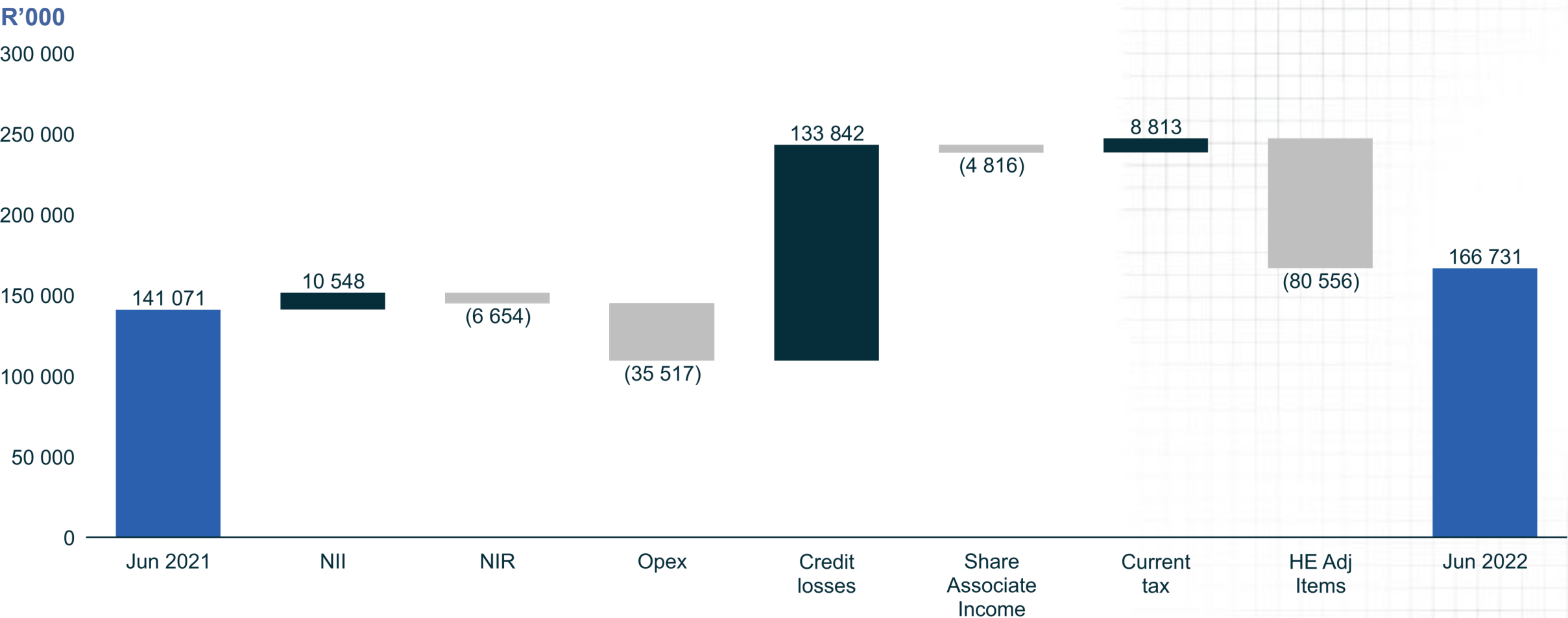
A detailed review confirmed that there were errors affecting prior periods which required restatement and/or reclassification.

The restatement arose from transactions, in Asset Finance, 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 restatement reduced the distributable reserves by 4.1% for financial periods before 2021.

The other reclassification items impacted certain line items in the statement of profit or loss and other comprehensive income and statement of financial position, but did not impact prior year reported earnings or retained earnings.

# Headline earnings movements





# Financial and capital position

## *Dividends resumed*

Given the improved performance, strong capital adequacy ratio and liquidity position, the Board has declared a dividend of 30% of headline earnings for the year.

This results in total cash dividends per ordinary share for the year of 154.84 cents (2021:131.02 cents)

## NET ASSET VALUE PER SHARE

▲ 11.86% to 5 213 cents

## GROSS LOANS AND ADVANCES

▲ 18.56% to R8.606bn

- 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%)

## CORE FUNDING

▲ 6.76% to R8.793bn



Customer deposits

10.57% to R5.233bn



Long-term funding

31.66% to R499.5m

- Healthy net available cash<sup>1</sup> of **R1.65bn** which is down **32.08%** due to strong loan growth
- Liquidity Coverage Ratio and Net Stable Funding Ratio above the regulatory minimum

## CAPITAL ADEQUACY RATIO<sup>2</sup>

16.04%

(2021 restated: 17.29%)

<sup>1</sup> Including liquid negotiable securities less funding received under REPO agreements

<sup>2</sup> Unaudited

# Financial position – assets

		Change % <sup>1</sup>	30 June 2022 R'000	30 June 2021 Restated R'000	1 July 2020 Restated R'000
Cash and negotiable securities	▼	22.69	2 674 835	3 459 934	4 900 139
Trading assets	▼	28.40	547 848	703 433	1 060 342
Other receivables	▲	69.90	745 903	439 034	348 821
Net loans and advances <sup>2</sup>	▲	20.93	8 130 704	6 723 672	6 617 049
Investments at fair value through profit and loss	▲	1.81	529 397	519 972	528 771
Equity-accounted associates	▲	>100	54 750	20 089	126 195
Intangible assets and goodwill	▼	10.03	144 729	160 856	205 206
Other assets	▲	89.28	288 366	152 347	181 216
<b>Total</b>	▲	<b>7.69</b>	<b>13 116 532</b>	<b>12 179 337</b>	<b>13 967 739</b>

<sup>1</sup> Movements calculated on rounded numbers for percentages and bps throughout this document

<sup>2</sup> Net loans and advances includes amortised loans as well as loans held through fair value and profit and loss



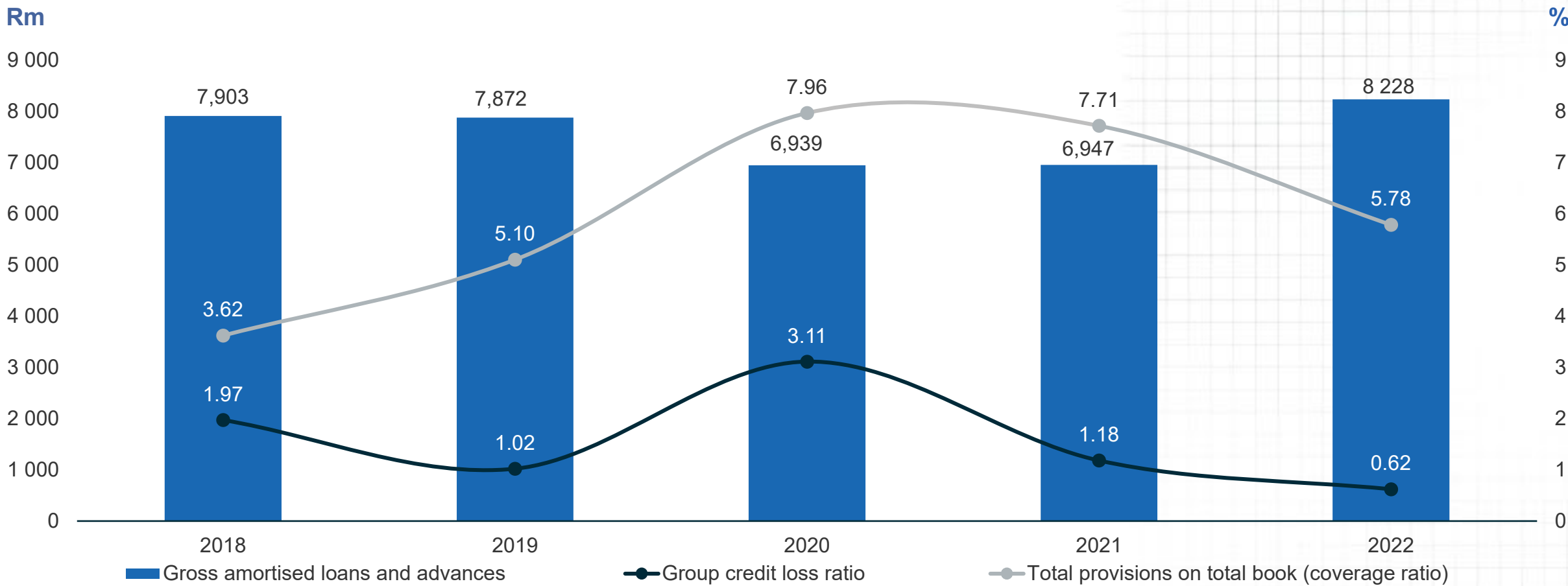
# Summary of IFRS 9 Impairments

	June 2022				June 2021 Restated			
Gross amortised loans and advances	Exposure R'000	Exposure % of book	ECL R'000	Coverage ratio	Exposure R'000	Exposure % of book	ECL R'000	Coverage ratio
Stage 1	7 132 287	86.68%	92 778	1.30%	5 905 579	85.00%	111 888	1.89%
Stage 2	264 906	3.22%	23 976	9.05%	430 535	6.20%	44 443	10.32%
Stage 3	831 471	10.10%	358 497	43.12%	611 194	8.80%	379 023	62.01%
<b>Total</b>	<b>8 228 664</b>		<b>475 251</b>	<b>5.78%</b>	<b>6 947 308</b>		<b>535 354</b>	<b>7.71%</b>

	Change in Exposure (%)	Change in Coverage Ratio (%)
Stage 1	1.68	(0.59)
Stage 2	(2.98)	(1.27)
Stage 3	1.30	(18.89)

Percentage of loans in Stage 1 has increased. The increase in Stage 3 loans relates primarily to well secured (including insured) loans. This together with writing off fully provided-for loans has resulted in the ECL dropping to **R475m (FY21: R535m)**.

# Gross amortised loans and advances, and credit risk



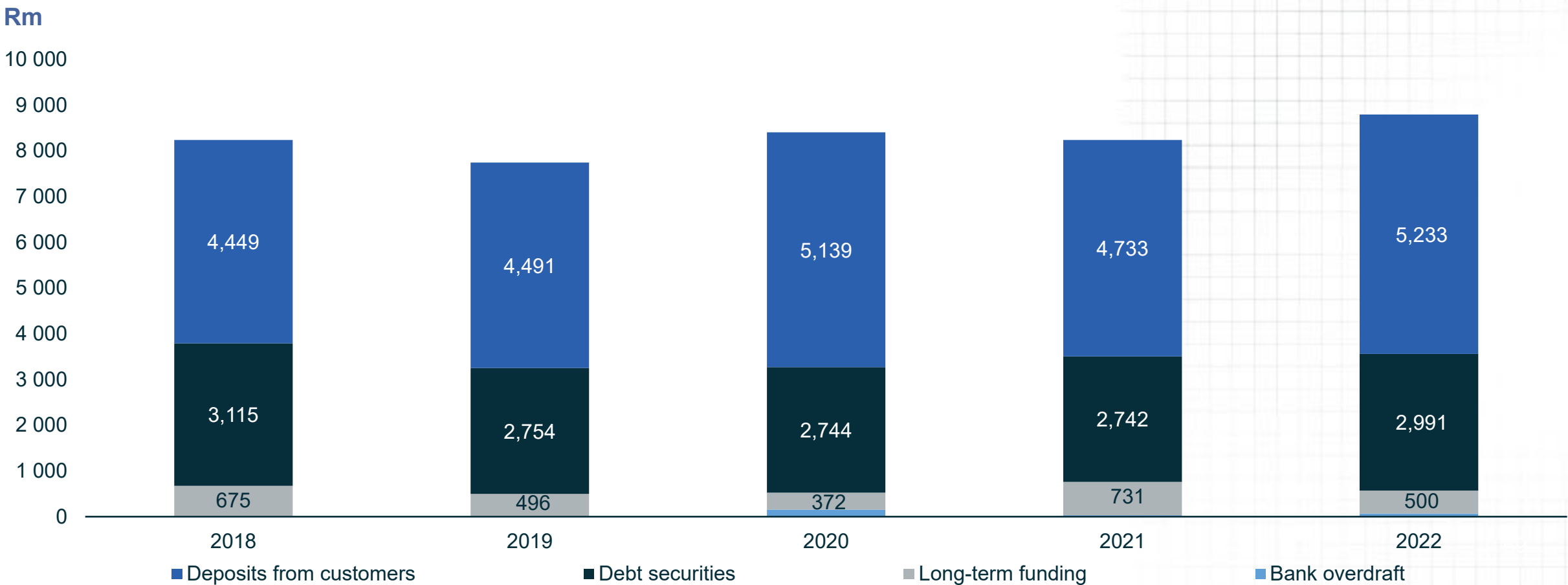


# Financial position – liabilities and equity

		Change % <sup>1</sup>	30 June 2022 R'000	30 June 2021 Restated R'000	1 July 2020 Restated R'000
Funding under repurchase agreements and interbank	▲	14.84	803 976	700 067	1 882 806
Trading liabilities	▼	21.30	518 596	658 957	999 842
Trade and other payables, provisions and taxation	▲	16.87	1 160 428	992 895	943 802
Bank overdraft	▲	>100	68 541	30 392	151 462
Deposits from customers	▲	10.57	5 233 182	4 732 764	5 138 778
Lease liability	▲	>100	157 116	43 205	70 266
Debt securities issued	▲	9.11	2 991 426	2 741 583	2 743 823
Long-term loans	▼	31.66	499 521	730 904	371 649
<b>Total liabilities</b>	▲	<b>7.54</b>	<b>11 432 786</b>	<b>10 630 767</b>	<b>12 302 428</b>
Ordinary share capital and reserves	▲	11.86	1 683 746	1 505 239	1 477 225
Preference share capital and share premium	▼	100	–	43 331	188 086
<b>Total liabilities and equity</b>	▲	<b>7.69</b>	<b>13 116 532</b>	<b>12 179 337</b>	<b>13 967 739</b>

<sup>1</sup> Movements calculated on rounded numbers for percentages and bps

# Core funding base





# Streamlined business

## HEADLINE EARNINGS

INCREASED **18.14%**

to R166.7m  
(2021: R141.1m)

## CREDIT IMPAIRMENTS

DECREASED **74.17%**

to R46.608m



Credit loss ratio at  
**62bps** from 118bps

Improvement in Stage 1 and Stage 2  
portfolio and Stage 3 portfolio well secured

In the prior year, Sasfin raised a large provision against its Land Bank exposure. In 2022, the Land Bank repaid c.35% of the capital outstanding at 1 July 2021. Sasfin has not changed its provision, resulting in a higher coverage ratio on its Land Bank exposure.

## TOTAL INCOME

**-0.08%** to R1.332bn  
(FY21: R1.333bn)



Net-interest income  
**+1.86%**



Non-interest revenue  
**-0.9%**

## OPERATING EXPENSES

INCREASED **3.50%**



Staff costs increased  
**5.61%**

- Higher costs resulted in the cost-to-income ratio deteriorating to **78.93%** (2021: **76.21%**).
- Effective tax rate of **21.43%** (2021: **43.16%**) due to the headline adjustable items from prior year.

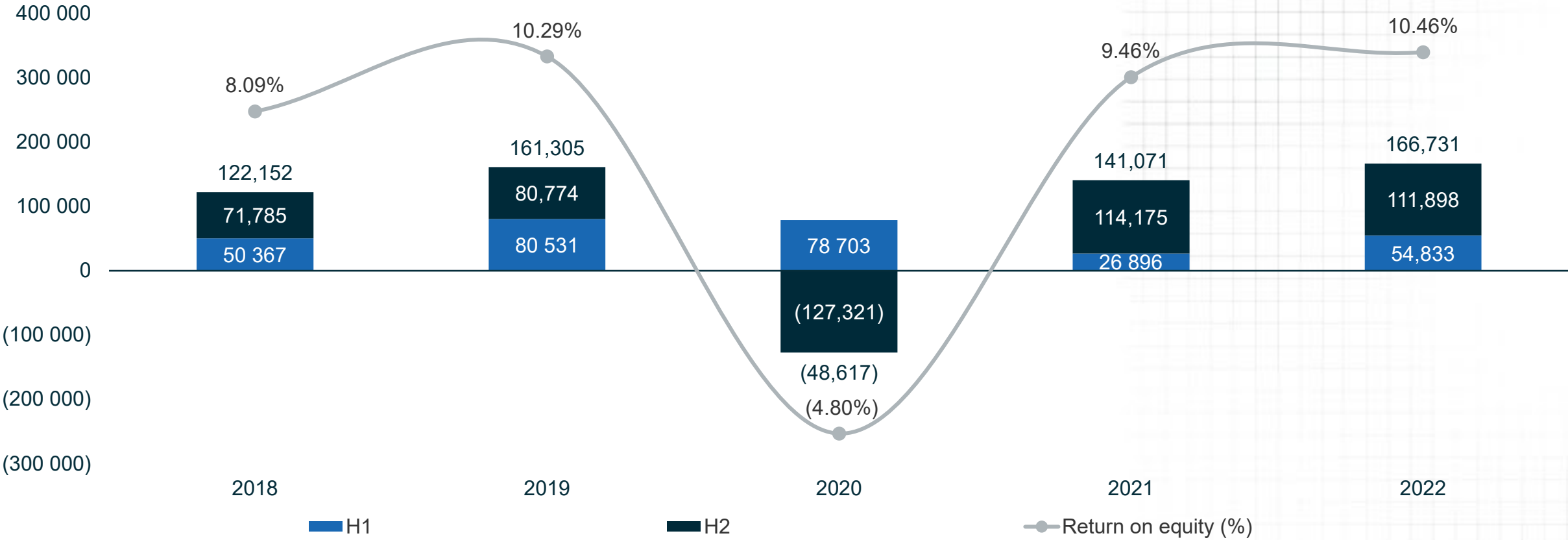
# Financial performance

		Change % <sup>1</sup>	30 June 2022 R'000	30 June 2021 Restated R'000
<b>Net interest income</b>	▲	1.86	578 281	567 733
Non-interest income	■	<1	739 146	745 800
<b>Total income</b>	■	<1	1 317 427	1 313 533
Credit impairments	▼	74.17	(46 608)	(180 449)
<b>Net income after impairments</b>	▲	12.16	1 270 819	1 133 084
Operating costs	▲	3.50	(1 050 971)	(1 015 455)
Staff costs	▲	5.61	(560 259)	(530 484)
Other operating expenses	▲	10.42	(490 712)	(444 387)
Impairment on non-financial assets	▼	100	–	(40 584)
<b>Profit from operations</b>	▲	86.90	219 848	117 629
Share of associate profit	▼	25.40	14 146	18 962
Income tax expense	▼	14.95	(50 134)	(58 947)
<b>Profit for the period</b>	▲	>100	183 860	77 644
Headline adjustable items	▼	>100	(17 129)	63 427
<b>Headline earnings</b>	▲	18.19	166 731	141 071

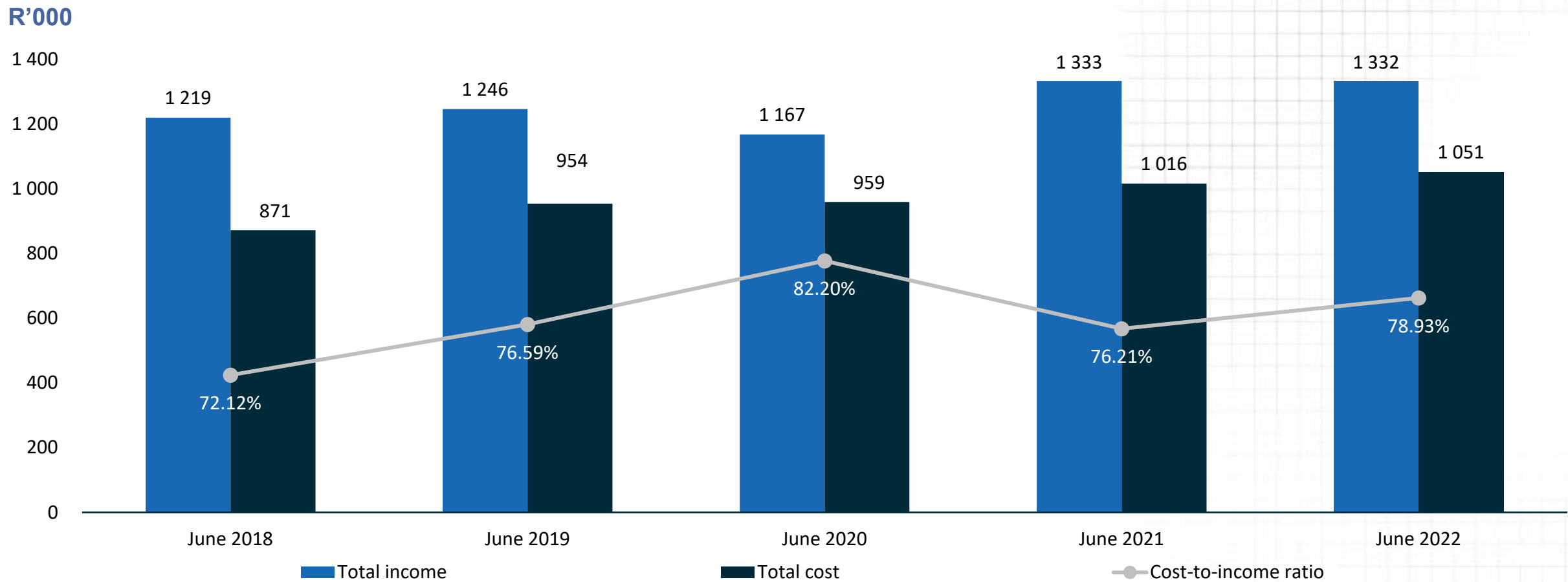
<sup>1</sup> Movements calculated on rounded numbers for percentages and bps



# Headline earnings and return on equity



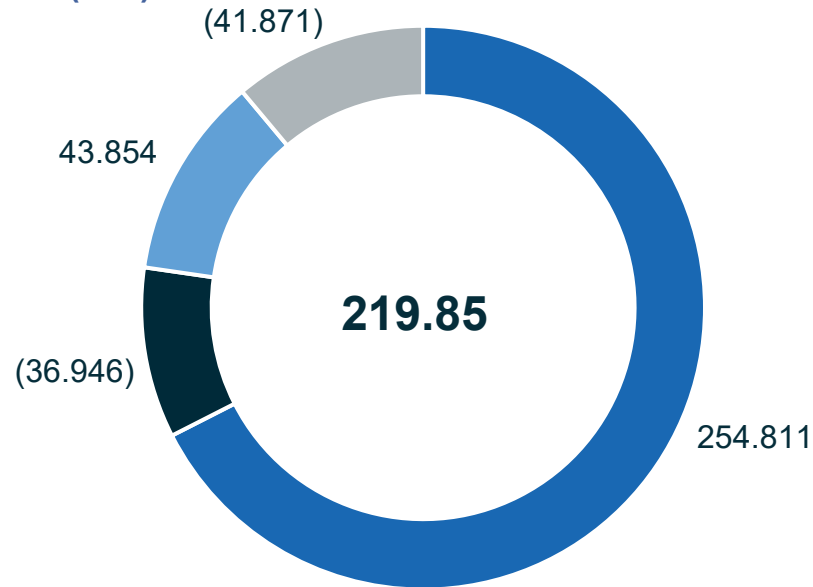
# Total income, total cost and cost-to-income ratio



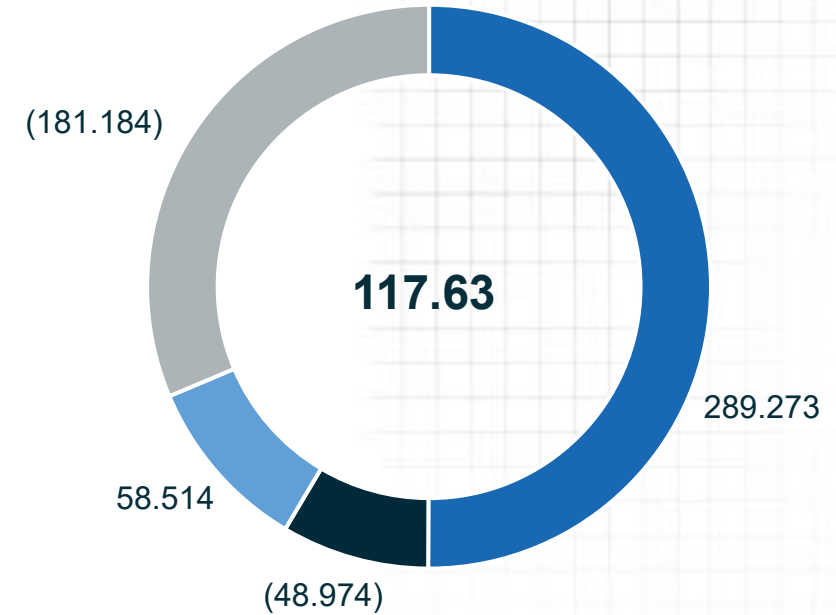


# Profit from operations – by Pillar

June 2022 (Rm)



June 2021 (Rm)



- Asset Finance
- Business and Commercial Banking
- Wealth
- Group and Treasury Eliminations\*

\* The improvement relates to headline adjustable costs and impairment on Land Bank bills in the prior year not repeating in the current year.

# Results – Key features

		Change % <sup>4</sup>	30 June 2022	30 June 2021 Restated
Headline earnings per ordinary share (cents)	▲	23.63	541.81	438.24
Headline earnings (Rm)	▲	18.19	166.731	141.071
Total income (Rbn) <sup>1</sup>	▬	(0.08)	1.332	1.333
Total assets (Rbn)	▲	7.70	13.117	12.179
Net available cash (Rbn)	▼	32.08	1.656	2.438
Gross loans and advances (Rbn)	▲	18.56	8.606	7.259
Total core funding base (Rbn)	▲	6.76	8.793	8.236
Deposits from customers (Rbn)	▲	10.56	5.233	4.733
Total equity (Rbn) <sup>2</sup>	▲	11.86	1.684	1.505
Total assets under management and advice (Rbn) <sup>3</sup>	▲	9.77	59.165	53.899
Credit loss ratio (bps)	▼	56 bps	62	118
Group cost-to-income ratio (%)	▲	272 bps	78.93	76.21
Return on average shareholders' equity (%)	▲	100 bps	10.46	9.46
Return on average assets (%)	▲	24 bps	1.32	1.08
Group capital adequacy (%) <sup>5</sup>	▼	125 bps	16.04	17.29

<sup>1</sup> Including associate income

<sup>2</sup> Excluding preference shares and non-controlling interests

<sup>3</sup> Excluding assets under administration

<sup>4</sup> Movements calculated on rounded numbers for percentages and bps

<sup>5</sup> Unaudited

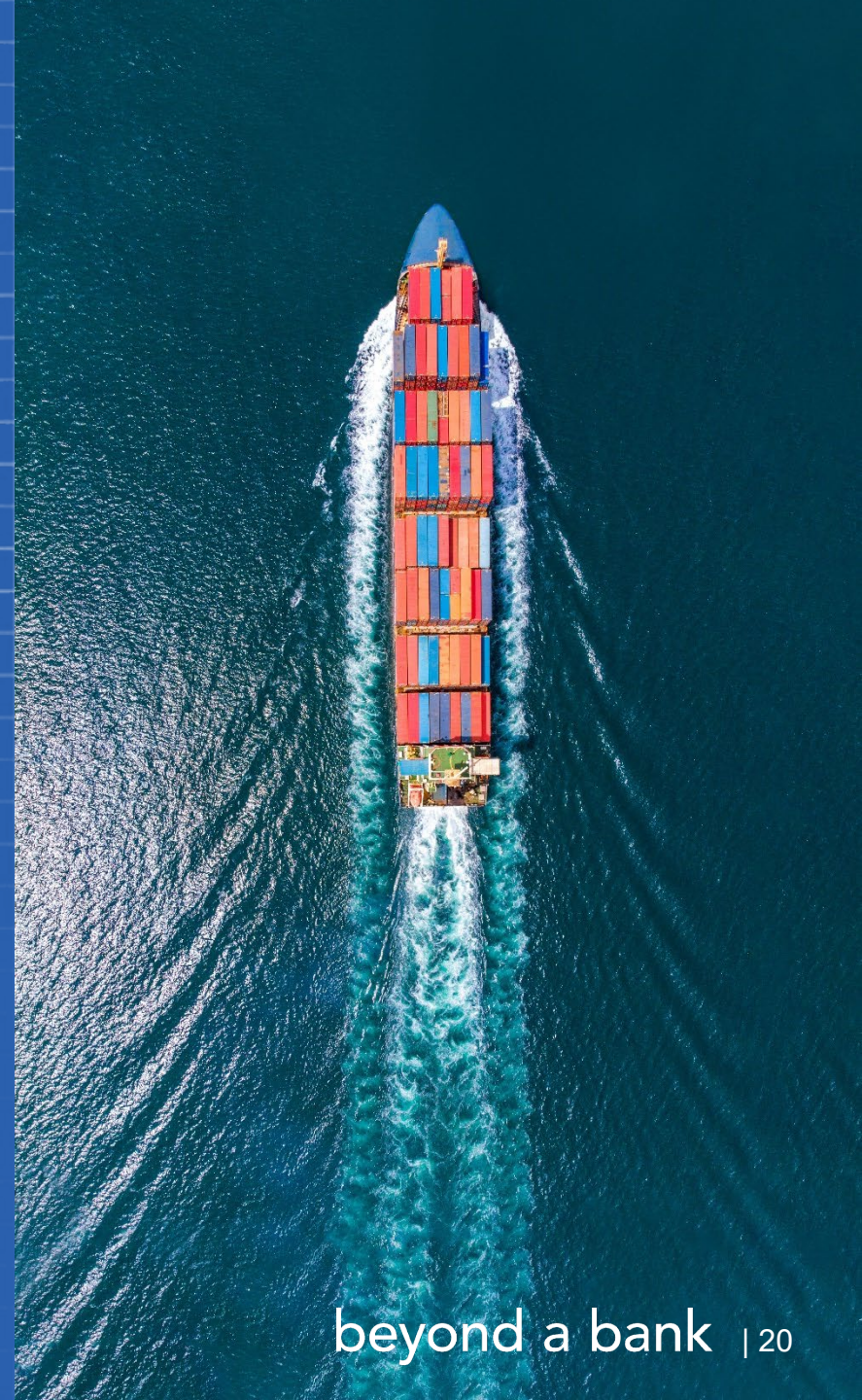
# PILLAR REVIEWS



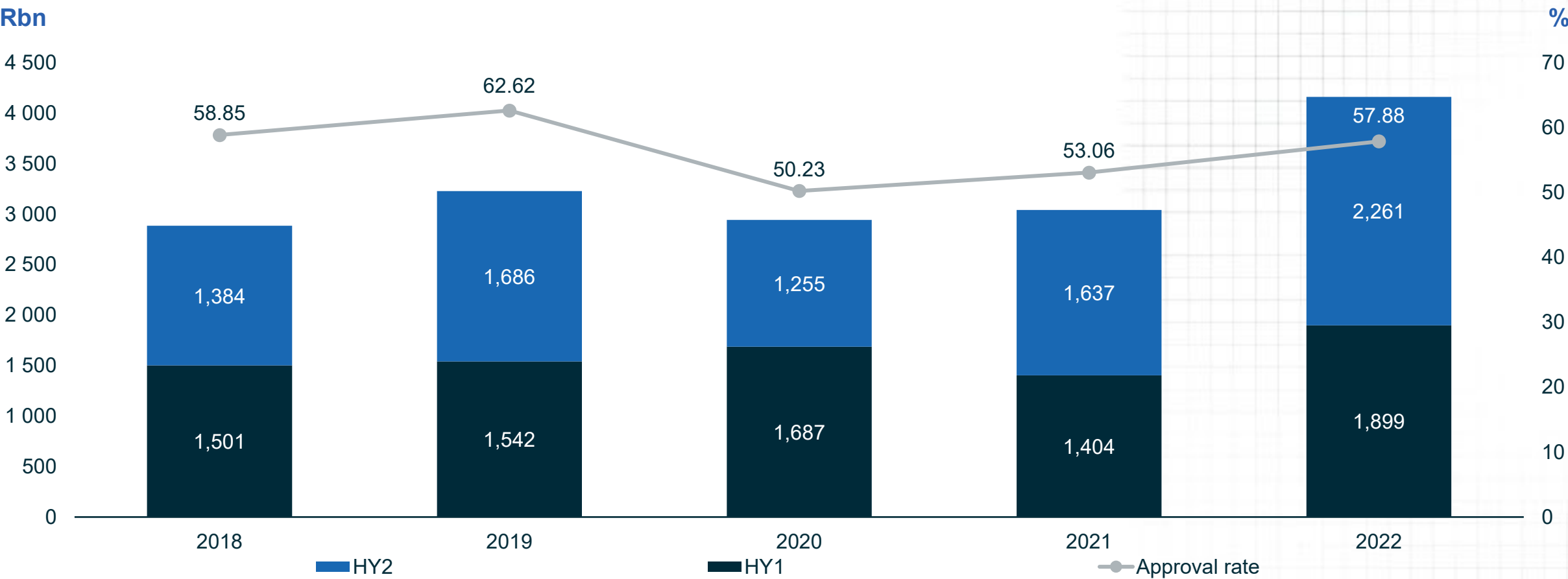


# ASSET FINANCE

Linda Fröhlich  
CHIEF EXECUTIVE



# New business loans



# Asset Finance performance

		Change % <sup>1</sup>	30 June 2022 R'000	30 June 2021 Restated R'000
<b>Total income</b>	▼	(1)	604 524	609 197
Credit impairment charges	▼	(50)	(32 939)	(65 836)
<b>Net income after impairments</b>	▲	5	571 585	543 361
Operating costs	▲	25	(316 774)	(254 089)
<b>Profit from operations</b>	▼	(12)	254 811	289 272

<sup>1</sup> Movements calculated on rounded numbers for percentages and bps



# Asset Finance performance

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Asset Finance posted an operating profit of **R254.8m (2021: R289.3m)**



Total income was flat year on year. The positive book growth was offset by rising interest rates



Costs increased mainly due to an increase in staff costs, IT costs, audit and consulting fees as well as the move to the federated model



The business benefited from decreased arrears as a result of a strong collections effort



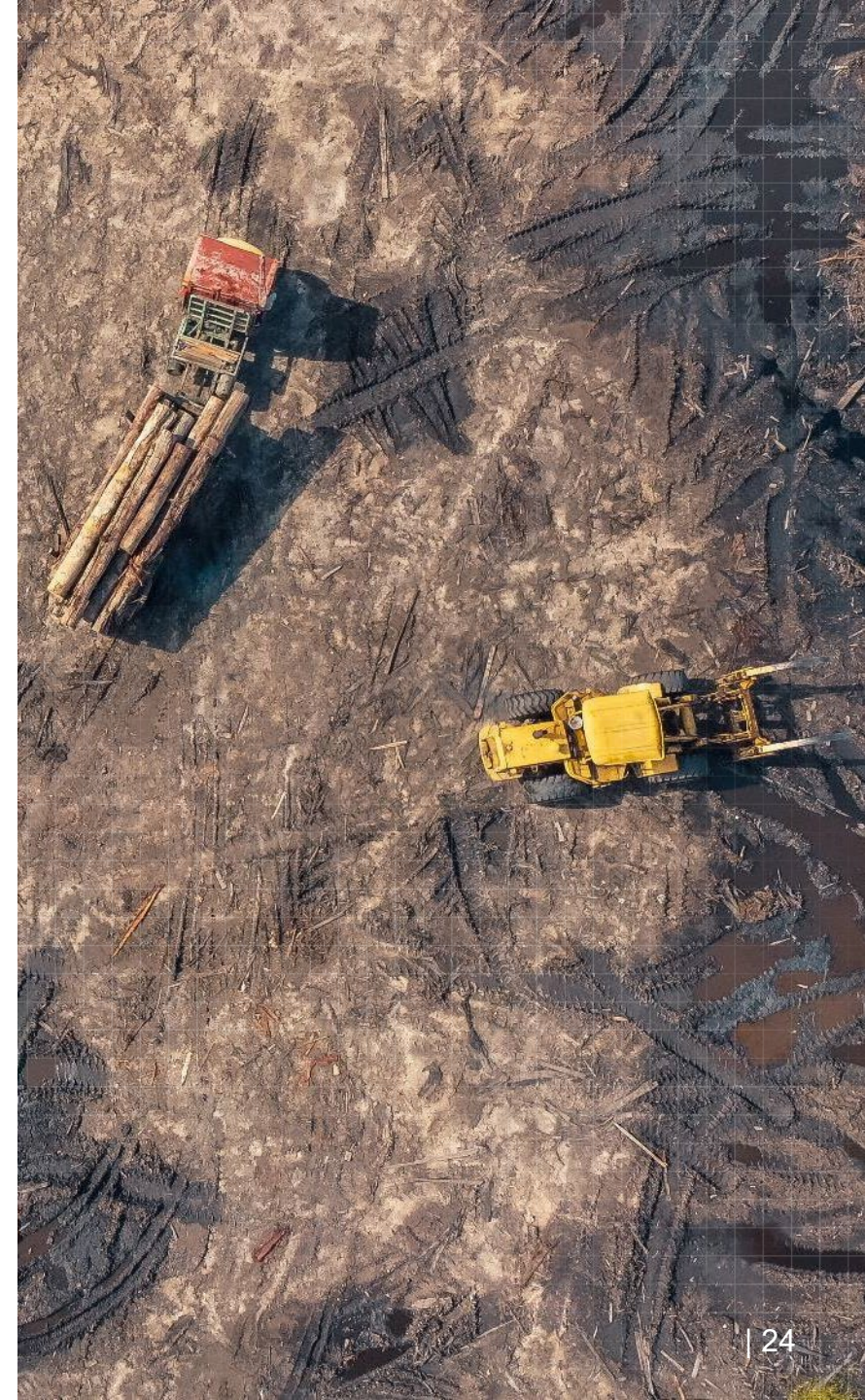
COVID-19 and the economic climate had a significant impact on our clients. We worked closely with our clients by assisting them with payment holidays, relief loans and refinancing solutions

# 2023 Asset Finance focus

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## In 2023 Asset Finance will focus on:

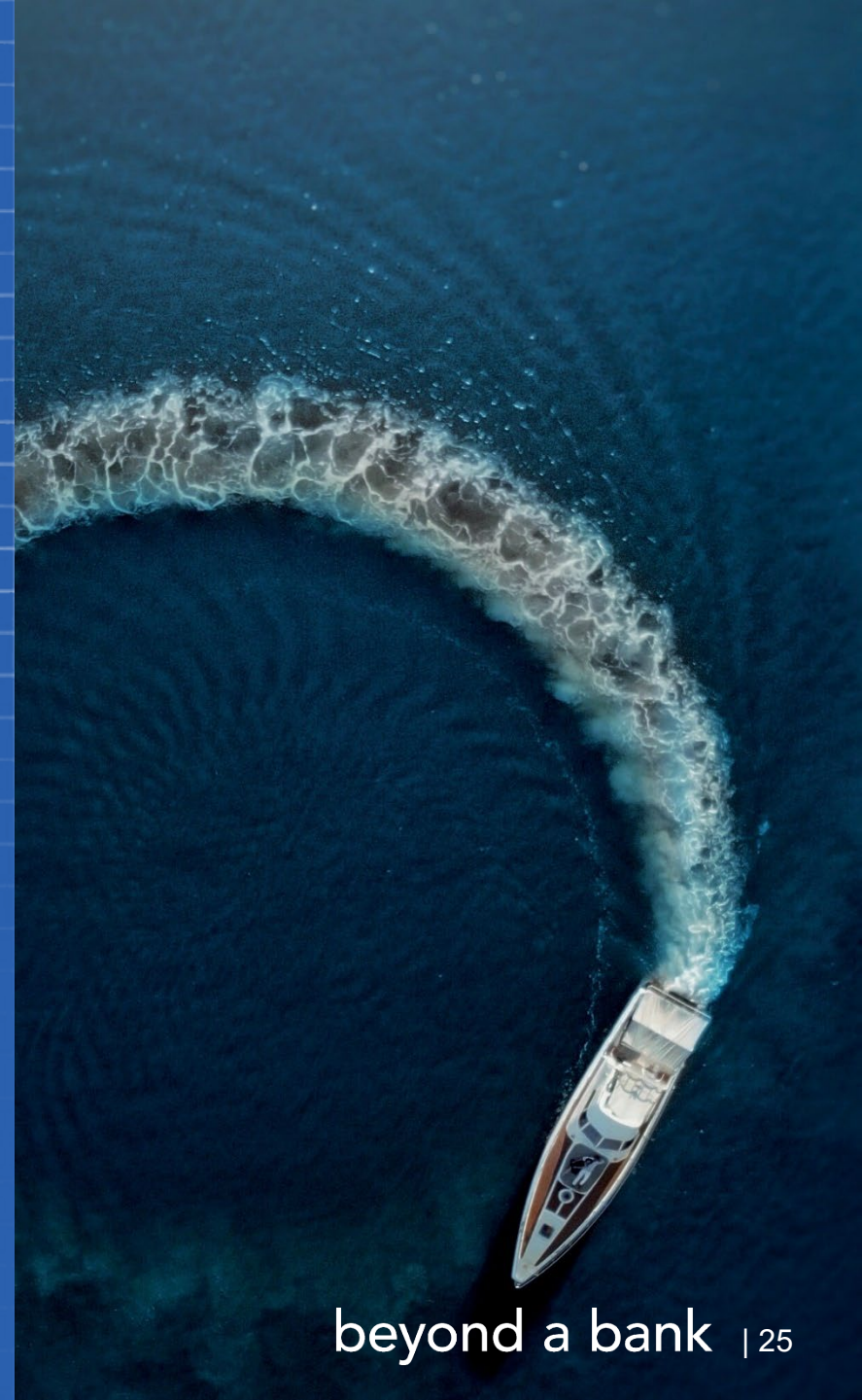
- Sustained portfolio growth through financing of emerging asset classes and strategic portfolio acquisition
- Continue to deliver excellent client service
- Nurturing the potential of our human capital
- Leveraging our technology to enhance market competitiveness
- A winning credit capability





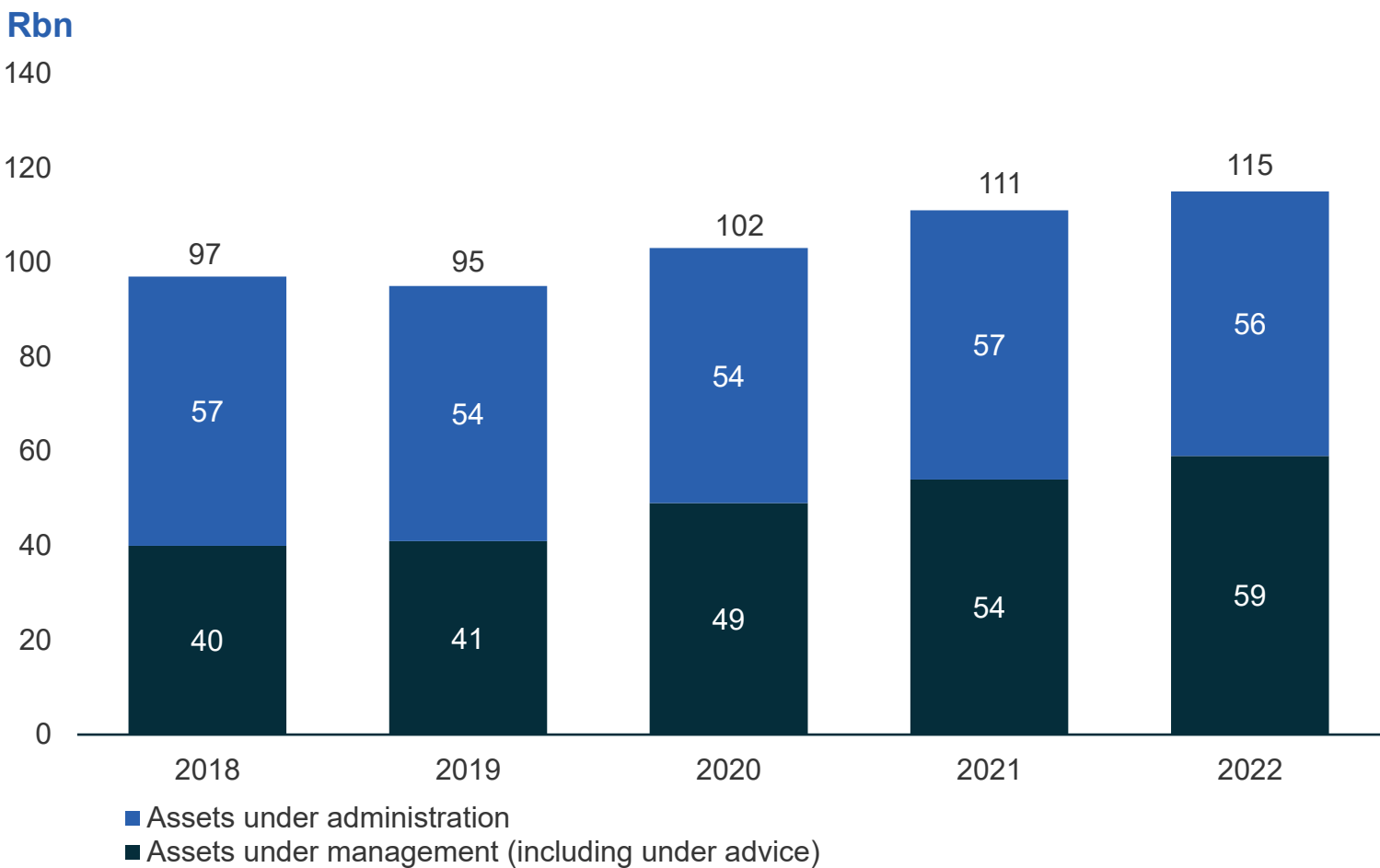
# WEALTH PILLAR

Erol Zeki  
CHIEF EXECUTIVE





# Assets under management and advice (AUM)



- Assets under management (including advice) grew 9%
- Driven by Institutional asset growth in Sasfin Asset Managers which grew 26% due to strong inflows
- Private Client AUM declined slightly as inflows were offset by weaker equity markets and client income requirements

# Wealth performance

	Change % <sup>1</sup>	30 June 2022 R'000	30 June 2021 R'000
<b>Total income (including associate income)</b>	▲ 5	362 613	345 374
Credit impairment charges	▲	(18)	—
<b>Net income after impairments</b>	▲	362 595	345 374
Operating costs	▲ 14	(304 595)	(267 898)
<b>Profit from operations</b>	▼ (25)	58 000	77 476

Gross Revenue Breakdown	Weighting %	Growth %	Commentary
Private Clients (Foreign)	31	13	Strong growth despite weaker offshore equity markets
Private Clients (Local)	27	(1)	Lower volumes and margins on equity brokerage
Institutional Business	18	18	Strong AUM growth in Sasfin Asset Managers
Other	24	(10)	Prior year includes the sale of stake in the Efficient Group

<sup>1</sup> Movements calculated on rounded numbers for percentages and bps

# Wealth performance

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- Sasfin Wealth operating profit dropped to R58m (2021: R77.5m).
- Underlying performance was strong with total income growing 5% to R362.6m (2021: R345.4m) driven by growth in AUM to R59.2bn (2021: R53.9bn).
- The main drivers being AUM growth of 26% to R21.9bn (2021: R17.4bn) in Sasfin Asset Managers and 13% growth in foreign income.
- Despite the strong underlying performance, profit dropped primarily due to the once-off operational loss in the current year and the gain on the sale of its stake in the Efficient Group in the comparative period.
- Our investment in people, process, distribution, technology and governance drives performance
- Costs have been well contained
- Accolades and strong investment performance:
  - Sasfin BCI Flexible Income Fund won a Raging Bull award for the fourth year running
  - Sasfin BCI Balanced fund won a Morningstar award
  - Intellidex awards: Private Client business awarded the title of Top Advice Stockbroker in the country for the second year running and placed in the top 3 in the Top Boutique Wealth Manager Category
  - The most valued of all – placing in the top 3 in terms of the peoples' choice awards as a Wealth Manager, as these results are determined purely by the feedback received by Intellidex from our clients



# Award Winning Business




**Top Private Banks and Wealth Manager Awards 2022**

**Top 3:** Boutique Wealth Manager  
**Top 3:** People's Choice Wealth Manager  
**Top 3:** Retiree Archetype Wealth Manager




**Top Securities Brokers 2021**

**Winner:** Top Advice Broker  
**Top 5:** People's Choice Award



**Raging Bull Awards 2020**

**Winner:** Sasfin BCI Flexible Income Fund (Best South African Multi-Asset Income Fund)



**Raging Bull Awards 2019**

**Winner:** Sasfin BCI Flexible Income Fund (Best South African Multi-Asset Income Fund)  
**Finalist:** Sasfin BCI Balanced Fund (Best South African Multi-Asset Medium Equity Fund)




**Morningstar Awards 2022**

**Winner:** Sasfin BCI Stable Fund (Best Cautious Allocation Fund)




**SA Top Wealth Managers 2021**

**Top 5:** Boutique Wealth Manager  
**Top 5:** People's Choice Award



**SA Top Stockbrokers 2020**

**Winner:** Top Advice Broker  
**Top 3:** People's Choice Award  
**Top 3:** Relationship Manager Award



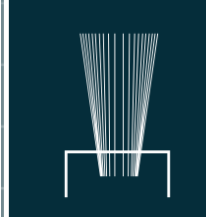
**Raging Bull Awards 2018**

**Winner:** Sasfin BCI Flexible Income Fund (Best South African Interest-Bearing Fund)  
 Sasfin BCI Flexible Income Fund (Best South African Multi-Asset Income Fund)



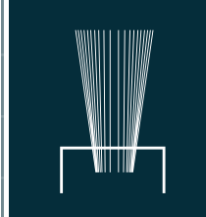
**Raging Bull Awards 2021**

**Winner:** Sasfin BCI Flexible Income Fund (Best South African Multi-Asset Income Fund)




**Morningstar Awards 2021**

**Winner:** Sasfin BCI Balanced Fund (Best Moderate Allocation Fund)



**Morningstar Awards 2020**

**Winner:** Sasfin BCI Balanced Fund (Best Moderate Allocation Fund)  
**Runner up:** Sasfin BCI Prudential Fund (Best Aggressive Allocation Fund)



**Raging Bull Awards 2014**

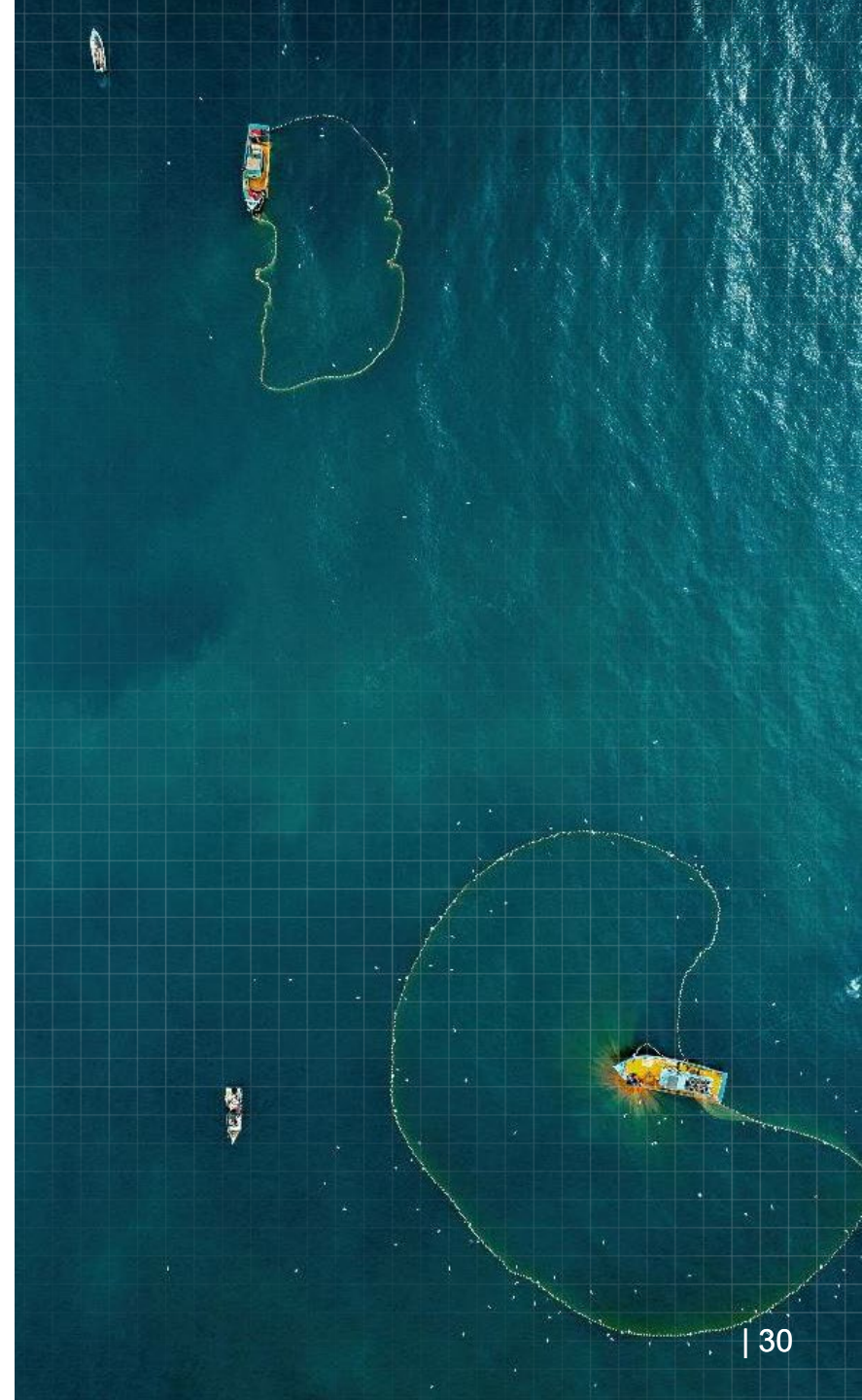
**Winner:** Sasfin Met Equity Fund

# 2023 Wealth focus

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## In 2023 Wealth will focus on:

- People
- Private clients
  - Continue to expand and grow our global offering
  - Enhanced client-centric approach
  - Supported by an optimised engagement model and technology
- Institutional clients
  - Build on success and continue to scale
  - Continue building team
- Work closely with our strategic associates to grow their businesses and unlock synergies





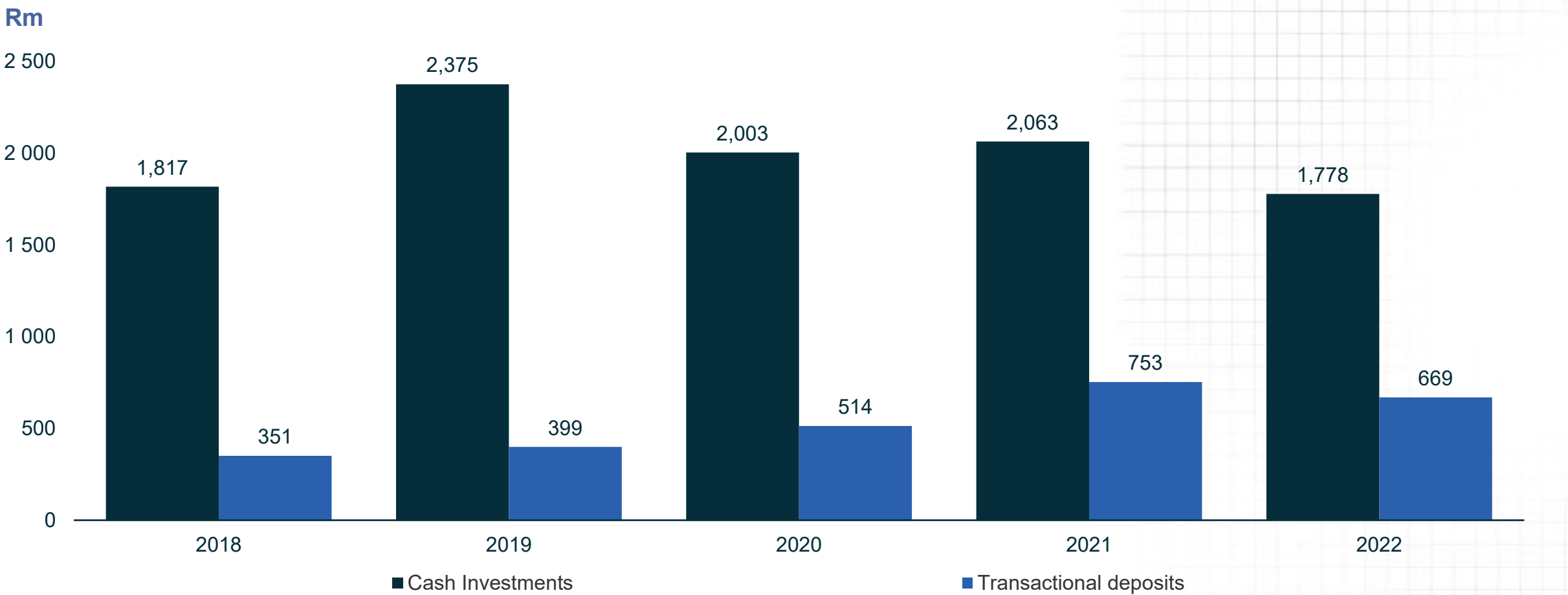
# BUSINESS AND COMMERCIAL BANKING

Sandile Shabalala  
CHIEF EXECUTIVE

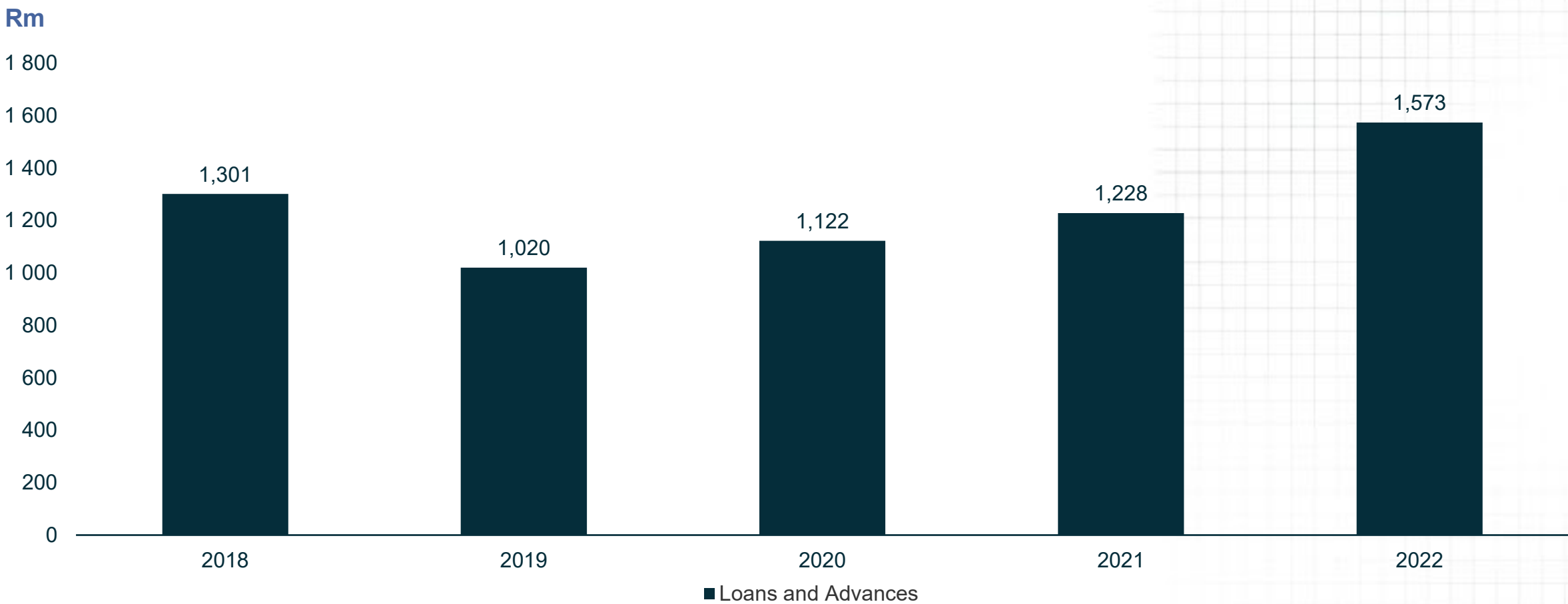




# BCB deposit book growth



# BCB loan book growth



# BCB performance

		Change % <sup>1</sup>	30 June 2022 R'000	30 June 2021 R'000
<b>Total income</b>	▲	13.4	303 445	267 536
Credit impairment charges	▲	18.9	(16 028)	(13 480)
Impairment of investment in subsidiary <sup>2</sup>	▲	>100.0	(10 327)	–
<b>Net income after impairments</b>	▲	9.1	277 090	254 056
Operating costs	▲	3.6	(314 036)	(303 030)
<b>Loss from operations</b>	▲	24.6	(36 946)	(48 974)

<sup>1</sup> Movements calculated on rounded numbers for percentages and bps

<sup>2</sup> This relates to a subsidiary of the Pillar. However, this has been eliminated at Group level



# BCB performance

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**Lending** growth is increasing supported by incorporating the NASIRA guarantee in our credit products, where appropriate, which enables the extension of credit to new client segments. Specialised Lending and Property Finance also had strong balance sheet growth whilst Trade & Debtor Finance showed an increase in new clients and in utilisation as supply chains were favourably impacted by the easing of COVID-19 restrictions



Increased **transactional deposits** in our Hello Paisa relationship boosting our revenue generation



**Digitalisation of the business** continues to build new capabilities and products to enhance the overall business banking product suite

- **Relationship-based** model enhanced by increasing the number of coverage bankers
- **Growth in business** client numbers continues with focus on primary banking relationships
- **Year on year costs and income** impacted by the exit of non-core businesses in prior year
- Improved revenue generation and cost focus by **strengthened pillar leadership**

# 2023 BCB focus

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## In 2023 BCB will focus on:

- Enhancing our employee value proposition and driving a unified high performance and customer centric culture
- Providing clients with services & platforms that are scalable to their changing needs
- Increasing our sales force, supported by digital banking platforms
- Growing lending book, deposits, FX and transactional revenue



# PROSPECTS

Michael Sassoon  
GROUP CHIEF EXECUTIVE OFFICER





# The year that has been – external environment

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## **COVID-19 remained a challenge for the first half of the year:**

- Physical and Mental Health: A number of our stakeholders, including staff and clients were directly impacted
- Economic impacts: Supply chains, certain industries remained under pressure
- Societal changes: Adapting to new ways of work
- As lockdown pressures eased in the second half, we saw increased business volumes

## **Regulatory and Technology environment:**

- Increased regulations
- New technologies

## **Competitive landscape shifting:**

- Four T2 banks have been or are in the process of being acquired
- Two new banks have emerged
- Increased traction from fintechs and non-Bank lenders

# The year that has been – Sasfin

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## **Core business growth strong in a tough economy:**

- Loan Growth of R1.35bn (18.6%) to R8.6bn
- Deposit Growth of R500m (10.6%) to R5.2bn
- AUM Growth of R5.26bn (9.8%) to R59.16bn

## **Business and Commercial Banking Pillar investment drive:**

- Strengthened Management
- New capabilities
- Integrated business

## **Streamlining the business further:**

- Office Move / Hybrid Working
- Non-core activities exited
- Driving focus on key areas

# The year that has been

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## **Integrating Business, Finance, IT and Operations at a Pillar level:**

- Strengthened Pillar teams to ensure scalable platforms
- Focus on supporting service excellence
- Enhanced financial reporting and controls

## **Fundamentals are improving, investment continues**

- While Income remained flat, the quality of income improved meaningfully as there has been a meaningful uplift in the key drivers of income growth
- Group cost-to-income ratio remains high given the continued investment, specifically within BCB – office move and operational loss further negatively impacted the CTI for 2022

## **Subsequent Event:**

- Allegations of collusion by staff to enable money laundering, which Sasfin takes extremely seriously
- In 2017, Sasfin closed the relevant accounts
- Expanded independent investigation: No stone will be left unturned



# The year ahead – the external environment

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## Challenges remain

### **Global Economy:**

- Increased Inflation
- Increased interest rates
- Geopolitical tensions rising

### **SA Economy:**

- Energy crisis
- Potential FATF grey-listing
- Political landscape – ANC National Conference

# The year ahead

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## **Financial Focus:**

- Targeted deposit and bank NIR growth
- Continued loan and AUM growth
- Optimal capital management and allocation
- While we invest, we will continue to actively manage our costs to drive sustainable improvements to CTI

## **Capacitating our pillars:**

- Asset Finance will leverage its strong competitive advantages to further grow and diversify our book
- BCB will deepen its primary banking capabilities to drive growth in deposits, NIR and loans.
- Wealth will continue to strengthen its institutional asset management capabilities and offshore offering.

# 2023 Group strategic KPIs

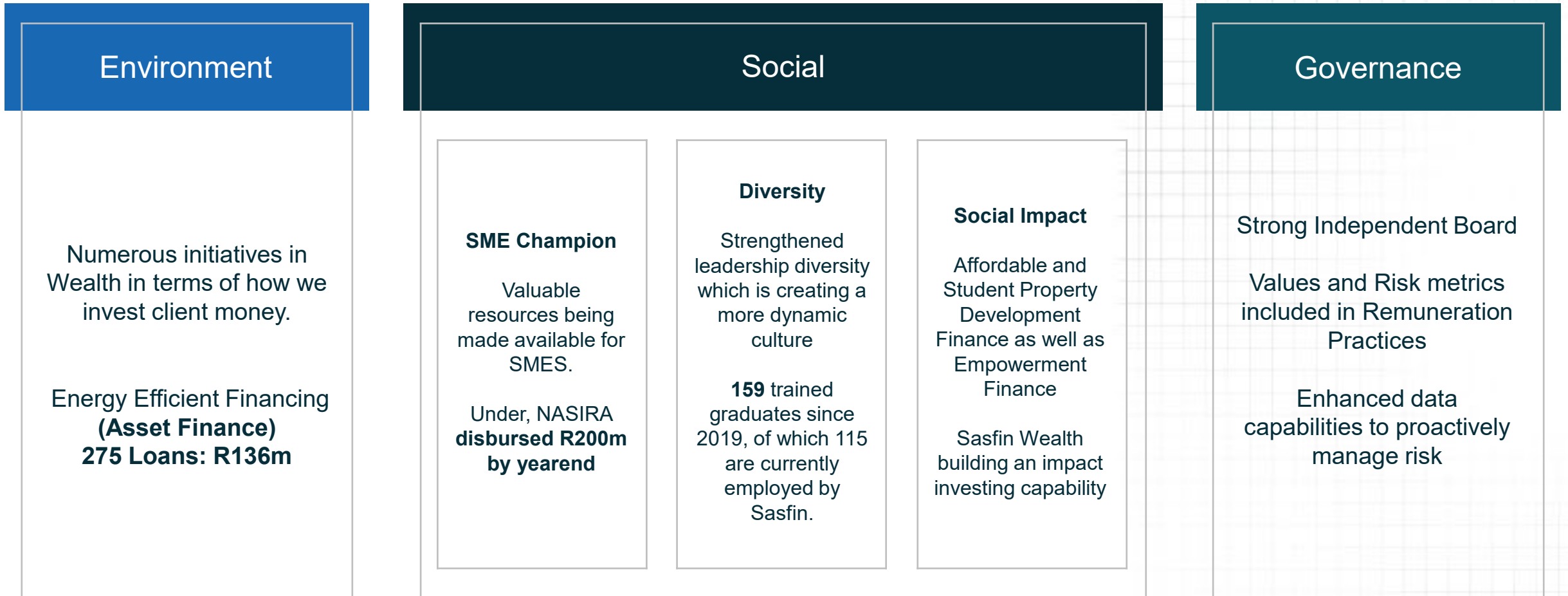


## Pillar Step Changes (Focus)

<b>ASSET FINANCE</b> Diversify	<b>WEALTH</b> Institutionalise SAM and strengthen offshore	<b>BUSINESS AND COMMERCIAL</b> Strengthen primary banking capability
PURPOSE AND VALUES LED, ENTREPRENEURIAL CULTURE		
SERVICE ETHOS – BEST CLIENT SERVICE PER BUSINESS TYPE		
COMMITMENT TO REGULATORY COMPLIANCE AND ETHICAL CORPORATE CITIZENSHIP		
TECHNOLOGY (INNOVATION, TRANSFORMATION & DIGITAL ENABLEMENT)		



# Transformation and Sustainability



# Conclusion

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- The economic, regulatory, changing technology and operating environment remain complex
- We had some challenges, which we are actively addressing
- Despite these challenges, we have shown a 23.63% improvement in Headline Earnings Per Share
- This is a result of our:
  - Three focused yet complementary Pillars, each of which are showing positive signs
  - Excellent staff complement, competitive offerings, deep client relationships and solid balance sheet
- I take this opportunity to thank:
  - Our committed shareholders, particularly our strategic long-term owners
  - Our board, management team and people who go beyond for our clients
  - Our clients, depositors and associates who we enjoy deep relationships with
  - Our regulators who provide necessary guidance and oversight



# 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.



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# Questions?

Thank you

