

Wednesday, 03 March 2010

Sasfin Reports 27% Drop In Half-Year Headline Earnings Group is Now Even Better Placed For Future Growth

Sasfin Holdings has not escaped the lag impact of the global recession on the South African economy – and on the banking sector in particular.

After holding steady in the year to 30 June 2009, headline earnings of the specialist banking and financial services group declined by 27%, from R65-million to R48-million, in the six months to 31 December 2009 – as a result of the combined effects of reduced trading volumes, increased overheads and a higher level of bad debt.

Nevertheless, supported by a firm capital base of over R1-billion in group equity, improved liquidity levels, and a far stronger operating infrastructure (in terms of human capital, new-age IT systems, and modern new headquarters) the group has a strong platform for future growth says Chief Executive Roland Sassoon.

A highlight of the half-year was the conclusion of a strategic partnership with the International Finance Corporation (IFC) – a member of the World Bank – which made an effective US\$30-million commitment to Sasfin Holdings, by way of

- two injections totalling close to R160-million (US\$20-million) in Tiers 1 and 2 capital, and
- a trade finance guarantee facility of US\$10-million for the group's Business Banking division.

“Coming at the height of the world economic crisis, this represents a tremendous vote of confidence in Sasfin,” says Sassoon.

Another stand-out feature of the half-year performance was the continued success of Sasfin's securitisation structure (a leader in its market) which not only once again successfully refinanced its paper but also securitised a further tranche of R58-million – which was significantly oversubscribed - thus clearly underlining the exceptionally high quality of the assets.

Other key elements of Sasfin's latest six-month performance include:

- a positive contribution to headline earnings by all divisions, albeit at lower levels
- a dilution in headline earnings per share – which came in 32% lower at 164 cents – as a result of the capital injection from the IFC
- a return on ordinary shareholders' equity of 14% (compared with 22% previously)
- increases in capital adequacy in Sasfin Group from 31% to 35% and in Sasfin Bank from 21% to 31% - well above prescribed minimum requirements of 9,75%
- 14% growth in total assets – from R3-billion to R3,5-billion
- a credit loss ratio of 2% (2008: 1,2%) on average loans and advances
- a virtually unchanged lending book of R1,9-billion
- a 14% increase in operating costs (from R193-million to just under R220-million) – largely as a result of infrastructural investment.

Ends

For further information please contact:

Roland Sassoon: Group Chief Executive Officer of Sasfin Holdings Limited

Telephone: 011 809 7778

Mobile: 083 417 1100