

UNAUDITED GROUP INTERIM RESULTS AND DIVIDEND DECLARATIONS FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2009

sasfin

HOLDINGS LIMITED

UNLIMITED FINANCIAL HORIZONS

Sasfin Holdings Limited
Incorporated in the Republic of South Africa
("Sasfin" or "the Group" or "the Company")
(Ordinary share code: SFN ISIN: ZAE00006565)
(Preference share code: SFNP ISIN: ZAE00006273)

	31 December 2009	31 December 2008
Profit for the period	R59 million	R81 million
Headline earnings per ordinary share	164 cents	239 cents
Total equity	R1 billion	R867 million
Return on ordinary shareholders' average equity	14%	22%
Group capital adequacy	35%	31%
Return on total average assets	3%	4%

FINANCIAL HIGHLIGHTS

	% Change	31 Dec 2009 Unaudited	31 Dec 2008 Unaudited	30 June 2009 Audited
Consolidated statement of financial position (Rm's)				
Total assets	14	3 462	3 043	3 181
Total gross loans and advances	1	1 939	1 912	1 867
Non-performing loans and advances	37	168	122	149
Income statement (Rm's)				
Headline earnings	(27)	48	65	154
Earnings attributable to ordinary shareholders	(27)	48	65	157
Financial performance (%)				
Return on ordinary shareholders' average equity	(37)	14	22	25
Return on total average assets	(27)	3	4	5
Operating performance (%)				
Non-interest income to total income		78	78	75
Credit loss ratio		2	1,2	1
Efficiency ratio		68	61	63
Non-performing advances to total gross loans and advances		9	6	8
Share statistics				
Headline earnings per ordinary share (cents)	(32)	164	239	560
Earnings per ordinary share (cents)	(32)	164	239	571
Diluted earnings per ordinary share (cents)	(31)	163	238	570
Diluted headline earnings per ordinary share (cents)	(31)	164	238	559
Number of ordinary shares in issue at end of the period ('000)	13	31 109	27 432	28 001
Weighted average number of ordinary shares in issue ('000)	6	29 048	27 312	27 471
Diluted weighted average ordinary shares in issue ('000)	6	29 073	27 412	27 519
Dividends per ordinary share relating to profit for the period (cents)	(36)	46	71	220
Dividends per preference share relating to profit for the period (cents)	(31)	401,51	584,28	1 072,00
Net asset value per ordinary share (cents)	6	2 416	2 287	2 405
Capital adequacy (%)				
Group capital to risk weighted assets	14	35	31	31
Sasfin Bank Limited capital to risk weighted assets	47	31	21	25
Employees				
Permanent staff complement	(2)	563	574	573

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	% Change	31 Dec 2009 Unaudited R'000	31 Dec 2008 Unaudited R'000	30 June 2009 Audited R'000
ASSETS				
Cash and cash balances		638 068	357 341	423 671
Short-term negotiable securities		80 822	57 469	49 689
Loans and advances to customers		1 853 439	1 851 469	1 801 485
Other receivables		266 872	281 548	318 751
Investment securities		277 141	294 553	261 211
Investments in associated companies		55 604	33 352	56 707
Property, plant and equipment		239 145	133 864	215 637
Taxation		6 168	7 285	12 827
Intangible assets and goodwill		37 641	16 902	33 808
Deferred tax asset		7 192	9 405	7 366
Total assets	14	3 462 092	3 043 188	3 181 152
LIABILITIES				
Interbank funding and deposits from banks		82 973	151 834	69 777
Deposits from customers		955 043	935 814	881 380
Long-term loans		182 450	51 496	100 000
Other payables		245 163	165 564	262 631
Debt securities issued		925 004	815 082	873 735
Taxation		711	–	2 118
Deferred tax liability		67 606	56 647	60 777
Total liabilities	13	2 458 950	2 176 437	2 250 418
EQUITY				
Ordinary share capital and share premium		119 971	27 744	43 476
Reserves		631 732	599 670	629 825
Preference share capital and share premium		199 278	199 278	199 278
Total equity attributable to equity holders of the parent	15	950 981	826 692	872 579
Minority interest		52 161	40 059	58 155
Total equity		1 003 142	866 751	930 734
Total liabilities and equity	14	3 462 092	3 043 188	3 181 152
Commitments and contingent liabilities		47 625	85 604	74 855

CONSOLIDATED INCOME STATEMENT

	% Change	31 Dec 2009 Unaudited R'000	31 Dec 2008 Unaudited R'000	30 June 2009 Audited R'000
Interest income		196 231	202 085	371 072
Interest expense		114 002	126 423	211 510
Net interest income		82 229	75 662	159 562
Other income		228 083	228 104	471 680
Total income	2	310 312	303 766	631 242
Impairment charges on loans and advances		19 746	11 132	18 762
Net income after impairments		290 566	292 634	612 480
Operating costs	14	219 726	193 077	399 306
Staff costs		109 771	101 992	168 153
Other operating expenses		109 955	91 085	231 153
Profit from operations		70 840	99 557	213 174
Share of associated companies' income		2 888	2 357	8 167
Profit before income tax	(28)	73 728	101 914	221 341
Income tax expense		14 929	20 682	32 332
Profit for the period	(28)	58 799	81 232	189 009
Profit attributable to:				
Minority interest		1 971	5 342	10 459
Preference shareholders		9 298	10 516	21 646
Equity holders of the parent	(27)	47 530	65 374	156 904
Profit for the period	(28)	58 799	81 232	189 009
Weighted average number of ordinary shares in issue ('000)	6	29 048	27 312	27 094
Basic earnings per ordinary share (cents)	(32)	164	239	571
Diluted earnings per ordinary share (cents)	(31)	163	238	570

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARISED)

	31 Dec 2009 Unaudited R'000	31 Dec 2008 Unaudited R'000	30 June 2009 Audited R'000
Opening total shareholders' equity	930 734	840 919	840 919
Total comprehensive income for the period	54 332	83 503	147 610
Profit for the period	58 799	81 232	189 009
Investment property revaluation reserve	–	–	2 097
Change in foreign currency translation reserve	(5 159)	2 509	(43 693)
Change in available-for-sale reserve	692	(238)	197
Change in minorities	(6 498)	(5 536)	7 462
Issue of ordinary shares	76 495	–	15 937
Share-based payments reserve movements	–	205	(747)
Premium on acquisition of additional equity in subsidiary	(901)	–	–
Preference share dividend	(9 298)	(10 516)	(21 646)
Ordinary share dividend	(41 722)	(41 824)	(58 801)
Closing balance	1 003 142	866 751	930 734

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2009 Unaudited R'000	31 Dec 2008 Unaudited R'000	30 June 2009 Audited R'000
Profit for the period	58 799	81 232	189 009
Other comprehensive income/(loss) for the period net of income tax			
Foreign currency translation reserve	(4 467)	2 271	(41 399)
Net gains/(losses) on re-measurement of available-for-sale financial assets	(5 159)	2 509	(43 693)
Gains/(losses) on re-measurement of available-for-sale financial assets	692	(238)	197
Income tax effect	805	(330)	217
	(113)	92	(20)
Net revaluation of investment property	–	–	2 097
Revaluation of investment property	–	–	2 912
Income tax effect	–	–	(815)
Total comprehensive income for the period	54 332	83 503	147 610
Attributable to:			
Minority interest	504	5 505	10 532
Preference shareholders	9 298	10 516	21 646
Equity holders of the parent	44 530	67 482	115 432
Total comprehensive income for the period	54 332	83 503	147 610

CONSOLIDATED STATEMENT OF CASH FLOWS (SUMMARISED)

	31 Dec 2009 Unaudited R'000	31 Dec 2008 Unaudited R'000	30 June 2009 Audited R'000
Net cash flows from operating activities	58 003	(294 733)	(158 199)
Net cash flows from investing activities	(31 439)	(191 163)	(189 152)
Net cash flows from financing activities	204 221	212 149	262 585
Net increase/(decrease) in cash and cash equivalents	230 865	(273 747)	(84 766)
Cash and cash equivalents at beginning of the period	403 583	483 062	483 062
Effect of exchange rate fluctuations on cash held	1 469	2 165	5 287
Cash and cash equivalents at end of the period	635 917	211 480	403 583

HEADLINE EARNINGS RECONCILIATION

	31 Dec 2009 Unaudited R'000	31 Dec 2008 Unaudited R'000	30 June 2009 Audited R'000
Headline earnings are determined as follows:			
Profit attributable to equity holders of the parent	47 530	65 374	156 904
Headline adjustable items	32	(8)	(3 121)
	32	(8)	(25)
Profit on sale of property and equipment	48	(10)	(34)
Tax impact	(15)	2	9
Minority effect	(1)	–	–
	–	–	(3 096)
Gain on disposal of businesses and divisions	–	–	(5 632)
Tax impact	–	–	407
Minority effect	–	–	129
Headline earnings	47 562	65 366	153 783
Headline earnings per ordinary share (cents)	164	239	560

SEGMENTAL ANALYSIS (SUMMARISED)

	31 Dec 2009 Unaudited R'000	31 Dec 2008 Unaudited R'000	30 June 2009 Audited R'000
Segment Results			
Business Banking	17 370	19 545	65 460
Capital	15 596	22 998	28 072
Treasury	15 125	17 762	60 555
Wealth Management	7 895	11 501	21 294
Logistics and Risk Management	2 813	9 426	13 628
	58 799	81 232	189 009
Segment Revenue			
Business Banking	205 240	221 680	487 122
Capital	39 972	42 690	69 782
Treasury	94 846	112 158	213 323
Wealth Management	89 143	89 014	163 988
Logistics and Risk Management	32 990	43 290	73 524
Inter Group elimination	(37 877)	(78 643)	(164 987)
	424 314	430 189	842 752

COMMENTARY

NATURE OF BUSINESS

Sasfin Holdings Limited ("Sasfin" or "the Group" or "the Company") is a bank-controlling company listed in the "Financials: Investment Services" sector of JSE Limited ("the JSE"). Sasfin and its subsidiaries provide a wide range of complementary banking, financial and related services.

BUSINESS REVIEW: GROUP PERFORMANCE

The Business environment

- The global economic downturn impacted sharply on the South African economy during the past year.
- In South Africa, whilst the banking sector remained stable, economic activity declined significantly, resulting in increasing unemployment and lower consumer spending, and consequently credit defaults in all sectors of the economy.
- In a relatively tough and subdued trading environment, Sasfin has continued to build on its core business activities, wherein all divisions made a positive contribution to headline earnings, albeit at lower levels.

Key developments

- As previously announced, the Group successfully concluded a strategic partnership with the International Finance Corporation ("IFC"), a member of the World Bank, with a US\$30 million capital and funding transaction as follows:
 - A specific issue of 3 005 894 ordinary shares to the IFC, amounting to R74,6 million (US\$10 million) in October 2009;
 - A subordinated loan agreement of R82,45 million (US\$10 million) with Sasfin Bank Limited, which qualifies as Tier II capital; and
 - A US\$10 million trade finance guarantee facility for the Business Banking segment.
- The Group continued to invest in acquiring new talent, technology and physical infrastructure. These initiatives are largely complete and in place, and present the Group with a solid platform for growth.

COMMENTARY (continued)

Financial overview

- The Group's headline earnings of R48 million (2008: R65 million) represents a 27% decrease on the corresponding period in 2008. Headline earnings per share showed a larger decrease of 32% year on year, due to the dilutory effect of the new capital injection received from the IFC.
- The Group's results were affected by marginal asset growth in its key areas of business and increased impairment losses, in an economy still feeling the "lag effect" of the global financial crisis. The credit loss ratio increased to 2% on average loans and advances from 1,2% in 2008.
- The Group's investment in its infrastructural development impacted on operating costs which grew by 14% year on year. This investment, coupled with the lower revenue levels, resulted in a poor efficiency ratio of 68%.
- Total assets grew by 14% to R3,5 billion (2008: R3,0 billion), underpinned by increased liquidity levels and investment in the Group's new headquarters, whilst loans and advances showed a small growth of 1%.
- Deposits increased marginally year on year and the Group has maintained comfortable liquidity levels in a market constrained by liquidity shortages.
- Following the capital injection received from the IFC, the total group equity exceeds R1 billion which presents a strong base for growth.
- Sasfin's securitisation structure, a leader in its market, once again successfully refinanced its paper and securitised a further tranche of R58 million, highlighting the quality of these assets.
- The Group maintains very comfortable levels of capital and at 31 December 2009, the statutory risk-weighted capital adequacy of the Group was 35% (2008: 31%) and that of Sasfin Bank Limited 31% (2008: 21%), which is well above the prescribed minimum requirement of 9,75%.

PROSPECTS

- Sasfin is well positioned as a banking and financial services provider focusing on the entrepreneurial market.
- Notwithstanding the uncertainty and difficult economic conditions, the Group expects to continue at current levels of performance into the second half of the financial year.
- Sasfin is poised for future growth with its strong capital position, improved liquidity levels and investment in talent and systems.

BASIS OF PREPARATION AND PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 – "Interim Financial Reporting" and the accounting policies applied conform to International Financial Reporting Standards. The same accounting policies and methods of computation are followed in the interim financial statements as compared to the 2009 annual financial statements. There are no material events subsequent to the end of the interim period.

PREFERENCE SHARE DIVIDEND

Notice is hereby given that preference dividend number 11 amounting to 401,51 cents (2008: 584,28 cents) per preference share ("preference dividend") has been declared for the six months ended 31 December 2009 on one million preference shares issued at R100,00 each and on nine hundred and five thousand preference shares issued at R110,49 each. The preference dividend is payable to holders of preference shares recorded in the register of the Company at the close of business on Friday, 26 March 2010.

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

Last day to trade *cum* the preference dividend Thursday, 18 March 2010
Preference shares commence trading ex the preference dividend Friday, 19 March 2010
Preference dividend record date Friday, 26 March 2010
Payment of preference dividend Monday, 29 March 2010

Preference shares may not be dematerialised or rematerialised between Friday 19 March 2010 and Friday, 26 March 2010, both days inclusive.

INTERIM ORDINARY SHARE DIVIDEND

The Group has a stated policy of declaring interim and final ordinary share dividends equal in aggregate to 40% of headline earnings. In accordance with this policy, the Board of Sasfin has resolved to pay an interim dividend as set out below.

Notice is hereby given that an interim ordinary share dividend of 46 cents (2008: 71 cents) per ordinary share ("interim ordinary dividend") has been declared and is payable to ordinary shareholders recorded in the register of the Company at the close of business on Friday, 9 April 2010.

The salient dates relating to the interim ordinary dividend are as follows:

Last day to trade *cum* the interim ordinary dividend Wednesday, 31 March 2010
Ordinary shares commence trading ex interim ordinary dividend Thursday, 1 April 2010
Ordinary share dividend record date Friday, 9 April 2010
Payment date of ordinary share dividend Monday, 12 April