



SFN SFNP 201403110014A  
Sasfin interim results and dividend declaration

Sasfin Holdings Limited  
Registration number: 1987/002097/06  
JSE Ordinary share code: SFN ISIN: ZAE000006565  
JSE Preference share code: SFNP ISIN: ZAE000060273

UNAUDITED RESULTS  
AND DIVIDEND DECLARATIONS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

HEADLINE EARNINGS PER  
ORDINARY SHARE UP  
12% to 222 cents  
(Dec 2012: 198 cents)

HEADLINE EARNINGS UP  
10% to  
R70,4 million  
(Dec 2012: R63,9 million)

DIVIDENDS PER  
ORDINARY SHARE UP  
9% to 65 cents  
(Dec 2012: 60 cents)

CREDIT LOSS RATIO UP  
40 bps to 80 bps  
(Dec 2012: 40 bps)

DEPOSITS UP  
50% to R2,7 billion  
(Dec 2012: 1,8 billion)

TOTAL GROSS LOANS AND  
ADVANCES UP  
21% to  
R3,8 billion  
(Dec 2012: R3,2 billion)

RETURN ON ORDINARY  
SHAREHOLDERS' AVERAGE  
EQUITY  
13%  
(Dec 2012: 13%)

TOTAL FUNDING BASE UP  
35% to  
R5,4 billion  
(Dec 2012: R4,0 billion)

GROUP CAPITAL  
ADEQUACY DOWN  
by 500 bps to 24%  
(Dec 2012: 29%)

#### FINANCIAL HIGHLIGHTS

|  | %<br>change | 31 December<br>2013<br>Unaudited | 31 December<br>2012<br>Unaudited | 30 June<br>2013<br>Audited |
|--|-------------|----------------------------------|----------------------------------|----------------------------|
| Consolidated statement of financial position                           |             |                                  |                                  |                            |
| Total assets (Rms)   | 36          | 7 408                            | 5 461                            | 6 253                      |
| Total gross loans and advances (Rms)                                   | 21          | 3 814                            | 3 163                            | 3 416                      |
| Non-performing loans and advances (Rms)                                | (3)         | 162                              | 167                              | 193                        |
| Income statement   |             |                                  |                                  |                            |
| Earnings attributable to ordinary shareholders (Rms)                   | 10          | 70                               | 64                               | 136                        |
| Headline earnings (Rms)  | 10          | 70                               | 64                               | 135                        |
| Financial performance  |             |                                  |                                  |                            |
| Return on ordinary shareholders' average equity (%)                    |             | 13                               | 13                               | 14                         |
| Return on total average assets (%)                                     |             | 2                                | 2                                | 2                          |
| Operating performance  |             |                                  |                                  |                            |
| Non-interest income to total income (%)                                |             | 70                               | 70                               | 71                         |
| Efficiency ratio   |             |                                  |                                  |                            |
| Banking Group (%)  |             | 65                               | 64                               | 62                         |
| Group (%)  |             | 74                               | 73                               | 72                         |
| Credit loss ratio (bps)  |             | 80                               | 40                               | 70                         |
| Non-performing advances to total gross loans and advances (%)          |             | 4,2                              | 5,3                              | 5,6                        |
| Share statistics   |             |                                  |                                  |                            |
| Earnings per ordinary share (cents)                                    | 12          | 222                              | 198                              | 423                        |
| Headline earnings per ordinary share (cents)                           | 12          | 222                              | 198                              | 421                        |
| Diluted earnings per ordinary share (cents)                            | 12          | 222                              | 198                              | 423                        |
| Diluted headline earnings per ordinary share (cents)                   | 12          | 222                              | 198                              | 421                        |
| Number of ordinary shares in issue at end of the period ('000)         |             | 32 237                           | 32 237                           | 32 237                     |
| Weighted average number of ordinary shares in issue ('000)             |             | 31 737                           | 32 237                           | 32 171                     |
| Diluted weighted average ordinary shares in issue ('000)               |             | 31 737                           | 32 237                           | 32 171                     |
| Dividends per ordinary share relating to profit for the period (cents) | 9           | 65,34                            | 60,00                            | 168,00                     |
| Preference share dividend number 19 (cents)                            |             | 353,51                           | —                                | —                          |
| Preference share dividend number 18 (cents)                            |             | —                                | —                                | 347,74                     |

|  |   |  |       |        |        |
|--|---|--|-------|--------|--------|
| Preference share dividend number 17 (cents)                                  |   |  | —     | 355,65 | 355,65 |
| Net asset value per ordinary share (cents)                                   | 8 |  | 3 297 | 3 056  | 3 187  |
| Capital adequacy (unaudited)   |   |  |       |        |        |
| Group capital to risk weighted assets (%)                                    |   |  | 24    | 29     | 26     |
| Sasfin Bank Limited and its subsidiaries capital to risk weighted assets (%) |   |  | 22    | 24     | 22     |
| Employees  |   |  |       |        |        |
| Permanent staff complement   | 9 |  | 780   | 713    | 701    |

#### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   |             | 31 December<br>2013 | 31 December<br>2012 | 30 June<br>2013  |
|---|-------------|---------------------|---------------------|------------------|
| All figures in R'000  | %<br>change | Unaudited           | Unaudited           | Audited          |
| <b>ASSETS</b>   |             |                     |                     |                  |
| Cash balances and short-term negotiable securities              | 47          | 2 095 198           | 1 427 262           | 1 595 084        |
| Loans and advances to customers                                 | 21          | 3 724 385           | 3 069 587           | 3 309 235        |
| Financial assets held for trading                               |             | 482 383             | —                   | 284 372          |
| Other receivables   |             | 502 824             | 419 526             | 482 668          |
| Investment securities   |             | 358 676             | 301 003             | 338 247          |
| Investments in associated companies                             |             | 111 662             | 93 661              | 107 353          |
| Property, plant and equipment                                   |             | 53 258              | 56 317              | 53 801           |
| Taxation  |             | 3 219               | 819                 | 3 114            |
| Intangible assets and goodwill                                  |             | 69 733              | 83 007              | 71 822           |
| Deferred tax asset  |             | 6 673               | 9 822               | 7 098            |
| <b>Total assets</b>   | <b>36</b>   | <b>7 408 011</b>    | <b>5 461 004</b>    | <b>6 252 794</b> |
| <b>LIABILITIES</b>  |             |                     |                     |                  |
| Interbank funding   |             | 167 794             | 64 474              | 143 819          |
| Deposits from customers   | 50          | 2 748 096           | 1 834 491           | 2 161 141        |
| Debt securities issued  | 17          | 1 613 726           | 1 378 493           | 1 378 691        |
| Long-term loans   |             | 688 179             | 538 249             | 538 247          |
| Financial liabilities held for trading                          |             | 465 336             | —                   | 280 942          |
| Other payables  |             | 394 891             | 381 291             | 455 929          |
| Taxation  |             | 8 214               | 16 331              | 4 626            |
| Deferred tax liability  |             | 59 744              | 61 494              | 62 695           |
| <b>Total liabilities</b>  | <b>44</b>   | <b>6 145 980</b>    | <b>4 274 823</b>    | <b>5 026 090</b> |
| <b>EQUITY</b>   |             |                     |                     |                  |
| Ordinary share capital and share premium                        |             | 144 327             | 162 732             | 144 327          |
| Reserves  |             | 918 426             | 822 377             | 883 099          |
| Preference share capital and share premium                      |             | 199 278             | 199 278             | 199 278          |
| <b>Total equity attributable to equity holders of the Group</b> |             | <b>1 262 031</b>    | <b>1 184 387</b>    | <b>1 226 704</b> |
| Non-controlling interest  |             | —                   | 1 794               | —                |
| <b>Total equity</b>   |             | <b>1 262 031</b>    | <b>1 186 181</b>    | <b>1 226 704</b> |
| <b>Total liabilities and equity</b>                             | <b>36</b>   | <b>7 408 011</b>    | <b>5 461 004</b>    | <b>6 252 794</b> |
| Commitments and contingent liabilities                          |             | 283 023             | 273 655             | 378 273          |

#### CONDENSED CONSOLIDATED INCOME STATEMENT

|  |             | 31 December<br>2013 | 31 December<br>2012 | 30 June<br>2013 |
|--|-------------|---------------------|---------------------|-----------------|
| All figures in R'000                                 | %<br>change | Unaudited           | Unaudited           | Audited         |
| Interest income                                      |             | 292 518             | 240 507             | 473 686         |
| Interest expense                                     |             | 164 432             | 129 416             | 253 479         |
| Net interest income                                  | 15          | 128 086             | 111 091             | 220 207         |
| Non-interest income                                  | 15          | 292 128             | 254 370             | 533 562         |
| <b>Total income</b>                                  | <b>15</b>   | <b>420 214</b>      | <b>365 461</b>      | <b>753 769</b>  |
| Impairment charges on loans and advances             | >100        | 15 731              | 6 381               | 22 376          |
| <b>Net income after impairments</b>                  |             | <b>404 483</b>      | <b>359 080</b>      | <b>731 393</b>  |
| Operating costs                                      |             | 315 707             | 270 385             | 561 046         |
| Staff costs  | 24          | 169 671             | 136 968             | 299 244         |
| Other operating expenses                             | 10          | 146 036             | 133 417             | 261 802         |
| <b>Profit from operations</b>                        |             | <b>88 776</b>       | <b>88 695</b>       | <b>170 347</b>  |
| Share of associated companies' income                |             | 7 968               | 6 948               | 20 453          |
| <b>Profit before income tax</b>                      |             | <b>96 744</b>       | <b>95 643</b>       | <b>190 800</b>  |
| Income tax expense                                   |             | 19 628              | 21 938              | 38 226          |
| <b>Profit for the period</b>                         |             | <b>77 116</b>       | <b>73 705</b>       | <b>152 574</b>  |
| <b>Profit attributable to:</b>                       |             |                     |                     |                 |
| Non-controlling interest                             |             | —                   | 2 988               | 2 860           |
| Preference shareholders                              |             | 6 679               | 6 773               | 13 472          |
| Equity holders of the Group                          | 10          | 70 437              | 63 944              | 136 242         |
| <b>Profit for the period</b>                         |             | <b>77 116</b>       | <b>73 705</b>       | <b>152 574</b>  |
| Earnings per ordinary share (cents)                  | 12          | 222                 | 198                 | 423             |
| Diluted earnings per ordinary share (cents)          | 12          | 222                 | 198                 | 423             |
| Headline earnings per ordinary share (cents)         | 12          | 222                 | 198                 | 421             |
| Diluted headline earnings per ordinary share (cents) | 12          | 222                 | 198                 | 421             |

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  |  | 31 December<br>2013 | 31 December<br>2012 | 30 June<br>2013 |
|--|--|---------------------|---------------------|-----------------|
| All figures in R'000   |  | Unaudited           | Unaudited           | Audited         |
| Profit for the period  |  | 77 116              | 73 705              | 152 574         |
| Other comprehensive income for the period, net of income tax                 |  | (225)               | (1 258)             | 4 337           |
| <b>Items that are or may be subsequently reclassified to profit or loss:</b> |  |                     |                     |                 |
| Net gains on remeasurement of available-for-sale financial assets            |  | 323                 | 1 138               | 900             |
| Foreign exchange differences on translation of foreign operation             |  | 12 028              | 5 184               | 33 428          |
| Net loss on hedge of net investment in foreign operation                     |  | (12 576)            | (7 580)             | (27 894)        |
| Loss on hedge of net investment in foreign operation                         |  | (17 467)            | (10 528)            | (38 742)        |
| Income tax effect  |  | 4 891               | 2 948               | 10 848          |
| <b>Items that will never be reclassified to profit or loss:</b>              |  |                     |                     |                 |
| Derecognition of revaluation reserve upon sale of property companies         |  | —                   | —                   | (2 097)         |
| <b>Total comprehensive income for the period</b>                             |  | <b>76 891</b>       | <b>72 447</b>       | <b>156 911</b>  |
| <b>Total comprehensive income attributable to:</b>                           |  |                     |                     |                 |
| Non-controlling interest   |  | —                   | 2 988               | 2 860           |
| Preference shareholders  |  | 6 679               | 6 773               | 13 472          |

|   |        |        |         |
|---|--------|--------|---------|
| Equity holders of the Group               | 70 212 | 62 686 | 140 579 |
| Total comprehensive income for the period | 76 891 | 72 447 | 156 911 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | 31 December<br>2013<br>Unaudited | 31 December<br>2012<br>Unaudited | 30 June<br>2013<br>Audited |
|---|----------------------------------|----------------------------------|----------------------------|
| All figures in R'000  |                                  |                                  |                            |
| Opening total shareholders' equity                                  | 1 226 704                        | 1 180 215                        | 1 180 215                  |
| Total comprehensive income for the period                           | 76 891                           | 72 447                           | 156 911                    |
| Profit for the period   | 77 116                           | 73 705                           | 152 574                    |
| Other comprehensive income for the period                           |                                  |                                  |                            |
| Available-for-sale reserve  | 323                              | 1 138                            | 900                        |
| Property revaluation reserve  | —                                | —                                | (2 097)                    |
| Foreign currency translation reserve                                | 12 028                           | 5 184                            | 33 428                     |
| Hedging reserve   | (12 576)                         | (7 580)                          | (27 894)                   |
| Transactions with owners recorded directly in equity                |                                  |                                  |                            |
| Movement in non-controlling interest                                | —                                | (19 435)                         | (21 101)                   |
| Acquisition of non-controlling interest without a change in control | —                                | (11 897)                         | —                          |
| Treasury shares   | —                                | —                                | (18 405)                   |
| Derecognition of revaluation reserve                                | —                                | —                                | 2 097                      |
| Changes in ownership interests in subsidiaries                      | —                                | —                                | (11 735)                   |
| Preference share dividend   | (6 679)                          | (6 773)                          | (13 472)                   |
| Ordinary share dividend   | (34 885)                         | (28 376)                         | (47 806)                   |
| Closing balance   | 1 262 031                        | 1 186 181                        | 1 226 704                  |

CONDENSED HEADLINE EARNINGS RECONCILIATION

|   | %<br>change | 31 December<br>2013<br>Unaudited | 31 December<br>2012<br>Unaudited | 30 June<br>2013<br>Audited |
|---|-------------|----------------------------------|----------------------------------|----------------------------|
| All figures in R'000                                      |             |                                  |                                  |                            |
| Earnings are determined as follows:                       |             |                                  |                                  |                            |
| Earnings attributable to equity holders of the Group      | 10          | 70 437                           | 63 944                           | 136 242                    |
| Headline adjustable items                                 |             | (81)                             | —                                | (787)                      |
| Profit on sale of property and equipment – IAS 16         |             | (81)                             | —                                | (14)                       |
| Gross   |             | (112)                            | —                                | (19)                       |
| Tax impact  |             | 31                               | —                                | 5                          |
| Gain on the disposal of businesses and divisions – IAS 27 |             | —                                | —                                | (773)                      |
| Headline earnings   | 10          | 70 356                           | 63 944                           | 135 455                    |
| Headline earnings per ordinary share (cents)              | 12          | 222                              | 198                              | 421                        |

CONDENSED SEGMENTAL ANALYSIS

|                                      | 31 December<br>2013<br>Unaudited | 31 December<br>2012<br>Unaudited | 30 June<br>2013<br>Audited |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------|
| All figures in R'000                 |                                  |                                  |                            |
| Segment result                       |                                  |                                  |                            |
| Business Banking                     | 47 302                           | 48 112                           | 89 844                     |
| Capital                              | 5 268                            | 5 490                            | 9 422                      |
| Treasury                             | 6 628                            | 1 795                            | 10 006                     |
| Wealth Management                    | 22 085                           | 15 554                           | 46 155                     |
| Commercial Solutions                 | 15 344                           | 16 661                           | 33 798                     |
| Group and Inter-segment eliminations | (19 511)                         | (13 907)                         | (36 651)                   |
| Profit for the period                | 77 116                           | 73 705                           | 152 574                    |
| Segment revenue                      |                                  |                                  |                            |
| Business Banking                     | 303 239                          | 259 712                          | 523 186                    |
| Capital                              | 33 898                           | 33 887                           | 76 695                     |
| Treasury                             | 129 864                          | 91 264                           | 188 398                    |
| Wealth Management                    | 102 032                          | 72 723                           | 168 485                    |
| Commercial Solutions                 | 95 256                           | 94 167                           | 182 545                    |
| Group and Inter-segment eliminations | (71 675)                         | (49 928)                         | (111 608)                  |
| Total segment revenue                | 592 614                          | 501 825                          | 1 027 701                  |
| Segment assets                       |                                  |                                  |                            |
| Business Banking                     | 4 153 278                        | 3 363 147                        | 3 603 255                  |
| Capital                              | 517 049                          | 469 521                          | 470 097                    |
| Treasury                             | 3 211 071                        | 2 329 564                        | 2 640 345                  |
| Wealth Management                    | 689 589                          | 170 729                          | 537 888                    |
| Commercial Solutions                 | 277 225                          | 239 326                          | 244 489                    |
| Group and Inter-segment eliminations | (1 440 201)                      | (1 111 283)                      | (1 243 280)                |
| Total segment assets                 | 7 408 011                        | 5 461 004                        | 6 252 794                  |
| Segment liabilities                  |                                  |                                  |                            |
| Business Banking                     | 3 810 264                        | 3 081 103                        | 3 257 444                  |
| Capital                              | 445 488                          | 398 624                          | 395 516                    |
| Treasury                             | 3 214 732                        | 2 342 473                        | 2 630 338                  |
| Wealth Management                    | 612 696                          | 117 527                          | 457 083                    |
| Commercial Solutions                 | 151 668                          | 119 727                          | 109 610                    |
| Group and Inter-segment eliminations | (2 088 868)                      | (1 784 631)                      | (1 823 901)                |
| Total segment liabilities            | 6 145 980                        | 4 274 823                        | 5 026 090                  |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|  | 31 December<br>2013<br>Unaudited | 31 December<br>2012<br>Unaudited | 30 June<br>2013<br>Audited |
|--|----------------------------------|----------------------------------|----------------------------|
| All figures in R'000                             |                                  |                                  |                            |
| Cash flows from operating activities             | 52 962                           | 54 639                           | 88 586                     |
| Movement in operating assets and liabilities     | 445 386                          | (154 544)                        | (52 790)                   |
| Change in loans and advances                     | (429 743)                        | (241 548)                        | (497 191)                  |
| Change in funding                                | 384 967                          | 78 700                           | 80 376                     |
| Change in other receivables                      | (22 139)                         | 35 179                           | (6 958)                    |
| Change in financial assets held for trading      | (198 011)                        | —                                | (284 372)                  |
| Change in deposits                               | 586 955                          | 47 191                           | 373 841                    |
| Change in financial liabilities held for trading | 184 394                          | —                                | 280 942                    |
| Change in other payables                         | (61 037)                         | (74 066)                         | 572                        |
| Net cash flows from operating activities         | 498 348                          | (99 905)                         | 35 796                     |

|  |           |           |           |
|--|-----------|-----------|-----------|
| Net cash flows from investing activities             | (26 399)  | 53 600    | 19 416    |
| Net cash flows from financing activities             | –         | –         | (18 405)  |
| Net increase in cash and cash equivalents            | 471 949   | (46 305)  | 36 807    |
| Cash and cash equivalents at beginning of the period | 1 451 265 | 1 408 987 | 1 408 987 |
| Effect of exchange rate fluctuations on cash held    | 4 190     | 106       | 5 471     |
| Cash and cash equivalents at end of the period       | 1 927 404 | 1 362 788 | 1 451 265 |
| Cash and cash equivalents comprise:                  |           |           |           |
| Cash and cash balances                               | 2 095 198 | 1 427 262 | 1 595 084 |
| Interbank funding                                    | (167 794) | (64 474)  | (143 819) |
| Cash and cash equivalents at end of the period       | 1 927 404 | 1 362 788 | 1 451 265 |

#### FINANCIAL INSTRUMENTS

Fair values of financial assets and financial liabilities

The carrying amount of the financial assets and financial liabilities is a reasonable approximate of fair value.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2013.

#### Financial hierarchy

The table below analyses financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based

on the inputs used in the calculation of fair value of the financial instruments. The levels have been defined as follows:

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| All figures in R'000                                | Level 1 | Level 2 | Level 3 | Total   |
| Financial assets held for trading                   | 482 383 | –       | –       | 482 383 |
| Investment securities                               | 56 010  | –       | 302 666 | 358 676 |
| Other receivables                                   | –       | 29 951  | –       | 29 951  |
| Total financial assets carried at fair value        | 538 393 | 29 951  | 302 666 | 871 010 |
| Financial liabilities held for trading              | 465 336 | –       | –       | 465 336 |
| Other payables                                      | –       | 33 663  | –       | 33 663  |
| Total financial a liabilities carried at fair value | 465 336 | 33 663  | –       | 498 999 |

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the six months to 31 December 2013.

|   |                       |
|---|-----------------------|
| All figures in R'000  | Investment securities |
| Balance at 1 July 2013  | 283 711               |
| Unrealised gains and losses for the period included in profit or loss | 6 307                 |
| Net investments/settlements   | 12 648                |
| Balance at 31 December 2013   | 302 666               |

The valuations in Level 3 were based on detailed discounted cash flow methodologies, which were sanity checked against implied price/earnings multiples, and where applicable benchmarked to proxies of listed entities in similar industries. This valuation methodology is allowed per the international SAVCA guidelines.

#### 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 the JSE Limited ("the JSE"). Sasfin and its subsidiaries provide a wide range of complementary banking, financial and related services.

##### BUSINESS REVIEW: GROUP PERFORMANCE

###### Business environment:

- The fragile South African economy, with its twin deficits, faced a challenging environment with high levels of labour unrest and unemployment across many sectors. Amid pressure inflicted by quantitative easing and possible sovereign downgrade issues, rand depreciation has escalated, with a concomitant rise in interest rates, affecting the growth levels required to reduce unemployment. Along with other affected emerging markets, the South African economy remains soft, as capital flows shift to developed economies.

- Notwithstanding the above, the banking sector remains resilient, helped by the strong capital levels held by local banks, despite the increasing concern around consumer over-indebtedness in a worsening credit environment, fuelled by a rising interest rate outlook.

###### Group overview:

- Sasfin maintained its growth levels in its core business activities and produced a satisfactory set of results, showing a 12% increase in headline earnings per share at 222 cents (2012: 198 cents) for the period under review and significantly strengthened its balance sheet. Total assets grew by 36% to R7,4 billion over the corresponding period, underpinned by a 21% growth in the Business Banking division, with loans and advances reaching R3,8 billion.

- In addition, the Group improved its financial position by expanding and diversifying its funding base, which resulted in a very healthy surplus liquidity position of R2,1 billion (2012: R1,4 billion) – a growth of 47%.

- A combination of strong revenue growth, a higher impairment charge and a lower tax rate resulted in Group headline earnings growth of 10% to R70,4 million (2012: R63,9 million). The Group credit loss ratio for the period showed a sharp rise to 80 bps from a relatively low base in December 2012 of 40 bps.

- Total income grew by 15% on the back of growth in loans and advances and expansion of the non-interest revenue base, which was partly impacted by the negative carry costs on the high liquidity position.
- Group costs reflected a 17% increase when compared to the same period in 2012, largely driven by a 24% increase in staff costs. The significant growth in staff costs is attributed to an increase in staff numbers, particularly in the Wealth Management division, recruitment of a new Fixed Income trading team, establishment of the new Transactional Banking division and the new Stellenbosch client and sales office. Because of this and the increased negative carry on the surplus liquidity levels, the Group's cost-to-income ratio crept up marginally to 74%. At a Banking Group level, the cost-to-income ratio was 65% (2012: 64%).
- The Group benefitted from a lower tax rate with an effective rate of 20% (2012: 23%), primarily due to the change in secondary tax on companies and increased income streams at lower tax rates.

#### Segmental overview:

- The Business Banking division's profit for the period at R47,3 million, was down from 2012 of R48 million. Key factors attributing to this performance include strong growth in loans and advances, margin retention and cost containment. The unit's profitability, which accounts for 61% of the Group's profit, was negatively impacted by a higher credit loss ratio of 90 bps up from 30 bps in December 2012. Non-performing loans showed a downward trend to 4,2% at December 2013 from 5,3% in December 2012. This unit remains positive for growth in the second half of the financial year and beyond.
- The Wealth Management division achieved impressive profit growth from R15,5 million to R22,1 million, an improvement of 42% over the period. The Stockbroking unit experienced an increase in local and globally-managed portfolios resulting in improved annuity income. The Asset Management business developed a fully-fledged offering with an effective distribution channel. The Wealth Management division, which brought an experienced fixed income trading team on board, is well positioned to become a larger profit driver for the Group. Funds under advisement and management now amount to R77 billion (2012: R57 billion), an increase of 35% from December 2012.
- The Treasury division continued to grow its deposit base impressively and reached R2,75 billion at December 2013 – an increase of 50%. Equally impressive is the lengthening of the deposit base, with notice and fixed-term deposits representing 50% of total deposits. While growing encouragingly, the foreign exchange business, remains a drag on the Group's profitability, and has accordingly been transferred to the Commercial Solutions Division for renewed management attention.
- The Capital division's profitability declined marginally to R5,3 million for the period, impacted by a mixed performance in the underlying portfolios. The Corporate Finance unit delivered a flat performance with a lower level of deal flows and mandates.
- The Commercial Solutions division delivered a satisfactory set of results with a profit of R15,3 million, an 8% decrease when compared to the same period in 2012. This segment is growing encouragingly and achieving scale, and has become a meaningful contributor to Group earnings.

#### Statement of financial position and capital management review:

- The Group's deposit and funding continued to grow, with an improved deposit mix and maturity profile. Overall, the Group's funding position remains strong with a diversified funding base of R5,4 billion, up from R4 billion of last year. This funding base enhances the ability of Sasfin Bank Limited to meet the stringent Basel III liquidity requirements of liquidity coverage ratio and the net stable funding ratio in a sustainable manner.
- Sasfin's securitisation vehicle, South African Securitisation Programme (RF) Limited ("SASP"), Series 1, a leader in its market, continued to deliver consistent performance with R362 million of maturing notes successfully refinanced whereby the issue was oversubscribed by 2,5 times. In addition, the Debt Capital Market team arranged and successfully concluded a second securitisation transaction (SASP Series 2) under the current Domestic Medium Term Note programme to raise R350 million to fund alternate asset class of capital equipment and larger rental deals.
- While the Group's capital adequacy ratio has declined by 500 bps to 24% (2012: 29%) due to the new capital requirements of Basel III and growth in assets, the Group remains well capitalised with a primary tier I capital ratio of 22% (2012: 25,6%), which is the main measure of capital strength.

#### PROSPECTS

- Sasfin continues to focus on its target market comprising the entrepreneurial business market and private client base. Based on prevailing market conditions, the Group expects similar levels of business activity in the second half of the financial year.
- Sasfin is poised for sustainable growth and expansion of its franchise value in its chosen markets, aided by its soon-to-be-launched Transactional Banking business and service offering.

#### BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 – "Interim Financial Reporting" and the requirements of the Companies Act of South Africa and in compliance with the JSE Listings Requirements and the accounting policies applied conform to International Financial Reporting Standards and the SAICA Financial Reporting Guides. There are no material events subsequent to the end of the interim period.

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2013.

The Group has adopted the following new standards and amendments, with a date of initial application of 1 July 2013.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 13 Fair Value Measurement

The above changes will also be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2014. There has been no impact on the recognised assets, liabilities and comprehensive income on the interim results of the Group.

#### Subsidiaries

As a result of IFRS 10, the Group has applied the new accounting standard for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, IFRS requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 1 July 2013; there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

#### Joint arrangements

As a result of IFRS 11, the Group has applied the new accounting standard for its interests in joint arrangements. Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group has re-evaluated its involvement in its only joint arrangement, which it has classified as a joint operation, and therefore continues to account for its share in the assets and liabilities; accordingly there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

#### Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no impact on the measurements of the Group's assets and liabilities.

#### Responsibility of financial statements

In terms of S29(1)(e)(ii) of the Companies Act, it is confirmed that the preparation of these financial statements is done under the supervision of Tyrone Soondarjee CA(SA), Financial Director of the Group.

#### PREFERENCE SHARE CASH DIVIDEND

Notice is hereby given that the directors have declared a gross cash dividend number 19 amounting to 353,51 cents (300,48350 cents per share net of 15% dividend withholding tax) (2012: 355,65 cents) per preference share ("preference dividend") for the period 1 July 2013 to 31 December 2013 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 dividends have been declared from income reserves and no secondary tax on companies ("STC") credits has been used. The preference dividend is payable to holders of preference shares recorded in the register of the Company at the close of business on Friday, 4 April 2014.

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

|   |                       |
|---|-----------------------|
| Last day to trade cum the preference dividend                 | Friday, 28 March 2014 |
| Preference shares commence trading ex the preference dividend | Monday, 31 March 2014 |
| Preference dividend record date                               | Friday, 4 April 2014  |
| Payment date of preference dividend                           | Monday, 7 April 2014  |

Preference shares may not be dematerialised or rematerialised between Monday, 31 March 2014 and Friday, 4 April 2014, both days inclusive.

#### INTERIM ORDINARY SHARE CASH 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 cash dividend of 65,34 cents (2012: 60 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, 11 April 2014.

The following further information is provided to shareholders in respect of the new dividends tax:

- The dividend has been declared from income reserves.
- The dividend withholding tax rate is 15% and no STC credits have been used. A net dividend of 55,5390 cents per share is paid to those shareholders who are not exempt from dividend withholding tax.
- Sasfin's tax reference number is 9300/204/71/7.
- The issued number of ordinary shares at declaration date is 32 301 441.

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

|   |                       |
|---|-----------------------|
| Last day to trade cum the interim ordinary dividend           | Friday, 4 April 2014  |
| Ordinary shares commence trading ex interim ordinary dividend | Monday, 7 April 2014  |
| Ordinary share dividend record date                           | Friday, 11 April 2014 |
| Payment date of interim ordinary dividend                     | Monday, 14 April 2014 |

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 7 April 2014 and Friday, 11 April 2014, both days inclusive.

#### CHANGES TO THE BOARD

Norman Axten retired as independent non-executive chairman and director of the Group and its subsidiary, Sasfin Bank Limited, on 28 November 2013.

Maston Lane, Michael Sassoon and Linda Fröhlich were appointed alternate executive directors of the Group

and its subsidiary, Sasfin Bank Limited, with effect from 9 October 2013.

For and on behalf of the board

RC ANDERSEN  
Chairman

RDEB SASSOON  
Chief Executive Officer

11 March 2014

This announcement and additional information is available on the website [www.sasfin.com](http://www.sasfin.com)

**Executive Directors:**

RDEB Sassoon\* (Chief Executive Officer)  
TD Soondarjee (Financial Director)  
\* British

**Non-Executive Directors:**

RC Andersen# (Chairman)  
ETB Blight#  
GC Dunnington#  
DD Mokgatle#  
J Moses#  
MS Rylands  
# Independent

**Alternate Directors:**

MG Lane, LR Fröhlich, MEE Sassoon\*  
\* British

**Group Company Secretary:**

H Brown

**Sasfin Holdings Limited**

Registration number: 1987/002097/06  
JSE Ordinary share code: SFN ISIN: ZAE000006565  
JSE Preference share code: SFNP ISIN: ZAE000060273

**Registered office:**

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[www.sasfin.com](http://www.sasfin.com)

**DISCLAIMER**

The Group has in good faith made reasonable efforts to ensure the accuracy and completeness of the information contained in this document, including all information that may be regarded as "forward-looking statements".

Forward-looking statements may be identified by words such as "believe", "anticipate", "expect", "plan", "estimate", "intend", "project", and "target".

Forward-looking statements are not statements of fact, but statements by the management of the Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the Group's future performance and no assurance can be given to this effect.

The risks and uncertainties inherent in the forward-looking statements contained in this document include but are not limited to changes to IFRS and the interpretations, applications and practices subject thereto 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 both current and future litigation.

The Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage and 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.

11 March 2014  
Johannesburg

Lead Sponsor  
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Sasfin Capital (a division of Sasfin Bank Limited)

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