THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* throughout this Circular, including this cover page.

ACTION REQUIRED BY SASFIN HOLDINGS SHAREHOLDERS

- This entire Circular is important and should be read with particular attention to the section titled "*Action Required by Sasfin Holdings Shareholders*", which commences on page 3 of this Circular.
- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy, to the purchaser of such Shares or the Broker or other agent through whom you disposed of such Shares.
- **Sasfin Holdings does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Dematerialised Shareholder of the Disposal and actions set out in this Circular.**
- The General Meeting convened in terms of this Circular will be held entirely via electronic participation on Friday, 26 April 2024 at 11:00 am. Sasfin Holdings Shareholders wishing to participate electronically at the General Meeting must follow the procedures set out in the Notice of General Meeting under the section titled "Electronic Participation".

sasfin

SASFIN HOLDINGS LIMITED

(Registration number 1987/002097/06)
(Share code: SFN)
(ISIN: ZAE000006565)
(Incorporated in the Republic of South Africa)
("**Sasfin Holdings**" or "**the Company**")

CIRCULAR TO SASFIN HOLDINGS SHAREHOLDERS

Regarding:

the proposed disposal of the CEF Business, as a going concern, and the CPF Business, as a going concern, in one indivisible transaction, to African Bank Limited, which disposal constitutes a category 1 transaction in terms of the Listings Requirements of the JSE Limited and requires shareholder approval;

and incorporating:

- a notice convening the General Meeting; and
- a form of proxy in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Own-Name Shareholders only).

OPIO VENTURES
CORPORATE ADVISOR

questco CORPORATE ADVISORY
TRANSACTION SPONSOR

pwc
INDEPENDENT AUDITORS

WERKSMANS ATTORNEYS
LEGAL ADVISORS

Date of Issue: **Monday, 25 March 2024**

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered office of Sasfin Holdings, the Sponsor and the Transfer Secretaries at their respective addresses set out in the "Corporate Information and Advisors" section of this Circular, from the date of issue hereof until the date of the General Meeting. An electronic copy of this Circular will be available on the Company's website at https://www.sasfin.com/investor-relations/ from the date of distribution of this Circular.

CORPORATE INFORMATION AND ADVISORS

COMPANY SECRETARY AND REGISTERED OFFICE OF SASFIN HOLDINGS
Charissa de Jager
12th Floor, 140 West Street,
Sandown, Sandton
Johannesburg, 2129
(PO Box 95104, Grant Park, Johannesburg, 2051)

Date and place of incorporation of Sasfin Holdings
1987, Republic of South Africa

CORPORATE ADVISOR
Opio Advisors, a division of Opio Ventures Proprietary Limited
(Registration number 2014/083497/07)
c/o Osborn Wellsted Paulsen Incorporated
1st Floor
4 Fricker Road
Illovo
Sandton, 2196

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

SPONSOR AND TRANSACTION SPONSOR
Questco Corporate Advisory Proprietary Limited
(Registration number 2011/106751/07)
Ground Floor, Block C, Investment Place
10th Road,
Hyde Park, 2196

INDEPENDENT AUDITORS
PricewaterhouseCoopers Incorporated
(Registration number: 1998/012055/21)
4 Lisbon Lane
Waterfall City
Jukskei View, 2090

LEGAL ADVISORS
Werksmans Inc
(Registration number: 1990/007215/21)
The Central
96 Rivonia Road
Sandton, 2196

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ACTION REQUIRED BY SASFIN HOLDINGS SHAREHOLDERS

The definitions and interpretations commencing on page 6 of this Circular apply mutatis mutandis to the following section on action required by Sasfin Holdings Shareholders.

Please take careful note of the following provisions regarding the action required by Sasfin Holdings Shareholders.

- The General Meeting, convened in terms of the Notice incorporated in this Circular, will be held entirely via electronic participation, as contemplated in section 63(2)(a) of the Companies Act and provided for in the Company's MOI, on Friday, 26 April 2024 commencing at 11:00, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice.
- This Circular contains information relating to the Disposal. You should carefully read this Circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting set out in the Notice.
- If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or the CSDP, Broker, banker, attorney or other agent who disposed of your Shares on your behalf.
- If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

1. DEMATERIALISED SHAREHOLDERS

You are entitled to attend electronically in person, or be represented by proxy, at the General Meeting. You must **not** however, complete the attached form of proxy. You must advise your CSDP or Broker timeously if you wish to attend electronically or be represented at the General Meeting. If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you wish to attend electronically or be represented at the General Meeting, your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend electronically or to be represented at the General Meeting.

Sasfin Holdings does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.

2. CERTIFICATED SHAREHOLDERS AND DEMATERIALISED OWN NAME SHAREHOLDERS

You are entitled to attend electronically, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, at **proxy@computershare.co.za** or Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132), and for administrative purposes only to be received by no later than 11:00 on Wednesday, 24 April 2024. Any form of proxy not delivered by this time may be delivered to the Transfer Secretaries at the General Meeting prior to its commencement, or at any time prior to voting on any of the Resolutions proposed at the General Meeting.

3. ELECTRONIC PARTICIPATION

The Company has retained the services of Computershare Investor Services (Proprietary) Limited ("Computershare") to host the General Meeting on an interactive platform and to facilitate electronic participation and voting by Shareholders. Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to register online at www.meetnow.global/za by no later than 11:00 on Wednesday, 24 April 2024. Shareholders may still register online to participate in and/or vote electronically at the General Meeting after this date and time, provided, however, that for those Shareholders to participate and/or vote electronically at the General Meeting, they must be verified and registered before the commencement of the General Meeting.

As part of the registration process you will be requested to upload proof of identification (i.e., SA identity document, SA driver's license or passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as your name, surname, email address and contact number. Following successful registration, the Transfer Secretary will provide you with a meeting ID number, username and password in order to connect electronically to the General Meeting. General Meeting participation will be through the Computershare MeetNow website by following the steps set out at www.meetnow.global/za.

While the Company will bear all costs for hosting the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Company and/or Computershare. Neither the Company nor Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the General Meeting.

4. **VOTING PROCEDURE AND QUORUM FOR THE GENERAL MEETING**

The quorum requirement for the General Meeting to begin and for any matter to be decided at the General Meeting is that sufficient persons shall be present (in person or represented by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. In addition, a quorum shall consist of at least three Shareholders present in person or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting on matters to be decided by Shareholders.

Voting will be performed by way of a poll so that each Shareholder present or represented by way of proxy will be entitled to vote the number of Shares held or represented by him or her.

SALIENT DATES AND TIMES

	2024
Record Date for Shareholders to be recorded in the Register in order to receive this Circular	Friday, 15 March
Circular containing the Notice convening the General Meeting posted to Shareholders on	Monday, 25 March
Notice convening the General Meeting published on SENS on	Monday, 25 March
Last Day to Trade in Shares in order to be recorded in the Register to vote at the General Meeting on (see note 3 below)	Tuesday, 16 April
Record Date for Shareholders to be recorded in the Register in order to be eligible to vote at the General Meeting	Friday, 19 April
Forms of proxy for the General Meeting, if lodged with the Transfer Secretaries, to be received by 11:00 on (see note 4 below)	Wednesday, 24 April
General Meeting held at 11:00 on	Friday, 26 April
Results of the General Meeting published on SENS on	Friday, 26 April

Notes:

1. The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this information on important dates and times.
2. The above dates and times are subject to amendment. Any amendment to the dates and times will be published on SENS.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Persons who acquire Shares after the Last Day to Trade will therefore not be eligible to vote at the General Meeting.
4. A Shareholder may submit a form of proxy at any time before the commencement of the General Meeting (or adjourned or postponed General Meeting).
5. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
6. All times given in this Circular are local times in South Africa.

DEFINITIONS AND INTERPRETATIONS

In this Circular, and the annexures hereto, unless otherwise stated or the context otherwise clearly indicates, the words in the first column shall have the meaning stated opposite them in the second column. Words in the singular shall include the plural and *vice versa*, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

"Accounting Principles"	the accounting principles agreed between the Parties to be applied to the calculation of the CEF Phase 1 Loan Book Value and the CEF Phase 2 Loan Book Value and the accounting principles, as read with the applicable pricing principles, agreed between the Parties to be applied to the calculation of the CPF Loan Book Value, which are in terms of IFRS and are included as an annexure to each of the CEF Sale of Business Agreement and the CPF Sale of Business Agreement;
"the Act" or "the Companies Act"	the Companies Act, Act 71 of 2008, as amended;
"African Bank" or "the Purchaser"	African Bank Limited (Registration number 2014/176899/06), a public company duly incorporated in accordance with the laws of South Africa, the beneficial shareholders of which are a consortium comprising of entities, holding their interests as follows: Government Employees Pension Fund – 25%, the South African Reserve Bank Limited – 50%, Absa Group Limited – 5%, Capitec Bank Holdings Limited – 1%, FirstRand Limited – 7%, Investec Limited – 2%, Nedbank Group Limited – 4% and Standard Bank Limited – 6%;
"Agterskot Amount/s"	33.3% of all profits actually realised following the Closing Date from the CPF Profit Share Arrangements, and/or agreements subsisting in respect of the CPF Loan Book as at the Closing Date and which profits were not included in the CPF Final Loan Book Value as detailed in paragraph 3.3.2.3;
"Annual Financial Statements"	the audited consolidated financial statements of Sasfin Holdings for the year ended 30 June 2023, published on SENS on 31 October 2023;
"Banks Act"	the Banks Act, Act 94 of 1990;
"Board" or "Directors"	the current board of directors of Sasfin Holdings whose names are set out on page 15 of this Circular;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"Business Records"	all books, documents and records of SBL exclusively relating to the CEF Business and the CPF Business, including, to the extent applicable to each, the data bases, customer, vendor and supplier information (including identities, needs, transaction histories, volumes, characteristics, agreements, prices, identities of individual contacts, and spending, preferences or habits), training manuals and similar materials used by SBL in conducting its CEF Business and CPF Business operations, personnel files of Employees, and independent contractors and any other relevant records of SBL exclusively in relation to the CEF Business and the CPF Business as at the Closing Date and, in respect of the CEF Phase 2 Loan Book as at the CEF Phase 2 Closing Date;

"CEF Business" the capital equipment finance business conducted by SBL, in relation to the CEF Phase 1 Loan Book, as at the Closing Date and in respect of the CEF Phase 2 Loan Book, as at the Phase 2 Closing Date (which, for the avoidance of doubt, excludes the business described as the "Rental Finance Business" of SBL), which is conducted by SBL as a going concern, and which comprises of the CEF Business Assets, but which specifically excludes the CEF Excluded Assets;

"CEF Business Assets" the following assets of SBL:

- the CEF Phase 1 Loan Book
- the CEF Phase 2 Loan Book;
- the CEF Contracts;
- the Goodwill of the CEF Business;
- the Intellectual Property of the CEF Business;
- the CEF Business Claims; and
- the Business Records in respect of the CEF Business,

but specifically excluding the CEF Excluded Assets;

"CEF Business Claims" all of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CEF Business, including those comprising the CEF Phase 1 Loan Book and the trade receivables, if any, as at the Closing Date and the CEF Phase 2 Loan Book as at the CEF Phase 2 Closing Date, but specifically excluding the Excluded Assets;

"CEF Contracts" with the exception of and excluding any contract relating to the Excluded Assets and the Excluded Contracts, all contracts (including written contracts concluded by SBL in the ordinary course of business) between the Signature Date; and

(i) in respect of the CEF Phase 1 Loan Book, the Closing Date; and

(ii) in respect of the CEF Phase 2 Loan Book, the Phase 2 Closing Date),

to which SBL is a party, relating solely to the CEF Phase 1 Loan Book and CEF Phase 2 Loan Book, including all of SBL's rights, title and interest in and to the contracts (including supplier agreements and broker agreements) between SBL and the counterparties thereto which constitute the CEF Phase 1 Loan Book and the CEF Phase 2 Loan Book, including:

all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of the CEF Phase 1 Loan Book and the CEF Phase 2 Loan Book; and

all and any ancillary contractual rights, security, entitlements, consents, mandates and authorities granted to, or held by, SBL in terms of, or in connection with, the CEF Phase 1 Loan Book and CEF Phase 2 Loan Book;

"CEF Excluded Assets" any asset of the CEF Business that is not included in the definition of CEF Business Assets in this Circular and specifically excluding any Contracts relating to Deymine and Fontana and the CEF Excluded Security;

"CEF Excluded Contracts" such supplier agreements of the CEF Business as the Parties agreed and recorded will not be transferred as a result of the CEF Transaction;

"CEF Excluded Security"	such shared security held by SBL that serves as security not only in relation to the CEF Business, but also for other business/es conducted by SBL and/or other members of the Group which is specifically excluded in terms of the CEF Sale of Business Agreement as detailed in paragraph 3.6.6 of this Circular;
"CEF Historical Financial Information"	the carve-out historical financial statements of the CEF Business for the years ending 30 June 2021, 30 June 2022 and 30 June 2023, which are annexed to this Circular as **Annexure 3**;
"CEF Loan Book Value"	the aggregate of the CEF Phase 1 Loan Book Value and the CEF Phase 2 Loan Book Value;
"CEF Payment Date"	provided that the Closing Date has occurred, the date of receipt by SBL of payment by the Purchaser of the initial payment in respect of the CEF Phase 1 Loan Book as detailed in paragraph 3.4.1.1.2 of this Circular;
"CEF Phase 1 Adjustment Amount"	the difference between the actual CEF Phase 1 Loan Book Value and the CEF Phase 1 Estimated Loan Book Value, being the amount by which the CEF Phase 1 Estimated Loan Book Value will be adjusted, after the Purchaser's verification and determination of the actual CEF Phase 1 Loan Book Value as at the Closing Date;
"CEF Phase 1 Estimated Loan Book Value"	SBL's good faith estimate of the CEF Phase 1 Loan Book Value as at the Closing Date, made in compliance with the Accounting Principles and notified in writing to the Purchaser not later than 5 days prior to the Closing Date, on which SBL shall have consulted with the Purchaser prior to the submission of such estimate;
"CEF Phase 1 Final Loan Book Value"	the CEF Phase 1 Estimated Loan Book Value, adjusted by the CEF Phase 1 Adjustment Amount, as finally agreed between the Parties or determined in terms of paragraph 3.4.1.1.5 of this Circular;
"CEF Phase 1 Loan Book"	the amounts owing under rental agreements, instalment sale agreements, loan agreements and other finance agreements with end users which have been acquired by SBL from Sunlyn or entered into between SBL and end users, in relation to the CEF Business as at the Closing Date, but specifically excluding the CEF Phase 2 Loan Book, the Excluded Assets and any agreements solely relating to the business described as the "Rental Finance Business" of SBL, or any other business of SBL;
"CEF Phase 1 Loan Book Value"	the gross value of the CEF Phase 1 Loan Book (i.e. the outstanding amount owing to SBL under the CEF Phase 1 Loan Book) at the Closing Date, net of the provision for expected credit losses, which provision shall be calculated in accordance with IFRS 9 and which gross value and provision for expected credit losses shall be calculated in compliance with the Accounting Principles;
"CEF Phase 2 Adjustment Amount"	the difference between the actual CEF Phase 2 Loan Book Value and the CEF Phase 2 Estimated Loan Book Value, being the amount by which the CEF Phase 2 Estimated Loan Book Value will be adjusted, after the Purchaser's verification and determination of the actual CEF Phase 2 Loan Book Value as at the CEF Phase 2 Closing Date;
"CEF Phase 2 Closing Date"	the first Business Day immediately following the date on which SBL confirms in writing to the Purchaser that SBL has acquired the Phase 2 Loan Book, which confirmation SBL shall provide by not later than two months following the CEF Payment Date;

"CEF Phase 2 Estimated Loan Book Value" SBL's good faith estimate of the CEF Phase 2 Loan Book Value as at the CEF Phase 2 Closing Date, made in compliance with the Accounting Principles and notified in writing to the Purchaser not later than 5 days prior to the CEF Phase 2 Closing Date, on which SBL shall have consulted with the Purchaser prior to the submission of such estimate;

"CEF Phase 2 Final Loan Book Value" the CEF Phase 2 Estimated Loan Book Value, adjusted by the CEF Phase 2 Adjustment Amount, as finally agreed between the Parties or determined in terms of paragraph 3.4.1.2.4 of this Circular;

"CEF Phase 2 Loan Book" the amounts owing under rental agreements, instalment sale agreements, loan agreements and other finance agreements with end users which will, by no later than the CEF Phase 2 Closing Date, have been acquired by SBL from SASP in terms of its multi-seller segregated asset backed note programme series;

"CEF Phase 2 Loan Book Value" the gross value of the CEF Phase 2 Loan Book (i.e. the outstanding amount owing to SBL under the CEF Phase 2 Loan Book) at the CEF Phase 2 Closing Date, net of the provision for expected credit losses, which provision shall be calculated in accordance with IFRS 9 and which gross value and provision for expected credit losses shall be calculated in compliance with the Accounting Principles;

"CEF Sale of Business Agreement" the written sale of business agreement entered into between SBL and the Purchaser on 16 February 2024, in terms of which, *inter alia,* and subject to the fulfilment or waiver (as the case may be) of the Suspensive Conditions thereto, SBL sells to the Purchaser, which purchases, the CEF Business conducted by SBL as a going concern, in accordance with, and subject to, the terms and conditions of such sale of business agreement;

"CEF Transaction" the disposal of the CEF Business by SBL to the Purchaser on the terms and conditions set out in CEF Sale of Business Agreement;

"Cents" South African cents;

"Certificated Shares" Shares represented by share certificates or other physical Documents of Title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;

"Certificated Shareholders" Shareholders who hold Certificated Shares in Sasfin Holdings;

"Circular" this bound document distributed to Shareholders, dated Monday, 25 March 2024, including its annexures, the Notice and the form of proxy;

"Closing Date" the sixth Business Day after the date on which the last of the Suspensive Conditions applicable to the CEF Sale of Business Agreement and the CPF Sale of Business Agreement is fulfilled or waived;

"Competition Act" the Competition Act, Act 89 or 1998;

"CPF Adjustment Amount" the difference between the actual CPF Loan Book Value and the estimated CPF Loan Book Value, being the amount by which the estimated CPF Loan Book Value will be adjusted, after the Purchaser's verification and determination of the actual CPF Loan Book Value as at the Closing Date as detailed in paragraph 3.4.2.3;

"CPF Business" the Commercial Property Finance business conducted by SBL, being the business of the provision of commercial property finance, comprising of the CPF Business Assets, as a going concern;

"CPF Business Assets"	the CPF Loan Book, the CPF Contracts, the Goodwill attributable to the CPF Business, the Intellectual Property of the CPF Business, the CPF Business Claims and the Business Records in respect of the CPF Business, but specifically excluding the CPF Excluded Assets;
"CPF Business Claims"	all of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CPF Business as at the Closing Date, including those comprising the CPF Loan Book and the trade receivables, if any, of SBL in relation to the CPF Business, but specifically excluding the CPF Excluded Assets;
"CPF Contracts"	with the exclusion of the CPF Excluded Assets, all of the contracts and written agreements concluded by SBL in the ordinary course of business between the Signature Date and the Closing Date, to which SBL is a party relating solely to the CPF Loan Book, including all of SBL's rights, title and interest in and to the contracts between SBL and the counterparties thereto, which constitute the CPF Loan Book, including all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of the CPF Loan Book and all and any ancillary contractual rights, security, entitlements, consents, mandates and authorities granted to, or held by, SBL in terms of, or in connection with, the CPF Loan Book;
"CPF Covid Loans"	the loans advanced by SBL in terms of the Emergency Loan Funding-for Lending Scheme proposed by the National Treasury pursuant to the declaration of the Covid-19 pandemic to CPF Business clients;
"CPF Estimated Loan Book Value"	SBL's good faith estimate of the CPF Loan Book Value as at the Closing Date, made in compliance with the Accounting Principles and notified in writing to the Purchaser not later than 5 days prior to the Closing Date, on which SBL shall have consulted with the Purchaser prior to the submission of such estimate;
"CPF Excluded Assets"	any asset that is not a CPF Business Asset, including (i) any rights and/or entitlement under, and/or amounts received in respect of, any participation interest agreements where the loan relating thereto is settled in full prior to the Closing Date as agreed between the Parties, (ii) any asset (including any claim or right) where SBL, or any member of the Group holds any equity interest, and (iii) the CPF Covid Loans;
"CPF Final Loan Book Value"	the Estimated CPF Loan Book Value, adjusted by the CPF Adjustment Amount, as finally agreed between the Parties or determined in terms of paragraph 3.4.2.4 of this Circular;
"CPF Historical Financial Information"	the carve-out historical financial information of the CPF Business for the financial years ending 30 June 2021, 30 June 2022 and 30 June 2023, which are annexed to this Circular as **Annexure 5**;
"CPF Loan Book"	the amounts owing under the loan agreements and other finance agreements between SBL and its customers in relation to the CPF Business as at the Closing Date, but specifically excluding any agreements or arrangements relating to any CPF Excluded Assets and amounts owing thereunder;
"CPF Loan Book Value"	the gross value of the CPF Loan Book (i.e. the outstanding amount owing to SBL under the CPF Loan Book) at the Closing Date, net of the provision for expected credit losses, which provision shall be calculated in accordance with IFRS 9 and which gross value and provision for expected credit losses shall be calculated in compliance with the Accounting Principles;

"CPF Payment Date"	the date of receipt by SBL of payment by the Purchaser of the initial payment in respect of the CPF Loan Book, as detailed in paragraph 3.4.2.2. of this Circular;
"CPF Profit Share Arrangements"	the profit share participation arrangements and/or agreements subsisting in respect of the CPF Loan Book as at the Closing Date in terms of which the Agterskot Amounts will be payable as detailed in paragraph 3.4.2.6 of this Circular;
"CPF Sale of Business Agreement"	the written sale of business agreement entered into between SBL and the Purchaser on 22 February 2024, in terms of which, *inter alia,* and subject to the fulfilment or waiver (as the case may be) of the Suspensive Conditions thereto, SBL sells to the Purchaser, which purchases, the CPF Business conducted by SBL as a going concern, in accordance with, and subject to, the terms and conditions of such sale of business agreement;
"CPF Transaction"	the disposal of the CPF Business by SBL to the Purchaser on the terms and conditions set out in the CPF Sale of Business Agreement;
"CSDP"	a Central Securities Depository Participant that holds in custody and administers securities or an interest in securities and that has been registered as a participant by a licensed central securities depository in terms of the Financial Markets Act;
"Dematerialised" or Dematerialisation"	the process by which Certificated Shares are converted to, or held in an electronic form as uncertificated Shares and are recorded in the sub-register of Shareholders maintained by a CSDP;
"Dematerialised Shares"	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"Dematerialised Shareholders"	Shareholders who hold Shares which have been Dematerialised in terms of the requirements of Strate;
"Dematerialised Own-Name Shareholders"	Dematerialised Shareholders who have instructed their CSDP to hold their Shares in their own name on the sub-register;
"Deymine"	Deymine Proprietary Limited (Registration number 2017/304226/07), a private company duly incorporated in accordance with the laws of South Africa;
"Disposal"	The CEF Transaction and the CPF Transaction, being the proposed disposal, subject to the Suspensive Conditions, as one indivisible transaction, of the CEF Business and the CPF Business by the Seller to the Purchaser for the Disposal Consideration, on the terms and conditions detailed in this Circular;
"Disposal Agreements"	the CEF Sale of Business Agreement, dated 16 February 2024, and the CPF Sale of Business Agreement, dated 22 February 2024, entered into between SBL and the Purchaser containing the terms and conditions of the CEF Transaction and the CPF Transaction, referred to collectively;
"Disposal Consideration"	an aggregate amount payable by the Purchaser to SBL in terms of the Disposal Agreements, as detailed in paragraph 3.3 of this Circular, for the CEF Business and the CPF Business, of approximately R3 232.4 million calculated as at 30 June 2023;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Sasfin Holdings Shares in question acceptable to the Board;

"Employees"	certain of the employees of SBL, exclusively employed in the CEF Business and the CPF Business, as the case may be, as at the Closing Date, who will transfer to the Purchaser's employ in terms of section 197 of the LRA;
"EPS"	Earnings Per Share;
"Financial Markets Act"	the Financial Markets Act, Act 19 of 2012, as amended;
"Fontana"	Fontana Manufacturers Proprietary Limited (Registration number 1962/004116/07), a private company duly incorporated in accordance with the laws of South Africa;
"General Meeting"	the general meeting of Shareholders to be held at 11:00 on Friday, 26 April 2024, entirely by electronic participation, to consider and if deemed fit, to approve, with or without modification, the Resolutions proposed in the Notice of General Meeting;
"Goodwill"	the goodwill of the CEF Business and the CPF Business, disposed of in terms of the Disposal and in respect of which the Group's applicable accounting policies are detailed in the Annual Financial Statements;
"Group" or "Sasfin Holdings Group"	Sasfin Holdings and its Subsidiaries from time to time;
"HEPS"	Headline Earnings Per Share;
"Historical Financial Information"	the CEF Historical Financial Information and/or the CPF Historical Financial Information, referred to collectively or individually as the context may indicate;
"IFRS"	International Financial Reporting Standards as issued by the board of the International Accounting Standards Committee, from time to time;
"Independent Auditors" or "PwC"	PricewaterhouseCoopers Inc. (Registration number 1998/012055/21), a company duly incorporated in accordance with the laws of South Africa, the independent auditors in respect of the *pro forma* financial information and the Historical Financial Information, contained in the Circular;
"Insolvency Act"	the Insolvency Act, Act 24 of 1936 (as amended);
"Intellectual Property"	The following intellectual property relating exclusively to the CEF Business and/or the CPF Business: copyrights, manuals, inventions, processes, formulae, data, know-how, customer lists, confidential information or Goodwill, owned by SBL as at the Closing Date, but specifically excluding any of its trading style, marks, names, trade names, trademarks, brands, logos, designs, drawings, patterns, registered designs, patents and licenses;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act;
"JSE Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Last Day to Trade"	Tuesday, 16 April 2024, being the last day to trade in the Shares in order to be reflected in the Register to vote at the General Meeting;
"Last Practicable Date"	the last practicable date prior to the finalisation of the Circular, being Friday, 15 March 2024;
"Legal Advisors"	Werksmans Inc (Registration number 1990/007215/21), a company duly incorporated in accordance with the laws of South Africa, the legal advisors in respect of the Disposal;

"Liability"	includes any obligation or liability, whether actual, contingent, or otherwise and includes any liability as surety, co-principal debtor, guarantor, indemnifier or otherwise for the liabilities of any other person and further includes any liability in respect of tax;
"LRA"	the Labour Relations Act, Act 66 of 1995;
"MOI" or "Memorandum of Incorporation"	the memorandum of incorporation of Sasfin Holdings, or as the context may require, any or all of its Subsidiaries;
"NAV"	Net Asset Value;
"Notice"	the notice of General Meeting forming part of this Circular in terms of which the General Meeting is convened;
"NTAV"	Net Tangible Asset Value;
"Own-Name Registration"	the registration of Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"Parties"	SBL and the Purchaser, the parties to the Disposal Agreements;
"Phase 2 Payment Date"	provided that the CEF Payment Date has occurred, the date of receipt by the Seller of payment by the Purchaser of the CEF Phase 2 Initial Payment as detailed in paragraph 3.4.1.2.2, of this Circular;
"*Pro Forma* Financial Information"	The *pro forma* financial information of Sasfin Holdings, being the *pro forma* financial effects as set out in paragraph 5 and the *pro forma* consolidated statement of financial position as at 30 June 2023 and the *pro forma* consolidated statement of comprehensive income for the year then ended, with notes thereto, as set out in **Annexure 1** of this Circular;
"Prudential Authority"	the Prudential Authority established in terms of section 32 of the Financial Sector Regulation Act No 9 of 2017;
"Rand" or "R"	Rand, the legal currency of South Africa;
"Reasonable Grounds"	with reference to paragraph 3.1 of this Circular shall mean material concerns in the conduct, operation and financial condition of the CEF Business and the CPF Business not previously disclosed to the Purchaser, in relation to the CEF Transaction and the CPF Transaction as constituted by the Disposal Agreements;
"Record Date"	Friday, 19 April 2024, being the date on which Shareholders must be recorded in the Register in order to vote at the General Meeting;
"Register"	the securities register of Sasfin Holdings maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including Sasfin Holdings uncertificated securities register;
"Repo Rate"	the variable interest rate quoted from time to time by the South African Reserve Bank as the Repo Rate, which for purposes of this Circular shall be a nominal annual compounded monthly rate;
"Resolutions"	the ordinary resolutions contained in the Notice, which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, approve the Disposal, as is required in terms of the JSE Listings Requirements;
"SAICA Guide"	the Revised Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants;

"Sasfin Bank", "SBL" or "the Seller"	Sasfin Bank Limited (Registration number 1951/002280/06), a public company duly incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of Sasfin Holdings;
"Sasfin Holdings" or "the Company"	Sasfin Holdings Limited (Registration number 1987/002097/06), a public company duly incorporated and registered with limited liability under the company laws of South Africa, the ordinary Shares of which are listed on the main board of the JSE;
"Sasfin Holdings Shareholders" or "Shareholders"	registered holders of Sasfin Holdings Shares;
"Sasfin Holdings Shares" or "Ordinary Shares" or "Shares"	ordinary shares in the capital of Sasfin Holdings with a par value of one cent each;
"SASP"	South African Securitisation Programme (RF) Limited (Registration number 1991/002706/07), a public company duly incorporated under the company laws of South Africa, a wholly owned subsidiary of SBL;
"SENS"	the Stock Exchange News Service of the JSE;
"Signature Date"	the date of signature of the Disposal Agreements, being Friday, 16 February 2024, in respect of the CEF Transaction and Thursday, 22 February 2024, in respect of the CPF Transaction;
"South Africa"	the Republic of South Africa;
"SOCI"	statement of profit and loss and comprehensive income;
"SOFP"	statement of financial position;
"Strate"	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the company laws of South Africa and a registered central securities depository which operates the electronic settlement for transactions that take place on the exchange operated by JSE and off-market transactions;
"Subsidiary"	a subsidiary as defined in the Companies Act;
"Sunlyn"	Sunlyn Rentals Proprietary Limited (Registration number 1988/000147/07), a private company duly incorporated in accordance with the company laws of South Africa, the discounting partner of SBL, which is a wholly owned subsidiary of Innovent Investment Holdings Proprietary Limited, in which SBL holds a 33.6% interest and the balance of the interests are held by unrelated parties;
"Suspensive Conditions"	certain outstanding suspensive conditions to the Disposal, as detailed in paragraph 3.1 of this Circular;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/06), a private company duly incorporated in accordance with the laws of South Africa; and
"VAT"	Value Added Tax in terms of the Value Added Tax Act, 1991 (Act 89 of 1991), as amended.

SASFIN HOLDINGS LIMITED

(Registration number 1987/002097/06)
(Share code: SFN)
(ISIN: ZAE000006565)
(Incorporated in the Republic of South Africa)
("**Sasfin Holdings**" or "**the Company**")

DIRECTORS

INDEPENDENT NON-EXECUTIVE:

RWR Buchholz (*Chair)*

TH Njikizana

MR Thompson

MJ van der Mescht

EA Wilton

NON-EXECUTIVE:

GP Dingaan

NS Ndhlazi

RDEB Sassoon

S Rosenthal (*Alternate)*

EXECUTIVE:

MEE Sassoon (*Chief Executive Officer*)

HA Heymans (*Group Financial Director*)

CIRCULAR TO SASFIN HOLDINGS SHAREHOLDERS

1. **INTRODUCTION AND PURPOSE OF THIS CIRCULAR**

1.1 **Introduction**

Shareholders are referred to the announcements published on SENS on 13 October 2023 and 23 February 2024, wherein they were advised that Sasfin Holdings had, via its wholly owned Subsidiary, Sasfin Bank, concluded comprehensive agreements with the Purchaser, to dispose of:

1.1.1 the CEF Business, as a going concern, and

1.1.2 the CPF Business, as a going concern, in one indivisible transaction.

for the aggregate Disposal Consideration, to be settled in cash as detailed in paragraph 3.3 of this Circular.

The Disposal is subject to certain suspensive conditions and constitutes a category 1 transaction in terms of the JSE Listings Requirements and accordingly must be approved by a majority of Shareholders by way of an ordinary resolution.

1.2 **Purpose of this Circular**

The purpose of this Circular is to:

(a) provide Shareholders with the requisite information in accordance with the JSE Listings Requirements regarding the Disposal and to enable Shareholders to make an informed decision as to how they will vote in respect of the Resolutions set out in the Notice of General Meeting incorporated in this Circular; and

(b) convene the General Meeting in terms of the notice of General Meeting forming part of this Circular, to consider and, if deemed fit, to approve the Resolutions required to implement the Disposal.

2. THE DISPOSAL

2.1 **Background, Rationale and Strategy**

2.1.1 Sasfin Holdings is a bank-controlling company which listed on the JSE in 1987 and currently comprises three business pillars being Asset Finance, Wealth and Business and Commercial Banking. The Sasfin Holdings Board is of the view that the Company trades at a significant discount to the sum of its parts valuation due to, *inter alia*, the high costs of being a tier two bank and operating a number of sub-scale business units.

2.1.2 As communicated in the Company's annual financial statements released on 31 October 2023, it has been conducting a strategic review, including an assessment of the economic, political, and competitive landscape, with the intent of focusing on strengthening and unlocking the potential of its core businesses, where its strong competitive capabilities reside. Sasfin Holdings has started implementing a strategy to become a more focused and streamlined business. This has resulted in the disposal of and entering into agreements to dispose of certain non-core assets, with a view to redirecting resources to the continued growth of the core businesses being the Rental Finance and Wealth businesses. The Company is confident in the strength and scale of the Rental Finance and Wealth businesses, both in terms of financial strength and competitive positioning. Post this transaction, Sasfin Holdings retains its Wealth, Rental Finance and focused Banking businesses.

2.1.3 The CEF Business provides leasing solutions for large industrial and mining clients. The CPF Business provides funding for commercial and related property development initiatives. Both these businesses require large amounts of capital to grow and require Sasfin Bank to maintain large single counter-party exposures relative to its balance sheet, which limits Sasfin Holdings' ability to grow and optimise these businesses whereas a larger bank may have the ability to grow such businesses more optimally.

2.1.4 The Purchaser is owned by a consortium comprising of the Government Employees Pension Fund, the South African Reserve Bank Limited, Absa Group Limited, Capitec Bank Holdings Limited, FirstRand Limited, Investec Limited, Nedbank Group Limited and Standard Bank Limited. It has recently concluded the acquisition of Grindrod Bank Limited, marking its entry into the business banking arena. This acquisition will allow African Bank to meaningfully expand its business banking offering and to diversify its client base.

2.2 **Subject Matter of the Disposal**

The subject matter of the Disposal is the following:

2.2.1 CEF Transaction

Sasfin Bank will dispose of its CEF Business, as a going concern, which is comprised of, *inter alia*, the following CEF Business Assets:

2.2.1.1 the CEF Phase 1 Loan Book and the CEF Phase 2 Loan Book;

2.2.1.2 the CEF Contracts;

2.2.1.3 the Goodwill of the CEF Business;

2.2.1.4 the Intellectual Property of the CEF Business;

2.2.1.5 the CEF Business Claims;

2.2.1.6 the Business Records in respect of the CEF Business;

and certain Employees of Sasfin Bank will transfer to the Purchaser with the CEF Business in terms of section 197 of the LRA.

2.2.2 CPF Transaction

Sasfin Bank will dispose of its CPF Business, as a going concern, which is comprised of, *inter alia*, the following CPF Business Assets:

2.2.2.1 the CPF Loan Book;

2.2.2.2 the CPF Contracts;

2.2.2.3 the Goodwill of the CPF Business;

2.2.2.4 the Intellectual Property of the CPF Business;

2.2.2.5 the CPF Business Claims;

2.2.2.6 the Business Records in respect of the CPF Business; and

and certain Employees of Sasfin Bank will transfer to the Purchaser with the CPF Business in terms of section 197 of the LRA.

3. TERMS OF THE DISPOSAL AGREEMENTS

3.1 Suspensive Conditions

The CEF Transaction and CPF Transaction are subject to the fulfilment or waiver, where applicable, of the following outstanding Suspensive Conditions:

3.1.1 by 28 June 2024 the following shall have been obtained in respect of the CEF Transaction and the CPF Transaction:

3.1.1.1 approval of the shareholder of Sasfin Bank (as required in terms of section 54(4) of the Banks Act) of the conclusion and implementation of the CEF Transaction and the CPF Transaction;

3.1.1.2 approval of the Shareholders of Sasfin Holdings of the conclusion and implementation of the CEF Transaction and the CPF Transaction, in accordance with the JSE Listings Requirements applicable to a Category 1 Transaction;

3.1.1.3 the consent of the Minister of Finance, conveyed through the Prudential Authority in terms of section 54 of the Banks Act, shall have been obtained by the Seller for the conclusion and implementation by the Seller of the CEF Transaction and the CPF Transaction, and the relevant resolutions in relation to the Seller shall have been delivered to the Prudential Authority in terms of section 54(5) of the Banks Act, it being recorded that the Seller shall, prior to it making any application in order to obtain any such consent, consult with the Purchaser regarding the content of any such application; and

3.1.1.4 issue by the Minister of Finance of the requisite notice to the Competition Commissioner in terms of section 18(2)(b) of the Competition Act or, alternatively (failing such issue by the Minister of Finance), the approvals, if any, required in terms of the provisions of the Competition Act for the implementation of the CEF Transaction, as constituted by the CEF Sale of Business Agreement, and of the CPF Transaction, as constituted by the CPF Sale of Business Agreement, shall have been granted, either unconditionally or subject to such conditions as have been approved in writing by that date, by the Parties, it being agreed that such approval shall not be unreasonably withheld or delayed.

3.2 ***Effective Date***

3.2.1 The effective date of the CEF Transaction will be:

3.2.1.1 in respect of the CEF Phase 1 Loan Book, the CEF Phase 1 Payment Date; and

3.2.1.2 in respect of the CEF Phase 2 Loan Book, the Phase 2 Payment Date.

3.2.2 The effective date of the CPF Transaction will be the CPF Payment Date.

3.2.3 On the effective dates as detailed in paragraph 3.2.1 and 3.2.2 above, all legal risk in and all benefit attaching to the CEF Business and the CPF Business will pass to the Purchaser against payment in cash of an estimated portion of the purchase price as detailed in paragraph 3.4 of this Circular.

3.3 ***Disposal Consideration***

The aggregate purchase price payable by the Purchaser to the Seller for the CEF Business and the CPF Business will be approximately R3 232.4 million, as at 30 June 2023. This amount is calculated as follows:

3.3.1 The purchase price payable by the Purchaser to Sasfin Bank for the CEF Business, which includes VAT at a rate of 0%, is an amount equal to the sum of;

3.3.1.1 the aggregate of the CEF Phase 1 Loan Book Value and the CEF Phase 2 Loan Book Value, being the gross value of the CEF Phase 1 Loan Book and the CEF Phase 2 Loan Book, at the Closing Date in respect of the CEF Phase 1 Loan Book and at the CEF Phase 2 Closing Date in respect of the CEF Phase 2 Loan Book, net of the provision for expected credit losses, which gross value and provisions shall be calculated in accordance with IFRS 9 and the Accounting Principles; plus

3.3.1.2 R100,000,000 in respect of the Goodwill attributable to the CEF Business.

The CEF Phase 1 Loan Book had a value of circa R1 781.7 million and the CEF Phase 2 Loan Book had a value of circa R733.2 million as at 30 June 2023 (total R2 514.9 million). The CEF Phase 1 Loan Book had a value of circa R2 028.6 million and the CEF Phase 2 Loan Book had a value of circa R677.1 million, based on the unaudited management accounts of Sasfin Bank as at 31 January 2024 (total R2 705,7 million). In terms of the Disposal Agreement the final value of the CEF Phase 1 Loan Book as at the Closing Date and the final value of the CEF Phase 2 Loan Book as at the Closing Date will be determined as detailed in paragraphs 3.4.1.1 and 3.4.1.2 of this Circular;

3.3.2 The purchase price payable by the Purchaser to Sasfin Bank for the CPF Business, which includes VAT at a rate of 0%, is an amount equal to the sum of;

3.3.2.1 the CPF Loan Book Value, being the gross value of the CPF Loan Book as at the Closing Date, net of the provision for expected credit losses, and an agreed additional provision in respect of the loan value of a limited number of CPF Contracts (the "**CPF Agreed Provision**"), and which gross value and provisions shall be calculated in compliance with the Accounting Principles, including the pricing principles;

3.3.2.2 Goodwill in respect of the CPF Business in the amount of R0.00; plus

3.3.2.3 the Agterskot Amounts, being 33.3% of all profits actually realised following the Closing Date from the CPF Profit Share Arrangements as at the Closing Date and which profits were not included in the CPF Final Loan Book Value. The minimum Agterskot Amount is expected to be approximately R15.3 million, of which R10.8 million is a fixed amount and R4.6 million is subject to variation. Sasfin Bank expects to receive the Agterskot Amounts over a 5-year period.

The CPF Loan Book had a value of circa R617.5 million as at 30 June 2023. The CPF Loan Book had a value of circa R337 million, based on the unaudited management accounts of Sasfin Bank as at 31 January 2024. In terms of the Disposal Agreement the final value of the CPF Loan Book as at the Closing Date will be determined as detailed in paragraph 3.4.2 of this Circular;

3.4 ***Payment of Disposal Consideration***

The Disposal Consideration for the CEF Business and the CPF Business is payable as follows:

3.4.1 CEF Business

3.4.1.1 The purchase price for the CEF Phase 1 Loan Book is payable as follows:

3.4.1.1.1 by not later than five Business Days prior to the Closing Date, the Seller shall prepare and provide to Sasfin Bank written notification of the Seller's CEF Phase 1 Estimated Loan Book Value, as at the Closing Date, it having been agreed that Sasfin Bank shall consult with the Purchaser prior to the submission of such estimate;

3.4.1.1.2 on the Closing Date, the Purchaser will pay Sasfin Bank an amount equal to 93% of the CEF Phase 1 Estimated Loan Book Value ("**CEF Initial Payment**");

3.4.1.1.3 for a period of no longer than 120 days after the Closing Date, the Purchaser will perform a verification exercise to determine the CEF Phase 1 Adjustment Amount, being the amount by which it proposes that the CEF Phase 1 Estimated Loan Book Value be adjusted to the actual CEF Loan Book Value, and will provide its proposed CEF Phase 1 Adjustment Amount to Sasfin Bank;

3.4.1.1.4 the Purchaser will thereafter pay to Sasfin Bank an amount equal to the aggregate of R100,000,000 in respect of the Goodwill, together with interest thereon accrued at the Repo Rate, plus an amount representing the difference between the actual CEF Phase 1 Loan Book Value, as calculated by the Purchaser in good faith and determined with reference to the CEF Phase 1 Adjustment Amount, and the CEF Initial Payment (such difference being the "**CEF 120 Day Payment**") and if such difference is a negative amount then only the R100 000 000 in respect of the balance of the Goodwill shall be payable by the Purchaser;

3.4.1.1.5 Sasfin Bank will either confirm in writing to the Purchaser that it is satisfied with the CEF Phase 1 Adjustment Amount or notify the Purchaser that it wishes to dispute the CEF Phase 1 Adjustment Amount, in which case such dispute shall be resolved in terms of the dispute determination provisions of the CEF Sale of Business Agreement, in good faith between the Chief Executive Officers of the Parties and, failing them, by an independent expert chartered accountant, acting as an expert, and appointed by the President of the South African Institute of Chartered Accountants, whereafter the CEF Phase 1 Final Loan Book Value, being the CEF Phase 1 Estimated Loan Book Value as adjusted by the finally agreed or determined CEF Phase 1 Adjustment Amount will be determined;

3.4.1.1.6 If the CEF Phase 1 Final Loan Book Value exceeds the aggregate amounts paid by the Purchaser to Sasfin Bank as the CEF Initial Payment and the CEF 120 Day Payment in terms of paragraphs 3.4.1.1.2 and 3.4.1.1.4 above, then the Purchaser shall pay Sasfin Bank such excess together with interest at the Repo Rate; or

3.4.1.1.7 if the aggregate amounts paid by the Purchaser to Sasfin Bank as the CEF Initial Payment and the CEF 120 Day Payment in terms of paragraphs 3.4.1.1.2 and 3.4.1.1.4 above, exceeds the CEF Phase 1 Final Loan Book Value, then Sasfin Bank will refund and pay such excess together with interest to the Purchaser.

3.4.1.2 The purchase price for the CEF Phase 2 Loan Book is payable as follows:

3.4.1.2.1 by not later than five Business Days prior to the CEF Phase 2 Closing Date, the Seller shall prepare and provide to Sasfin Bank written notification of the Seller's CEF Phase 2 Estimated Loan Book Value, as at the CEF Phase 2 Closing Date, it having been agreed that Sasfin Bank shall consult with the Purchaser prior to the submission of such estimate;

3.4.1.2.2 on the Phase 2 Payment Date, the Purchaser will pay Sasfin Bank an amount equal to 93% of the CEF Phase 2 Estimated Loan Book Value as at the CEF Phase 2 Closing Date ("**CEF Phase 2 Initial Payment**");

3.4.1.2.3 for a period of no longer than 120 days after the CEF Phase 2 Closing Date, the Purchaser will perform a verification exercise to determine the CEF Phase 2 Adjustment Amount, being the amount by which it proposes that the CEF Phase 2 Estimated Loan Book Value be adjusted, and will provide its proposed CEF Phase 2 Adjustment Amount to Sasfin Bank;

3.4.1.2.4 the Purchaser will thereafter pay to Sasfin Bank an amount representing the difference between the actual CEF Phase 2 Loan Book Value, as calculated by the Purchaser in good faith and determined with reference to the CEF Phase 2 Adjustment Amount, and the CEF Phase 2 Initial Payment (such difference being the "**CEF Phase 2 120 Day Payment**");

3.4.1.2.5 The provisions detailed in paragraphs 3.4.1.1.5 to 3.4.1.1.7 above shall apply *mutatis mutandis* to the payments to be paid or received by the Parties or any dispute relating to Disposal Consideration of the CEF Phase 2 Loan Book.

3.4.2 CPF Business

The purchase price for the CPF Business is payable as follows:

3.4.2.1 by not later than five Business Days prior to the Closing Date, Sasfin Bank will provide the Purchaser with the CPF Estimated Loan Book Value, being a good faith estimate of the CPF Loan Book Value as at the Closing Date;

3.4.2.2 On the Closing Date the Purchaser shall pay Sasfin Bank an amount equal to 93% of the CPF Estimated Loan Book Value ("**CPF Initial Payment**");

3.4.2.3 For a period of no longer than 120 days after the Closing Date, the Purchaser will perform a verification exercise to determine the CPF Adjustment Amount, being the amount by which it proposes that the CPF Estimated Loan Book Value be adjusted, and will provide its proposed CPF Adjustment Amount to Sasfin Bank;

3.4.2.4 the Purchaser will thereafter pay to Sasfin Bank an amount representing the difference between the actual CPF loan book value, as calculated by the Purchaser in good faith and determined with reference to the CPF Adjustment Amount, and the CPF Initial Payment (such difference being the "**CPF 120 Day Payment**");

3.4.2.5 The provisions detailed in paragraphs 3.4.1.1.5 to 3.4.1.1.7 above shall apply *mutatis mutandis* to the payments to be paid or received by the Parties or any dispute relating to Disposal Consideration of the CPF Loan Book;

3.4.2.6 The Purchaser will pay Sasfin Bank the Agterskot Amounts in respect of each CPF Profit Share Arrangement within five days from the date on which they are realised.

3.5 **Application of Proceeds**

The aggregate Disposal Consideration payable by the Purchaser to Sasfin Bank for the CEF Business and the CPF Business will be approximately R3 232.4 million Rand. The Disposal Consideration will be used:

(a) to settle debt securities issued by SASP, to third parties, corresponding with the CEF Phase 2 Loan Book, and equal to R733.2 million, as at 30 June 2023; and

(b) with the remainder being deployed within the Group to fund its remaining operations and redirecting proceeds to the continued growth of the core businesses and with a view to enhancing the total return to Shareholders. From a treasury management perspective, excess cash is placed in high yielding treasury bonds until it is allocated within the Group. During the financial year ending 30 June 2023, high yielding treasury bonds attracted a weighted average interest rate of 7.68%.

3.6 **Additional Significant Terms of the Disposal Agreements**

3.6.1 ***Transfer of employees***

Each of the CEF Sale of Business Agreement and the CPF Sale of Business Agreement stipulates that the transfer of the CEF Business and the CPF Business, respectively, falls within the ambit of the transfer of a business as a going concern, as contemplated in section 197 of the LRA and, accordingly, with effect from the CEF Payment Date and the CPF Payment Date, the Purchaser will automatically be substituted in the place of Sasfin Bank in the contracts of employment of the Employees and Sasfin Bank shall be responsible for the settlement of the employee valuation amounts (should they materialise) required to be agreed in accordance with the provisions of section 197(7) of the LRA.

3.6.2 ***Remediation***

The CEF Sale of Business Agreement provides that to the extent that there are any clients in respect of the Phase 1 Loan Book and/or Phase 2 Loan Book which are not in compliance with Sasfin Bank's Risk Management and Compliance Programme, Sasfin Bank shall, for a limited amount of time, be liable for the reasonable and necessary costs incurred by the Purchaser (but excluding the first R200,000 of all such costs and expenses, which shall be paid for by the Purchaser) in appointing certain limited individuals to take such steps as may be reasonably necessary to bring the clients into such compliance as would have been required in terms of Sasfin Bank's Risk Management and Compliance Programme ("**Remediation**"), provided that Sasfin Bank's aggregate liability in relation to the Remediation shall be limited to an amount of R1,000,000.

3.6.3 **Insolvency Act notification**

Each of the CEF Sale of Business Agreement and the CPF Sale of Business Agreement provides that notice of the Disposal will be published in terms of section 34 of the Insolvency Act, following which the provisions of section 34 of the Insolvency Act shall become applicable. In the event that the Closing Date falls or may fall earlier than the thirty-day period contemplated in section 34(1) of the Insolvency Act or later than the sixty-day period contemplated in section 34(1) of the Insolvency Act, then notice of the Disposal will be re-published and the Closing Date will be deferred accordingly.

3.6.4 ***Business conduct in interim period***

The CEF Sale of Business Agreement and the CPF Sale of Business Agreement respectively provide (in relation to the relevant business being sold thereunder) that during the period between the Signature Date applicable to them and (A) in respect of the CEF Business (i) the Closing Date in respect of the conduct of the CEF Business (excluding the Phase 2 Loan Book), and (ii) the CEF Phase 2 Closing Date in respect of the managing of the Phase 2 Loan Book, and (B) in respect of the CPF Business, the Closing Date ("**Interim Period**"), subject to, and to the extent permissible in terms of, applicable laws (including competition laws):

3.6.4.1 Sasfin Bank will manage the day-to-day affairs of the relevant business in the normal and ordinary course, and will not introduce any material changes of any nature in the trading style of the relevant business or to vary the nature of the relevant business without the prior written consent of the Purchaser; and

3.6.4.2 the Purchaser is granted certain other standard Interim Period protections in regard to the conduct of the relevant business.

3.6.5 ***Business Claims***

The CEF Sale of Business Agreement provides that all CEF Business Claims relating to the Phase 1 Loan Book and the Phase 2 Loan Book will be ceded by Sasfin Bank to the Purchaser with effect from the CEF Payment Date and the Phase 2 Payment Date respectively, and that to the extent that any debtors under the Phase 1 Loan Book and/or the Phase 2 Loan Book make any payments to Sasfin Bank (instead of the Purchaser) after the Closing Date and/or the CEF Phase 2 Closing Date respectively, Sasfin Bank shall pay such amounts to the Purchaser within 10 Business Days after receiving such payment. Similarly, the CPF Sale of Business Agreement provides that all CPF Business Claims relating to the CPF Business will be ceded by Sasfin Bank to the Purchaser with effect from the CPF Payment Date, and that to the extent that any debtors under the CPF Business make any payments to Sasfin Bank (instead of the Purchaser) after the Closing Date, Sasfin Bank shall pay such amounts to the Purchaser within 10 Business Days after receiving such payment.

3.6.6 ***Shared Security***

In terms of the CEF Sale of Business Agreement, certain of the security held by Sasfin Bank serves as security not only in relation to the CEF Business being sold to the Purchaser, but also for other business/es conducted by Sasfin Bank and/or other members of the Group (“**Retained Business**”). Accordingly, certain security is excluded from the transaction and, furthermore, in the event of security relating to the Retained Business is (by operation of law) transferred to the Purchaser, then the Purchaser shall, after the CEF Payment Date and/or the Phase 2 Payment Date (as the case may be), co-operate with Sasfin Bank to procure that such security is split, reconfigured or re-organised to ensure that each of the Purchaser and Sasfin Bank holds reasonably adequate security in relation to the CEF Business and the Retained Business respectively.

3.6.7 ***Non-solicitation and non-compete***

Each of the CEF Sale of Business Agreement and the CPF Sale of Business Agreement contains (in relation to the relevant business being sold thereunder) non-compete and non-solicitation provisions which provide, inter alia, that Sasfin Bank shall not:

3.6.7.1 be directly or indirectly interested, engaged, employed, or otherwise involved in, or concerned or associated with:

3.6.7.1.1 in relation to the CEF Sale of Business Agreement, any business which is the same as, similar to, or competes with the CEF Business (but excluding (i) the rental business and the trade finance business of Sasfin Bank, (ii) any other business of Sasfin Bank carried out as at the Closing Date, and (iii) prior to the Phase 2 Payment Date, the business conducted by Sasfin Bank in relation to the Phase 2 Loan Book) within South Africa; and

3.6.7.1.2 in relation to the CPF Sale of Business Agreement, any business which is the same as or similar to or competes with the CPF Business (but excluding (i) any funding business carried out by Sasfin Bank in relation to any of the CFP Excluded Assets, (ii) the provision of funding to the existing clients of Sasfin Bank where there is a property component (i.e. a property acquisition, but not a property development) which is incidental or ancillary to the main funding provided to such client, and/or (iii) save for the CEF Business (or any business which is the same as or is similar to or competes with the CEF Business) and any other business of Sasfin Bank carried out as at the Closing Date) within South Africa;

3.6.7.2 solicit any Employee transferred with the relevant business to terminate their employment with the Purchaser; or

3.6.7.3 solicit any actual or prospective client, customer or supplier, including the debtors of the Business as at the Closing Date, with whom Sasfin Bank has had any communication or dealings in relation to the Business during the twelve months immediately preceding the Closing Date, to terminate or limit the extent of its business with the relevant business.

3.7 **Warranties and Indemnities**

The Disposal Agreements provide for such warranties, indemnities and limitation of liabilities between the Purchaser and Sasfin Bank as are usual in transactions of this nature.

4. JSE CATEGORISATION

In terms of section 9 of the JSE Listings Requirements, the Disposal constitutes a category 1 transaction and requires the approval of a majority of Sasfin Holdings Shareholders at the General Meeting.

5. FINANCIAL INFORMATION

5.1 Summarised *Pro Forma* Financial Information on the Disposal

The *Pro Forma* Financial Information has been prepared for illustrative purposes only to show the *Pro Forma* Financial Information after the implementation of the Disposal. The *pro forma* consolidated statement of financial position as at 30 June 2023, *pro forma* consolidated statement of comprehensive income for the year ended 30 June 2023 and notes thereto are contained in **Annexure 1** of this Circular.

The *Pro Forma* Financial Information has been prepared for illustrative purposes only, to provide information on how the Disposal may have affected the financial position and trading results of the Company, assuming the Disposal had been implemented on 30 June 2023 for the *pro forma* statement of financial position purposes and on 1 July 2022 for the *pro forma* statement of comprehensive income purposes. Because of its nature, the *Pro Forma* Financial Information may not fairly represent the Company's financial position, comprehensive income, changes in equity or cash flows after the Disposal.

The *Pro Forma* Financial Information presented below does not purport to be indicative of the financial results and effects of the Disposal if it had been implemented on a different date.

The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board. The *Pro Forma* Financial Information has been prepared in accordance with the Company's accounting policies which are in compliance with IFRS, the SAICA Guide and the JSE Listings Requirements.

The *Pro Forma* Financial Information should be read in conjunction with the Independent Auditors' assurance report on the *Pro Forma* Financial Information set out in **Annexure 2** of this Circular.

Extracts from the *pro forma* financial effects of the Disposal are set out below.

	Unadjusted audited as at 30 June 2023 (Note 1)	***Pro forma* after the Disposal (Note 2)**	**% Change (Note 3)**
Basic and diluted Earnings per share (''**EPS**'') (cents)	353.6	294.9	(20)
Basic and diluted headline earnings per share (''**HEPS**'') (cents)	366.2	79.1	(363)
NAV per share (cents)	5 376.4	5 579.3	4
TNAV per share (cents)	4 807.1	5 063.3	5
Weighted average number of Shares in Issue	30 773	30 773	0

Notes:

1. Represents the unadjusted audited EPS, HEPS, NAV, TNAV of Sasfin Holdings as at 30 June 2023.
2. Represents the *pro forma* financial effects of the Disposal. Detailed notes to the adjustments to the *pro forma* financial information and the assumptions thereto are set out in **Annexure 1** to this Circular.
3. Represents the difference between columns 1 and 2, expressed as a percentage difference.

5.2 **Historical Financial Information on the Subject Matter of the Disposal**

A report of historical financial information, showing the carve-out financial statements of the CEF Business and a report of historical financial information, showing the carve-out financial statements of the CPF Business for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 are annexed to this Circular as **Annexure 3** and **5** and are available on the Company's website at the following link: https://sasfin.com/investor-relations/

The Historical Financial Information is presented in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. Whilst the Historical Financial Information has been prepared using the accounting policies of Sasfin Holdings, to the extent possible, which are in line with IFRS and interpretations of those standards as issued by the International Standards Board ("IASB"), the Historical Financial Information itself is not in accordance with IFRS and is prepared on the basis and in accordance with the accounting policies set out in the Historical Financial Information. The Historical Financial Information is also prepared, to the extent possible, in accordance with the SAICA Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Historical Financial Information is the responsibility of the Directors.

The Independent Auditors' report on the Historical Financial Information, comprising the carve-out financial statements of the CEF Business is presented in **Annexure 4**.

The Independent Auditors' report on the Historical Financial Information, comprising the carve-out financial statements of the CPF Business is presented in **Annexure 6**.

6. DIRECTORS

6.1 Directors' interest in Shares

As at the Last Practicable Date, the direct and indirect beneficial interests of the Directors (including any directors of Sasfin Holdings who have resigned in the last 18 months and including any associates of the Directors) in the share capital of the Company are reflected below:

Director	Direct Beneficial	Indirect Beneficial	Percentage[1]	Total
MEE Sassoon[2]	–	5 138 334	15.91	5 138 334
RDEB Sassoon[3]	5 328[4]	10 275 873	31.81	10 281 201

Notes:

1. Based on 32 301 441 Shares in issue on the Last Practicable Date.
2. MEE Sassoon is a discretionary beneficiary of the Ezra Trust which owns 33.3% of Unitas Enterprises Limited, the controlling shareholder of the Company. He is also a discretionary beneficiary of the Sassoon Children's Trust which owns 100% of Rolbase Investments (Pty) Ltd (Rolbase owns 0.0019% of the Company's Shares).
3. RDEB Sassoon is a discretionary beneficiary of the Ezra Trust and the Redwood trust each of which owns 33.3% of Unitas Enterprises Limited, the controlling shareholder of the Company. He is also a discretionary beneficiary of the Sassoon Children's Trust which owns 100% of Rolbase Investments (Pty) Ltd (Rolbase owns 0.0019% of the Company's Shares).
4. RDEB Sassoon owns 5 328 shares in his own name.

There will be no change in the number of Shares held by Directors as disclosed in the above table as a consequence of the Disposal.

There were no changes to the Directors' interests in Shares between the Company's year-end on 30 June 2023 and the Last Practicable Date.

6.2 Directors' interest in transactions

Save in respect of the Directors' interests in Shares, as set out in paragraph 6.1, none of the Directors (including Directors that have resigned during the last 18 months) has or had any direct or indirect beneficial interests in any transactions entered into by Sasfin Holdings in the current or immediately preceding financial year, or in any transactions during an earlier financial year, which remain outstanding or unperformed.

6.3 Directors' emoluments

There will be no variation to the remuneration of the Directors as a result of the Disposal.

There are no fees paid or accrued as payable to a third party *in lieu* of directors' fees as a result of the Disposal.

The emoluments of the Directors for the year ended 30 June 2023 are detailed on page 74 of the Company's Annual Financial Statements for the year ended 30 June 2023, which are incorporated by reference in terms of paragraph 11.61 of the JSE Listings Requirements as detailed in paragraph 22 of this Circular.

6.4 Directors' service contracts

The executive Directors of Sasfin Holdings have no formal employment or service contracts and their appointment, term of office and remuneration are governed by the memorandum of incorporation of the Company, the Act and the JSE Listings Requirements. The emoluments of the executive Directors are set out on page 74 of the Company's Annual Financial Statements for the year ended 30 June 2023, which are incorporated by reference as detailed in paragraph 22 of this Circular.

7. MAJOR SHAREHOLDERS

Insofar as it is known to Sasfin Holdings, the following Shareholders, other than Directors of the Company, beneficially held, directly or indirectly, an interest of 5% or more of the issued share capital of Sasfin Holdings as at the Last Practicable Date:

Major shareholders holding more than 5% of the issued share capital	Number of Shares	Percentage[1]
Unitas Enterprises Limited[2]	15 404 297	47.69
Wipfin Investments Proprietary Limited[3]	8 107 662	25.10
CVP UK Investments Limited	3 332 388	10.32
Total	**26 844 347**	**83.11**

Notes:

1. Based on 32 301 441 Shares in issue on the Last Practicable Date.
2. Unitas Enterprises Limited is owned by three trusts and RDEB Sassoon and MEE Sassoon are discretionary beneficiaries in two of such trusts, namely the Redwood Trust and the Ezra Trust, which each owns 33.33% of Unitas Enterprises Limited.
3. Wipfin Investments Proprietary Limited, is a wholly owned subsidiary of Women Investment Portfolio Holdings Limited.

8. CHANGE IN CONTROL

There has been no change in controlling shareholder nor in the trading objects of Sasfin Holdings during the previous five years.

9. LITIGATION STATEMENT

As announced on SENS on 27 February 2024, Sasfin Bank was served a civil summons for a total amount of R4 872 327 649.27 plus interest and costs in the form of a damages claim, instituted by the South African Revenue Services (“SARS”), arising from SARS’ purported inability to collect income tax, VAT and penalties allegedly owed by former foreign exchange clients of Sasfin Bank.

As reported in the 2023 Integrated Annual Report of Sasfin Holdings former foreign exchange clients of Sasfin Bank operated as a syndicate that ran an unlawful scheme to facilitate the expatriation of money out of South Africa and colluded with a few former employees of Sasfin Bank who operated outside the scope of their employment. Sasfin Bank instituted an expanded investigation led by an independent forensic consultancy, which resulted in the termination of relationships with the implicated clients and employees and the opening of criminal cases against them.

Sasfin Bank obtained a legal opinion from ENS, authored by Professor Dale Hutchison, Professor Michael Katz and Aslam Moosajee and endorsed by Adv. Wim Trengove SC, which is unequivocal that the claim falls outside of the recognised parameters of applicable law and has a very remote likelihood of success. On the basis of this legal opinion, Sasfin Holdings has concluded that the claim will not result in the recognition of any liability and continues to engage °with its regulators in this regard. Sasfin Bank will defend the claim and the matter is only likely to come to trial in several years’ time.

Sasfin Holdings and its subsidiaries are involved as both plaintiff and defendant in litigation, lawsuits and other proceedings from time to time. The Board recognises the inherent difficulty in predicting either the outcome of legal proceedings or what portion of costs will be attributable to the Company, covered by insurance or recoverable from third parties. Nevertheless, based on information presently available and an assessment of the probability of these claims and after consulting with legal counsel, the Board is of the opinion that there are no individual legal proceedings that are currently assessed as being “likely to succeed and material”. There are two matters in which the Group is involved, which are considered to be “unlikely to succeed but material should they succeed” one of which is expected to be enrolled for trial in the forthcoming year. The Group and Company are also the defendant in some legal cases for which the Group and Company are fully indemnified by external third parties, none of which are individually material.

Other than as detailed above Sasfin Holdings is not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened) involving the Group which may have or may have had in the 12 months preceding the Last Practicable Date, a material effect on the Group’s financial position. There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened) involving the CEF Business and/or the CPF Business, which may have or may have had in the 12 months preceding the last Practicable Date, a material effect on the Group’s financial position.

10. **MATERIAL LOANS**

Details of all material loans made to Sasfin Holdings and/or to its Subsidiaries, the CEF Business and the CPF Business that remain outstanding as at the Last Practicable Date, are set out in **Annexure 7**.

11. **WORKING CAPITAL STATEMENT**

11.1 The Directors have considered the working capital requirements of the Company and are of the opinion that, subsequent to the Disposal, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of issue of this Circular.

11.2 The Disposal is subject to the provisions of the Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, where applicable. The Directors are of the opinion that, after considering the effect of the Disposal:

11.2.1 the Company and Group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of approval of this Circular;

11.2.2 assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of approval of this Circular, where for this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated Annual Financial Statements;

11.2.3 share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of approval of this Circular; and

11.2.4 working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of approval of this Circular.

12. **MATERIAL RISKS**

All material risks specific to Sasfin Holdings are detailed on pages to 37 to 44 of the Company's Integrated Annual Report for the year ended 30 June 2023, which has been incorporated by reference in terms of paragraph 11.61 of the JSE Listings Requirements and is available on the Company's website at the link set out in paragraph 22 of this Circular. There have been no changes in the material risks of the Company from the date of its publication on 29 November 2023, up until the date of this Circular.

13. **MATERIAL CHANGES**

Other than the information set out in the trading statement of Sasfin Holdings for the six months ended 31 December 2023, which was published in terms of the JSE Listings Requirements on SENS on 18 March 2024, there have been no material changes in the financial or trading position of Sasfin Holdings and its Subsidiaries, the CEF Business and the CPF Business between the publication of its results for the financial year ended 30 June 2023, and the Last Practicable Date. The detailed financial results of Sasfin Holdings for the six months ended 31 December will be published on 27 March 2024.

14. **MATERIAL CONTRACTS**

Other than the Disposal Agreements there are no material contracts entered into by Sasfin Holdings or its Subsidiaries, the CEF Business or the CPF Business, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business carried on, or proposed to be carried on, during the two years preceding the date of this Circular, or entered into at any time and that contains an obligation or settlement that is material to the Company or its Subsidiaries at the date of this Circular.

15. **OPINIONS, RECOMMENDATIONS, UNDERTAKINGS**

The Board has considered the terms and conditions of the Disposal and is of the opinion that the Disposal is in the best interests of the Company and its Shareholders and recommends that Shareholders vote in favour of the Disposal at the General Meeting. All the Directors who directly or indirectly beneficially own Shares in their personal capacity intend voting in favour of the Disposal.

16. **EXPERTS' CONSENTS**

The advisors referred to in the "*Corporate Information and Advisors*" section of this Circular have each provided their written consent to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular and have not withdrawn their consent prior to the publication of this Circular.

17. **VOTING RIGHTS**

The Disposal is subject to the approval of the Shareholders of Sasfin Holdings by way of ordinary resolutions passed at a general meeting. The ordinary resolutions will be subject to a simple majority of the votes of the Shareholders of Sasfin Holdings, being cast in favour of the ordinary resolutions, as required in terms of the JSE Listings Requirements. All issued Shares rank *pari passu* with each other and at the General Meeting, every Shareholder present or represented by proxy shall have one vote for every Share held.

18. **EXPENSES**

It is estimated that the total expenses relating to the Disposal will amount to approximately R10 729 000 (costs are exclusive of VAT) and includes the following categories of expenses, and parties to which they will be paid:

	R'000
• Corporate Advisor – Opio	5 000
• Transaction Sponsor – Questco	825
• Independent Auditors – PwC	2 389
• Legal Advisors – Werksmans	2 100
• JSE documentation fee – Cat 1 Transaction	65
• Printing	100
• Contingency	250
TOTAL EXPENSES	**10 729**

No preliminary expenses were incurred by the Company relating to the Disposal, within the three years preceding the date of this Circular.

19. **NOTICE OF GENERAL MEETING**

The General Meeting of Shareholders to consider, and if deemed fit, to approve with or without modification, the Resolutions set out in the Notice of General Meeting and required to implement the Disposal will be held entirely via electronic participation, as contemplated in section 63(2)(a) of the Companies Act and provided for in the Company's MOI, on Friday, 26 April 2024 commencing at 11:00. The Notice convening the General Meeting is attached hereto and forms part of this Circular.

Shareholders are referred to the Notice of General Meeting for detail on the Resolutions to be proposed at the General Meeting and to the "*Action required by Shareholders*" section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes electronically at the General Meeting

Approval required

In terms of the JSE Listings Requirements, the Disposal is a category 1 transaction and therefore requires approval by ordinary resolution of more than 50% of Shareholders, present or represented at the General Meeting.

Irrevocable undertakings

Of the total votes of Shareholders exercisable at the General Meeting, being 32 301 441 Sasfin Holdings has received irrevocable undertakings to vote in favour of the Disposal as follows:

Name	**Capacity**	**Number**	**%**
Unitas Enterprises Limited	Controlling Shareholder	15 404 297	47.69
Wipfin Investments Proprietary Limited	Major Shareholder	8 107 662	25.10
CVP UK Investments Limited	Major Shareholder	3 332 388	10.32
Total		**26 844 347**	**83.11**

20. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 15 of this Circular collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief that there are no facts that have been omitted which make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the JSE Listings Requirements.

21. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, where applicable, relating to Sasfin Holdings and the Disposal, are available for inspection at no charge during normal business hours at the registered office of Sasfin Holdings, or can be inspected electronically by sending a request to charissa.dejager@sasfin.com, from the date of this Circular up to and including the date of the General Meeting:

- a signed copy of this Circular, the Notice of General Meeting and the Form of Proxy;
- the MOI of Sasfin Holdings and the Memoranda of Incorporation of its major Subsidiaries;
- the Disposal Agreements;
- the consent letters received from the advisors referred to in paragraph 16;
- the Independent Auditors' report on the assurance engagement on the compilation of *pro forma* financial information set out in **Annexure 2**;
- the report of historical financial information on the CEF Business which is annexed to the Circular as **Annexure 3**;
- the Independent Auditors' report on the Historical Financial Information of the CEF Business, which is set out in **Annexure 4**;
- the report of historical financial information on the CPF Business which is annexed to the Circular as **Annexure 5**;
- the Independent Auditors' report on the Historical Financial Information of the CPF Business, which is set out in **Annexure 6**;
- the Annual Financial Statements of Sasfin Holdings for the year ended 30 June 2023;
- the Integrated Annual Reports of Sasfin Holdings for the years ended 30 June 2021, 30 June 2022 and 30 June 2023.

22. DOCUMENTS INCORPORATED BY REFERENCE

The following information has been incorporated by reference and is available for viewing on the Company's website at www.sasfin.com/investor-relations/

- The Integrated Annual Report of the Company for the year ended 30 June 2023, with reference to the material risks of the Company (https://www.sasfin.com/investor-relations/; and
- the Annual Financial Statements of the Company for the year ended 30 June 2023, with reference to the Directors' emoluments https://www.sasfin.com/investor-relations/

SIGNED ON BEHALF OF ALL OF THE DIRECTORS OF SASFIN HOLDINGS, IN TERMS OF A BOARD RESOLUTION PASSED IN TERMS OF SECTION 74 OF THE COMPANIES ACT.

Michael Sassoon

Director

who warrants that he is duly authorised thereto.

Johannesburg

25 March 2024

PRO FORMA FINANCIAL INFORMATION OF SASFIN HOLDINGS

The *Pro Forma* Financial Information of Sasfin Holdings as set out below consists of the *pro forma* consolidated statement of financial position as at 30 June 2023 and the *pro forma* consolidated statement of comprehensive income for the year then ended (the "*Pro Forma* Financial Information of Sasfin Holdings").

The *Pro Forma* Financial Information of Sasfin Holdings has been prepared for illustrative purposes only, to provide information on how the Disposal may affect its audited consolidated statement of financial position and audited consolidated statement of profit and loss and other comprehensive income and, because of its nature, may not fairly present Sasfin Holdings financial position, changes in equity, results of operations or cash flows in subsequent periods.

The *Pro Forma* Financial Information of Sasfin Holdings is based on Sasfin Holdings audited results for the year ended 30 June 2023, released on SENS on 31 October 2023.

The *Pro Forma* Financial Information of Sasfin Holdings has been prepared in a manner consistent in all respects with the accounting policies adopted by Sasfin Holdings as at 30 June 2023, the SAICA Guide on *Pro Forma* Financial Information and the JSE Listings Requirements.

The *Pro Forma* Financial Information assumes the Disposal occurred on 1 July 2022 for purposes of the *pro forma* statement of comprehensive income for the year ended 30 June 2023 and assumes the Disposal occurred on 30 June 2023 for purposes of the *pro forma* statement of financial position as at 30 June 2023.

The Sasfin Holdings Directors are responsible for the compilation, contents, accuracy and presentation of the *Pro Forma* Financial Information of Sasfin Holdings, and for the financial information from which it has been prepared.

The *Pro Forma* Financial Information after the Disposal is set out below and should be read in conjunction with the Auditors' report on the *Pro Forma* Financial Information set out in **Annexure 2** to this Circular.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

The *pro forma* consolidated statement of financial position as at 30 June 2023 has been prepared to show the impact of the Disposal as if it was effected on **30 June 2023**.

		The CEF Transaction		The CPF Transaction			
ZAR'000	**Unadjusted as 30 June 2023**	**Deconsolidation of CEF Business**	**Disposal consideration**	**Deconsolidation of CPF Business**	**Disposal consideration**	**Transaction expenses**	***Pro-Forma* after the Disposal**
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7=1+2+3+4+5+6**
Assets							
Cash and cash equivalents	866 637	–	–	–	–	(12 339)	854 298
Negotiable securities	1 293 411	–	1 881 667	–	602 478		3 777 556
Trading assets	467 196	–		–			467 196
Trade and other receivables	1 232 952	–		–		1 609	1 234 561
Non-current assets held for sale	–	–		–			–
Loans and advances	9 049 976	(2 514 913)		(617 469)	11 082		5 928 676
Current taxation asset	47 679	–		–			47 679
Investment securities	700 918	–		–			700 918
Investment at fair value through profit or loss	621 058	–		–			621 058
Equity accounted associates	79 860	–		–			79 860
Property, equipment and right-of-use-assets	164 536	–		–			164 536
Investment property	14 600	–		–			14 600
Intangible assets and goodwill	110 949	–		–			110 949
Deferred tax asset	64 228	–	(16 399)	–			47 829
Total assets	**14 013 082**	**(2 514 913)**	**1 865 268**	**(617 469)**	**613 560**	**(10 729)**	**13 348 799**

ZAR'000	Unadjusted as 30 June 2023	The CEF Transaction: Deconsolidation of CEF Business	The CEF Transaction: Disposal consideration	The CPF Transaction: Deconsolidation of CPF Business	The CPF Transaction: Disposal consideration	Transaction expenses	*Pro-Forma* after the Disposal
Liabilities							
Funding under repurchase agreements	351 885	–		–			351 885
Trading liabilities	441 344	–		–			441 344
Current taxation liabilities	1 746	–	9 837	–	(4 050)	(2 897)	4 636
Trade and other payables	1 448 676	–		–			1 448 676
Bank overdraft	113 081	–		–			113 081
Provisions	68 657	(83)		(36)			68 538
Lease liabilities	151 518	–		–			151 518
Deposits from customers	5 629 443	–		–			5 629 443
Debt securities issued	3 720 138	–	(733 245)	–			2 986 893
Long term loans	276 488	–		–			276 488
Deferred tax liability	155 633	–	764	–	2 992		159 389
Total liabilities	**12 358 609**	**(83)**	**(722 644)**	**(36)**	**(1 058)**	**(2 897)**	**11 631 891**
Equity							
Ordinary share capital	323	–		–			323
Ordinary share premium	166 945	–		–			166 945
Reserves	1 487 205	(2 514 830)	2 587 913	(617 433)	614 618	(7 832)	1 549 640
Preference share capital	–	–		–			–
Preference share premium	–	–		–			–
Total equity	**1 654 473**	**(2 514 830)**	**2 587 913**	**(617 433)**	**614 618**	**(7 832)**	**1 716 908**
Total liabilities and equity	**14 013 082**	**(2 514 913)**	**1 865 268**	**(617 469)**	**613 560**	**(10 729)**	**13 348 799**
Number of Shares (000's)	30 773						30 773
NAV and diluted NAV per share (cents)	5 376.4						5 579.3
TNAV and diluted TNAV per share (cents)	4 807.1						5 063.3

***Pro forma* consolidated statement of financial position**

1. Illustrates the consolidated statement of financial position extracted, without adjustment, from the Annual Financial Statements of Sasfin Holdings for the year ended 30 June 2023.

Columns 2–3: Illustrating the impact of the CEF Transaction on the Sasfin Holdings Group

2. Illustrates the deconsolidation of the assets and liabilities forming part of the CEF Business, extracted from the audited CEF Historical Financial Information for the year ended 30 June 2023, as detailed in **Annexure 3** of the Circular.

3. Illustrates the disposal consideration expected to be received for the disposal of the CEF Business as if the CEF Transaction occurred on 30 June 2023, and therefore using the financial position as at 30 June 2023, as follows:

	ZAR'000
CEF Loan Book Value	2 514 913
Consideration attributable to Goodwill of the CEF Business	100 000
Disposal consideration attributable to the CEF Transaction	**2 614 913**
Settlement of debt securities	(733 246)
Remaining disposal consideration	**1 881 667**

The CEF Business disposal consideration will be based on the CEF Loan Book Value on the effective date of the CEF Transaction.

The cash proceeds will be applied first towards the settlement of debt securities issued with an outstanding balance of R733.2 million as at 30 June 2023. The excess cash of R1 881.7 million, after taking into account the settlement of the debt securities, will be deployed within the Sasfin Holdings Group to fund its remaining operations and redirecting proceeds to the continued growth of its core businesses with a view to enhancing total return to Shareholders. No exact application of the proceeds has been identified as yet and therefore, for the purposes of the *Pro Forma* Financial Information, it is assumed that the cash proceeds will be placed in high yielding treasury bills until deployed within the operations of the Group.

The disposal of the CEF Business is expected to result in a net tax charge of R27 million, based on an effective tax rate of 27%, comprising of a) 27% tax on the Goodwill payment of R100 million, and b) a net scrapping allowance of R764 000, but which is offset against an equal unwind of the associated net deferred tax liability already recognised on 30 June 2023 on the loan book. The resultant net tax of R27 million is capable of off-set against R16.4 million of available losses, resulting in balances being recognised as depicted below:

	ZAR'000
Decrease in deferred tax asset (utilisation of assessed loss is limited to 80% of the assessed loss balance)	16 399
Tax payable after utilisation of the assessed loss balance	9 837
Unwind of net deferred tax liability	764
Total net tax charge	**27 000**

Columns 4–5: Illustrating the impact of the CPF Transaction on the Sasfin Holdings Group

4. Illustrates the deconsolidation of the assets and liabilities forming part of the CPF Business, extracted from the audited CPF Historical Financial Information of the CPF Business for the year ended 30 June 2023, as detailed in **Annexure 5** of the Circular.

5. Illustrates the disposal consideration expected to be received from the disposal of the CPF Business as if the CPF Transaction occurred on 30 June 2023, therefore using the financial position as at 30 June 2023, as follows:

	ZAR'000
CPF Loan Book Value	617 478
CPF Agreed Provision	(15 000)
Sub-total, excluding Agterskot Amounts	**602 478**
Agterskot Amounts	11 082
Disposal consideration attributable to the CPF Transaction	**613 560**

The CPF Business disposal consideration will be based on the CPF Loan Book Value on the effective date of the CPF Transaction.

The Agterskot Amounts are payable on the condition that all profits are actually realised from profit share arrangements and/or agreements subsisting in respect of the CPF Loan Book, and which profits were not included in the Final CPF Loan Book Value. The determination of the Agterskot Amounts will be finalised at the time of realisation of the Agterskot Amounts. The above table and *pro forma* adjustments are based on management's best estimate of the Agterskot Amounts, both as to the quantum and timing of the expected cash flows, with the estimated cash flow receipts being discounted to the present-day value at a weighted average cost of capital ("WACC") of 11.11%, being the calculated WACC as at June 2023 of the Sasfin Holdings Group. It is assumed that the Agterskot Amounts (being categorised as a profit share) will attract tax at a corporate tax rate of 27%, resulting in a deferred tax liability of R2.99 million. If the Agterskot Amounts cannot be recovered, the Agterskot Amounts can be equal to zero, which would result in a decrease of the total consideration of R11.1 million (pre-tax, R8.1 million post tax). This would result in the below amended NAV and TNAV amounts.

	Including Agterskot Amounts	**Excluding Agterskot Amounts**
NAV per share (cents)	5 579.3	5 553.0
TNAV per share (cents)	5 063.3	5 037.0

African Bank will pay Sasfin Bank the Agterskot Amounts as and when they are realised, therefore the current and non-current portion of the Agterskot Amounts expected to be received are classified as loans and advances.

The disposal consideration is reduced, by agreement between the parties to the CPF Transaction, by the CPF Agreed Provision referred to in paragraph 3.3.2.1 of the Circular, resulting in a downward adjustment of R15 million. This results in a R15 million loss on disposal, which will reduce tax at a corporate tax rate of 27% resulting in a current tax deduction of R4.1 million.

The cash proceeds will be deployed within the Sasfin Holdings Group to fund its remaining operations and redirecting proceeds to the continued growth of its core business with a view to enhancing total return to Shareholders. No exact application of the proceeds has been identified as yet and therefore, for the purposes of the *Pro Forma* Financial Information, it is assumed that the cash proceeds will be placed in high yielding treasury bills earning a rate of 7.68% being the average treasury bills rate for the twelve months ended 30 June 2023, until deployed within the operations of the Group.

Columns 6–7

6. Once-off transaction costs of R10.7 million (excluding VAT) are expected to be incurred as a direct result of the CEF Transaction and the CPF Transaction, as set out in paragraph 18 of the Circular. The transaction costs will be paid from internal cash reserves. An input VAT receivable of R1.6 million is recognised for input VAT to be claimed on the transaction costs. Transaction costs are tax deductible at a rate of 27%, amounting to a tax relief of R2.9 million.

7. Illustrates the *pro forma* SOFP after the CEF Transaction and the CPF Transaction.

PRO-FORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

The *pro forma* consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2023 has been prepared to show the impact of the transaction as if it was effective **1 July 2022**.

ZAR'000	Unadjusted for the period ended 30 June 2023	CEF Transaction: Deconsolidation of CEF Business	CEF Transaction: Disposal consideration	CPF Transaction: Deconsolidation of CPF Business	CPF Transaction: Disposal consideration	Transaction expenses	*Pro-Forma* after the Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7=1+2+3+4+5+6**
STATEMENT OF PROFIT AND LOSS							
Interest income	**1 471 670**	**(326 371)**	**144 509**	**(61 833)**	**46 269**		**1 274 244**
Interest income calculated using the effective interest method	1 414 961	(326 371)	144 509	(11 230)	46 269		1 268 138
Other interest income	56 709	–	–	(50 603)	**–**		6 106
Interest expense	**(773 926)**	**–**	**45 602**	**–**	**–**		**(728 324)**
Interest expense calculated using the effective interest method	(755 978)	–	45 602	–	–		(710 376)
Other interest expense	(17 948)	–	–	–	–		(17 948)
Net interest income	**697 744**	**(326 371)**	**190 111**	**(61 833)**	**46 269**		**545 921**
Non-interest income	**681 094**	**4 183**	**100 083**	**(11 343)**	**(2 641)**		**771 375**
Net fee and commission income	382 068	14 490		(6 305)	–		390 253
Fee and commission income	658 891	–	–	–	–		658 891
Fee and commission expense	(276 823)	–	**–**	–	**–**		(276 823)
Gains and losses on financial instruments at amortised costs	140 815	(5 044)		(5 038)	1 231		131 964
Net gains on the derecognition of financial instruments at amortised cost	17 168	–	–	–	–		17 168
Other gains or losses on financial instruments	123 647	–	**–**	–	1 231		124 878
Other income on non-financial assets	158 211	(5 263)	100 083	–	(3 873)		249 158
Total income	**1 378 838**	**(322 188)**	**290 194**	**(73 176)**	**43 628**		**1 317 296**
Credit impairment charge	(77 424)	902		1 917			(74 605)
Net income after impairments	**1 301 414**	**(321 286)**	**290 194**	**(71 259)**	**43 628**		1 242 691
Total operating costs	**(1 203 945)**	**30 095**	**–**	**14 105**	**–**	**(10 729)**	**(1 170 474)**

ZAR'000	Unadjusted for the period ended 30 June 2023	CEF Transaction		CPF Transaction		Transaction expenses	*Pro-Forma* after the Disposal
		Deconsolidation of CEF Business	Disposal consideration	Deconsolidation of CPF Business	Disposal consideration		
Staff costs	(620 604)	26 379	–	11 372	–		(582 853)
Other operating expenses	(579 178)	3 716	–	2 733	–	(10 729)	(583 458)
Impairments of non-financial assets	(4 163)	–	–	–	–		4 163)
Profit for the year from operations	**97 469**	**(291 191)**	**290 194**	**(57 154)**	**43 628**	**(10 729)**	**72 216**
Share associate income	31 270	–		–		–	31 270
Profit for the year before income tax	**128 739**	**(291 191)**	**290 194**	**(57 154)**	**43 628**	**(10 729)**	**103 486**
Income tax expense	(19 912)	78 622	(78 330)	15 432	(11 435)	2 897	(12 726)
Profit for the year	**108 827**	**(212 569)**	**211 864**	**(41 722)**	**32 193**	**(7 832)**	**90 760**
Total comprehensive income for the year	108 827	(212 569)	211 864	(41 722)	32 193		98 593
Profit attributable to:							–
Equity holders of the Group	108 827	(212 569)	211 864	(41 722)	32 193		98 593
Total comprehensive income for the year	108 827	(212 569)	211 864	(41 722)	32 193		98 593
Equity holders of the Group	108 827	(212 569)	211 864	(41 722)	32 193		98 593
Earnings per share:							–
Basic and diluted earnings per share (cents)	353.65						354
Profit attributable to ordinary shareholders	**108 827**	**(212 569)**	**211 864**	**(41 722)**	**32 193**	**(7 832)**	**90 760**
Headline earnings reconciliation							
Investment property – fair value loss	4 361						4 361
Tax effect	(942)						(942)
Impairment on non-financial assets	4 163						4 163
Tax effect	(899)						(899)
Profit on loss of control of subsidiary/ sale of business	(2 640)		(100 083)		3 873		(98 850)
Tax effect			27 000		(1 058)		25 942
Profit on disposal of property and equipment	(298)						(298)
Tax effect	111						111
Total headline earnings	**112 683**	**(212 569)**	**138 781**	**(41 722)**	**35 008**	**(7 832)**	**24 349**
Weighted average Shares In Issue (000's)	30 773						30 773
Basic and diluted (loss)/earnings per share (cents)	353.6						294.9
Basic and diluted headline (loss)/earnings per share (cents)	366.2						79.1

***Pro forma* consolidated statement of profit and loss and other comprehensive income**

1. Illustrates the consolidated statement of profit and loss and other comprehensive income extracted, without adjustment, from the Annual Financial Statements of Sasfin Holdings for the year ended 30 June 2023.

Columns 2–3: Illustrating the impact of the CEF Transaction the Sasfin Holdings Group

2. Illustrates the deconsolidation of the income and expenses forming part of the CEF Business, extracted from the audited CEF Historical Financial Information for the year ended 30 June 2023, as detailed in **Annexure 3** of the Circular.

3. The impact of the profit on the disposal of the CEF Business, the impact of the settlement of the debt securities and the impact of the application of the CEF Transaction consideration to the acquisition of the treasury bills is set out below:

   3.1 The once-off profit on the disposal of the CEF Business has been determined as the difference between the disposal consideration of R2 614.9 million (refer to note 3 of the *pro forma* consolidated statement of financial position) and the net asset value of the CEF Business as at 30 June 2023 (refer to notes 2 of the *pro forma* consolidated statement of financial position), resulting in a profit for the Sasfin Holdings Group of R100.1 million on the CEF Transaction.

   3.2 A tax effect of R27 million associated with the once-off profit attributable to the disposal of the CEF Business as a result of a tax charge of R26.2 million and the unwinding of the net deferred tax liability of R0.8 million at an effective rate of 27%.

	ZAR'000
Disposal consideration attributable to the CEF Transaction	2 614 913
Net asset value of the CEF Business	(2 514 830)
Profit on disposal of CEF Business (before tax)	100 083
Tax effect	(27 000)
Income tax charge on Goodwill	27 000
Income tax charge on net scrapping allowance	(764)
Unwind of net deferred tax liability	764
Profit on disposal of CEF Business (after tax)	**73 083**

   3.3 A reversal of the finance cost amount of R45.6 million associated with the settlement of the debt securities, which is expected to have an ongoing effect, has been determined based on the principal assumption that the settlement of the debt securities was effective on 1 July 2022.

   3.4 A tax effect of R12.3 million, being a reversal of the tax benefit associated with the finance cost no longer incurred at the statutory rate of 27% (which will have a continuing effect).

	ZAR'000
Finance cost saving	45 602
Tax effect	(12 313)
Finance cost saving (after tax)	**33 289**

   3.5 The interest income earned of R144.5 million, which is expected to have an ongoing effect, is associated with the investment of the net cash proceeds from the CEF Transaction into high-yielding treasury bills (refer to note 4 of the *pro forma* consolidated statement of financial position), which attracts an average rate of 7.68% per annum, and has been determined based on the assumption that the cash proceeds were invested on 1 July 2022.

3.6 A tax effect of R39.0 million associated with the interest earned on the treasury bills at the statutory rate of 27% (which will have a continuing effect).

	ZAR'000
Interest earned on treasury bills	144 509
Tax effect	(39 017)
Interest earned on treasury bills (after tax)	**105 492**

Columns 4–5: Illustrating the impact of the CPF Transaction on the Sasfin Holdings Group

4. Illustrates the deconsolidation of the income and expenses forming part of the CPF Business, extracted from the audited CPF Historical Financial Information for the year ended 30 June 2023, as detailed in **Annexure 5** of the Circular.

5. The impact of the loss on the CPF Transaction, the impact of the application of the CPF Transaction consideration to the acquisition of the treasury bills and the impact of the unwinding of the Agterskot Amounts is set out below:

5.1 The once-off loss on the disposal of the CPF Business has been determined as the difference between the disposal consideration of R613.6 million (refer to note 5 of the *pro forma* consolidated statement of financial position) and the net asset value of the CPF Business at 30 June 2023 (refer to notes 4 of the *pro forma* consolidated statement of financial position), resulting in a loss for the Sasfin Holdings Group of R3.9 million on the CPF Transaction.

5.2 A net tax effect of R1.11 million associated with the once-off loss attributable to the disposal of the CPF Business as a result of a tax charge of R2.99 million associated with the Agterskot Amounts and a tax benefit of R4.1 million associated with the CPF Agreed Provision at the statutory rate of 27%.

	ZAR'000
Disposal consideration attributable to the CPF Transaction	613 560
Net asset value of the CPF Business	(617 433)
Loss on disposal of CPF Business (before tax)	(3 873)
Tax effect	1 058
Tax charge on Agterskot Amounts	(2 992)
Tax benefit on CPF Agreed Provision	4 050
Loss on disposal of CPF Business (after tax)	**(2 815)**

5.3 The interest income earned of R47.4 million, which is expected to have an ongoing effect, is associated with the investment of the net cash proceeds from the CPF Transaction into high-yielding treasury bills (refer to note 5 of the *pro forma* consolidated statement of financial position), which attracts an average rate of 7.68% per annum and has been determined based on the assumption that the cash proceeds were invested on 1 July 2022.

5.4 A tax effect of R12.5 million associated with the interest earned on the treasury bills at the statutory rate of 27% (which will have a continuing effect).

	ZAR'000
Interest earned on treasury bills	46 269
Tax effect	(12 493)
Interest earned on treasury bills (after tax)	**33 776**

5.5 The unwinding of the present value adjustment on the Agterskot Amounts of R1.2 million for the year ended June 2023 which is expected to have a limited effect for an expected 5-year period (being the period over which the Agterskot Amount are expected to be received (refer to note 5 of the *pro forma* consolidated statement of financial position). If the Agterskot Amounts cannot be recovered, the Agterskot Amounts can be equal to zero. This would result in the below amended EPS and HEPS amounts.

	Including Agterskot Amounts	**Excluding Agterskot Amounts**
EPS per share (cents)	294.9	264.6
HEPS per share (cents)	79.1	75.1

Columns 6–7

6. Once-off transaction costs of R10.7 million (excluding VAT) are expected to be incurred as a direct result of the CEF Transaction and CPF Transaction, as set out in paragraph 18 of the Circular. The transaction costs will be paid from internal cash reserves. An input VAT receivable of R1.6 million is recognised for input VAT to be claimed on the transaction costs. Transaction costs are tax deductible at a rate of 27%, amounting to a tax relief of R2.9 million.
7. Illustrates the *pro forma* SOCI after the impact of the CEF Transaction and the CPF Transaction.
8. All adjustments are recurring in nature except where otherwise stated.

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

The Directors

Sasfin Holdings Limited

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in a Circular

To the directors of Sasfin Holdings Limited

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Sasfin Holdings Limited (the "Company" or "Sasfin") by the directors. The *pro forma* financial information, as set out in **Annexure 1** of the Circular, consist of *pro forma* financial effects, *pro forma* statement of financial position as at 30 June 2023, the *pro forma* statement of comprehensive income for the year ended 30 June 2023 and related notes (the "*Pro Forma* Financial Information"). The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited ("JSE") Listings Requirements and described in the Circular.

The *Pro Forma* Financial information has been compiled by the directors to illustrate the impact of Sasfin's disposal of its Capital Equipment Finance business ("CEF Business") via Sasfin Bank Limited ("SBL") and the disposal of its Commercial Property Finance business ("CPF Business"), via SBL. As part of this process, information about the CEF and CPF Business's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 30 June 2023, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 1** of the Circular.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' ("IRBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 1** of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 1** of the Circular.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor
4 Lisbon Lane
Waterfall City
Jukskei View
2090
18 March 2024

THE HISTORICAL FINANCIAL INFORMATION OF THE CEF BUSINESS

Introduction

Shareholders of Sasfin Holdings Limited ("Sasfin") are referred to the announcements released on SENS on 13 October 2023 and 23 February 2024 wherein they were advised that Sasfin, via its wholly owned subsidiary, Sasfin Bank Limited ("SBL"), had entered into disposal agreements in terms of which, SBL will, as one indivisible transaction, dispose of its Capital Equipment Finance Business ("CEF Business"), as a going concern and its Commercial Property Finance Business ("CPF Business"), as a going concern, to African Bank Limited ("Purchaser"). In terms of the disposal agreements, the disposal of the CEF Business and the disposal of the CPF Business are inter-conditional.

This document comprises the Historical Financial Information for the CEF Business. In terms of the disposal agreement relating to the CEF Business dated 16 February 2024 ("CEF Disposal Agreement"), the CEF Business being disposed of to the Purchaser shall include:

- Amounts owing under rental agreements, instalment sale agreements, loan agreements and other finance agreements with end users which have been acquired, or will be acquired, by SBL from a discounting partner or entered into between SBL and end users of SBL ("CEF Loan Book");
- All contracts to which SBL is a party, relating solely to the CEF Loan Book, including all of SBL's rights, title and interest in and to the contracts (including supplier agreements and broker agreements) between SBL and the counterparties thereto which constitute the CEF Loan Book, including all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of CEF Book ("CEF Contracts") (no value in the Historical Finance Information);
- The Goodwill of the CEF Business (no value in the Historical Financial Information);
- The Intellectual Property of the CEF Business (no value in the Historical Financial Information);
- All of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CEF Business ("CEF Business Claims") (no value in the Historical Financial Information);
- The Business Records in respect of the CEF Business (no value in the Historical Financial Information); and
- Certain employees of the CEF Business will transfer to the employ of the Purchaser in terms of section 197 of the Labour Relations Act, 66 of 1995.

In terms of the CEF Disposal Agreement, two CEF Contracts to the value of R23 million have been excluded from the CEF Business.

The Historical Financial Information consists of carve-out historical financial information that has been extracted from the management accounts, which are used to prepare the consolidated financial statements of Sasfin, related to the CEF Business for the three years ended 30 June 2023, 30 June 2022 and 30 June 2021 (the "Historical Financial Information"). The management accounts in respect of the years ended 30 June 2022 and 30 June 2021 were adjusted for prior period error restatements as disclosed in the financial statements for the year ended 30 June 2023. The Historical Financial Information has been prepared as described in the basis of preparation set out below.

The Historical Financial Information must be read in conjunction with the circular to the shareholders of Sasfin dated 25 March 2024 prepared in connection with the disposal of the CEF Business ("Circular").

Directors Responsibility Statement

The Historical Financial Information is the responsibility of the Directors of Sasfin. The Historical Financial Information was approved by the Directors of Sasfin on 15 March 2024 and were prepared under the supervision of Harriet Heymans CA(SA), being the Group Financial Director.

The Auditors audit and report on the Historical Financial Information for the CEF Business for the year ended 30 June 2023 and the Auditors review and report on the Historical Financial Information for the CEF Business for the years ended 30 June 2022 and 2021. The directors are responsible for the preparation and presentation of this Historical Financial Information.

The directors are also responsible for such internal controls as they determine necessary to enable the preparation of Historical Financial Statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. There is an adequate system of internal control in place which is approved by the directors.

The directors have made an assessment of the ability of the Business to continue as a going concern and have no reason to believe that the Business will not be a going concern in the year ahead.

Harriet Heymans

Sasfin Holdings Group Financial Director

15 March 2024

Commentary

Financial results – 2021

The CEF business delivered good performance, achieving total income of R154.2 million. Total income increased due to better-quality margins and new business volumes nearing 2019 levels resulting in growth of loans and advances to R1.233 billion. Improved arrears from focused collection efforts resulted in a reversal of credit impairments charge of R6.0 million. Operating costs excluding group costs have been well managed at R19.9 million.

Covid-19 had a significant impact on our clients, and we worked closely with our clients and suppliers to navigate the related uncertainty. We offered payment holidays, relief loans, and refinancing solutions where appropriate. We focused on proactively managing supplier relationships and improving our client experience to grow our business. We carefully managed our growth by being mindful of the disproportionate impact of Covid-19 on certain sectors and exploring opportunities within our risk appetite criteria.

Financial results – 2022

The CEF business achieved increased total interest income growth of 24% to R176.6 million. New business volumes were well above pre-Covid-19 levels, this resulted in CEF business loans and advances growth of 63% to R2.007 billion.

Even with the large book growth improved arrears management from focused collection efforts resulted in a reasonable credit impairment charge of R6.0 million.

Direct operating costs increased by R5 million or 25% mainly due to investment in key staff roles.

The post Covid-19 economic recovery and increased private investment into the transport and logistics sector were key contributors to the growth in the CEF Business book.

Financial results – 2023

The CEF business performed well, with total interest income growth of 85% to R326.4 million resulting from growth of 25% in our loan book and higher interest rates. Non-interest income reduced as documentation fees were incorrectly treated as revenue from contracts with customers, instead of taking these fees into account as part of the initial measurement of the net investment in the lease.

The excellent loans and advances growth was achieved despite tightening credit to maintain the strength of our balance sheet in a persistently challenging operating environment and rising interest rate cycle. Our market position and reputation for meeting the needs of our clients supported continued growth in our client base.

Credit losses and non-performing loans remained well managed, with NPLs improving year-on-year with the income statement impairment charge of R902k. This has been supported by our focus on improving collections systems and processes, with a focus on client experience and automation.

Direct costs increased by 21% to R30.1 million due to increased head counts to support the higher turnover and book.

Basis of preparation

The Historical Financial Information has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. Whilst the Historical Financial Information has been prepared using the accounting policies of Sasfin, to the extent possible, which are in line with International Financial Reporting Standards ("IFRS") and interpretations of those standards as issued by the International Standards Board (IASB), the Historical Financial Information itself is not in accordance with IFRS and is prepared on the basis and in accordance with the accounting policies set out below. The Historical Financial Information is also prepared, to the extent possible, in accordance with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The CEF Business does not exist as a separate legal entity, but as a business unit of SBL and therefore no separate financial information has been prepared for the CEF Business. The CEF Business did, however, comprise of a business unit of Asset Finance that contained separated management accounts for internal management purposes.

The Historical Financial Information of the CEF Business has been extracted from the business unit's management accounts which are used to prepare the group consolidated financial statements of Sasfin for the three years ended 30 June 2023, 2022 and 2021, which were prepared in accordance with IFRS. The Historical Financial Information has been prepared, as far as possible, for the purpose of presenting the financial position and results of operations of the CEF Business on a stand-alone basis.

The Historical Financial Information consists of a statement of financial position in respect of the CEF Business as at 30 June 2023, 2022 and 2021 and a statement of profit or loss in respect of the CEF Business for the years ended 30 June 2023, 2022 and 2021, together with the related accounting policies and notes.

Since the CEF Business does not represent a separate legal entity, no equity movements in the form of a statement of changes in net assets (i.e., equity) is included in the Historical Financial Information. In addition, the CEF Business does not operate with a separate bank account that would track the inflow and outflow of funds. All cash balances are centralised and therefore all financing and investing activities are with the parent, and amounts are settled through interdivisional transactions. As a result, the cash flow statement would not provide any meaningful information to the users of the Historical Financial Statements. Therefore, no cash flow statement is included in the Historical Financial Information. Note 15 of the Notes to the Historical Financial Information, being Liquidity Risk, provides more beneficial information of how cash would be recovered. Operating expenses which are not directly linked to the CEF Business, including operating costs related to the head office for all the support functions to all businesses are not included, as these costs will remain with Sasfin post implementation of the Disposal. Only those operating expenses directly linked to the CEF Business have been included in the Historical Financial Information.

The Historical Financial Information is prepared on a historical basis.

The Historical Financial Information is presented in South African Rand (ZAR).

Limitations inherent to carve-outs

As the Historical Financial Information of the CEF Business did not comprise a single reporting entity historically, this Historical Financial Information may not be indicative of the CEF Business future performance and what its stand-alone results of operations and financial position would have been, had the CEF Business operated as a separate reporting entity for the periods presented.

The following principles and assumptions have been applied in the preparation of the carve-out Historical Financial Information:

Equity/Net Asset Value

As the Historical Financial Information has been prepared on a carve-out basis and the CEF Business did not constitute a legal entity, it is not possible to show share capital or provide a meaningful analysis of reserves. Therefore, amounts which reflect the excess of assets of the CEF Business above liabilities for the purpose of the Historical Financial Information (i.e., the net asset value or reserves) is disclosed as Parent Company Interest from the earliest comparative period presented. Inter-divisional group funding of the CEF Business is classified as Parent Company Interest.

Earnings per share

Information on earnings per share for the CEF Business has not been presented, as no capital structure has been presented in the Historical Financial Information.

Taxation

Because the CEF Business is not a separate legal entity, it is also not a separate tax paying entity and has historically not filed separate tax returns in South Africa. Given that the income and expenses generated by the CEF Business would be subject to corporate taxes in South Africa, income tax has been shown in the CEF Business Historical Financial Information's at a corporate tax rate of 27% (2022 and 2021: 28%), by extracting the tax effect associated with the income and expenses of the CEF business unit as recognised in the Sasfin consolidated financial statements.

Allocation of central costs

Only operating costs directly linked to the CEF Business have been recognised in profit or loss. There has been no allocation of indirect central costs to the CEF Business that are also incurred to support other business units of Sasfin.

Going Concern

Management prepared the Historical Financial Information on a going concern basis and legal agreements for the transaction have been prepared on this basis.

As at 30 June 2023, 2022 and 2021, the assets exceeded the liabilities. It is recorded in the purchase agreement that management and the purchaser wish to sell the CPF business as a going concern which is capable of separate operation. Upon the effective date of the transaction, the CEF business will continue to source new business, execute on these deals and manage existing assets forming part of the transaction in order to provide an ongoing stream of income for the operations.

Management therefore has a reasonable expectation that the CEF's operations have adequate resources to continue in operational existence for the foreseeable future.

Statement of financial position

at 30 June 2023

	Note	2023 R'000	2022 R'000	2021 R'000
Assets				
Loans and advances	3	2 514 913	2 006 975	1 232 992
Total assets		**2 514 913**	**2 006 975**	**1 232 992**
Liabilities				
Provisions	4	83	608	292
Total liabilities		**83**	**608**	**292**
Net asset value				
Parent company interest		2 514 830	2 006 367	1 232 700
Total net asset value		**2 514 830**	**2 006 367**	**1 232 700**
Total liabilities and net asset value		**2 514 913**	**2 006 975**	**1 232 992**

Statement of profit or loss

for the year ended 30 June 2023

	Note	2023 R'000	2022 R'000	2021 R'000
Interest income	5	**326 371**	176 634	142 955
Non-interest income		**(4 183)**	10 035	11 241
Net fee and commission (expense)/income	6	**(14 490)**	4 725	231
Gains and losses on financial instruments	7	**5 044**	5 582	3 629
Other income	8	**5 263**	(272)	7 381
Total income		**322 188**	186 669	154 196
Credit impairment charges		**(902)**	(6 036)	5 970
Net income after impairments		**321 286**	180 633	160 166
Total operating costs		**(30 095)**	(24 904)	(19 899)
Staff costs	9	**(26 379)**	(21 449)	(17 991)
Other operating expenses		**(3 716)**	(3 455)	(1 908)
Profit for the year before income tax		**291 191**	155 729	140 267
Income tax expense	10	**(78 622)**	(43 604)	(39 275)
Profit for the year		**212 569**	112 125	100 992

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this Historical Financial Information are set out in the related Notes to the Historical Financial Information.

1.1 Provisions

A provision is recognised when the CEF Business has a present, legal or constructive obligation, as a result of a past event, from which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where the effects of the time value of money are material, provisions are recognised at the present value of the expected obligation.

1.2 Financial instruments

Financial instruments, as reflected on the statement of financial position, include all financial assets.

Financial assets are recognised on the date on which the CEF Business commits to purchase the asset.

Financial instruments are initially recognised at fair value.

Subsequent to initial measurement, financial instruments are measured at amortised cost, based on the business model in terms of which the financial instruments are acquired and managed, as well as the contractual cash flow characteristics thereof.

Classification and measurement of financial assets

Financial assets are classified and measured based on the CEF Business's business model for managing them and the contractual cash flow characteristics of the financial assets.

Financial assets held by the CEF Business in a business model that has the objective of holding the financial assets to collect contractual cash flows, and the contractual terms of the financial assets lead to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are classified and measured as 'measured at amortised cost'.

Amortised cost financial assets are measured at the amount determined on initial recognition, less principal repayments and cumulative amortisation using the effective interest method adjusted for any ECL allowance.

Impairments

The CEF Business recognises loss allowances for ECL on Loans and Advances.

Measurement of ECL (Refer to Note 14)

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the CEF Business expects to receive); and
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The key inputs for the measurement of ECL are the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Time to Default (TTD);
- Expert judgement referred to below; and
- Forward-looking parameters.

Both qualitative and quantitative measurements should be used in the process of calculating the ECL on the Performing, Under-performing and Non-performing exposures.

ECL is a "three-stage" model for calculating impairment losses, based on changes in credit quality since initial recognition, namely:

- 12-month ECLs are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
  - Stage 1 includes exposures that have not had a Significant Increase in Credit Risk (SICR) (defined below) since initial recognition. For these financial instruments, ECL is calculated based on the relevant 12-month PD, TTD, LGD and EAD.
- Life-time ECLs are the ECL that result from all possible default events over the expected life of the financial instrument.
  - Stage 2 includes exposures that had a SICR since initial recognition but do not have objective evidence of impairment. For these financial instruments, ECL is calculated based on the relevant lifetime PD, TTD, LGD and EAD; and
  - Stage 3 includes exposures for which there is objective evidence of impairment at the reporting date. For these financial instruments, ECL is calculated based on a lifetime PD, TTD, LGD and EAD. The financial instrument must be classified as in "Stage 3" when it is credit-impaired.

Objective evidence of impairment is defined as the occurrence of one or more events since the date of original recognition of the asset, which will have an impact on the expected future cash flow of the borrower e.g. insolvency and business rescue.

Forward looking information is included in both the assessment of significant increase in credit risk (SICR) and the measurement of ECL by means of a High Care classification. Refer below for more information.

An expert judgement approach is used to determine the LGD. This approach determines the expected loss for Stage 3 exposures based on an anticipated salvage calculation. The value of the anticipated salvage used in the determination of the ECL of credit impaired financial instruments is calculated taking the following factors into account:

- Realisable market value of security after taking account of costs associated with such sale;
- Stage and nature of legal process;
- Wherewithal of debtor to pay based on available credit data (e.g. financial statements, cash flows, third party credit bureau reports);
- Any supporting suretyships or guarantees;
- Financial standing/reputation of the client Business and or related parties;
- Any recourse/warranty claim against a supplier or any other third party;
- Any applicable insurance claim;
- Any negotiated settlement agreements;
- Expected dividend in the case of a liquidation/sequestration; and
- Timing of expected recoveries.

Low credit risk

A financial instrument can have a low credit risk when:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant Increase in Credit Risk (SICR)

Credit risk needs to be re-assessed at each reporting period for each financial instrument, to determine whether there is a SICR. To make that assessment, the CEF Business compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, and considers reasonable and supportable information that is available without undue cost or effort that is indicative of a SICR since initial recognition.

The CEF Business defines a SICR as follows:

- when a debtor is flagged as High Care; or
- once an account becomes past due/arrears for more than seven days and up to and including 90 days. This is based on statistical analysis of the historical behaviour of the portfolio, which indicated that past due up to seven days did not provide an indication of financial stress, rather it could be due to administration issues or post-month-end payment cycles.

Clients defined as High Care are those that have shown signs of financial and cash flow pressure because of changes in the operating environment, industry sector, and adverse financial health. These have, however, not defaulted.

- Such signs referred to above could include any one or more of the following factors:
- Material deterioration, particularly over a period of time, in the cash flow generation of a business;
- Material and consistent financial losses;
- Material and/or consistent reduction in revenue and/or gross profit margins;
- Significant increases in interest-bearing debt and related finance costs, such that there is a concern about the company's ability to service and repay its financial obligations;
- Material increases in trade creditors out of line with the sales and business growth, indicating an inability to pay creditors on time and in line with credit terms;
- Material increases in trade debtors and/or stock which could place pressure on cash flow generation;
- Regular breaches in the terms and conditions of its financing arrangements, requests for extension of payment dates, excesses, extensions on repayment deadlines, etc.;
- Material negative changes in the business, competitors or economic environment within which the business operates. This will include material negative changes in the business's supply chain;
- Difficulty in producing regular financial information; or
- Significant changes within key leadership with no meaningful succession planning.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and an ECL is measured as follows:

- Where the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and
- Where the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date, using the original effective interest rate of the existing financial asset.

Default and curing

A financial Instrument is classified as being in default, which is aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due or in excess on its original contractual payments/margin/limits, excluding Immaterial Arrears as well as any extensions of more than 90 days from the original contractual payment date.

Immaterial Arrears is defined as an amount that is less than 5% of the next contractual instalment.

Qualitative criteria

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the client has been flagged as legal;
- significant financial difficulty of a borrower;
- default or delinquency by a borrower;
- distressed restructuring of credit obligations. Per IFRS 9, distressed restructures will be credit-impaired, but per Prudential Authority Directive 7/2015 (section 6.1) these should as a minimum be classified as special mention;
- indications that a borrower would enter provisional or final liquidation or business rescue;
- repayment of the principal amount and/or accrued interest has been overdue for more than 90 days, and the net realisable value of security is insufficient to cover the payment of the principal amount and accrued interest;
- the principal amount and accrued interest are fully secured, but the repayment of the principal amount and/or accrued interest has been overdue for more than 12 months; and
- significant deficiencies exist that threaten the obligor's business, cash flow or payment capability, which deficiencies may include the items specified below:
  - The credit history or performance record of the obligor is not satisfactory;
  - Labour disputes or unresolved management problems may affect the business, production or profitability of the obligor;
  - Increased borrowings are not in proportion with the obligor's business;
  - The obligor is experiencing difficulty with the repayment of obligations to other creditors; or
  - Construction delays or other unplanned adverse events resulting in cost overruns are likely to require loan restructuring.

When a debtor has been classified as credit-impaired (Stage 3), it can be cured to Stage 1 subject to:

- the debtor being up to date;
- six consecutive payments are paid on or before due date; and
- no SICR exists.

Should the debtor be defined as a "High Care" account, it will cure to Stage 2 and not Stage 1. Also, should the client still represent a SICR, curing may only take place to Stage 2. For distressed restructured loans that were in default, there must be at least six consecutive monthly payments under the revised terms to cure.

Write-offs

Loans and advances are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the CEF Business determines that there is no realistic prospect of recovering the monies owed.

Write-offs will be considered once all sources of recovery have been exhausted or no further reasonable expectation of further material recoveries exists. The assessment of when an exposure has no reasonable prospect of being recovered will be based on the financial standing of the borrower and the sureties/guarantors vs the outstanding exposure, the value of the security in a forced sale scenario vs the outstanding exposure, as well as the nature and tenor of the legal processes required to pursue recovery, the costs associated with recovery as well as the prospect of success of the legal case.

Recoveries of amounts previously written off are included in 'credit impairment charges' in the statement of profit or loss.

Loans and advances that are written off could still be subject to enforcement activities to comply with the CEF Business's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

Derecognition of financial assets

The CEF Business derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the CEF Business neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the CEF Business is recognised as a separate asset or liability.

The CEF Business enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

1.3 **Total income**

Interest income

Interest income on financial instruments is recognised using the effective interest method.

The effective interest rate is the rate that discounts future cash payments or receipts over the expected life of the financial instrument to the carrying amount of the financial instrument.

In calculating the effective interest rate, the CEF Business estimates expected cash flows considering all contractual terms of the financial instrument, excluding future credit losses but including all fees paid or received, transaction costs and all other premiums or discounts between parties to the contract.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. The reversal of interest income relating to credit-impaired financial assets that have been cured is recognised as a reduction of the impairment charges on loans and advances.

The effective interest rate is established on initial recognition of the financial instrument and not subsequently revised.

Non-interest income

Non-interest income comprises fees and commissions, gains and losses on financial instruments and other income on non-financial assets.

Fee and commission income

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The CEF Business recognises revenue when it transfers control over a service to a customer. There are no significant judgements involved in assessing transfer of control or recognition of revenue at a point in time or overtime.

Fee and commission income is recognised net of any trade discounts, volume rebates and amounts received on behalf of third parties such as Value Added Tax. Furthermore, when the CEF Business is acting as an agent, amounts collected on behalf of the principal are not recognised as revenue.

Other income on non-financial assets

Included in other income is rental income earned on leases that have reached their end of term and the customer continues to pay for the use of the asset as well as income from non-financial assets.

For financial instruments measured at FVTPL the fair value gains and losses are recognised as part of 'gains and losses on financial instruments'.

1.4 **Employee benefits**

Short-term benefits

Short-term benefits comprise salaries, incentive bonuses, accumulated leave pay, provident fund contributions, medical aid contributions, Business life contributions and company car benefits.

Short-term benefits are recognised in profit or loss as they become due.

A provision is recognised for employees' leave entitlement when the CEF Business has a present legal obligation to settle with the employee in cash or by leave to be taken.

Defined contribution plan

The CEF Business pays fixed contributions to a third party as part of a defined contribution provident fund and retirement fund plan for the benefit of its employees. The CEF Business has no further legal or constructive obligation in terms of the defined contribution benefit plan beyond these contributions.

Defined contributions are recognised in profit or loss as they become due.

2. CRITICAL ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Historical Financial Information requires management to make certain judgements, estimates and assumptions in its calculation of the carrying value of assets and liabilities and the reported amounts of profit or loss.

The assumptions, judgements and estimates used are based on historical experience and other factors that are believed to be reasonable.

Assumptions, judgements and estimates are reviewed on an ongoing basis, with revisions recognised in the period in which the revision was made, or in future periods if applicable.

Credit impairment

Credit impairment of loans and advances

The CEF Business assesses its loans and advances portfolio for impairment monthly using the ECL model.

The CEF Business applies judgement in the way it defines and applies a SICR, which is the driver in dividing the loans and advances portfolios between Stage 1, Stage 2 and Stage 3, with:

- Stage 1: 12-month ECL for those financial assets where there has not been a significant increase in credit risk since initial recognition;
- Stage 2: Lifetime ECL for those financial assets where there has been a significant increase in credit risk on a collective basis; and
- Stage 3: Lifetime ECL for all credit-impaired financial assets.

Refer to accounting policy Note 1.2 for more information on a SICR.

The CEF Business further applies judgement in determining the inputs used in the ECL model, i.e., the PD, LGD, EAD and TTD that are used to determine the ECL for each of Stage 1, Stage 2 and Stage 3.

The IFRS 9 Expected Credit Loss (ECL) requires a forward-looking overlay on the calculated loan book ECL to ensure the timely recognition of future credit losses. To capture economic changes accurately and forecast the required levels of impairment provisions to be held, the CEF Business utilised statistical modelling.

Various macroeconomic factors were statistically tested for the current financial year, to identify key drivers in the context of power shortages, weak economic outlook, high inflation, and an increasing interest rate environment. PPI Electricity, ZAR/US$ and Investment to GDP were identified as the most significant drivers of the book and were used in the model. For each of the scenarios listed below for 2023, the variables over the next 12 months are disclosed. The average PPI Electricity, ZAR/US$ and Investment to GDP over the remaining forecast period, from 2023–2026, was used in the statistical modelling.

For the prior years, the macroeconomic factors were statistically tested. In 2021 only GDP was statistically significant. In 2022 both Prime and GDP were statistically significant. The CEF Business therefore used GDP and Prime for the regression modelling in 2022, and GDP for 2021. For each of the scenarios listedbelow for 2022, GDP and Prime over the next 12 months have been disclosed, and for 2021 GBP overthe next 12 months has been disclosed. The average GDP and Prime over the remaining forecast period,from 2022 to 2026, was used in the statistical modelling.

A weighted probability scenario approach was applied to determine the model derived scalar as per the table below. Given the conservative internal view on the economic outlook, a management overlay was further applied to determine the final scalar.

	Best		**Expected**		**Worst**		**Blended**[2]	
	12 Months average (%)	**Lifetime average (%)**	**12 Months average (%)**	**Lifetime average (%)**	**12 Months average (%)**	**Lifetime average (%)**	**12 Months average (%)**	**Lifetime average (%)**
2023								
Factors								
PPI Electricity	155.98	168.16	170.84	193.69	177.14	220.73	171.23	197.28
Rand/USD Exchange rate	15.03	15.39	17.78	18.50	19.87	22.77	18.02	19.11
Investment to GDP (%)	16.06	16.60	15.38	15.88	14.33	14.72	15.22	15.71
Scenario Probability (%)	5%		77%		18%		Combination[1]	
Scalar	1.2		1.4		1.64		1.44	
	R'000		**R'000**		**R'000**		**R'000**	
Impact on ECL	(1 332)		(222)		1 110		–	

[1] *The impact of forward looking information on the IFRS 9 provision is an increase of R3.68 million. The percentage change of the total IFRS 9 provision is a 3.10% downward adjustment should a 100% best case scenario be assumed, a 0.52% downward adjustment should a 100% Expected case scenario be used and a 2.59% upward adjustment should a 100% worst case scenario be assumed.*

[2] *The Blended Scenario is the actual/base case scenario against which the expected and worst-case scenarios are benchmarked. The Blended Scenario is made up of 5% of the best case scenario, 77% of the expected case scenario and 18% of the worst-case scenario.*

	Expected		Worst		Blended[2]	
	12 months %	**Lifetime %**	**12 months %**	**Lifetime %**	**12 months %**	**Lifetime %**
2022						
Factors						
Gross Domestic Product	2.5	1.7	(6.1)	(1.7)	(3.5)	(0.7)
Prime Rate	8.0	8.8	8.6	10.7	8.4	10.1
Scenario probability	30%		70%		Combination[1]	
	R'000		**R'000**		**R'000**	
Increase on EC[1]	(698)		1 600		–	

[1] *The impact of forward looking information on the IFRS 9 provision is an increase of R3.57 million. The percentage change of the total IFRS 9 provision is a 4% downward adjustment should a 100% expected scenario be assumed and a 2% upward adjustment should a 100% worst case scenario be assumed.*

[2] *The Blended Scenario is the actual/base case scenario against which the best, expected and worst-case scenarios are benchmarked. The Blended Scenario is made up of 30% of the expected case scenario and 70% of the worst-case scenario.*

The CEF Business further applies judgement when determining whether a specific loan and/or advance should be written off due to it not being recoverable.

	Expected		Worst		Blended[1]	
	12 months %	**Lifetime %**	**12 months %**	**Lifetime %**	**12 months %**	**Lifetime %**
2021						
Factors						
Gross Domestic Product	(1.2)	2.0	(7.4)	0.6	(4.9)	1.1
Scenario probability	40%		60%		Combination	
	R'000		**R'000**		**R'000**	
Increase on EC[1]	(3 442)		1 681		–	

[1] *The impact of forward looking information on the IFRS 9 provision is an increase of R6.2 million. The percentage change of the total IFRS 9 provision is a 4% downward adjustment should a 100% expected scenario be assumed and a 2% upward adjustment should a 100% worst case scenario be assumed.*

[2] *The Blended Scenario is the actual/base case scenario against which the best, expected and worst-case scenarios are benchmarked. The Blended Scenario is made up of 40% of the expected case scenario and 60% of the worst-case scenario.*

The CEF Business further applies judgement when determining whether a specific loan and/or advance should be written off due to it not being recoverable.

3. LOANS AND ADVANCES

	Total R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2023							
Loans and advances at amortised cost							
Gross investment in leases	3 264 553	1 145 364	901 796	638 720	397 050	155 567	26 056
Less: Unearned finance income	(706 705)	(291 568)	(218 786)	(123 516)	(55 314)	(15 602)	(1 919)
Net investment in leases	2 557 848	853 796	683 010	515 204	341 736	139 965	24 137
Loans and advances before expected credit losses	2 557 848						
Credit loss allowance	(42 935)						
Total loans and advances at amortised cost	2 514 913						
2022							
Loans and advances at amortised cost							
Gross investment in leases	2 458 075	904 590	701 951	486 021	259 315	100 437	5 761
Less: Unearned finance income	(418 446)	(189 556)	(127 259)	(68 008)	(26 882)	(6 268)	(473)
Net investment in leases	2 039 629	715 034	574 692	418 013	232 433	94 169	5 288
Loans and advances before expected credit losses	2 039 629						
Credit loss allowance	(32 654)						
Total loans and advances at amortised cost	2 006 975						
2021							
Loans and advances at amortised cost							
Gross investment in leases	1 498 106	636 601	420 919	262 818	137 883	35 908	3 980
Less: Unearned finance income	(220 393)	(109 874)	(65 637)	(31 239)	(11 140)	(2 293)	(210)
Net investment in leases	1 277 716	526 727	355 282	231 579	126 743	33 615	3 770
Loans and advances before expected credit losses	1 277 716						
Credit loss allowance	(44 724)						
Total loans and advances at amortised cost	1 232 992						

	2023 R'000	2022 R'000	2021 R'000
4. PROVISIONS			
Leave pay provision	**83**	608	292
	83	608	292

The Leave pay provision is the amount payable to employees in respect of the annual leave days accumulated by them. A maximum of the previous leave cycle may be accumulated annually. Any leave balance in excess of the previous cycle entitlement and the current entitlement will be forfeited.

Movements in provision:

	2023 R'000	2022 R'000	2021 R'000
Carrying amount at the beginning of the year	**608**	292	–
Movement recognised in profit or loss:			
Additional provisions recognised	**177**	415	9
Other movements	**(484)**	211	410
Over provision in prior year	**–**	(211)	(127)
Amounts used during the year	**(218)**	(99)	–
	83	608	292

	2023 R'000	2022 R'000	2021 R'000
5. INTEREST INCOME			
Interest income calculated using the effective interest method	**326 371**	176 634	142 955
	326 371	176 634	142 955

	2023 R'000	2022 R'000	2021 R'000
6. NET FEE AND COMMISSION INCOME			
Fee and commission income	**(6 783)**	9 200	2 811
Administration fees	**472**	190	566
Commission income	**(7 255)**	9 010	2 245
Commission expense	**7 707**	4 475	2 580
Net fee and commission income/(expense)	**(14 490)**	4 725	231

	2023 R'000	2022 R'000	2021 R'000
7. GAINS AND LOSSES ON FINANCIAL INSTRUMENTS			
Net gains or losses on the derecognition of financial instruments at amortised cost			
Settlement profits[1]	**5 044**	5 582	3 629
	5 044	5 582	3 629

[1] *Settlement profits represent the gain earned or loss incurred on the settlement of a deal as a result of termination or upgrade. This gain or loss is calculated as the difference between the settlement received from the customer and any remaining rentals due by the customer as well as any unearned finance income.*

	2023 R'000	2022 R'000	2021 R'000

8. **OTHER INCOME**

	2023 R'000	2022 R'000	2021 R'000
Income received from rent-for-use assets	**5 263**	(272)	7 381
	5 263	(272)	7 381

9. **STAFF COSTS**

	2023 R'000	2022 R'000	2021 R'000
Salaries and wages	**23 786**	19 449	16 144
Contributions to defined contribution plans and other	**2 593**	2 000	1 847
	26 379	21 449	17 991

10. **INCOME TAX EXPENSE**

	2023 R'000	2022 R'000	2021 R'000
Current year	**78 622**	43 604	39 275

Because the CEF Business is not a separate legal entity, it is also not a separate tax paying entity and has historically not filed separate tax returns in South Africa. Given that the income and expenses generated by the CEF Business would be subject to corporate taxes in South Africa, income tax has been shown in the CEF Business Historical Financial Information's at a corporate tax rate of 27% (2022 and 2021: 28%), by extracting the tax positions associated with the income and expenses of the business units as recognised in the Sasfin Consolidated Financial Statements.

11. **CLASSIFICATION OF ASSETS AND LIABILITIES**

Accounting classification and fair values

The table below sets out the CEF Business's classification of each class of financial assets and liabilities, their fair values and carrying amounts.

2023	**Amortised cost R'000**	**Outside scope of IFRS 9 R'000**	**Total R'000**
Assets			
Loans and advances	**2 514 913**	**–**	**2 514 913**
Total assets	**2 514 913**	**–**	**2 514 913**
Liabilities			
Provisions	**–**	**83**	83
Total liabilities	**–**	**83**	83

2022	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
Assets			
Loans and advances	2 006 975	–	2 006 975
Total assets	2 006 975	–	2 006 975
Liabilities			
Provisions	–	608	608
Total liabilities	–	608	608

2021	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
Assets			
Loans and advances	1 232 992	–	1 232 992
Total assets	1 232 992	–	1 232 992
Liabilities			
Provisions	–	292	292
Total liabilities	–	292	292

12. FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

			2023		
		Fair value		**Total fair value**	**Amortised Cost**
	Level 1 R'000	**Level 2 R'000**	**Level 3 R'000**	**R'000**	**R'000**
Financial assets	–	–	2 514 913	2 514 913	2 514 913
Loans and advances	–	–	2 514 913	2 514 913	2 514 913

			2022		
		Fair value		Total fair value	Amortised Cost
	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	R'000
Financial assets	–	–	2 006 975	2 006 975	2 006 975
Loans and advances	–	–	2 006 975	2 006 975	2 006 975

	2021				
		Fair value		Total fair value	Amortised Cost
	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	R'000
Financial assets	–	–	1 232 992	1 232 992	1 232 992
Loans and advances	–	–	1 232 992	1 232 992	1 232 922

The carrying amount of financial assets, recognised at amortised cost, is considered a reasonable approximation of fair value, unless otherwise indicated above.

13. FINANCIAL RISK MANAGEMENT

Risk management is an essential component of value creation and the protection of that value. Implemented effectively, it improves performance, encourages innovation and supports the achievement of the CEF Business's strategic objectives. Sasfin's well-established integrated risk management philosophy aims to ensure that the diverse risks and opportunities across the CEF Business are identified and proactively addressed within acceptable parameters through appropriate governance structures, processes, policies and frameworks, while supporting business growth. Sasfin's risk management procedures include, but are not limited to managing, credit risk, liquidity risk, interest rate risk and market risk.

14. CREDIT RISK

Credit risk is the risk of a financial loss stemming from a borrower's failure to repay a loan or to meet a contractual obligation.

Credit risk arises principally from the CEF Business's loans and advances. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (individual obligor default risk as well as country and sector risk).

Management of credit risk

Sasfin's Board of Directors has delegated responsibility for the management of credit risk to the Credit and Large Exposures Committee ("CLEC"). Sasfin's group credit function, which reports to the Group Chief Operating Officer, is responsible for management of the CEF Business's credit risk, including:

- Formulating credit policies in consultation with business units, and the legal department, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, impairments, and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits, as approved and reviewed regularly by the Board, are allocated to business unit credit officers and credit committees;
- Larger facilities may require approval by the Executive Credit Committee, and/or the CLEC;
- Reviewing and assessing credit risk. Sasfin Group Credit assesses all credit exposures, prior to facilities being committed to customers by the business unit concerned;
- Managing post-implementation credit risk in line with the Group's credit policies and Board Risk Appetite;
- Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances;
- Developing and maintaining the Group's risk indicators in order to categorise exposures according to the degree of risk of financial loss faced, and to focus management on the attendant risks. The risk system is used in determining where impairment provisions (i.e. provisions for credit losses) may be required against specific credit exposures. The current risk framework consists of five grades reflecting varying degrees of risk of default, availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive/committee. Risk grades are subject to regular reviews by Group Risk;

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Group Credit on the credit quality of local portfolios, and appropriate corrective action is taken;
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Business in the management of credit risk;
- Managing, together with the relevant business unit and legal department (where appropriate) the underperforming and non-performing exposures; and
- Ensuring that appropriate expected credit losses are raised in line with accounting standards.

Each business unit is required to implement credit policies and procedures, with credit approval authorities delegated from the CLEC. Each business unit is also responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to Group approval.

Regular audits of business units and Group Credit processes are undertaken annually by Group Internal Audit.

Credit impairment

The Group determines an allowance for credit losses that represents its estimate of expected credit losses in line with IFRS 9.

Write-off policy

Loans and security balances (and any related allowances for impairment losses) are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This determination is reached after considering information such as the occurrence of significant changes in the borrower's or issuer's financial position resulting in the borrower/issuer no longer being in a position to pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Credit risk measurement and determination

The Group uses internally developed models and practices to measure and manage credit risk, by utilising skilled resources to ensure it is properly managed and controlled. The Group has adopted the standardised approach in terms of Basel III to measure credit risk, and uses the regulatory risk buckets per the SARB as measurement criteria for assessing performing counterparties as follows:

Classification of credit risk exposure	Categorisation of counterparty (IFRS 9)
A Good Book	Stage 1[1] and Stage 2[2]
B Special Mention	Stage 2[3]
C Sub Standard	Stage 3[4]
D Doubtful	Stage 3
E Loss	Stage 3

[1] *Up to date until 7 days overdue.*

[2] *More than 7 days overdue up to 30 days overdue.*

[3] *More than 30 days overdue up to 90 days overdue.*

[4] *Refer to Note 1 under heading default and curing, for the definition of credit-impaired.*

Credit risk exposure analysis

					A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %	12 Month Total exposure R'000	Total ECL R'000	Coverage ratio %	Lifetime ECL Total exposure R'000	Total ECL R'000	Coverage ratio %	Lifetime ECL Total exposure R'000	Total ECL R'000	Coverage ratio %
2023													
Maximum credit exposures of financial assets at amortised cost													
Loans and advances	2 514 913	2 557 848	42 935	1.68	2 404 558	8 934	0.37	24 946	1 173	4.7	128 344	32 828	25.58

					A Stage 1			A and B Stage 2			Default (C, D and E) Stage 3		
	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %	Exposure R'000	12-month ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %	Exposure R'000	Lifetime ECL R'000	Coverage ratio %
2022													
Maximum credit exposures of financial assets at amortised cost													
Loans and advances	2 006 975	2 039 629	32 654	1.60	1 871 411	7 023	0.38	60 471	1 838	3.04	107 747	23 793	22.08
2021													
Maximum credit exposures of financial assets at amortised cost													
Loans and advances	1 232 992	1 277 716	44 724	3.50	1 179 616	13 124	1.11	47 317	4 175	8.82	50 782	27 424	54.00

Financial assets attract credit risk in the form of counterparty credit risk and concentration risk.

	2023 R'000	2022 R'000	2021 R'000
Concentration risk of gross advances			
Sectoral analysis			
Agriculture	**454 446**	215 875	64 779
Community, social and personal services	**139 110**	170 178	107 890
Construction	**139 426**	109 886	63 872
Electricity and water	**29 958**	20 556	16 021
Finance, real estate and business services	**291 436**	374 077	85 628
Manufacturing	**424 146**	374 220	258 832
Mining	**192 373**	162 347	165 065
Trade, repairs of vehicles and goods as well as hotels and restaurants	**315 896**	285 382	227 073
Transport and communication	**540 512**	274 973	232 770
Other activities not adequately defined	**30 545**	52 135	55 786
Total	**2 557 848**	2 039 629	1 277 716

Collateral and other security enhancements

Description of collateral for loans and advances

The primary collateral for Capital Equipment Finance is the plant/equipment being financed. However, other security such as general notarial bonds over other assets. are sometimes taken to increase the collateral cover.

Estimates of the fair value of collateral and other security enhances held against loans and advances

Estimates of the value of collateral and other security enhancements held are shown below:

	Gross exposure R'000	**Fixed assets R'000**	**Un-secured R'000**
2023			
Loans and advances	2 557 848	2 483 470	74 378
	2 557 848	2 483 470	74 378
2022			
Loans and advances	2 039 629	1 964 669	74 960
	2 039 629	1 964 669	74 960
2021			
Loans and advances	1 227 716	1 077 387	200 329
	1 227 716	1 077 387	200 329

Collateral held against individually impaired assets

	Gross exposure R'000	Fixed assets R'000	Un-secured R'000
2023			
Loans and advances	128 343	85 585	42 758
	128 343	85 585	42 758
2022			
Loans and advances	107 747	85 049	22 698
	107 747	85 049	22 698
2021			
Loans and advances	50 782	50 782	–
	50 782	50 782	–

Credit loss allowance analysis

Reconciliation of ECL on Loans and Advances at amortised cost

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2023				
Credit loss allowance balance beginning of the year	7 023	1 838	23 793	32 654
Transfer between stages	(98)	(975)	24 018	22 945
Stage 1 from Stage 2	73	–	–	73
Stage 1 from Stage 3	–	–	–	–
Stage 1 to Stage 2	(28)	–	–	(28)
Stage 1 to Stage 3	(143)	–	–	(143)
Stage 2 from Stage 1	–	747	–	747
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	(894)	–	(894)
Stage 2 to Stage 3	–	(828)	–	(828)
Stage 3 from Stage 1	–	–	14 180	14 180
Stage 3 from Stage 2	–	–	9 840	9 840
Stage 3 to Stage 1	–	–	(2)	(2)
Stage 3 to Stage 2	–	–	–	–
Net ECL (released)/raised	2 009	310	(13 319)	(11 000)
ECL on new exposure raised	4 716	877	1 876	7 469
Subsequent changes in ECL	(1 981)	(514)	(7 534)	(10 029)
Change in ECL due to derecognition	(726)	(53)	(7 661)	(8 440)
Impaired accounts written off	–	–	(1 664)	(1 664)
Credit loss allowance balance end of the year	8 934	1 173	32 828	42 935

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Credit loss allowance balance beginning of the year	13 125	4 175	27 424	44 724
Transfer between stages	(147)	(1 743)	3 256	1 366
Stage 1 from Stage 2	26	–	–	26
Stage 1 from Stage 3	14	–	–	14
Stage 1 to Stage 2	(131)	–	–	(131)
Stage 1 to Stage 3	(56)	–	–	(56)
Stage 2 from Stage 1	–	289	–	289
Stage 2 from Stage 3	–	–	–	–
Stage 2 to Stage 1	–	(1 308)	–	(1 308)
Stage 2 to Stage 3	–	(724)	–	(724)
Stage 3 from Stage 1	–	–	1 997	1 997
Stage 3 from Stage 2	–	–	3 549	3 549
Stage 3 to Stage 1	–	–	(2 290)	(2 290)
Stage 3 to Stage 2	–	–	–	–
Net ECL (released)/raised	(5 955)	(594)	5 522	(1 027)
ECL on new exposure raised	4 809	1 532	12 887	19 228
Subsequent changes in ECL	(8 571)	6	(50)	(8 615)
Change in ECL due to derecognition	(2 193)	(2 132)	(7 315)	(11 640)
Impaired accounts written off	–	–	(12 409)	(12 409)
Credit loss allowance balance end of the year	7 023	1 838	23 793	32 654
2021				
Credit loss allowance balance beginning of the year	15 077	6 216	35 389	56 682
Transfer between stages	(32)	(2 954)	4 614	1 628
Stage 1 from Stage 2	94	–	–	94
Stage 1 from Stage 3	94	–	–	94
Stage 1 to Stage 2	(90)	–	–	(90)
Stage 1 to Stage 3	(130)	–	–	(130)
Stage 2 from Stage 1	–	464	–	464
Stage 2 from Stage 3	–	11	–	11
Stage 2 to Stage 1	–	(1 341)	–	(1 341)
Stage 2 to Stage 3	–	(2 088)	–	(2 088)
Stage 3 from Stage 1	–	–	2 807	2 807
Stage 3 from Stage 2	–	–	8 180	8 180
Stage 3 to Stage 1	–	–	(6 303)	(6 303)
Stage 3 to Stage 2	–	–	(70)	(70)
Total Transfers				
ECL on new exposure raised	7 918	3 291	5 915	17 124
Subsequent changes in ECL	(5 234)	(254)	(50)	(5 538)
Change in ECL due to derecognition	(4 604)	(2 124)	(5 987)	(12 714)
Impaired accounts written off	–	–	(12 458)	(12 458)
Credit loss allowance balance end of the year	13 125	4 175	27 423	44 724

Credit impairment charges recognised in profit or loss

	2023 R'000	2022 R'000	2021 R'000
Net ECL recognised on Loans and advances	7 135	6 882	340
Recoveries of loans and advances previously written off	(6 233)	(846)	(6 310)
	902	6 036	(5 970)

15. LIQUIDITY RISK

Liquidity risk is the risk that a bank may be unable to meet short-term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

This risk is inherent in all banking and financial service operations and can be impacted by a range of institution-specific and market-wide events.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Asset, Liability and Investment Committee ("ALCO") sets limits and mandates for executive management to manage the liquidity risk within this framework.

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, interbank loans and other interbank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The liquidity requirements of business units and subsidiaries are met through short-term loans from Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements. The CEF Business believes that the management of liquidity should encompass an overall Consolidated Statement of Financial Position approach, which consolidates all sources and uses of liquidity while maintaining a balance between liquidity, profitability and interest rate considerations.

Liquidity risk measurement

The Group's daily liquidity position is monitored and reported in the form of cash flow projections in terms of key periods ranging from demand to long term. Regular liquidity stress testing is conducted under a variety of scenarios ranging from normal to severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Group and operating subsidiaries. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO. Sources of liquidity are regularly reviewed to maintain a wide diversification by financial product and form.

Exposure to liquidity risk

The key measures used by the Group for managing liquidity risk are *inter alia*:

- The Liquidity Coverage Ratio (LCR). This to the proportion of high-quality liquid assets to meet the banks' liquidity needs during a 30 calendar day liquidity stress period/scenario;
- Net Stable Funding Ration (NSFR). This refers to the proportion of Available Stable Funding (ASF) via the liabilities over Required Stable Funding (RSF) for the assets;
- Various forward looking liquidity maturity mismatch scenarios; and
- The ratio of net liquid assets to deposits from customers.

For this purpose, net liquid assets are considered as including cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. ALCO monitors the Group's exposure to liquidity risk in terms of internal benchmarks it has set and defined for Treasury to maintain.

Contractual maturity analysis

	Carrying amount R'000	Gross inflow/ outflows R'000	Less than 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Non-Contractual[1] R'000	Total R'000
2023									
Discounted maturity									
Assets									
Loans and advances	2 514 913	2 557 848	5 923	8 629	152 415	2 317 075	73 806	(42 935)	2 514 913
Undiscounted maturity									
Liabilities									
Provisions	83	–	–	–	–	–	–	83	83

[1] *Non-contractual refers to the related ECL on the instrument*

This table represents the contractual maturities of assets and liabilities, as opposed to their "business as usual" maturity profiles.

	Carrying amount R'000	Gross inflow/ outflows R'000	Less than 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Non-Contractual[1] R'000	Total R'000
2022									
Discounted maturity									
Assets									
Loans and advances	2 006 975	2 039 629	2 834	4 220	114 536	1 898 778	19 261	(32 654)	2 006 975
Undiscounted maturity									
Liabilities									
Provisions	608	–	–	–	–	–	–	–	608
Total liabilities	608	–	–	–	–	–	–	–	608

[1] *Non-contractual refers to the related ECL on the instrument.*

This table represents the contractual maturities of assets and liabilities, as opposed to their "business as usual" maturity profiles.

	Carrying amount R'000	Gross inflow/ outflows R'000	Less than 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000	Non-Contractual[1] R'000	Total R'000
2021									
Discounted maturity									
Assets									
Loans and advances	1 232 992	1 277 716	5 814	17 082	108 304	1 127 988	18 528	(44 724)	1 232 992
Total assets	1 232 992	1 277 716	5 814	17 082	108 304	1 127 988	18 528	(44 724)	1 232 992
Undiscounted maturity									
Liabilities									
Provisions	292	–	–	–	–	–	–	292	292
Total liabilities	292	–	–	–	–	–	–	292	292

Discounted maturity analysis: Current and non-current

	2023		
	Current R'000	**Non-current R'000**	**Total R'000**
Assets			
Loans and advances	166 967	2 347 946	2 514 913
Total assets	**166 967**	**2 347 946**	**2 514 913**
Liabilities			
Provisions	83	–	83
Total liabilities	**83**	**–**	**83**

	2022			2021		
	Current R'000	**Non-current R'000**	**Total R'000**	**Current R'000**	**Non-current R'000**	**Total R'000**
Assets						
Loans and advances	121 590	1 885 385	2 006 975	131 200	1 101 792	1 232 992
Total assets	**121 590**	**1 885 385**	**2 006 975**	**131 200**	**1 101 792**	**1 232 992**
Liabilities						
Provisions	608	–	608	292	–	292
Total liabilities	**608**	**–**	**608**	**292**	**–**	**292**

16. MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the CEF Business's income of the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return.

It is the risk of change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables. The CEF Business's principal market risk is:

- Interest rate risk – the risk of difference in the repricing characteristics of assets

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is an executive management monitoring committee for compliance with these limits and is assisted by Group Risk in its day-to-day monitoring activities.

The tables summarise the CEF Business's exposure to interest rate risk through categorisation of assets and liabilities into time buckets, determined as being the earlier of the contractual re-pricing date and maturity.

	Up to 1 month R'000	1 – 3 months R'000	4 –12 months R'000	1 – 5 years R'000	More than 5 years R'000	Total R'000
2023						
Assets						
Loans and advances	**2 293 308**	**16 263**	**62 077**	**140 611**	**45 589**	**2 557 848**
Total assets	**2 293 308**	**16 263**	**62 077**	**140 611**	**45 589**	**2 557 848**
A 400 basis point interest rate change will have the following effect on profit/loss:						
400 bp parallel shock interest rate increase	**91 936**	**1 241**	**755**	**–**	**–**	**93 392**
400 bp parallel shock interest rate decrease	**(28 824)**	**(1 241)**	**(755)**	**–**	**–**	**(30 820)**
2022						
Assets						
Loans and advances	1 785 757	1 201	26 858	225 813	–	2 039 629
Total assets	1 785 757	1 201	26 858	225 813	–	2 039 629
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	2 976	4	269	2 258	–	5 507
200 bp parallel shock interest rate decrease	(2 658)	(4)	(269)	(2 258)	–	(5 189)
2021						
Assets						
Loans and advances	1 059 224	49	12 535	205 908	–	1 277 716
Total assets	1 059 224	49	12 535	205 908	–	1 277 716
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	1 774	–	125	2 059	–	3 958
200 bp parallel shock interest rate decrease	(1 471)	–	(125)	(2 059)	–	(3 655)

17. EVENTS AFTER THE REPORTING DATE

There were no subsequent events in the CEF Business from 30 June 2023 up to the date that the Historical Financial Information was authorised for issuance other than has been described in the introduction section of this Report of Historical Information.

THE INDEPENDENT AUDITOR'S REPORTS ON THE HISTORICAL FINANCIAL INFORMATION, COMPRISING THE CARVE-OUT FINANCIAL STATEMENTS OF THE CEF BUSINESS

Independent auditor's audit report on the carve-out historical financial information

To the directors of Sasfin Holdings limited

Our opinion

Sasfin Holdings Limited ("Sasfin Holdings") is issuing a circular to its shareholders (the "Circular") regarding the proposed disposal through its wholly owned subsidiary, Sasfin Bank Limited ("SBL"), of its Capital Equipment Finance business (the "CEF Business") to African Bank Limited (the "Proposed Transaction"). The CEF Business comprises the following:

- Amounts owing under rental agreements, instalment sale agreements, loan agreements and other finance agreements with end users which have been acquired, or will be acquired, by SBL from a discounting partner or entered into between SBL and end users of SBL ("CEF Loan Book");
- All contracts to which SBL is a party, relating solely to the CEF Loan Book, including all of SBL's rights, title and interest in and to the contracts (including supplier agreements and broker agreements) between SBL and the counterparties thereto which constitute the CEF Loan Book, including all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of CEF Book ("CEF Contracts") (no value in the Historical Finance Information);
- The Goodwill of the CEF Business (no value in the Historical Financial Information);
- The Intellectual Property of the CEF Business (no value in the Historical Financial Information);
- All of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CEF Business ("CEF Business Claims") (no value in the Historical Financial Information);
- The Business Records in respect of the CEF Business (no value in the Historical Financial Information); and
- Certain employees of the CEF Business will transfer to the employ of the Purchaser in terms of section 197 of the Labour Relations Act, 66 of 1995.

In terms of the CEF Disposal Agreement, two CEF Contracts to the value of R23 million have been excluded from the CEF Business.

In our opinion, the carve-out historical financial information of the CEF business for the year ended 30 June 2023, as detailed in **Annexure 3** of the Circular is prepared, in all material respects in accordance with the Basis of Preparation, set out in the "Basis of Preparation" note of the carve-out historical financial information of the CEF business and the JSE Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated 25 March 2024, we have audited the carve-out historical financial information of the CEF business, which comprises:

- the carve-out statement of financial position as at 30 June 2023;
- the carve-out statement of profit or loss for the year then ended; and
- the notes to the carve-out historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the carve-out historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sasfin Holdings in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* ("IRBA Code") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Emphasis of Matter – Basis of accounting

We draw attention to the fact that, as described in the Basis of Preparation, set out on "Basis of Preparation" note on the carve-out historical financial information of the CEF business, that the CEF Business does not exist as a separate legal entity. The carve-out historical financial information of the CEF Business is, therefore, not necessarily indicative of results that would have occurred if the CEF Business had been a separate stand-alone entity during the year presented or of future results of the CEF Business.

We also draw attention to Note 1 to the carve-out historical financial information of the CEF Business which describes the basis of accounting. The carve-out historical financial information of the CEF Business is prepared by the directors of Sasfin Holdings for purposes of this Circular. As a result, the historical financial information may not be suitable for another purpose.

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Other Matter

The carve-out historical financial information for the CEF business as at 30 June 2021 and 30 June 2022, and for the years then ended were not audited but subject to review. A review engagement is substantially less in scope than an audit. The review report dated 18 March 2024 expressed an unqualified conclusion.

Responsibilities of the directors for the carve-out historical financial information

The directors of Sasfin Holdings are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring compliance with the requirements of the JSE Listings Requirements.

The directors of Sasfin Holdings are responsible for the preparation of the carve-out historical financial information of the CEF business for the year ended 30 June 2023 accordance with the Basis of Preparation, set out on the "Basis of Preparation" note of the carve-out historical financial information of the CEF business and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of carve-out historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the carve-out historical financial information of the CEF business for the year ended 30 June 2023, the directors of Sasfin Holdings are responsible for assessing the CEF Business's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the CEF Business or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the carve-out historical financial information

Our objectives are to obtain reasonable assurance about whether the CEF carve-out historical financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this carve-out historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sasfin Holding's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CEF Business's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the CEF Business carve-out historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the CEF Business to cease to continue as a going concern.

We communicate with the directors of Sasfin Holdings regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor
4 Lisbon Lane
Waterfall City
Jukskei View
2090
18 March 2024

Independent reviewer's review report on the carve-out historical financial information

To the directors of Sasfin Holdings limited

Introduction

Sasfin Holdings Limited (the "Company" or "Sasfin Holdings") is issuing a circular to its shareholders (the "Circular") regarding the proposed disposal through its wholly owned subsidiary, Sasfin Bank Limited ("SBL"), of its Capital Equipment Finance business (the "CEF Business") to African Bank Limited (the "Proposed Transaction").

The CEF Business comprises the following:

- Amounts owing under rental agreements, instalment sale agreements, loan agreements and other finance agreements with end users which have been acquired, or will be acquired, by SBL from a discounting partner or entered into between SBL and end users of SBL ("CEF Loan Book");
- All contracts to which SBL is a party, relating solely to the CEF Loan Book, including all of SBL's rights, title and interest in and to the contracts (including supplier agreements and broker agreements) between SBL and the counterparties thereto which constitute the CEF Loan Book, including all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of CEF Book ("CEF Contracts") (no value in the Historical Finance Information);
- The Goodwill of the CEF Business (no value in the Historical Financial Information);
- The Intellectual Property of the CEF Business (no value in the Historical Financial Information);
- All of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CEF Business ("CEF Business Claims") (no value in the Historical Financial Information);
- The Business Records in respect of the CEF Business (no value in the Historical Financial Information); and
- Certain employees of the CEF Business will transfer to the employ of the Purchaser in terms of section 197 of the Labour Relations Act, 66 of 1995.

In terms of the CEF Disposal Agreement, two CEF Contracts to the value of R23 million have been excluded from the CEF Business.

At your request and for the purpose of the Circular to be dated 25 March 2024, we have reviewed the accompanying carve-out statement of financial position of the CEF Business as at 30 June 2021 and 30 June 2022, and the related carve-out statement of profit or loss for the 12 month periods then ended, and selected explanatory notes, as detailed in **Annexure 3** and paragraph 5.2 of the Circular, in compliance with the requirements of the JSE Listings Requirements.

Directors' responsibility

The directors of Sasfin Holdings are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the Company complies with the requirements of the JSE Listings Requirements.

The directors of Sasfin Holdings are responsible for the preparation of the carve-out historical financial information of the CEF Business in accordance with the Basis of Preparation set out on the "Basis of Preparation" note on the carve-out historical financial information and the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the carve-out historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the carve-out historical financial information of the CEF Business, the directors of Sasfin Holdings are responsible for assessing the CEF Business ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the CEF Business or Sasfin Holdings or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express a conclusion on the carve-out historical financial information of the CEF Business. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the carve-out historical financial information of the CEF Business is not prepared in all material respects in accordance with the Basis of accounting, set out in note 1 to the carve-out historical financial information of the CEF Business. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the carve-out historical financial information of the CEF Business, is not prepared, in all material respects, in accordance with the Basis of Preparation, set out on the "Basis of Preparation" note of the carve-out historical financial information and the requirements of the JSE Listings Requirements.

Basis of accounting

We draw attention to the fact that, as described in the Basis of Preparation set out on "Basis of Preparation" note of the carve-out historical financial information of the CEF Business, that the CEF Business does not exist as a separate legal entity. These carve-out historical financial information of the CEF Business are, therefore, not necessarily indicative of results that would have occurred if the CEF Business had been a separate stand-alone entity during the year presented or of future results of the CEF Business.

Without modifying our conclusion, we draw attention to Note 1 to the carve-out historical financial information, which describes the basis of accounting. The carve-out historical financial information of the CEF Business is prepared by the directors of Sasfin Holdings for purposes of this Circular. As a result, the historical financial information may not be suitable for another purpose.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor
4 Lisbon Lane
Waterfall City
Jukskei View
2090
18 March 2024

THE HISTORICAL FINANCIAL INFORMATION OF THE CPF BUSINESS

Introduction

Shareholders of Sasfin Holdings Limited ("Sasfin") are referred to the announcements released on SENS on 13 October 2023 and 23 February 2024 wherein they were advised that Sasfin, via its wholly owned subsidiary, Sasfin Bank Limited ("SBL"), had entered into disposal agreements in terms of which, SBL will, as one indivisible transaction, dispose of its Capital Equipment Finance Business ("CEF Business"), as a going concern and its Commercial Property Finance Business ("CPF Business"), as a going concern, to African Bank Limited ("Purchaser"). In terms of the disposal agreements the disposal of the CEF Business and the disposal of the CPF Business are inter-conditional.

This document comprises the Historical Financial Information for the CPF Business. In terms of the disposal agreement relating to the CPF Business dated 22 February 2024 ("CPF Disposal Agreement"), the CPF Business being disposed of to the Purchaser shall include:

- Amounts owing under the loan agreements and other finance agreements between SBL and its customers in relation to the CPF Business ("CPF Loan Book");
- All contracts to which SBL is a party, relating solely to the CPF Loan Book, including all of SBL's rights, title and interest in and to the contracts between SBL and the counterparties thereto which constitute the CPF Loan Book, including all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of CPF Book and all and any ancillary contractual rights, security, entitlements, consents, mandates and authorities granted to, or held by, SBL in terms of, or in connection with, the CPF Loan Book ("CPF Contracts");
- The Goodwill of the CPF Business (no value in the Historical Financial Information);
- The Intellectual Property of the CPF Business (no value in the Historical Financial Information);
- All of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CPF Business ("CPF Business Claims") (no value in the Historical Financial Information);
- The Business Records in respect of the CPF Business (no value in the Historical Financial Information); and
- Certain employees of the CPF Business will transfer to the employ of the Purchaser in terms of section 197 of the Labour Relations Act, 66 of 1995.

In terms of the CPF Disposal Agreement the following is excluded from the CPF Business:

- Any rights and/or entitlement under, and/or amounts received in respect of, any participation interest agreements where the loan relating thereto is settled in full prior to the closing date of the CPF Disposal Agreement as agreed between the parties;
- Any asset (including any claim or right) where SBL, or any member of the Sasfin group holds any equity interest; and
- Certain CPF Covid Loans, advanced by SBL in terms of the Emergency Loan Funding-for Lending Scheme proposed by the National Treasury pursuant to the declaration of the Covid-19 pandemic to CPF Business clients.

The Historical Financial Information consists of carve-out historical financial information that has been extracted from the management accounts, which are used to prepare the consolidated financial statements of Sasfin, related to the CPF Business for the three years ended 30 June 2023, 30 June 2022 and 30 June 2021 (the "Historical Financial Information"). The Historical Financial Information has been prepared as described in the basis of preparation set out below.

The Historical Financial Information must be read in conjunction with the circular to the shareholders of Sasfin dated 25 March 2024 prepared in connection with the disposal of the CPF Business ("Circular").

The Historical Financial Information is the responsibility of the Directors of Sasfin. The Historical Financial Information was approved by the Directors of Sasfin on 15 March 2024 and was prepared under the supervision Harriet Heymans CA(SA), being the Group Financial Director.

Directors Responsibility Statement

The Historical Financial Information is the responsibility of the Directors of Sasfin. The Historical Financial Information was approved by the Directors of Sasfin on 15 March 2024 and were prepared under the supervision of Harriet Heymans CA(SA), being the Group Financial Director.

The Auditors audit and report on the Historical Financial Information for the CPF Business for the year ended 30 June 2023 and the Auditors review and report on the Historical Financial Information for the CPF Business for the years ended 30 June 2022 and 2021. The directors are responsible for the preparation and presentation of this Historical Financial Information.

The directors are also responsible for such internal controls as they determine necessary to enable the preparation of Historical Financial Statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. There is an adequate system of internal control in place which is approved by the directors.

The directors have made an assessment of the ability of the Business to continue as a going concern and have no reason to believe that the Business will not be a going concern in the year ahead.

Harriet Heymans
Sasfin Holdings Group Financial Director
15 March 2024

Commentary

Since the Covid-19 pandemic, the CPF Business changed its strategy by focusing on growing its loan book by focusing on funding key property developers with strong geographical nodes across the property industry within South Africa. To achieve this, the CPF business invested heavily in securing a top-quality experienced specialist property team.

This change in strategy is evident in the growth of Loans and Advances of 171% from R228m at June 2021 to R617m at June 2023. Stage 1 loans are performing consistently well within budget and on time for successfully delivering properties to their end-users with low impairment impact.

Interest income has increased by 300% from the years ended 30 June 2021 to 30 June 2023 as a result of the increased loan book and increasing interest rate cycle post Covid-19. In addition, strong fee generation was achieved. Impairment charges were low as a result of the loans and advances not showing any significant increase in credit risk since initial recognition and therefore being classified as Stage 1. The significant swing in gains and losses on financial instruments is driven by the underlying property valuations in the market. Costs increased due to the strategy to invest in our specialist skills set of staff throughout our value proposition. However, costs were contained as a percentage of interest income due to improving on our efficiencies and operating model.

Basis of preparation

This Historical Financial Information has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. Whilst the Historical Financial Information has been prepared using the accounting policies of Sasfin, to the extent possible, which are in line with International Financial Reporting Standards ("IFRS") and interpretations of those standards as issued by the International Standards Board ("IASB"), the Historical Financial Information itself is not in accordance with IFRS and is prepared on the basis and in accordance with the accounting policies set out below. The Historical Financial Information is also prepared, to the extent possible, in accordance with the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The CPF Business does not exist as a separate legal entity, but as a business unit of SBL and therefore no separate financial information has been prepared for the CPF Business. The CPF Business did, however, comprise of a business unit of Business and Commercial Banking that contained separated management accounts for internal management purposes.

The Historical Financial Information of the CPF Business has been extracted from the business unit's management accounts which are used to prepare the group consolidated financial statements of Sasfin for the three years ended 30 June 2023, 2022, and 2021, which were prepared in accordance with IFRS.

The Historical Financial Information has been prepared, as far as possible, for the purpose of presenting the financial position and results of operations of the CPF Business on a stand-alone basis.

The Historical Financial Information consists of a statement of financial position in respect of the CPF Business as at 30 June 2023, 2022, and 2021 and a statement of profit or loss in respect of the CPF Business for the years ended 30 June 2023, 2022, and 2021, together with the related accounting policies and notes.

Since the CPF Business does not represent a separate legal entity, no equity movements in the form of a statement of changes in net assets (i.e., equity) is included in the Historical Financial Information. In addition, the CPF Business does not operate with a separate bank account that would track the inflow and outflow of funds. All cash balances are centralised and therefore all financing and investing activities are with the parent, and amounts are settled through interdivisional transactions. As a result, the cash flow statement would not provide any meaningful information to the users of the Historical Financial Statements. Therefore, no cash flow statement is included in the Historical Financial Information. Note 15 of the Notes to the Historical Financial Information, being Liquidity Risk, provides more beneficial information of how cash would be recovered. Operating expenses which are not directly linked to the CPF Business, including operating costs related to the head office for all the support functions to all businesses are not included, as these costs will remain with Sasfin post implementation of the Disposal. Only those operating expenses directly linked to the CPF Business have been included in the Historical Financial Information.

The Historical Financial Information is prepared on a historical cost basis, except as disclosed in the accounting policies below.

The Historical Financial Information is presented in South African Rand (ZAR).

Limitations inherent to carve-outs

As the Historical Financial Information of the CPF Business did not comprise a single reporting entity historically, this Historical Financial Information may not be indicative of the CPF Business future performance and what its stand-alone results of operations and financial position would have been, had the CPF Business operated as a separate reporting entity for the periods presented.

The following principles and assumptions have been applied in the preparation of the carve-out Historical Financial Information:

Equity/Net Asset Value

As the Historical Financial Information has been prepared on a carve-out basis and the CPF Business did not constitute a legal entity, it is not possible to show share capital or provide a meaningful analysis of reserves. Therefore, amounts which reflect the excess of assets of the CPF Business above liabilities for the purpose of the Historical Financial Information (i.e., the net asset value) is disclosed as Parent Company Interest from the earliest comparative period presented. Inter-divisional group funding of the CPF Business is classified as Parent Company Interest.

Earnings per share

Information on earnings per share for the CPF Business has not been presented, as no capital structure has been presented in the Historical Financial Information.

Taxation

Because the CPF Business is not a separate legal entity, it is also not a separate tax paying entity and has historically not filed separate tax returns in South Africa. Given that the income and expenses generated by the CPF Business would be subject to corporate taxes in South Africa, income tax has been shown in the CPF Business Historical Financial Information's at a corporate tax rate of 27% (2022 and 2021: 28%), by extracting the tax effect associated with the income and expenses of CPF as recognised in the Sasfin Consolidated Financial Statements.

Allocation of central costs

Only operating costs directly linked to the CPF Business have been recognised in profit or loss. There has been no allocation of indirect central costs to the CPF business that are also incurred to support other business units of Sasfin.

Going concern

Management prepared the Historical Financial Information on a going concern basis and legal agreements for the transaction have been prepared on this basis.

As at 30 June 2023, 2022, and 2021 the assets exceed the liabilities. It is recorded in the purchase agreement that management and the purchaser wish to sell the CPF business as a going concern which is capable of separate operation. Upon the effective date of the transaction, the CPF business will continue to source new business, execute on these deals and manage existing assets forming part of the transaction in order to provide an ongoing stream of income for the operations. Management therefore has a reasonable expectation that the CPF business' operations have adequate resources to continue in operational existence for the foreseeable future.

Statement of financial position
at 30 June 2023

	Note	2023 R'000	2022 R'000	2021 R'000
Assets				
Loans and advances	3	617 469	340 147	228 206
Total assets		**617 469**	**340 147**	**228 206**
Liabilities				
Provisions	4	36	237	425
Total liabilities		**36**	**237**	**425**
Net asset value				
Parent company interest		617 433	339 910	227 781
Total net asset value		**617 433**	**339 910**	**227 781**
Total liabilities and net asset value		**617 469**	**340 147**	**228 206**

Statement of profit or loss
for the year ended 30 June 2023

	Note	2023 R'000	2022 R'000	2021 R'000
Interest income	**5**	**61 833**	**23 344**	**15 471**
Interest income calculated using the effective interest method		11 230	263	–
Other interest income		50 603	23 081	15 471
Non-interest income		**11 343**	**16 077**	**12 620**
Net fee and commission income	6	6 305	3 340	2 238
Gains and losses on financial instruments	7	5 038	12 737	10 382
Total income		**73 176**	**39 421**	**28 091**
Credit impairment charges		(1 917)	(172)	–
Net income after impairments		**71 259**	**39 249**	**28 091**
Total operating costs		**(14 105)**	**(11 055)**	**(5 665)**
Staff costs	8	(11 372)	(7 564)	(4 943)
Other operating expenses		(2 733)	(3 491)	(722)
Profit for the year before income tax		**57 154**	**28 194**	**22 426**
Income tax expense	9	(15 432)	(7 894)	(6 279)
Profit for the year		**41 722**	**20 300**	**16 147**

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this Historical Financial Information are set out in the related Notes to the Historical Financial Information.

1.1 Provisions

A provision is recognised when the CPF Business has a present, legal or constructive obligation, as a result of a past event, from which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where the effects of the time value of money are material, provisions are recognised at the present value of the expected obligation.

1.2 Financial instruments

Financial instruments, as reflected on the statement of financial position, include all financial assets.

Financial assets, being Loans and Advances, are recognised on the date on which the CPF Business commits to purchase the asset.

Financial instruments are initially recognised at fair value.

Subsequent to initial measurement, financial instruments are either measured at fair value through profit or loss, or amortised cost, based on the business model in terms of which the financial instruments are acquired and managed, as well as the contractual cash flow characteristics thereof.

Amortised cost

Amortised cost financial assets are measured at the amount determined on initial recognition, less principal repayments and cumulative amortisation using the effective interest method adjusted for any ECL allowance.

Financial instruments at fair value through profit or loss (“FVTPL”)

The CPF Business classifies financial assets at fair value through profit or loss when the business model is such that these financial assets are managed and measured on a fair value basis, since realisation of these is anticipated to be through sale.

Financial assets at fair value through profit or loss are measured at fair value, with fair value gains and losses reported in non-interest income.

Classification and measurement of financial assets

Financial assets are classified and measured based on the CPF Business’ business model for managing them and the contractual cash flow characteristics of the financial assets.

Financial assets held by the CPF Business in a business model that has the objective of holding the financial assets to collect contractual cash flows, and the contractual terms of the financial assets lead to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”), are classified and measured as “measured at amortised cost”.

Financial assets held by the CPF Business in a business model that has the objective of realising cash flows through the sale of the assets and/or that is managed on a fair value basis, including those held for trading, are classified and measured as “fair value through profit or loss (“FVTPL”)”.

Business model assessment

Sasfin assesses the objective of a business model in which a loan is held at a portfolio level since this best reflects the way the business is managed and information is provided to management. The following information is considered:

- The stated policies and objectives for the portfolio and the practical implementation of those policies. Specifically, whether management’s strategy focuses on earning contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising profits and cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to Sasfin's management;
- The risks that affect the performance of each portfolio and the strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how Sasfin's stated objective for managing the financial assets concerned is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the CPF Business considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the CPF Business considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Business's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition.

Impairments

The CPF Business recognises loss allowances for ECL on Loans and Advances that are not measured at FVTPL.

The CPF Business measures these loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, which are measured as 12-month ECL.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the CPF Business expects to receive); and
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The key inputs for the measurement of ECL are the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Time to Default (TTD);
- Expert judgement referred to below; and
- Forward-looking parameters.

Both qualitative and quantitative measurements should be used in the process of calculating the ECL on the Performing, Under-performing and non-performing exposures.

ECL is a "three-stage" model for calculating impairment losses, based on changes in credit quality since initial recognition, namely:

- 12-month ECLs are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
  - Stage 1 includes exposures that have not had a Significant Increase in Credit Risk ("SICR") (defined below) since initial recognition. For these financial instruments, ECL is calculated based on the relevant 12-month PD, TTD, LGD and EAD.
- Life-time ECLs are the ECL that result from all possible default events over the expected life of the financial instrument.
  - Stage 2 includes exposures that had a SICR since initial recognition but do not have objective evidence of impairment. For these financial instruments, ECL is calculated based on the relevant lifetime PD, TTD, LGD and EAD; and
  - Stage 3 includes exposures for which there is objective evidence of impairment at the reporting date. For these financial instruments, ECL is calculated based on a lifetime PD, TTD, LGD and EAD. The financial instrument must be classified as in "Stage 3" when it is credit impaired.

Objective evidence of impairment is defined as the occurrence of one or more events since the date of original recognition of the asset, which will have an impact on the expected future cash flow of the borrower e.g. insolvency and business rescue.

Forward looking information is included in both the assessment of significant increase in credit risk ("SICR") and the measurement of ECL by means of a High Care classification. Refer below for more information.

An expert judgement approach is used to determine the LGD. This approach determines the expected loss for Stage 3 exposures based on an anticipated salvage calculation. The value of the anticipated salvage used in the determination of the ECL of credit impaired financial instruments is calculated taking the following factors into account:

- Realisable market value of security after taking account of costs associated with such sale;
- Stage and nature of legal process;
- Wherewithal of debtor to pay based on available credit data (e.g. financial statements, cash flows, third party credit bureau reports);
- Any supporting suretyships or guarantees;
- Financial standing/reputation of the client business and or related parties;
- Any recourse/warranty claim against a supplier or any other third party;
- Any applicable insurance claim;
- Any negotiated settlement agreements;
- Expected dividend in the case of a liquidation/sequestration; and
- Timing of expected recoveries.

Low credit risk

A financial instrument can have a low credit risk when:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant Increase in Credit Risk ("SICR")

Credit risk needs to be re-assessed at each reporting period for each financial instrument, to determine whether there is a SICR. To make that assessment, the CPF Business compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort that is indicative of a SICR since initial recognition.

The CPF Business defines a SICR as follows:

- when a debtor is flagged as High Care; or
- once an account becomes past due/arrears for more than seven days and up to and including 90 days.

Clients defined as High Care are those that have shown signs of financial and cash flow pressure because of changes in operating environment, industry sector, and adverse financial health. These have, however, not defaulted.

Such signs referred to above could include any one or more of the following factors:

- Material deterioration, particularly over a period of time, in the cash flow generation of a business;
- Material and consistent financial losses;
- Material and/or consistent reduction in revenue and/or gross profit margins;
- Significant increases in interest-bearing debt and related finance costs, such that there is a concern about the company's ability to service and repay its financial obligations;
- Material increases in trade creditors out of line with the sales and business growth, indicating an inability to pay creditors on time and in line with credit terms;
- Material increases in trade debtors and/or stock which could place pressure on cash flow generation;
- Regular breaches in the terms and conditions of its financing arrangements, requests for extension of payment dates, excesses, extensions on repayment deadlines, etc.;
- Material negative changes in the business, competitors or economic environment within which the business operates. This will include material negative changes in the business's supply chain;
- Difficulty in producing regular financial information; or
- Significant changes within key leadership with no meaningful succession planning.

Default and curing

A financial Instrument is classified as being in default, which is aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due or in excess on its original contractual payments/margin/limits, excluding Immaterial Arrears as well as any extensions of more than 90 days from the original contractual payment date.

Immaterial Arrears is defined as an amount that is less than 5% of the next contractual instalment.

Qualitative criteria

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the client has been flagged as legal;
- significant financial difficulty of a borrower;
- default or delinquency by a borrower;
- distressed restructuring of credit obligations. Per IFRS 9, distressed restructures will be credit-impaired, but per Prudential Authority Directive 7/2015 (section 6.1) these should as a minimum be classified as special mention;
- indications that a borrower would enter provisional or final liquidation or business rescue;
- repayment of the principal amount and/or accrued interest has been overdue for more than 90 days, and the net realisable value of security is insufficient to cover the payment of the principal amount and accrued interest;
- the principal amount and accrued interest are fully secured, but the repayment of the principal amount and/or accrued interest has been overdue for more than 12 months; and
- significant deficiencies exist that threaten the obligor's business, cash flow or payment capability, which deficiencies may include the items specified below:
  - The credit history or performance record of the obligor is not satisfactory;
  - Labour disputes or unresolved management problems may affect the business, production or profitability of the obligor;
  - Increased borrowings are not in proportion with the obligor's business;
  - The obligor is experiencing difficulty with the repayment of obligations to other creditors; or
  - Construction delays or other unplanned adverse events resulting in cost overruns are likely to require loan restructuring.

When a debtor has been classified as credit-impaired (Stage 3), it can be cured to Stage 1 subject to:

- the debtor being up to date;
- six consecutive payments are paid on or before due date; and
- no SICR exists.

Should the debtor be defined as a "High Care" account, it will cure to Stage 2 and not Stage 1. Also, should the client still represent a SICR, curing may only take place to Stage 2. For distressed restructured loans that were in default, there must be at least six consecutive monthly payments under the revised terms to cure.

Write-offs

Loans and advances are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the CPF Business determines that there is no realistic prospect of recovering the monies owed.

Write-offs will be considered once all sources of recovery have been exhausted or no further reasonable expectation of further material recoveries exists. The assessment of when an exposure has no reasonable prospect of being recovered will be based on the financial standing of the borrower and the sureties/guarantors vs the outstanding exposure, the value of the security in a forced sale scenario vs the outstanding exposure, as well as the nature and tenor of the legal processes required to pursue recovery, the costs associated with recovery as well as the prospect of success of the legal case.

Recoveries of amounts previously written off are included in "credit impairment charges" in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities to comply with the CPF Business's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

Derecognition of financial assets

The CPF Business derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the CPF Business neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the CPF Business is recognised as a separate asset or liability.

The CPF Business enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

1.3 **Total income**

Interest income

Interest income on financial instruments is recognised using the effective interest method.

The effective interest rate is the rate that discounts future cash payments or receipts over the expected life of the financial instrument to the carrying amount of the financial instrument.

In calculating the effective interest rate, the CPF Business estimates expected cash flows considering all contractual terms of the financial instrument, excluding future credit losses but including all fees paid or received, transaction costs and all other premiums or discounts between parties to the contract.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. The reversal of interest income relating to credit-impaired financial assets that have been cured is recognised as a reduction of the impairment charges on loans and advances.

The effective interest rate is established on initial recognition of the financial instrument and not subsequently revised.

Interest income on financial assets at fair value through profit or loss are presented in other interest income.

Non-interest income

Non-interest income comprises fees and commissions and fair value gains and losses.

Fee and commission income

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The CPF Business recognises revenue when it transfers control over a service to a customer. There are no significant judgements involved in assessing transfer of control or recognition of revenue at a point in time or overtime.

Fee and commission income is recognised net of any trade discounts, volume rebates and amounts received on behalf of third parties such as Value Added Tax.

Gains and losses on financial instruments

For financial instruments measured at FVTPL, the fair value gains and losses are recognised as part of “gains and losses on financial instruments”.

1.4 Employee benefits

Short-term benefits

Short-term benefits comprise salaries, incentive bonuses, accumulated leave pay, provident fund contributions, medical aid contributions, group life contributions and company car benefits.

Short-term benefits are recognised in profit or loss as they become due.

A provision is recognised for employees' leave entitlement when the CPF Business has a present legal obligation to settle with the employee in cash or by leave to be taken.

Defined contribution plan

The CPF Business pays fixed contributions to a third party as part of a defined contribution provident fund and retirement fund plan for the benefit of its employees. The CPF Business has no further legal or constructive obligation in terms of the defined contribution benefit plan beyond these contributions.

Defined contributions are recognised in profit or loss as they become due.

2. CRITICAL ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of these Financial Statements in accordance with IFRS requires management to make certain judgements, estimates and assumptions in its calculation of the carrying value of assets and liabilities and the reported amounts of profit or loss.

The assumptions, judgements and estimates used are based on historical experience and other factors that are believed to be reasonable.

Assumptions, judgements and estimates are reviewed on an ongoing basis, with revisions recognised in the period in which the revision was made, or in future periods if applicable.

2.1 Credit impairment

Credit impairment of loans and advances

The CPF Business assesses its loans and advances portfolio for impairment monthly using the ECL model.

The CPF Business applies judgement in the way it defines and applies a SICR, which is the driver in dividing the loans and advances portfolios between Stage 1, Stage 2 and Stage 3, with:

- Stage 1: 12-month ECL for those financial assets where there has not been a significant increase in credit risk since initial recognition;
- Stage 2: Lifetime ECL for those financial assets where there has been a significant increase in credit risk on a collective basis; and
- Stage 3: Lifetime ECL for all credit-impaired financial assets.

The CPF Business further applies judgement in determining the inputs used in the ECL model, i.e. the PD, LGD, EAD and TTD that are used to determine the ECL for each of Stage 1, Stage 2 and Stage 3.

The IFRS 9 Expected Credit Loss("ECL") requires a forward-looking overlay on the calculated loan book ECL to ensure the timely recognition of future credit losses. To capture economic changes accurately and forecast the required levels of impairment provisions to be held, the CPF Business utilised statistical modelling.

For the prior year, the macroeconomic factors were statistically tested and only Prime and GDP were statistically significant. The CPF Business therefore used GDP and Prime for the regression modelling. For each of the scenarios listed below for 2022, GDP and Prime over the next 12 months have been disclosed. The average GDP and Prime over the remaining forecast period, from 2023 to 2026, was used in the statistical modelling.

Other

A weighted probability scenario approach was applied to determine the model derived scalar as per the table below. Given the conservative internal view on the economic outlook, a management overlay was further applied to determine the final scalar.

	Best		Expected		Worst		Blended[1]	
2023	**12 months average (%)**	**Lifetime average (%)**	**12 months average (%)**	**Lifetime average (%)**	**12 months average (%)**	**Lifetime average (%)**	**12 months average (%)**	**Lifetime average (%)**
Factors								
PPI electricity	155.95	168.16	170.84	193.69	177.14	220.73	171.23	197.28
Rand/USD Exchange rate	15.03	15.39	17.78	18.50	19.87	22.77	18.02	19.11
Investment to GDP (%)	16.05	16.60	15.38	15.88	14.33	14.72	15.22	15.71
Scenario probability	5%		77%		18%		Combination[1]	
Scalar	1.2		1.4		1.64		–	

	R'000	R'000	R'000	R'000
Impact on ECL[2]	(311)	(52)	260	Base

1. *The Blended Scenario is the actual/base case scenario against which the expected and worst-case scenarios are benchmarked. The Blended Scenario is made up of 10% of the expected case scenario and 90% of the worst-case scenario.*
2. *The impact of forward-looking information on the IFRS 9 provision is an increase of R1.30 million. The percentage change of the total IFRS 9 provision is a 14.89% downward adjustment should a 100% best case scenario be assumed, a 2.49% downward adjustment should a 100% expected case scenario be used and a 12.45% upward adjustment should a 100% worst case scenario be assumed.*

	Expected		Worst		Blended[2]	
2022	**12 months (%)**	**Lifetime (%)**	**12 months (%)**	**Lifetime (%)**	**12 months (%)**	**Lifetime (%)**
Factors						
Gross Domestic Product	2.5	1.7	(6.1)	(1.7)	(3.5)	(0.7)
Prime Rate	8.0	8.8	8.6	10.7	8.4	10.1
Scenario probability	30	–	70	–	Combination	

	R'000	R'000	
Increase on ECL[2]	(52)	36	–

1. *The Blended Scenario is the actual/base case scenario against which the best, expected and worst-case scenarios are benchmarked. The Blended Scenario is made up of 30% of the expected case scenario and 70% of the worst-case scenario.*
2. *The impact of forward-looking information on the IFRS 9 provision is an increase of R0.1 million. The percentage change of the total IFRS 9 provision is a 4% downward adjustment should a 100% expected scenario be assumed and a 2% upward adjustment should a 100% worst case scenario be assumed.*

There were no loans and advances at amortised cost in the CPF portfolio prior to 2022 and therefore no comparative information for 30 June 2021 is disclosed for CPF.

The CPF Business further applies judgement when determining whether a specific loan and/or advance should be written off due to it not being recoverable.

	2023 R'000	2022 R'000	2021 R'000
3. LOANS AND ADVANCES			
Loans and advances at amortised cost	72 411	15 525	–
Credit loss allowance	(2 088)	(171)	–
Net loans and advances at amortised cost	**70 323**	**15 354**	**–**
Loans and advances at FVTPL	547 146	324 793	228 206
Total loans and advances	**617 469**	**340 147**	**228 206**

	2023 R'000	2022 R'000	2021 R'000
4. PROVISIONS			
Leave pay provision	36	237	425
	36	**237**	**425**

The Leave pay provision is the amount payable to employees in respect of the annual leave days accumulated by them. A maximum of the previous leave cycle may be accumulated annually. Any leave balance in excess of the previous cycle entitlement and the current entitlement will be forfeited.

Movements in provision:

	2023 R'000	2022 R'000	2021 R'000
Carrying amount at the beginning of the year	237	425	–
Movement recognised in profit or loss	12	(14)	(130)
Under/(Over provision) in prior year	(100)	59	608
Amounts used during the year	(113)	(233)	(53)
	36	**237**	**425**

	2023 R'000	2022 R'000	2021 R'000
5. INTEREST INCOME			
Interest income calculated using the effective interest method	11 230	263	–
Other interest income	50 603	23 081	15 471
	61 833	**23 344**	**15 471**

	2023 R'000	2022 R'000	2021 R'000
6. NET FEE AND COMMISSION INCOME			
Fee and commission income			
Other fee and commission income	6 305	3 340	2 238
	6 305	**3 340**	**2 238**

	2023 R'000	2022 R'000	2021 R'000
7. GAINS AND LOSSES ON FINANCIAL INSTRUMENTS			
Other gains or losses on financial instruments			
Fair value adjustments on financial instruments held at fair value through profit or loss	5 038	12 737	10 382
	5 038	**12 737**	**10 382**

	2023 R'000	2022 R'000	2021 R'000
8. STAFF COSTS			
Salaries and wages	10 516	6 953	4 488
Contributions to defined contribution plans and other	856	611	455
	11 372	7 564	4 943

	2023 R'000	2022 R'000	2021 R'000
9. INCOME TAX EXPENSE			
Current year	15 432	7 894	6 279
	15 432	7 894	6 279

Because the CPF Business is not a separate legal entity, it is also not a separate tax paying entity and has historically not filed separate tax returns in South Africa. Given that the income and expenses generated by the CPF Business would be subject to corporate taxes in South Africa, income tax has been shown in the CPF Business Historical Finance Information at a corporate tax rate of 27% (2022 and 2021: 28%), by extracting the tax positions associated with the income and expenses of the business units as recognised in the Sasfin Consolidated Financial Statements.

10. CLASSIFICATION OF ASSETS AND LIABILITIES

Accounting classification and fair values

The table below sets out the Businesses classification of each class of financial asset and liabilities, the fair values and carrying amounts.

2023	Fair value through profit or loss (mandatory) R'000	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
Assets				
Loans and advances	547 146	70 323	–	617 469
Total assets	**547 146**	**70 323**	**–**	**617 469**
Liabilities				
Provisions	–	–	36	36
Total liabilities	**–**	**–**	**36**	**36**

2022	Fair value through profit or loss (mandatory) R'000	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
Assets				
Loans and advances	324 793	15 354	–	340 147
Total assets	**324 793**	**15 354**	**–**	**340 147**
Liabilities				
Provisions	–	–	237	237
Total liabilities	**–**	**–**	**237**	**237**

2021	Fair value through profit or loss (mandatory) R'000	Amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
Assets				
Loans and advances	228 206	–	–	228 206
Total assets	**228 206**	**–**	**–**	**228 206**
Liabilities				
Provisions	–	–	425	425
Total liabilities	**–**	**–**	**425**	**425**

11. FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

	2023				
	Fair value			Total fair value	Amortised cost
	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	R'000
Financial assets	**–**	**–**	**70 323**	**70 323**	**70 323**
Loans and advances	–	–	70 323	70 323	70 323

	2022				
	Fair value			Total fair value	Amortised cost
	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	R'000
Financial assets	**–**	**–**	**15 354**	**15 354**	**15 354**
Loans and advances	–	–	15 354	15 354	15 354

The carrying amount of financial assets, recognised at amortised cost, is considered a reasonable approximation of fair value, unless otherwise indicated above.

12. **FINANCIAL RISK MANAGEMENT**

Movement in Level 3 instruments

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Loans and advances at fair value through profit or loss	**2023 R'000**	**2022 R'000**	**2021 R'000**
Balance at the beginning of the year	324 793	228 206	122 389
Other interest income, other fee income and gains or losses in profit and loss	61 911	37 657	28 261
Advances	196 318	82,122	93 262
Repayments	(35 876)	(23 192)	(15 706)
Balance at the end of the year	**547 146**	**324 793**	**228 206**

Gains and losses from fair value measurements

Total unrealised gains and losses for the reporting period on Level 3 positions held at the reporting date are set out below:

	2023 R'000	**2022 R'000**	**2021 R'000**
Gains on level 3 instruments held at the reporting date	**5 038**	12 737	10 382

As part of the Group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of possible alternative valuations.

Sensitivity analysis of valuations using unobservable inputs

The following tables reflect how the unobservable parameters were changed in order to evaluate the sensitivities of Level 3 financial assets:

	Unobservable inputs	**2023**	**2022**	**2021**	**Relationship of unobservable inputs to fair value**
Loans and advances at fair value through profit and loss	Forecast profit	Forecast profit was determined based upon the selling price of the completed development less the development cost multiplied by the agreed upon rate to be paid to the CPF Business. Therefore, there are no ranges to be disclosed as it is as per contract.			
	Vacancy rate	7.0%–8.0% (weighted average 8%)	7.0%	10.0%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value.
	Capitalisation rate	11.5%–12.5% (weighted average 12%	11.0%	11.0%	

Parameter	**Positive/ (negative) variance applied to parameters**	**2023 Potential effected recorded in profit or loss favourable R'm**	**2022 Potential effected recorded in profit or loss favourable R'm**	**2021 Potential effected recorded in profit or loss favourable R'm**	**2023 Potential effected recorded in profit or loss (unfavourable) R'm**	**2022 Potential effected recorded in profit or loss (unfavourable) R'm**	**2021 Potential effected recorded in profit or loss (unfavourable) R'm**
Forecast profit	Not applicable. Refer to above explanation.						
Capitalisation rate	50/(50) bps	2.02	2.15	1.83	(1.58)	(1.97)	(1.67)
Vacancy rate	100/(100) bps	0.72	0.72	0.63	(0.48)	(0.71)	(0.63)

13. **FINANCIAL RISK MANAGEMENT**

Risk management is an essential component of value creation and the protection of that value. Implemented effectively, it improves performance, encourages innovation and supports the achievement of the CPF Business's strategic objectives. Sasfin's well-established integrated risk management philosophy aims to ensure that the diverse risks and opportunities across the CPF Business are identified and proactively addressed within acceptable parameters through appropriate governance structures, processes, policies and frameworks, while supporting business growth. Sasfin's risk management procedures include, but are not limited to, credit risk, liquidity risk, interest rate risk and market risk.

14. **CREDIT RISK**

Credit risk is the risk of a financial loss stemming from a borrower's failure to repay a loan or to meet a contractual obligation.

Credit risk arises principally from the CPF Business's loans and advances. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of credit risk

Sasfin's Board of Directors has delegated responsibility for the management of credit risk to the Credit and Large Exposures Committee ("CLEC"). Sasfin's credit function (Sasfin Group Credit), which reports to the Group Chief Operating Officer, is responsible for management of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, and the legal department, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, impairments, and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits, as approved and reviewed regularly by the CLEC and/or the Board, are allocated to business unit credit officers and credit committees;
- Larger facilities may require approval by the Executive Credit Committee, and/or the CLEC;
- Reviewing and assessing credit risk. Sasfin Group Credit assesses all credit exposures, prior to facilities being committed to customers by the business unit concerned;
- Managing post-implementation credit risk in line with the Group's credit policies and Board Risk Appetite;
- Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances, deposits with banks and investment securities;
- Developing and maintaining the Group's risk indicators in order to categorise exposures according to the degree of risk of financial loss faced, and to focus management on the attendant risks. The risk system is used in determining where impairment provisions (i.e. provisions for credit losses) may be required against specific credit exposures. The current risk framework consists of five grades reflecting varying degrees of risk of default, availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive/committee. Risk grades are subject to regular reviews by Group Risk;
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Group Credit on the credit quality of local portfolios, and appropriate corrective action is taken;
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk;
- Managing, together with the relevant business unit and legal department (where appropriate) the underperforming and non-performing exposures; and
- Ensuring that appropriate expected credit losses are raised in line with accounting standards.

Each business unit is required to implement Group credit policies and procedures, with credit approval authorities delegated by the CLEC. Each business unit is also responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those that are subject to Group approval.

Regular audits of business units and Group Credit processes are undertaken annually by Group Internal Audit.

Credit impairment

The Group determines an allowance for credit losses that represents its estimate of expected credit losses in line with IFRS 9.

Write-off policy

Loans and security balances (and any related allowances for impairment losses) are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This determination is reached after considering information such as the occurrence of significant changes in the borrower's or issuer's financial position resulting in the borrower/issuer no longer being in a position to pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Credit risk measurement and determination

The Group uses internally developed models and practices to measure and manage credit risk, by utilising skilled resources to ensure it is properly managed and controlled. The Group has adopted the standardised approach in terms of Basel III to measure credit risk, and uses the regulatory risk buckets per the SARB as measurement criteria for assessing performing counterparties as follows:

Classification of credit risk exposure	Categorisation of counterparty (IFRS 9)
A Good Book	Stage 1[1] and Stage 2[2]
B Special Mention	Stage 2[3]
C Sub Standard	Stage 3[4]
D Doubtful	Stage 3
E Loss	Stage 3

1. *Up to date until seven days overdue.*
2. *More than seven days overdue up to 30 days overdue.*
3. *More than 30 days overdue up to 90 days overdue.*
4. *Refer to Note 1.2, under heading default and curing, for the definition of credit-impaired.*

Collateral for loans and advances

The CPF Business generally holds collateral against loans and advances in order to reduce credit risk. Although collateral is held, Sasfin's policy is to grant loans and advances on the basis that they are within the customer's capacity to repay the amount, rather than to rely on the collateral held against them. Collateral comprises of continuing covering mortgage bonds over property.

Concentration risk

This is the risk of a material exposure by the CPF Business to a small number of depositors, lenders, financial instruments, individuals, corporates, institutions or geographies.

	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %	ECL Staging: Stage 1 12-month Total exposure R'000	Total ECL R'000	Coverage ratio %
2023							
Maximum credit exposures of financial assets at amortised cost							
Loans and advances	70 323	72 411	2 088	2.88	72 411	2 088	2.88
Maximum credit exposures on financial assets at FVTPL							
Loans and advances	547 146						
Total exposure to credit risk	**617 469**						

	Net amount R'000	Total exposure R'000	Total ECL R'000	Coverage ratio %	ECL Staging: Stage 1 12-month Total exposure R'000	Total ECL R'000	Coverage ratio %
2022							
Maximum credit exposures of financial assets at amortised cost							
Loans and advances	15 354	15 525	171	1.10	15 525	171	1.10
Maximum credit exposures on financial assets at FVTPL							
Loans and advances	324 793						
Total exposure to credit risk	**340 147**						
2021							
Maximum credit exposures of financial assets at amortised cost							
Loans and advances	–	–	–	–	–	–	–
Maximum credit exposures on financial assets at FVTPL							
Loans and advances	228 206						
Total exposure to credit risk	**228 206**						

Financial assets attract credit risk in the form of counterparty credit risk and concentration risk.

	2023 R'000	2022 R'000	2021 R'000
Concentration risk of gross advances			
Sectoral analysis			
Finance, real estate and business services	619 557	340 318	228 206
Total	**619 557**	**340 318**	**228 206**

Collateral and other security enhancements

Description of collateral for loans and advances

The primary collateral held for commercial property finance comprises first covering mortgage bonds and, in some instances, suretyships. The collateral is measured at the registered Continuing Covering Mortgage Bond amount.

	Gross exposure R'000	Property R'000	Unsecured R'000
2023			
Loans and advances	619 557	582 962	36 595
2022			
Loans and advances	340 318	315 036	25 282
2021			
Loans and advances	228 206	217 673	10 533

Credit loss allowance analysis

Reconciliation of ECL on Loans and Advances at amortised cost

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2023				
Total loans and advances				
Credit loss allowance balance beginning of the year	171	–	–	171
ECL on new exposure raised	1 542	–	–	1 542
Subsequent changes in ECL	375	–	–	375
Credit loss allowance balance end of the year	**2 088**	**–**	**–**	**2 088**

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
2022				
Total loans and advances				
Credit loss allowance balance beginning of the year	–	–	–	–
ECL on new exposure raised	171	–	–	171
Subsequent changes in ECL	–	–	–	–
Credit loss allowance balance end of the year	171	–	–	171

Credit impairment charges recognised in profit or loss

	2023 R'000	2022 R'000	2021 R'000
Net ECL recognised	1 917	171	–

15. LIQUIDITY RISK

Liquidity risk is the risk that a bank may be unable to meet short-term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

This risk is inherent in all banking and financial service operations and can be impacted by a range of institution-specific and market-wide events.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. ALCO sets limits and mandates for executive management to manage the liquidity risk within this framework.

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, interbank loans and other interbank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The liquidity requirements of business units and subsidiaries are met through short-term loans from Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements. The Group believes that the management of liquidity should encompass an overall Consolidated Statement of Financial Position approach, which consolidates all sources and uses of liquidity while maintaining a balance between liquidity, profitability and interest rate considerations.

Liquidity risk measurement

The Group's daily liquidity position is monitored and reported in the form of cash flow projections in terms of key periods ranging from demand to long term. Regular liquidity stress testing is conducted under a variety of scenarios ranging from normal to severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports, including the CPF Business, cover the liquidity position of the Group and operating subsidiaries. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO. Sources of liquidity are regularly reviewed to maintain a wide diversification by financial product and form.

Exposure to liquidity risk

The key measures used by the Group for managing liquidity risk, including the CPF Business, are *inter alia*:

- The Liquidity Coverage Ratio("LCR"). This to the proportion of high-quality liquid assets to meet the banks' liquidity needs during a 30 calendar day liquidity stress period/scenario;
- Net Stable Funding Ration ("NSFR"). This refers to the proportion of Available Stable Funding("ASF") via the liabilities over Required Stable Funding ("RSF") for the assets;
- Various forward looking liquidity maturity mismatch scenarios; and
- The ratio of net liquid assets to deposits from customers.

For this purpose, net liquid assets are considered as including cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. ALCO monitors the Group's exposure to liquidity risk in terms of internal benchmarks it has set and defined for Treasury to maintain.

To manage the liquidity risk arising from financial liabilities, the Group holds high-quality liquid assets comprising cash and cash equivalents, treasury bills and negotiable certificates of deposit for which there is an active liquid market.

Contractual maturity analysis

The tables below represent the contractual maturities of assets and liabilities of the CPF Business, as opposed to their "business as usual" maturity profiles.

	Carrying amount R'000	Gross inflow/ outflows R'000	Less than 1 month R'000	1–3 months R'000	4–12 months R'000	1–5 years R'000	More than 5 years R'000	Non-Contractual R'000	Total R'000
2023									
Discounted maturity									
Assets									
Loans and advances	617 479	619 567	164	–	–	577 780	41 623	(2 088)	617 479
Total assets	**617 479**	**619 567**	**164**	**–**	**–**	**577 780**	**41 623**	**(2 088)**	**617 479**
Undiscounted maturity									
Liabilities									
Provisions	36	–	–	–	–	–	–	36	36
Total liabilities	**36**	**–**	**–**	**–**	**–**	**–**	**–**	**36**	**36**

Non-contractual refers to the ECL on financial instruments.

	Carrying amount R'000	Gross inflow/ outflows R'000	Less than 1 month R'000	1–3 months R'000	4–12 months R'000	1–5 years R'000	More than 5 years R'000	Non-Contractual R'000	Total R'000
2022									
Discounted maturity									
Assets									
Loans and advances	340 147	340 318	–	–	960	339 358	–	(171)	340 147
Total assets	**340 017**	**340 318**	**–**	**–**	**960**	**339 358**		**(171)**	**340 147**
Undiscounted maturity									
Liabilities									
Provisions	237	–	–	–	–	–	–	237	237
Total liabilities	**237**	**–**	**–**	**–**	**–**	**–**	**–**	**237**	**237**

Non-contractual refers to the ECL on financial instruments.

	Carrying amount R'000	Gross inflow/ outflows R'000	Less than 1 month R'000	1–3 months R'000	4–12 months R'000	1–5 years R'000	More than 5 years R'000	Non-Contractual R'000	Total R'000
2021									
Discounted maturity									
Assets									
Loans and advances	228 206	228 206	–	–	–	228 206	–	–	228 206
Total assets	**228 206**	**228 206**	**–**	**–**	**–**	**228 206**	**–**	**–**	**228 206**
Undiscounted maturity									
Liabilities									
Provisions	425	–	–	–	–	–	–	425	425
Total liabilities	**425**	**–**	**–**	**–**	**–**	**–**	**–**	**425**	**425**

Discounted maturity analysis: Current and non-current

2023	Current R'000	Non-current R'000	Total R'000
Assets			
Loans and advances	164	617 315	617 479
Total assets	**164**	**617 315**	**617 479**
Liabilities			
Provisions	36	–	36
Total liabilities	**36**	**–**	**36**

	2022			2021		
	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Assets						
Loans and advances	960	339 187	340 147	–	228 206	228 206
Total assets	**960**	**339 187**	**340 147**		**228 206**	**228 206**
Liabilities						
Provisions	237	–	237	425	–	425
Total liabilities	**237**	**–**	**237**	**425**	**–**	**425**

16. MARKET RISK

Market risk is the risk that changes in market prices will affect the CPF Business's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return.

It is the risk of change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables. The CPF Business's principal market risk is:

- Interest rate risk – the risk of difference in the repricing characteristics of assets

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is an executive management monitoring committee for compliance with these limits and is assisted by Group Risk in its day-to-day monitoring activities.

The tables summarise the CPF Business's exposure to interest rate risk through categorisation of assets into time buckets, determined as being the earlier of the contractual re-pricing date and maturity.

	Up to 1 month R'000	1–3 months R'000	4–12 months R'000	1–5 years R'000	More than 5 years R'000	Total R'000
2023						
Assets						
Non-trading portfolios						
Loans and advances	619 557	–	–	–	–	619 557
Total assets	**619 557**	**–**	**–**	**–**	**–**	**619 557**
A 400 basis point interest rate change will have the following effect on profit/loss:						
400 bp parallel shock interest rate increase	19 198	–	–	–	–	19 198
400 bp parallel shock interest rate decrease	(19 198)	–	–	–	–	(19 198)
2022						
Assets						
Non-trading portfolios						
Loans and advances	340 318	–	–	–	–	340 138
Total assets	**340 318**	**–**	**–**	**–**	**–**	**340 138**
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	5 685	–	–	–	–	5 685
200 bp parallel shock interest rate decrease	(5 685)	–	–	–	–	(5 685)
2021						
Assets						
Non-trading portfolios						
Loans and advances	228 206	–	–	–	–	228 206
Total assets	**228 206**	**–**	**–**	**–**	**–**	**228 206**
A 200 basis point interest rate change will have the following effect on profit/loss:						
200 bp parallel shock interest rate increase	3 473	–	–	–	–	3 473
200 bp parallel shock interest rate decrease	(3 473)	–	–	–	–	(3 473)

17. **EVENTS AFTER THE REPORTING DATE**

There were no subsequent events in the CPF Business from 30 June 2023 up to the date that the Historical Financial Information was authorised for issuance other than has been described in the introduction section of this Report of Historical Information.

THE INDEPENDENT AUDITOR'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION, COMPRISING THE CARVE-OUT FINANCIAL STATEMENTS OF THE CPF BUSINESS

The Directors

Sasfin Holdings Limited

Independent auditor's audit report on the carve-out historical financial information

To the directors of Sasfin Holdings Limited

Our opinion

Sasfin Holdings Limited ("Sasfin Holdings") is issuing a circular to its shareholders (the "Circular") regarding the proposed disposal through its wholly owned subsidiary, Sasfin Bank Limited ("SBL"), of its Commercial Property Finance business (the "CPF Business") to African Bank Limited (the "Proposed Transaction"). The CPF Business comprises the following:

- Amounts owing under the loan agreements and other finance agreements between SBL and its customers in relation to the CPF Business ("CPF Loan Book");
- All contracts to which SBL is a party, relating solely to the CPF Loan Book, including all of SBL's rights, title and interest in and to the contracts between SBL and the counterparties thereto which constitute the CPF Loan Book, including all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of CPF Book and all and any ancillary contractual rights, security, entitlements, consents, mandates and authorities granted to, or held by, SBL in terms of, or in connection with, the CPF Loan Book ("CPF Contracts");
- The Goodwill of the CPF Business (no value in the Historical Financial Information);
- The Intellectual Property of the CPF Business (no value in the Historical Financial Information);
- All of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CPF Business ("CPF Business Claims") (no value recorded in the Historical Financial Information);
- The Business Records in respect of the CPF Business (no value in the Historical Financial Information); and
- Certain employees of the CPF Business will transfer to the employ of the Purchaser in terms of section 197 of the Labour Relations Act, 66 of 1995.

In terms of the CPF Disposal Agreement the following is excluded from the CPF Business:

- Any rights and/or entitlement under, and/or amounts received in respect of, any participation interest agreements where the loan relating thereto is settled in full prior to the closing date of the CPF Disposal Agreement as agreed between the parties;
- Any asset (including any claim or right) where SBL, or any member of the Sasfin group holds any equity interest; and
- Certain CPF Covid Loans, advanced by SBL in terms of the Emergency Loan Funding-for Lending Scheme proposed by the National Treasury pursuant to the declaration of the Covid-19 pandemic to CPF Business clients.

In our opinion, the carve-out historical financial information of the CPF business for the year ended 30 June 2023, as detailed in **Annexure 5** of the Circular is prepared, in all material respects in accordance with the Basis of Preparation, set out on the "Basis of Preparation" note of the carve-out historical financial information of the CPF business and the JSE Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated 25 March 2024, we have audited the carve-out historical financial information of the CPF business, which comprises:

- the carve-out statement of financial position as at 30 June 2023;
- the carve-out statement of profit or loss for the year then ended; and
- the notes to the carve-out historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the carve-out historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sasfin Holdings in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* ("IRBA Code") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Emphasis of Matter – Basis of accounting

We draw attention to the fact that, as described in the Basis of Preparation set out on the "Basis of Preparation" note on the carve-out historical financial information of the CPF business, that the CPF Business does not exist as a separate legal entity. The carve-out historical financial information of the CPF Business are, therefore, not necessarily indicative of results that would have occurred if the CPF Business had been a separate stand-alone entity during the year presented or of future results of the CPF Business.

We also draw attention to Note 1 to the carve-out historical financial information of the CPF Business which describes the basis of accounting. The carve-out historical financial information of the CPF Business is prepared by the directors of Sasfin Holdings for purposes of this Circular. As a result, the historical financial information may not be suitable for another purpose.

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Other matter

The carve-out historical financial information for the CPF business as at 30 June 2021 and 30 June 2022, and for the years then ended were not audited but subject to review. A review engagement is substantially less in scope than an audit. The review report dated 18 March 2024 expressed an unqualified conclusion.

Responsibilities of the directors for the carve-out historical financial information

The directors of Sasfin Holdings are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring compliance with the requirements of the JSE Listings Requirements.

The directors of Sasfin Holdings are responsible for the preparation of the carve-out historical financial information of the CPF business for the year ended 30 June 2023 accordance with the Basis of Preparation, set out on the "Basis of Preparation" note of the carve-out historical financial information of the CPF business and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of carve-out historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the carve-out historical financial information of the CPF business for the year ended 30 June 2023, the directors of Sasfin Holdings are responsible for assessing the CPF Business's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the CPF Business or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the carve-out historical financial information

Our objectives are to obtain reasonable assurance about whether the CPF carve-out historical financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this carve-out historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sasfin Holding's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CPF Business's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the CPF Business carve-out historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the CPF Business to cease to continue as a going concern.

We communicate with the directors of Sasfin Holdings regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor
4 Lisbon Lane
Waterfall City
Jukskei View
2090
18 March 2024

Independent reviewer's review report on the carve-out historical financial information

To the directors of Sasfin Holdings Limited

Introduction

Sasfin Holdings Limited (the "Company" or "Sasfin Holdings") is issuing a circular to its shareholders (the "Circular") regarding the proposed disposal through its wholly owned subsidiary, Sasfin Bank Limited ("SBL"), of its Commercial Property Finance business (the "CPF Business") to African Bank Limited (the "Proposed Transaction").

The CPF Business comprises the following:

- Amounts owing under the loan agreements and other finance agreements between SBL and its customers in relation to the CPF Business ("CPF Loan Book");
- All contracts to which SBL is a party, relating solely to the CPF Loan Book, including all of SBL's rights, title and interest in and to the contracts between SBL and the counterparties thereto which constitute the CPF Loan Book, including all forms of security (whether registered, contractual or derived by operation of law) held by SBL in respect of CPF Book and all and any ancillary contractual rights, security, entitlements, consents, mandates and authorities granted to, or held by, SBL in terms of, or in connection with, the CPF Loan Book ("CPF Contracts");
- The Goodwill of the CPF Business (no value in the Historical Financial Information);
- The Intellectual Property of the CPF Business (no value in the Historical Financial Information);
- All of SBL's rights in and to any claims, prepayments, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment (including any such item relating to the payment of taxes) against any other person exclusively in respect of the CPF Business ("CPF Business Claims") (no value recorded in the Historical Financial Information);
- The Business Records in respect of the CPF Business (no value in the Historical Financial Information); and
- Certain employees of the CPF Business will transfer to the employ of the Purchaser in terms of section 197 of the Labour Relations Act, 66 of 1995.

In terms of the CPF Disposal Agreement the following is excluded from the CPF Business:

- Any rights and/or entitlement under, and/or amounts received in respect of, any participation interest agreements where the loan relating thereto is settled in full prior to the closing date of the CPF Disposal Agreement as agreed between the parties;
- Any asset (including any claim or right) where SBL, or any member of the Sasfin group holds any equity interest; and
- Certain CPF Covid Loans, advanced by SBL in terms of the Emergency Loan Funding-for Lending Scheme proposed by the National Treasury pursuant to the declaration of the Covid-19 pandemic to CPF Business clients.

At your request and for the purpose of the Circular to be dated 25 March 2024, we have reviewed the accompanying carve-out statement of financial position of the CPF Business as at 30 June 2021 and 30 June 2022, and the related carve-out statement of profit or loss for the 12 month periods then ended, and selected explanatory notes, as detailed in **Annexure 5** of the Circular, in compliance with the requirements of the JSE Listings Requirements.

Directors' responsibility

The directors of Sasfin Holdings are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the Company complies with the requirements of the JSE Listings Requirements.

The directors of Sasfin Holdings are responsible for the preparation of the carve-out historical financial information of the CPF Business in accordance with the Basis of Preparation set out on the "Basis of Preparation" Note of the carve-out historical financial information and the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the carve-out historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the carve-out historical financial information of the CPF Business, the directors of Sasfin Holdings are responsible for assessing the CPF Business ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the CPF Business or Sasfin Holdings or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express a conclusion on the carve-out historical financial information of the CPF Business. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the carve-out historical financial information of the CPF Business is not prepared in all material respects in accordance with the Basis of accounting, set out in note 1 to the carve-out historical financial information of the CPF Business. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the carve-out historical financial information of the CPF Business, is not prepared, in all material respects, in accordance with the Basis of Preparation, set out on the "Basis of Preparation" note of the carve-out historical financial information and the requirements of the JSE Listings Requirements.

Basis of accounting

We draw attention to the fact that, as described in the Basis of Preparation set out on the "Basis of Preparation" note to the carve-out historical financial information of the CPF Business, that the CPF Business does not exist as a separate legal entity. These carve-out historical financial information of the CPF Business are, therefore, not necessarily indicative of results that would have occurred if the CPF Business had been a separate stand-alone entity during the year presented or of future results of the CPF Business.

Without modifying our conclusion, we draw attention to Note 1 to the carve-out historical financial information, which describes the basis of accounting. The carve-out historical financial information of the CPF Business is prepared by the directors of Sasfin Holdings for purposes of this Circular. As a result, the historical financial information may not be suitable for another purpose.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor
4 Lisbon Lane
Waterfall City
Jukskei View
2090

18 March 2024

MATERIAL LOANS

Set out below are the material borrowings or funding obligations of Sasfin Holdings and its Subsidiaries and the CEF Business and the CPF Business as at the Last Practicable Date.

Lender	Borrower/ issuer	Description	Origination	Capital amount outstanding	Interest rate/ funding rate	Capital repayments	Security	Maturity date
ABSA	Sasfin Private Equity Investment Holdings (Pty) Ltd	ABSA Preference shares	Refer note 1	200 000 000	9.7525% (dividend rate of 83% of prime rate)	R200 million on maturity	Guaranteed by Sasfin Holdings for full amount outstanding	29 August 2025
SARB	Sasfin Bank (TTR_01)	SARB Loan relief fund (Covid loans)	August 2020	16 769 180	Repo Rate – 8.25%	Monthly	Unsecured	August 2026
Nedbank	Fintech Under-writing (Pty) Ltd	Overdraft facility	2022 (rolled over annually)	87 451 957	Prime rate linked	Monthly % of balance outstanding	–	Not applicable
Securitisation	SASP	Debt securities issued	Refer note 2	3 686 914 100	Refer note 2 below	Settled on maturity	–	Refer note 2 below

1. Sasfin Holdings obtained preference share funding from ABSA Bank Limited in 2013, to refinance inter-group loans in its Private Equity Investments division and to fund new Private Equity opportunities, in terms of which it offered security to ABSA Bank Limited in the form of a guarantee and a cession and pledge of its shares in Sasfin Private Equity Investment Holdings Proprietary Limited.
2. SASP, the securitisation and funding vehicle of SBL has a number of Class A, Class B and Class C unsubordinated, secured, compulsorily redeemable asset backed notes of R1 000 000 each in issue. The notes bear interest at a range of 3-month JIBAR plus 1.7% to 3-month JIBAR plus 2.7% and have scheduled maturity dates from 25 August 2024 until 15 November 2030.
3. Save as stated herein there are no conversion or redemption rights in respect of the material borrowings or funding obligations of Sasfin Holdings and its Subsidiaries as at the Last Practicable Date.

SASFIN HOLDINGS LIMITED
(Registration number 1913/000290/06)
(Share code: CKS)
(ISIN: ZAE000001434)
(Incorporated in the Republic of South Africa)
("**Sasfin Holdings**" or "**the Company**")

NOTICE OF GENERAL MEETING OF SASFIN HOLDINGS SHAREHOLDERS

Where appropriate and applicable, the terms defined in this Circular to which this Notice is attached and of which it forms part, bear the same meanings in this Notice, and in particular in the Resolutions set out below.

NOTICE IS HEREBY GIVEN that the General Meeting will be held entirely via electronic participation, as contemplated in section 63(2)(a) of the Companies Act and provided for in the Company's MOI, on Friday, 26 April 2024 commencing at 11:00, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in this Notice below.

Shareholders wishing to participate in the General Meeting by electronic means must follow the procedures set forth in this notice under the section titled, "Electronic Participation".

IMPORTANT DATES TO NOTE	**2024**
Last day to trade in order to be eligible to vote at the General Meeting	Tuesday, 16 April
Record Date to be able to vote at the General Meeting	Friday, 19 April
Forms of proxy, if delivered to transfer secretaries, to be received by no later than 11:00 on	Wednesday, 24 April
General Meeting to be held at 11:00 on	Friday, 26 April
Results of the General Meeting published on SENS on	Friday, 26 April

In terms of section 62(3)(e) of the Companies Act:

- **a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate via electronic participation in and vote at the General Meeting in the place of the Shareholder, by completing the form of proxy in accordance with the instructions set out therein;**
- **a proxy need not be a Shareholder; and**
- **all Shareholders are required to provide reasonably satisfactory identification before being entitled to electronically participate and vote in the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.**

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE CEF TRANSACTION AND THE CPF TRANSACTION

*"**RESOLVED THAT** the terms of the CEF Sale of Business Agreement and the CPF Sale of Business Agreement and the Disposal, as set out in the Circular to Sasfin Holdings Shareholders dated 25 March 2024 of which this Notice of General Meeting forms part, be and are hereby approved by the Sasfin Holdings Shareholders in accordance with the provisions of paragraph 9.20 of the JSE Listings Requirements.*

The percentage of voting rights that will be required for this Ordinary Resolution Number 1 to be adopted is more than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER 2

*"**RESOLVED THAT** any director of Sasfin Holdings or the company secretary be and are hereby authorised to do all such things and to sign all such documents as may be necessary to give effect to ordinary resolution number 1."*

The percentage of voting rights that will be required for this Ordinary Resolutions Number 2 to be adopted is more than 50% of the voting rights exercised on the resolutions.

QUORUM AND VOTING PROCEDURE

The General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. A matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three Shareholders electronically present in person or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting on matters to be decided by Shareholders.

Voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by him or her.

ELECTRONIC PARTICIPATION

Dematerialised Shareholders

You are entitled to attend electronically in person, or be represented by proxy, at the General Meeting. You must **not** however, complete the attached form of proxy. You must advise your CSDP or Broker timeously if you wish to attend electronically or be represented at the General Meeting. If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend electronically or be represented at the General Meeting, your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend electronically or to be represented at the General Meeting.

Sasfin Holdings does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.

Certificated Shareholders and Dematerialised Own Name Shareholders

You are entitled to attend electronically, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, at **proxy@computershare.co.za** or Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132), and for administrative purposes only to be received by no later than 11:00 on Wednesday, 24 April 2024. Any form of proxy not delivered by this time may be delivered electronically to the Transfer Secretaries at the General Meeting prior to its commencement, or at any time prior to voting on any of the Resolutions proposed at the General Meeting.

ELECTRONIC PARTICIPATION PROCESS

The Company has retained the services of Computershare Investor Services (Proprietary) Limited ("Computershare") to host the General Meeting on an interactive platform and to facilitate electronic participation and voting by Shareholders. Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to register online at www.meetnow.global/za by no later than 11:00 on Wednesday, 24 April 2024. Shareholders may still register online to participate in and/or vote electronically at the General Meeting after this date and time, provided, however, that for those Shareholders to participate and/or vote electronically at the General Meeting, they must be verified and registered before the commencement of the General Meeting.

As part of the registration process you will be requested to upload proof of identification (i.e., SA identity document, SA driver's license or passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as your name, surname, email address and contact number. Following successful registration, the Transfer Secretary will provide you with a meeting link and invitation code in order to connect electronically to the General Meeting.

While the Company will bear all costs for hosting the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for the cost (e.g. their own network charges or mobile data consumption) in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Company and/or Computershare. The Shareholder or participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company and its Directors, employees, Company Secretary, Transfer Secretaries and/or service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Shareholder/participant or anyone else. In particular, but not exclusively, the Shareholder or participant acknowledges that he/she will have no claim against the Company or its Directors, employees, Company Secretary, Transfer Secretary and/or service providers, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Shareholder or participant via the electronic services to the General Meeting.

FORM OF PROXY

A form of proxy is attached for the convenience of Certificated Shareholders who cannot attend the General Meeting and who wish to be represented thereat. Forms of proxy may also be obtained on request from Sasfin Holdings registered office. The completed forms of proxy must be deposited at or posted to the office of the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (Private Bag X9000, Saxonwold, 2132) or emailed to **proxy@computershare.co.za**, to be received by not later than 48 hours prior to the General Meeting, i.e. by 11:00 on Wednesday, 24 April 2024. The form of proxy may also be handed to the chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled electronically to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Attached to the form of proxy as an appendix, is an extract of section 58 of the Companies Act, to which Shareholders are referred.

Shareholders who have already Dematerialised their Shares through a Broker or CSDP and who wish to attend the General Meeting must instruct their Broker or CSDP to issue them with the necessary letter of representation to attend.

Dematerialised Shareholders who have elected "own name" registration in the Register through a Broker or CSDP and who are unable to attend but who wish to vote at the General Meeting must complete and return the attached relevant form of proxy and lodge it with the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (Private Bag X9000, Saxonwold, 2132) or emailed to **proxy@computershare.co.za**, to be received by no later than 11:00 on Wednesday, 24 April 2024.

Any shareholder having queries regarding the General Meeting, or the above information may contact the Group Company Secretary, Charissa de Jager, on Tel: +27 11 531 9253 or charissa.dejager@sasfin.com

By order of the Board

25 March 2024

FORM OF PROXY – GENERAL MEETING

Where appropriate and applicable the terms defined in this Circular to which this form of proxy is attached forms part of and shall bear the same meaning in this form of proxy.

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a Broker or CSDP who have selected "own name" registration, registered as such at the close of business on the Record Date, at the General Meeting to be held entirely via electronic participation at 11:00 on Friday, 26 April 2024 or any postponement or adjournment thereof. The form of proxy may also be handed to the chairman of the General Meeting or adjourned or postponed General Meeting before the General Meeting is due to commence or recommence.

Dematerialised Shareholders who have not selected "own name" registration must not complete this form. They must inform their broker or CSDP timeously of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the Broker or CSDP to issue them with the necessary letter of representation to do so or provide the Broker or CSDP timeously with their voting instructions should they not wish to attend the General Meeting in order for the Broker or CSDP to vote in accordance with their instructions at the General Meeting.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done, the proxy or the Chair, as the case may be, will be deemed to have been authorised to vote as he/she thinks fit.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (address) [BLOCK LETTERS PLEASE]

Telephone no: (WORK)(area code) Telephone no: (HOME)(area code)

Cell phone no:

E-mail address:

being the holder/s of ______ Shares hereby appoint

1. or failing him/her

2. or failing him/her

3. the chairman of the General Meeting

as my/our proxy to act for me/us on my/our behalf at the General Meeting of in accordance with the following instructions (see note 2):

	Number of votes		
	***For**	***Against**	***Abstain**
Ordinary Resolution Number 1 – Approval of the Sale of CEF Business Agreement and the Sale of CPF Business Agreement			
Ordinary Resolution Number 2 – To allow a director and company secretary to do all such things and to sign all such documents as may be necessary to implement the resolution set out above			

* One vote per Share held by Shareholders on the Record Date

Signed at on 2024

Full name Capacity

Signature(s)

Assisted by (where applicable)

Please see the notes on the reverse side hereof.

Notes:

1. It is recommended that the proxy forms should be lodged with the Transfer Secretary of the Company, Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to the Transfer Secretary at Private Bag X9000, Saxonwold, 2132, to be received by them not later than 11:00 on Wednesday, 24 April 2024 (for administrative purposes only). However, any form of proxy not delivered to the Transfer Secretary by this time and date may be emailed to the Transfer Secretary at proxy@computershare.co.za (who will provide same to the Chair of the General Meeting) at any time prior to the General Meeting.
2. Voting will be performed by way of a poll so that each Shareholder electronically present or represented by way of proxy will be entitled to vote the number of Shares held or represented by him or her.
3. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting electronically and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof. The appointment of a proxy shall remain valid until the end of the General Meeting contemplated in this appointment. The appointment of a proxy is revocable unless the proxy appointment expressly states otherwise.
4. Where there are joint holders of Shares, the votes of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Register of Shareholders, will be accepted.
5. A proxy is entitled to attend, speak and vote at the General Meeting in place of the Shareholder, who he or she is representing. A proxy need not be a Shareholder of the Company.
6. **Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of Shares than you own in Sasfin Holdings, insert the number of Shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy or Chair, as the case may be, to vote or to abstain from voting at the General Meeting as he or she deems fit in respect of all of the Shareholder's votes exercisable thereat.**
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the Chair of the General Meeting.
8. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.
9. The Chair of the General Meeting may, in the Chair's absolute discretion, accept or reject any form of proxy which is completed, other than in accordance with these notes.
10. Dematerialised Shareholders, other than by own-name registration, must NOT complete this form of proxy but must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered in to between such Shareholders and their CSDP or broker.
11. An extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as an appendix to this form of proxy.

APPENDIX – EXTRACT FROM SECTION 58 OF THE COMPANIES ACT

"**58. Shareholder right to be represented by proxy**

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:

(a) participate in, and speak and vote at, a linked unit holders' meeting on behalf of the shareholder; or

(b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment:

(a) must be in writing, dated and signed by the shareholder; and

(b) remains valid for:

(i) one year after the date on which it was signed; or

(ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

(a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;

(b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

(c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company before the proxy exercises any rights of the shareholder at a linked unitholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy:

(a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

(b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

(c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:

(i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

(ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

(a) the date stated in the revocation instrument, if any; or

(b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:

(a) the shareholder; or

(b) the proxy or proxies if the shareholder has:

(i) directed the company to do so, in writing; and

(ii) paid any reasonable fee charged by the company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If a Company issues an invitation to linked unitholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

(a) the invitation must be sent to every shareholder who is entitled to Transfer Secretaries of the meeting at which the proxy is intended to be exercised;

(b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:

(i) bear a reasonably prominent summary of the rights established by this section;

(ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and

(iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;

(c) the company must not require that the proxy appointment be made irrevocable; and

(d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsections (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

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REF. JOB028078