sasfin | Holdings Limited
beyond a bank

Media statement

Sasfin posted a 41.39% drop in headline earnings to R50.491 million, primarily due to a significant credit event and an increase in once-off tax expenses, largely arising from a change in tax legislation. Earnings growth would have otherwise been positive as total assets grew by 13.78% to R13.152 billion on the back of growth in gross loans and advances of 7.09% and funding by 12.68%.

Newly-appointed CEO, Michael Sassoon (as of 1 January 2018), says that "While our interim results are certainly disappointing, the core operations of the Group remain solid. Sasfin has been impacted by the challenging SME credit environment over the last 18 months, with our credit loss ratio now sitting at 200bps and we have therefore taken meaningful steps to enhance our credit policy and processes."

Sasfin has entered a new chapter with Women Investment Portfolio Holdings Limited (WIPHOLD) becoming a 25,1% shareholder of Sasfin and a strengthened leadership team in place. Sasfin has recruited Angela Pillay as Financial Director and has appointed Erol Zeki as CEO of Sasfin Wealth as well as new heads of Credit, Risk, Compliance and Internal Audit.

Sassoon believes that the next phase of growth for Sasfin will emanate as a result of this strengthened and empowered leadership team. "Sasfin has devolved more decision-making to drive a culture of ownership and accountability," he says. The Group has also strengthened the Board through the appointment of Gloria Serobe, Gugu Dingaan, Gugu Mtetwa, Shaun Rosenthal and Richard Buchholz as Non-Executive Directors.

Sasfin is investing further in innovation and digitisation, including the roll out of its new digital banking offering to small business and individuals as well as digitally-enabled wealth management products and services.

Salient Financial Features

Total income declined by 2.48%, however, off the back of effective cost management initiatives, costs decreased by 7.53% thereby resulting in a marginally improved cost-to-income ratio of 70.52%.

The Group has lengthened the maturity profile of its funding base and Sasfin's liquidity coverage and net stable funding ratios are healthy, which places the Group in a strong position to capitalise on opportunities.

The Group's capital base increased by 4.53% to R1.477 billion while the capital adequacy ratio remains strong at 18.03%, slightly down from the prior period due to growth in risk weighted assets.

Segmental overview

Sasfin Bank was particularly impacted by the increase in credit losses and tax expenses. It is also in the final stages of acquiring the equipment finance book of Absa Technology Financial Solutions which resulted in once-off costs but will create further critical mass in Equipment Finance. Sasfin Bank

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continues to invest in capital-light businesses and there is slow but steady growth in Foreign Exchange. Off the back of the investment in digital banking, Transactional Banking client numbers are also growing.

Sasfin Wealth, which continues to strengthen its global investment management and institutional asset management offerings, saw a material increase in foreign income and institutional asset management fees. Funds under Administration (including under advisement and management) increased to R102 billion (from R88 billion in December 2016).

Sasfin Capital showed a decrease in total income due to lower fair value adjustments and the change in tax elaborated on above. This pillar is starting to see some positive progress in its Property Equity portfolio.

Prospects

Sassoon says that while the South African economy remains weak, renewed business and investor confidence bodes well for the country and Sasfin. "We expect trading conditions to remain challenging for the second half of the financial year but we are cautiously optimistic about the improved political situation.

"We believe that our strong balance sheet, good brand and diversified product offering, together with the investment we are making in human capital and technology, position Sasfin well for the future. We expect that these efforts, together with our renewed focus on revenue growth, active management of our credit portfolio and cost management will result in long-term value creation."

-ENDS-

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Sasfin Holdings Limited ("Sasfin" or "the Group" or "the Company") is a bank-controlling company listed in the "Financials: Investment Services" sector of the JSE Limited ("the JSE"). Sasfin and its subsidiaries provide a comprehensive range of specialist financial products for Bank, Capital and Wealth clients.