

sasfin

beyond a bank

Sasfin Holdings Limited

Annual Results
for the financial year ended
30 June 2024

22 October 2024

WELCOME AND INTRODUCTION



Agenda

THE YEAR IN REVIEW

Michael Sassoon

Group Chief Executive Officer

FINANCIAL REVIEW

Harriet Heymans

Group Financial Director

PILLAR REVIEWS

Wealth

Asset Finance

Business and Commercial Banking

PROSPECTS

Michael Sassoon

Group Chief Executive Officer

QUESTIONS

CONTEXT

The year in review

Michael Sassoon
GROUP CHIEF EXECUTIVE OFFICER



Navigating stormy waters

We have made significant strides to simplify our business model and position the Group for future sustainable growth.

- It has been a difficult environment for Tier 2 banks
- Challenging economy
- Legacy fraudulent activity in discontinued FX business with large knock-on effects
- In the face of the above, we reset the strategy (in early 2023) to focus on our core champion businesses
- The challenges faced and navigating the storm has required investment and significant once-off costs
- Strengthened the balance sheet further
- Net available cash has increased. Following the completion of the African Bank Limited (“ABL”) transaction, net available cash is expected to grow by a further R2.7 billion, presenting significant scope for the Group to finalise its strategic reset

Strategic Reset

Backing our champion businesses

- Our strategic reset is geared towards creating a **lean and profitable** organisation by backing our **strong core** businesses, **Wealth and Rental Finance**, who have produced **consistent and sustainable returns**
- These businesses have **inherent scale, competitive advantages, exceptional talent** and **solid growth prospects**

Strategic Reset

Backing our champion businesses

— Rental Finance

- Has maintained its position as market leader in the rental finance industry for decades
- Deep understanding of asset supplier business models
- Long-standing securitisation funding structure
- R5 billion worth of loans across 30 000 SME's
- Disburse circa R200 million in new rental finance contracts to SMEs monthly
- Most competitors are non-banks
- Exceptional staff with decades-long client relationships

— Wealth

- Diversified wealth and asset manager servicing private and institutional clients, across a wide range of local & global asset classes
- Consistently attracted and retained top talent in the industry, fostering a culture of integrity and excellence
- Multi-generational client relationships, many of whom have been with Sasfin for decades
- A dedicated team with long-standing tenure, reinforcing the strength and stability of our business

Strategic Reset – progress to date

Creating long-term value for stakeholders through streamlined core businesses, while safeguarding our people and clients.

- Meaningful progress achieved, including:
 - Disposing of the Specialised Finance and Commercial Solutions businesses
 - Closing the FX business
 - Reducing our private equity portfolio
 - Disposing of Capital Equipment Finance (CEF) and Commercial Property Finance (CPF) businesses to ABL
 - Announcing our intended delisting from the JSE supported by major shareholders WIPHOLD and Unitas

Strategic Reset - next steps

Challenges facing Tier 2 Banks

- Regulatory complexity, the challenging economy and shifting competitive landscape have made it difficult for Tier 2 banks to achieve appropriate risk-adjusted returns
- Revised reporting, regulatory and capital requirements are reshaping the industry

Exiting the Bank

- Our next step is to exit the bank
- We have built strong capabilities in our Business and Commercial Banking area, which require additional investment and scale to fulfill the original vision of being the bank for business
- The banking business holds inherent value and potential to thrive in a different context which we are now pursuing
- The business banking exit is expected by the end of 2025, in a manner which delivers value to all our stakeholders
- This will mark the final phase of our strategic reset

Strategic Reset

Sasfin 2.0

- The outcome of the strategic reset is that as a **non-listed company**, Sasfin will own two very solid core businesses in Wealth and Rental Finance, and will ensure that its current **non-core businesses are exited** in the most appropriate manner, considering all stakeholder needs
- This will take another year to conclude and will complete what has been an **exceptionally challenging time**, which has come at **significant cost**, but will result in a **strong platform** from which we can take our **core businesses** to the next level and **deliver value to our stakeholders**

FINANCIAL REVIEW

Harriet Heymans
GROUP FINANCIAL DIRECTOR



Key financial highlights

Strong Balance sheet with an improved net available cash position

- **Net available cash** increased by 10.5% to R1.67 billion
- **Gross loans and advances** declined 7.2% to R8.9 billion (pre discontinued operations exclusion)
- **Total core funding** (including deposits from customers) down 1.6% to R9.7 billion
- Solid and diversified **funding base**

Aggregated Headline earnings loss of R58.7 million

- **Total income** (including associate income) declined by 7.9% to R1.28 billion mainly attributable to Fair Value losses on private equity and property portfolios
- **Total costs** increased 1.4%, the increase primarily as a result of once off costs relating to administrative sanctions, while business as usual operating costs have reduced
- **Impairments** impacted by higher provisioning within our stage 3 portfolio
- **Credit loss ratio** of 165 bps (2023: 117bps) is at the upper end of Sasfin's through the cycle target range

Results: Key features

		Change % ⁴	30 June 2024	30 June 2023
Headline earnings per ordinary share (cents)	▼	>100	(190.96)	366.18
Headline earnings (Rm)	▼	>100	(58.677)	112.683
Total income (Rbn) ¹	▼	7.93	1.279	1.389
Total assets (Rbn) ⁷	▼	8.34	12.861	14.031
Net Available Cash (Rbn)	▲	10.50	1.668	1.510
Gross loans and advances (Rbn)	▼	7.19	8.886	9.574
Total core funding base (Rbn)	▼	1.63	9.673	9.833
Deposits from customers (Rbn) ⁷	▼	4.96	5.367	5.647
Total equity (Rbn) ²	▼	3.75	1.592	1.654
Total assets under management and advice (Rbn) ³	▼	3.51	64.978	67.345
Group capital adequacy (%)	▼	2.22	15.87 ⁵	16.23 ⁶
Return on Equity (%)	▼	>100	(3.68)	6.81

¹ Including associate income.

² Excluding preference shares and non-controlling interests.

³ Excluding assets under administration.

⁴ Movements calculated on rounded numbers for percentages and bps.

⁵ Unaudited.

⁶ Reflects the final ratio as published in the Pillar III report for June 2023

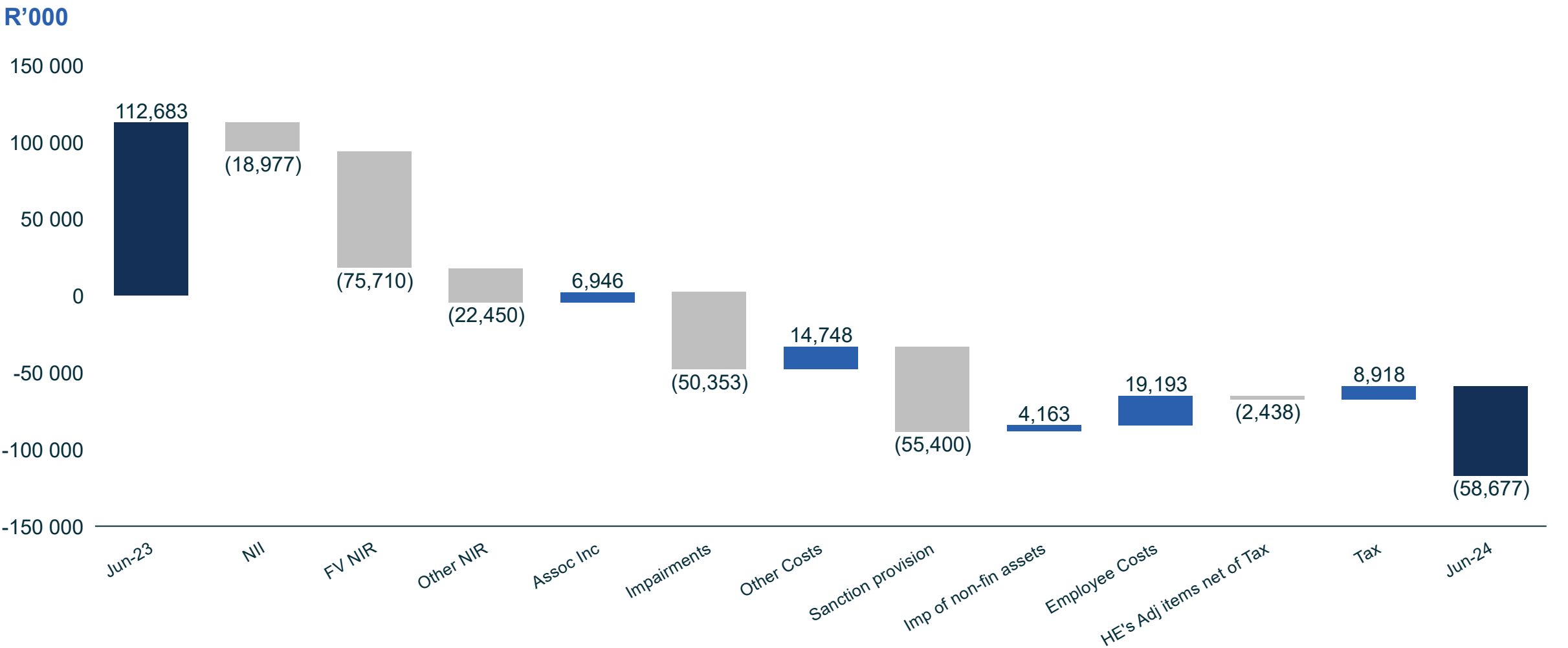
⁷ Numbers have been restated for 2023



Returns

- While the core businesses delivered solid returns, the ROE of the Group has been negatively impacted by the once off cost items, negative fair value adjustments and higher impairments
- The revised strategy focused on streamlining the business aims to enhance the CTI and ultimately drive improved ROE in the core business
- Exiting of non-core activities to continue
- Focus on capital efficient businesses which possess core strong fundamentals with improved ROE

Headline earnings movements

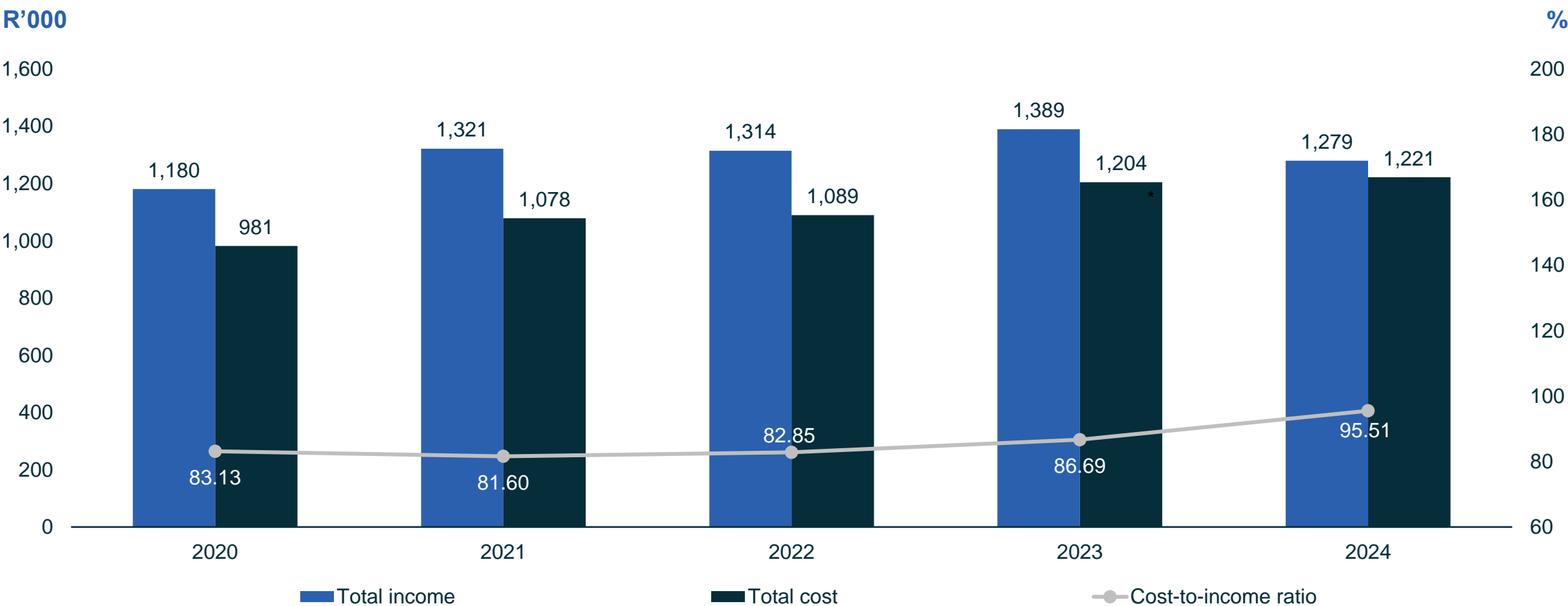


Financial performance (Aggregated)

		Change % ¹	30 June 2024 R'000	30 June 2023 R'000
Net interest income	▼	2.8	657 446	676 422
Non-interest income	▼	14.4	582 934	681 094
Total income	▼	8.6	1 240 380	1 357 516
Credit impairments	▲	89.8	(106 456)	(56 102)
Net income after impairments	▼	12.9	1 133 924	1 301 414
Operating costs	▲	1.4	(1 221 241)	(1 203 945)
Staff costs	▼	3.1	(601 411)	(620 604)
Other operating expenses	▲	7.0	(619 830)	(579 178)
Impairment of non-financial assets	▼	>100	–	(4 163)
(Loss) / Profit from operations	▲	>100	(87 317)	97 469
Share of associate profit	▲	22.2	38 216	31 270
Income tax expense	▼	44.8	(10 994)	(19 912)
(Loss) / Profit for the period	▼	>100	(60 095)	108 827
Headline adjustable items	▼	63.2	1 418	3 856
Headline earnings	▼	>100	(58 677)	112 683

¹ Movements calculated on rounded numbers for percentages and bps.

Total income, total cost and cost-to-income ratio



Prior years restated.



Discontinued operations

In terms of the strategic reset, Sasfin announced the sale of its Capital Equipment Finance and Commercial Property Finance businesses to African Bank Limited for circa R3.14 billion, which sale will be fully implemented in the 2025 financial year and closed its Forex business.

After due consideration and applying significant judgement, these businesses were classified as discontinued operations for IFRS presentation and disclosure purposes.

The presentation of a discontinued operation does not change the Group's aggregate income earned, expenses incurred or the profit for the year; rather it requires the categorisation of these items between continuing and discontinued operations. In terms of the IFRS requirements, only directly attributable income (before the associated cost of funding), related expenses and related taxes are considered as part of the discontinued operations.

Disposal meets the criteria for non-current assets held for sale - related loans and advances and provisions ('Leave provision') reclassified to non-current assets and liabilities held for sale.

Financial Performance - Discontinued Operations

		Pre DO Change % ¹		CO Change % ¹	June 2024 R'000	DO R'000	CO June 2024 R'000	June 2023 R'000	DO R'000	CO June 2023 R'000
Net interest income	▼	2.81	▼	29.46	657 446	431 103	226 343	676 422	355 535	320 887
Non-interest income	▼	14.41	▼	13.21	582 934	29 400	553 534	681 094	43 329	637 765
Total income	▼	8.63	▼	18.65	1 240 380	460 503	779 877	1 357 516	398 864	958 652
Credit impairments	▲	89.75	▲	87.65	(106 456)	(10 322)	(96 134)	(56 102)	(4 871)	(51 231)
Net income after impairments	▼	12.87	▼	24.65	1 133 924	450 181	683 743	1 301 414	393 993	907 421
Total Operating costs	▲	1.44	▲	1.08	(1 221 241)	(105 336)	(1 115 905)	(1 203 945)	(99 931)	(1 104 014)
Share of associate income	▲	22.21	▲	22.21	38 216	-	38 216	31 270	-	31 270
Profit before income tax	▼	>100	▼	>100	(49 101)	344 845	(393 946)	128 739	294 062	(165 323)
Total income tax	▼	44.79	▲	41.18	10 994	106 409	(95 415)	19 912	87 495	(67 583)
Profit after tax	▼	>100	▼	>100	(60 095)	238 436	(298 531)	108 827	206 567	(97 740)

¹ Movements calculated on rounded numbers for percentages and bps.

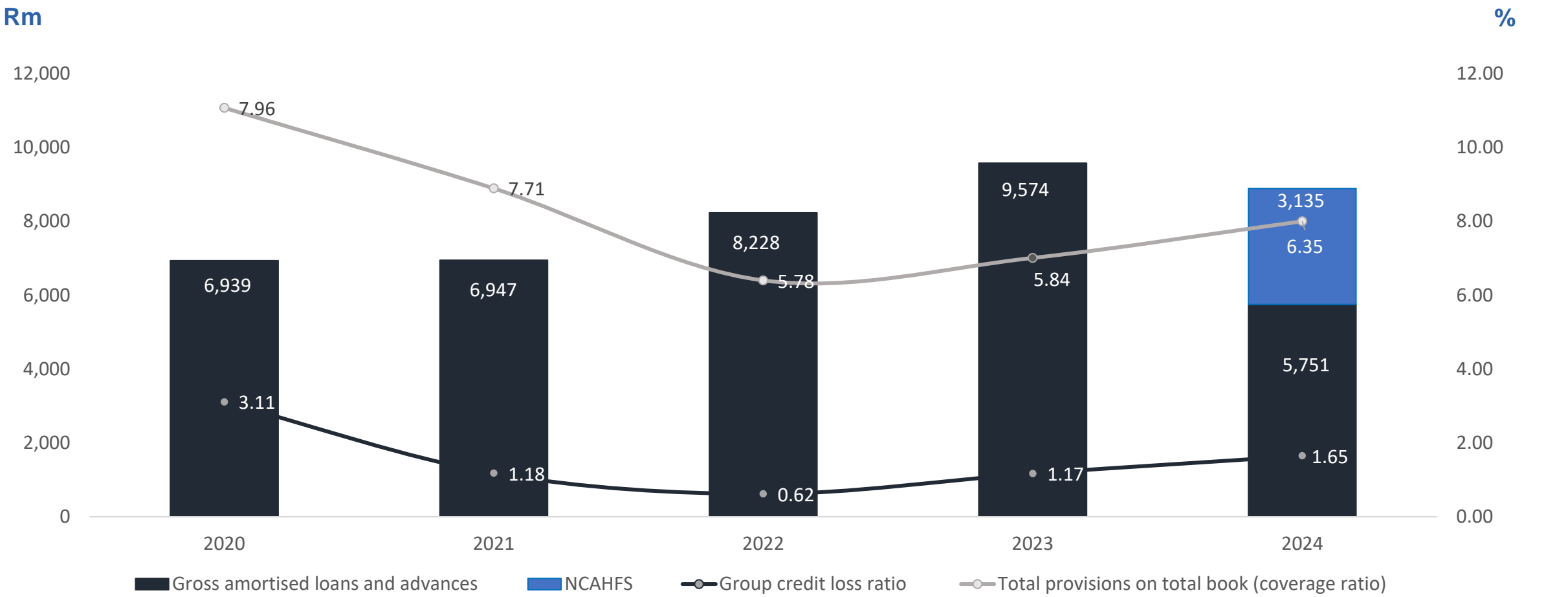
Financial position: Assets

		Change % ¹	30 June 2024 R'000	30 June 2023 R'000	30 June 2022 Restated R'000
Cash and negotiable securities	▲	14.41	2 491 861	2 178 033	2 559 110
Trading assets	▼	7.11	433 989	467 196	547 848
Non-current assets held for sale	▲	>100	3 135 380	—	—
Other receivables	▼	62.13	466 914	1 232 952	838 600
Net loans and advances ²	▼	42.68	5 213 402	9 049 976	8 117 587
Investments at fair value through profit and loss	▼	3.40	599 953	621 058	634 697
Equity-accounted associates	▲	4.88	75 960	79 860	20 138
Intangible assets and goodwill	▼	23.91	84 424	110 949	144 729
Other assets	▲	>100	358 693	291 043	177 286
Total	▼	8.34	12 860 576	14 031 067	13 185 687

¹ Movements calculated on rounded numbers for percentages and bps throughout this document.

² Net loans and advances includes amortised loans as well as loans held through fair value and profit and loss.

Gross amortised loans and advances and credit risk



NCAHFS – Non-Current Assets Held for Sale

Summary of IFRS9 impairments

	June 2024				June 2023			
Gross amortised loans and advances	Exposure R'000	Exposure % of book	ECL R'000	Coverage ratio %	Exposure R'000	Exposure % of book	ECL R'000	Coverage ratio % ¹
Stage 1	6 978 214	82.42	51 393	0.74	7 832 953	87.13	68 428	0.87
Stage 2	546 815	6.46	31 049	5.68	220 972	2.46	20 731	9.38
Stage 3	941 311	11.12	454 876	48.32	935 534	10.41	434 668	46.46
Total	8 466 340	100.00	537 318	6.35	8 989 459	100.00	523 827	5.83

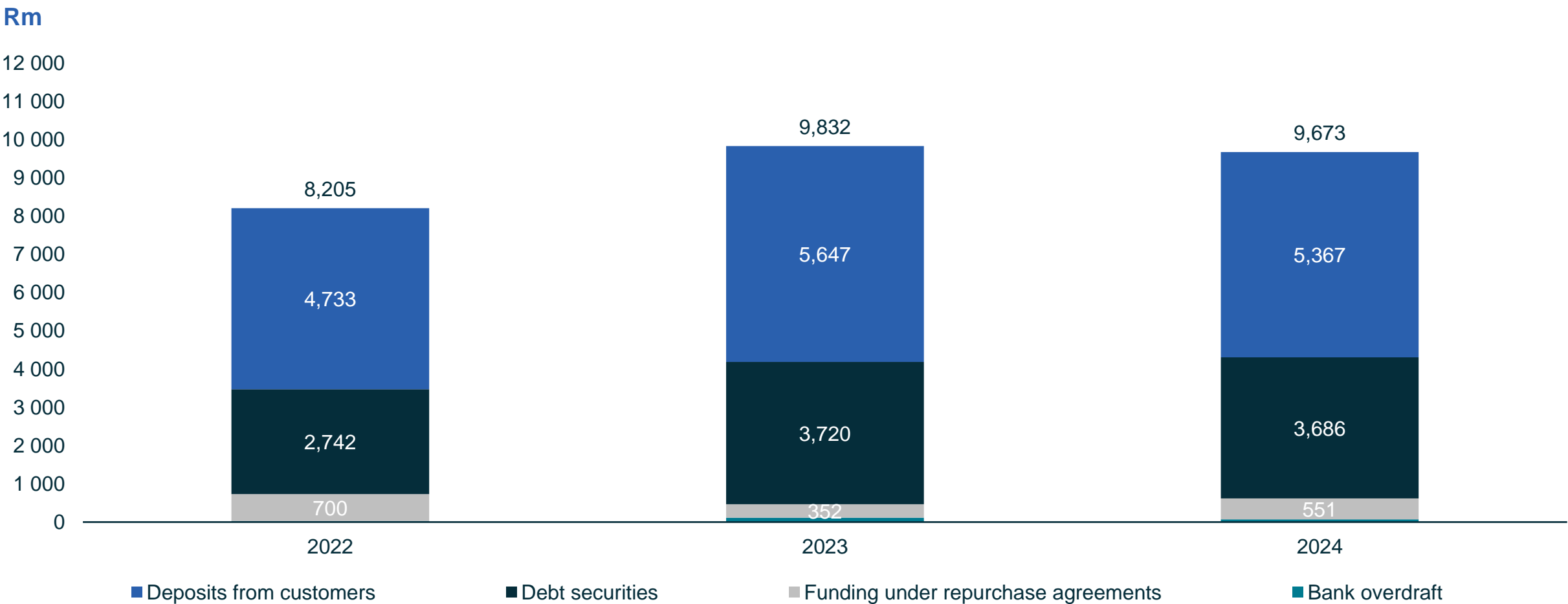
¹ Numbers have been restated for 2023

Financial position: Liabilities and equity

		Change % ¹	30 June 2024 R'000	30 June 2023 R'000	30 June 2022 Restated R'000
Funding under repurchase agreements and interbank	▲	56.64	551 205	351 885	700 067
Trading liabilities	▼	6.06	414 601	441 344	658 957
Trade and other payables, provisions and taxation	▼	51.48	812 521	1 674 712	964 313
Bank overdraft	▼	38.91	69 081	113 081	30 392
Liabilities directly associated with assets classified as held for sale	▲	>100	173	-	-
Deposits from customers	▼	4.96	5 367 193	5 647 428	4 732 764
Lease liability	▲	1.24	153 394	151 518	43 205
Debt securities issued	▼	0.92	3 685 800	3 720 138	2 741 583
Long-term loans	▼	22.55	214 150	276 488	730 904
Total liabilities	▼	8.96	11 268 118	12 376 594	10 602 185
Ordinary share capital and reserves	▼	3.75	1 592 458	1 654 473	1 431 885
Preference share capital and share premium			–	–	43 331
Total liabilities and equity	▼	8.34	12 860 576	14 031 067	13 285 687

¹ Movements calculated on rounded numbers for percentages and bps.

Core funding base



Sum of the Parts

	30 June 2024 R'000	30 June 2023 R'000 Restated
Headline Earnings by segment		
Asset Finance	109 149	143 745
Wealth	113 217	94 188
Business and Commercial Banking	(119 353)	(104 268)
Other	(161 690)	(20 982)
Total	(58 677)	112 683

- Asset Finance and Wealth contribute meaningfully to Group headline earnings.
- Business and Commercial Banking has, through the strategic reset, reduced it's business as usual operating costs. The increase in the loss is mainly attributable to negative Fair Value adjustments in the property portfolio and increases in impairments.
- The material once off costs are centralised and not allocated to the business pillars

PILLAR REVIEWS



WEALTH

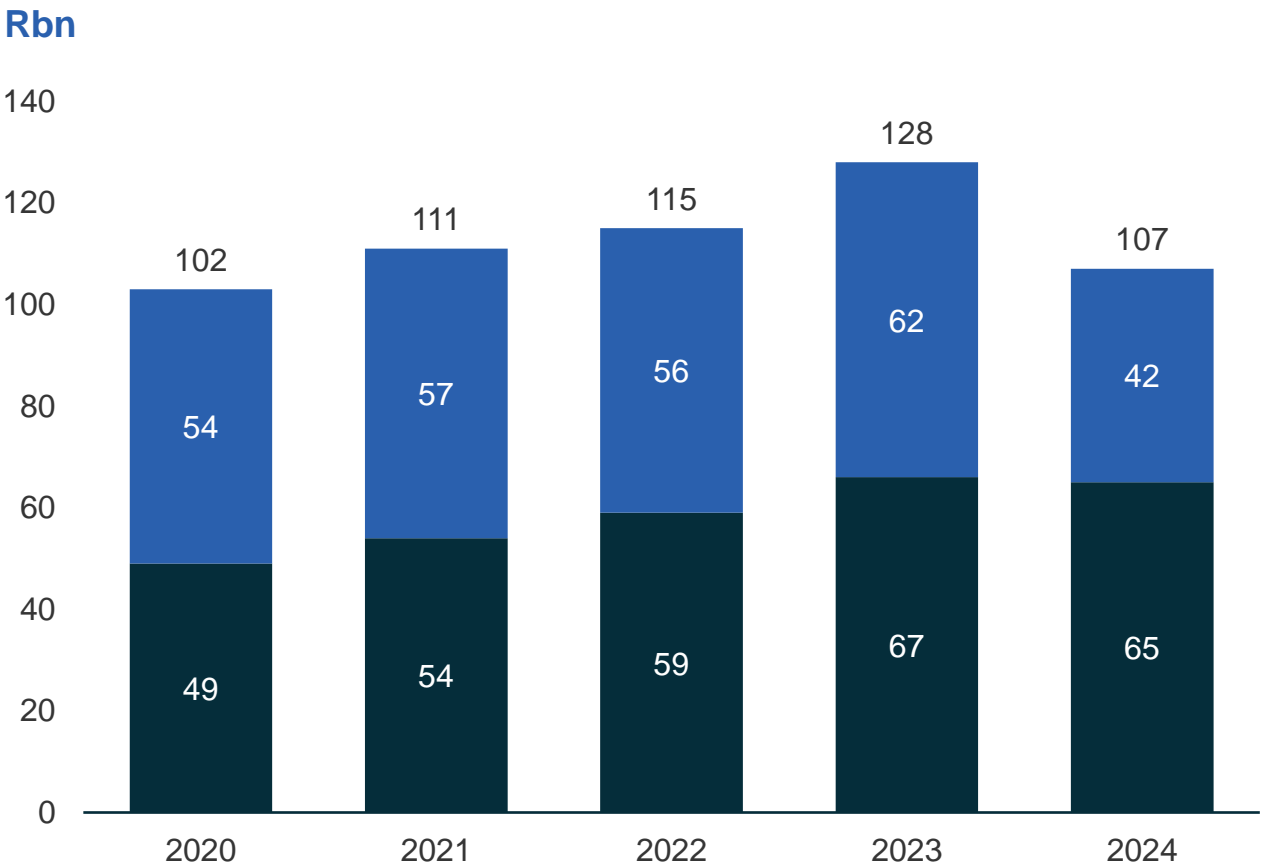
Erol Zeki
WEALTH CEO



Sasfin Wealth

- FY24 marked another phase of growth, with an increase in clients, investment solutions and initiatives aimed at making a positive impact on society
- Our offshore offering, a core focus of the private client business, maintained its strong growth trajectory and delivery of robust returns for clients
- Continued investment in our asset management business and team, translated into increased interest by institutional investors
- We expanded our offering by introducing private market solutions for both private and institutional clients
- We continue to attract and retain top talent across specialisations
- Successful investment in and development of our people, evidenced by various internal promotions at a senior level and our successful graduate programme

Wealth: Assets



■ Assets under administration
■ Assets under management (including under advice)

- Assets under management and advice (AUM) decreased marginally by 3.5% from R67.4billion to R65.0 billion.
 - Private client AUM grew strongly, with growth in offshore AUM being offset slightly by a decrease in local AUM, as clients continue to invest a larger share of their wealth offshore
 - The asset management business experienced some consolidation in AUM after multiple years of strong growth.
- Assets under administration (AUA) can be volatile as the share incentive schemes we service tend to move large quanta of assets around based on scheme requirements and vesting cycles.

Wealth: Performance

		Change % ¹	30 June 2024 R'000	30 June 2023 R'000
Total income (including associate income)	▲	9.93	454 672	413 596
Credit impairment charges	▲	>100	(1 126)	(2)
Net income after impairments	▲	9.66	453 546	413 594
Operating costs	▲	5.91	(313 777)	(296 254)
Profit from operations	▲	19.11	139 769	117 340
Income tax expense	▲	21.26	(28 115)	(23 186)
Profit for the year	▲	18.59	111 654	94 154
Headline earnings adjustment	▲	>100	1 563	34
Headline earnings	▲	20.49	113 217	94 188

¹ Movements calculated on rounded numbers for percentages and bps.

Wealth: 2025 focus

Sasfin Wealth is on track to create significant value supported by the strong vote of confidence from our major shareholders and management.

Our priorities continue to focus on enhancing our differentiation and competitiveness by:

- Navigating the strategic reset and exploring **additional strategic actions** to achieve scale and growth
- Supporting and expanding our **talented, high-profile team**
- Driving **innovation** across our broad set of global solutions, including private markets
- Unlocking opportunities to **grow our assets under management and the private and institutional client base**, both locally and offshore
- Pursuing **organic growth** while exploring **potential corporate activity** to drive growth
- **Strengthening our brand** as an **independent innovative leader** in wealth and asset management
- **Enhancing our client experience and platforms**, and **futureproofing** the business through technology advancements and optimisation of investment management processes



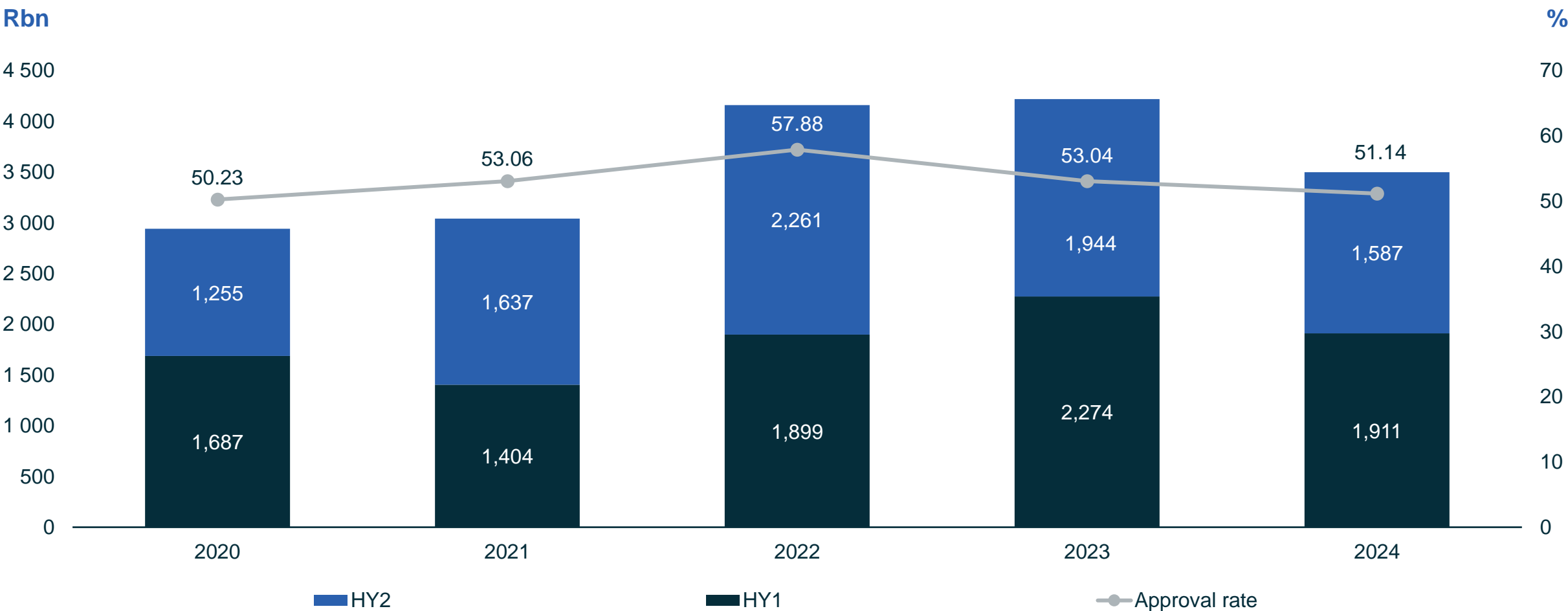
ASSET FINANCE

Linda Fröhlich

Asset Finance CEO



Asset Finance: New business loans



Asset Finance: Performance

		Change % ¹	30 June 2024 R'000	30 June 2023 R'000
Total income	▼	6.36	574 319	613 351
Credit impairment charges	▼	10.46	(73 292)	(81 850)
Net income after impairments	▼	5.73	501 027	531 501
Operating costs	▲	2.56	(342 321)	(333 790)
Profit from operations	▼	19.73	158 706	197 711
Income tax expense	▼	8.17	(49 557)	(53 966)
Profit for the year	▼	24.07	109 149	143 745
Headline earnings adjustment			–	–
Headline earnings	▼	24.07	109 149	143 745

¹ Movements calculated on rounded numbers for percentages and bps.

Capital Equipment Finance

- CEF has been incubated and developed within the Asset Finance pillar over 19 years, with a portfolio that has shown strong performance and significant growth
- The transition to ABL marks a new era of opportunities, offering clients an expanded range of financial solutions
- ABL will gain a thriving business and highly skilled team that will drive future growth through well-established client relationships
- While it is difficult to part with the team and business we have nurtured over the years, we are confident that this transition will create lasting value for our clients and team members



An overhead photograph of two men shaking hands on a light-colored tiled floor. The man on the left is wearing a yellow sweater and grey trousers, while the man on the right is wearing a blue sweater and dark trousers, carrying a black bag. The background shows a grid pattern of light and dark tiles.

Rental Finance: 2025 focus

Market leader supporting equipment suppliers in providing financing solutions to their clients.

Our priorities continue to focus on enhancing our differentiation and competitiveness by:

- **Diversifying our funding structure** - to become a fully non-bank funded entity
- **Building on a strong foundation** - leveraging the foundation set in 2024 to drive sustainable growth
- **Client centric approach** - keeping clients at the heart of everything we do
- **Embracing automation** - streamlining processes through automation and improved procedures
- **Diversifying our solution offerings** – adapting our offerings to meet the rapidly evolving IT, technology, and energy needs of clients
- **Enhancing distribution** - utilising our distribution network to boost efficiency and broaden market reach
- **Empowering our people** - cultivating an environment where our team can thrive and excel

BUSINESS AND COMMERCIAL BANKING

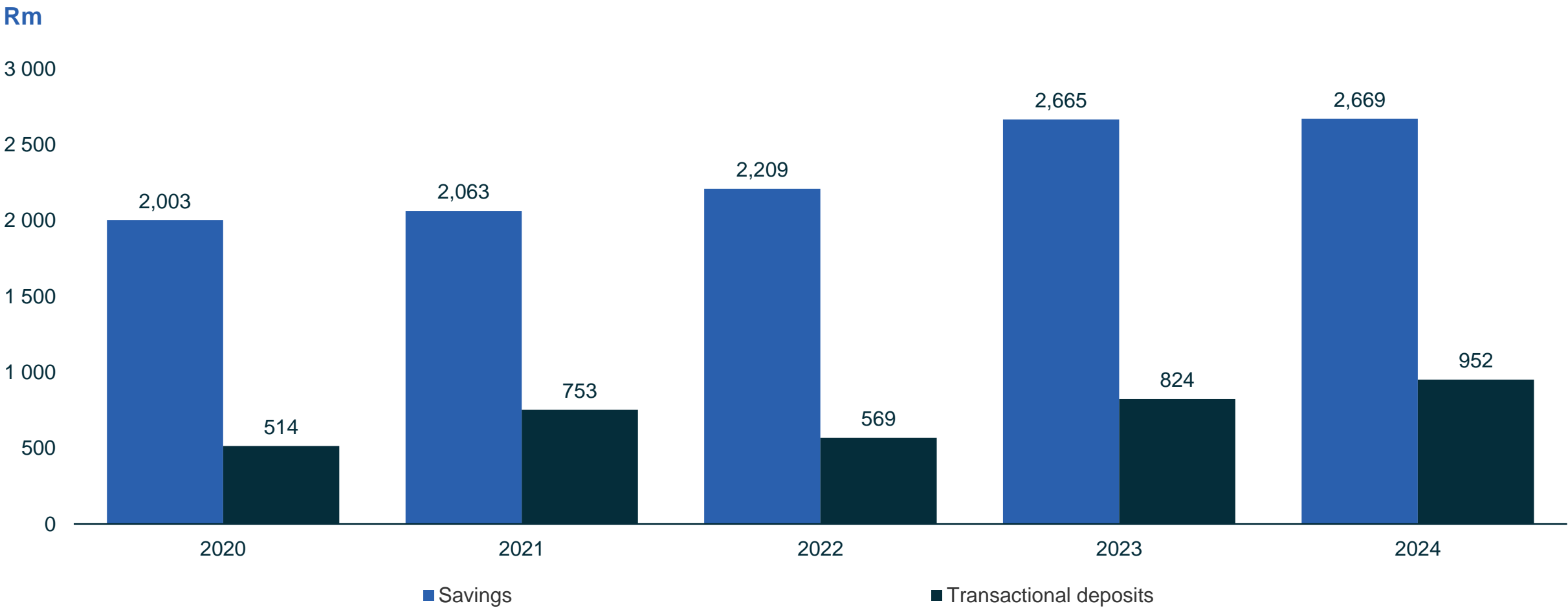


BCB: Performance

		Change % ¹	30 June 2024 R'000	30 June 2023 R'000
Total income	▼	23.76	225 129	295 276
Credit impairment charges	▲	37.31	(67 274)	(48 993)
Net income after impairments	▼	35.93	157 855	246 383
Operating costs	▼	18.27	(313 950)	(384 115)
Loss from operations	▲	13.33	(156 095)	(137 732)
Income tax expense	▲	22.29	36 741	30 045
Loss for the year	▲	10.82	(119 345)	(107 687)
Headline earnings adjustment	▼	<100	-	3 419
Headline earnings	▲	14.46	(119 345)	(104 268)

¹ Movements calculated on rounded numbers for percentages and bps.

BCB: Deposit book growth



BCB: Context

- Operating loss after tax increased to R119 million (2023: R107 million loss)
- Conservative lending approach led to drop in revenue
- Deposit book remained stable
- Trade and Debtor Finance business solid
- The Foreign Exchange business was successfully exited during the year
- Digital Banking platform continues to perform well
- Various remediation initiatives close to completion
- This was achieved whilst reducing costs by 18%

PROSPECTS

Michael Sassoon
GROUP CHIEF EXECUTIVE OFFICER



The external environment – challenges remain

Global Economy

- **Inflation has moderated** – Inflation has moderated somewhat from its peak last year. Inflationary risks are not out the system however with various supply side pressures still in play.
- **Interest rates remain elevated** - Developed markets have started cutting interest rates but global borrowing costs are expected to remain elevated in the short to medium term.
- **Geopolitical and economic tensions** – Deglobalisation continues to disrupt trade flows, investment patterns, and global supply chains.
- **Stagnant growth** – Advanced economies experiencing stagnation or mild recessions, while emerging markets face a mixed recovery trajectory

SA Economy

- **GNU** – Definite uptick in sentiment following national election and formation of Government of National Unity.
- **Pause in load shedding** – Adding to positive sentiment.
- **Deteriorating infrastructure & corruption** – Despite the uptick in sentiment, clear evidence of progress in this regard lacking. That said, public/ private partnerships are on the rise and adding to positive sentiment
- **Interest rate peak** – Inflation has been trending lower from its 7.1% peak and is now below the midpoint of the inflation-targeting range.
- **Unemployment & elevated cost of living** – Despite lower inflation, the cost of living remains high, exacerbated by continued high unemployment.
- **Weak economic growth** - Growth prospects are improving but structural inefficiencies, policy uncertainty, and subdued business and household confidence cap the country's potential growth rate.
- **FATF grey-listing** – Continued pressure on the banking sector necessitating reforms to strengthen AML and CTF measures.

Conclusion

In 2025 we will conclude our strategic reset, aimed at delivering sustainable value through our streamlined Wealth and Rental Finance businesses.

- We've been through a challenging period, reshaping the business and navigating a tough journey. While the path forward has come at a significant cost, and we've faced some short-term losses, our team has performed exceptionally well
- We have made tremendous progress, strengthened our balance sheet, and maintained the support and engagement of our stakeholders. It has been a complex process, but we've come a long way—and most importantly and we are emerging stronger
- Our future is guided by a clear direction, and we are well-positioned to execute the final steps of our strategy.
- The strategic reset positions Sasfin to achieve greater positive earnings and healthy returns, while we are committed to responsibly safeguarding our clients and people throughout this process



Thank you

I take this opportunity to thank:

- Our clients, depositors and associates who we enjoy deep relationships with
- Our board, management team and people who go beyond for our clients
- Our regulators and auditors who provide necessary guidance, assurance and oversight
- Our committed shareholders, particularly our strategic long-term owners

Disclaimer

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

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

The risks and uncertainties inherent in the forward-looking statements include, but are not limited to, changes to IFRS and the interpretations, applications and practices as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of current and future litigation.

The Group does not undertake to update any forward-looking statements and does not assume responsibility for any loss or damage, however arising as a result of the reliance by any party thereon, including but not limited to, loss of earnings, profits, consequential loss or damage.

sasfin

beyond a bank

Questions?

Thank you