

Beyond a bank.

Integrated Report
for the year ended 30 June 2015

Vision

By supporting investors and entrepreneurs, we enhance economic growth.

Mission

To be a specialist Business, Banking and Wealth partner beyond our clients' expectations by deploying capital and skills to deliver financial solutions tailored from our comprehensive range of services to select entrepreneurs and investors.

Our values and behaviours

Integrity

- We operate with the utmost honesty, ensuring that ambition is always tempered by uncompromised moral standards.
- We seek to uplift the communities in which we operate, recognising the importance of sustainability through projects that enhance the lives of others.

Respect

- We treat our clients, colleagues and communities with the utmost respect.

Greatness

- We strive for greatness, driven by the aspirations of individuals through their dedication, innovation and excellence.
- We look for the potential in our employees, clients and partners, realising that greatness often comes from unexpected places.
- We conduct our business with an entrepreneurial spirit, always seeking new opportunities to contribute to a healthy, growing economy.

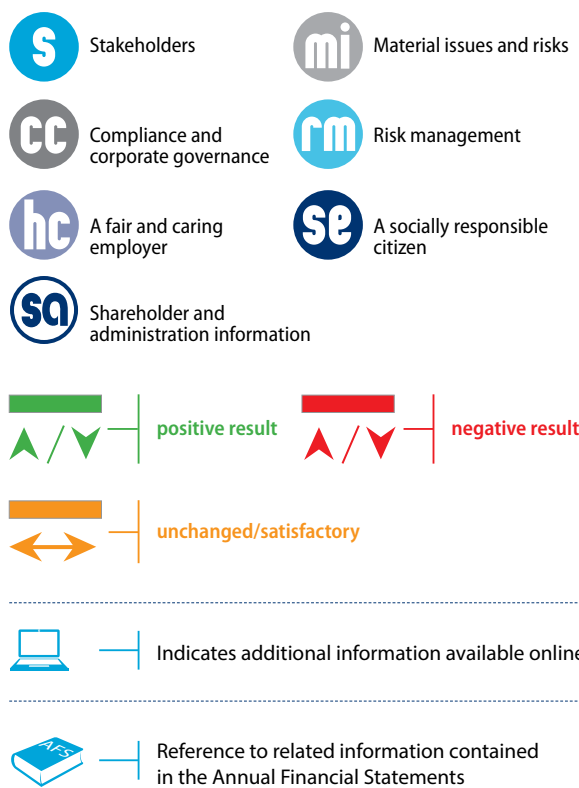
Partnership

- We strive to be a partner beyond expectations, always seeking solutions that enhance our services through beneficial offerings to our clients.
- While celebrating brilliance and encouraging independent thinking, we recognise that no individual is greater than the team.

About Sasfin

Sasfin Holdings Limited ("the Group" or "Sasfin") is a bank controlling company that listed on the Johannesburg Stock Exchange in 1987. Through its subsidiaries, notably Sasfin Bank Limited, the Group offers a range of comprehensive, modular banking and financial services focused on the needs of the entrepreneur, corporate, institution and high-net-worth individual.

How to navigate through our Integrated Report 2015



sq See enclosed leaflet for Shareholder and Administration information

OUR REPORTS

Annual Financial Statements 2015

This report is Sasfin Holdings Limited's Annual Financial Statements and includes risk and capital management disclosures.



Integrated Report 2015 (this report)

This is Sasfin's primary report which presents our strategy, performance and plans.



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Reports available at
<http://www.sasfin.com>

Scope and boundary

Our Integrated Report 2015 covers the period from 1 July 2014 to 30 June 2015, focusing on our sustainability, it addresses our history, strategy, stakeholder relationships and corporate citizenship, risk management and corporate governance, economic environment, the financial services industry, Group financial performance, sectoral overview, senior management team and plans for the 2016 financial year and beyond.

Our report includes all subsidiaries, and presents our strategy, performance and plans. While associated companies, which do not constitute subsidiaries of the Group, are not included in the sustainability scope of the report, the Group works closely with them to provide guidance and assistance with all aspects of their economic, environmental, social and cultural sustainability development.

Our stakeholders are our main target audience in this report, with a prominent focus on shareholders, clients, funders, employees and regulators.



This is our primary report. The Group's full set of audited Consolidated Annual Financial Statements is available online at www.sasfin.com.

Directors' responsibility

Combined assurance

The Group has adopted a combined assurance approach in terms of King III, to assist the Board, Group Audit and Compliance Committee and Group Risk and Capital Management Committee gain comfort that the information contained in this report is reliable and that controls are in place to manage risk. Further details regarding the combined assurance approach adopted are contained in the governance section of this report.



Going concern

The directors are satisfied that the Group will remain a going concern for the forthcoming 12-month period and their statement in this regard is contained in their approval of the audited Annual Financial Statements.



JSE Listings Requirements – Section 3.84

The Board is satisfied that it complies with all the principles of Board Governance as defined in terms of Section 3.84 of the JSE Listings Requirements.



Statement of the Board of Directors of Sasfin Holdings Limited

The Board acknowledges its responsibility to ensure the integrity of this Integrated Report, including the Leadership Report, and has applied its collective mind to the preparation and presentation of this report. In the Board's opinion, this Integrated Report addresses all material matters and fairly represents the Group's performance.

Roy Andersen
Chairman

Roland Sassoon
Group Chief Executive Officer

Tyrone Soondarjee
Group Financial Director

13 October 2015

Feedback



We look forward to receiving feedback from our stakeholders on our reports and their contents. Please contact us at investorrelations@sasfin.com or our Group Financial Director at tyrone.soondarjee@sasfin.com / 011 809 7669.

Key performance indicators

for the year ended 30 June 2015

PROFIT FOR
THE YEAR

 **17.8%**

R192.974 MILLION
(2014: R163.763 MILLION)

HEADLINE EARNINGS
FOR THE YEAR

 **16.5%**

R179.864 MILLION
(2014: R154.325 MILLION)

HEADLINE EARNINGS
PER ORDINARY SHARE

 **16.5%**

566.74 CENTS
(2014: 486.27 CENTS)

DIVIDENDS PER
ORDINARY SHARE

 **16.5%**

222.73 CENTS
(2014: 191.11 CENTS)

GROSS LOANS
AND ADVANCES

 **34%**

R5.345 BILLION
(2014: R3.981 BILLION)

FUNDING BASE

 **28%**

R6.892 BILLION
(2014: R5.381 BILLION)

TOTAL ASSETS

 **33%**

R10.866 BILLION
(2014: R8.168 BILLION)

RETURN ON ORDINARY
SHAREHOLDERS'
AVERAGE EQUITY

 **100 bps**

15%
(2014: 14%)

FUNDS UNDER
ADVISEMENT AND
MANAGEMENT

 **29%**

R117 BILLION
(2014: R91 BILLION)

COST-TO-INCOME
RATIO

 **100 bps**

71%
(2014: 72%)

CREDIT LOSS
RATIO

 **3 bps**

77 bps
(2014: 80 bps)

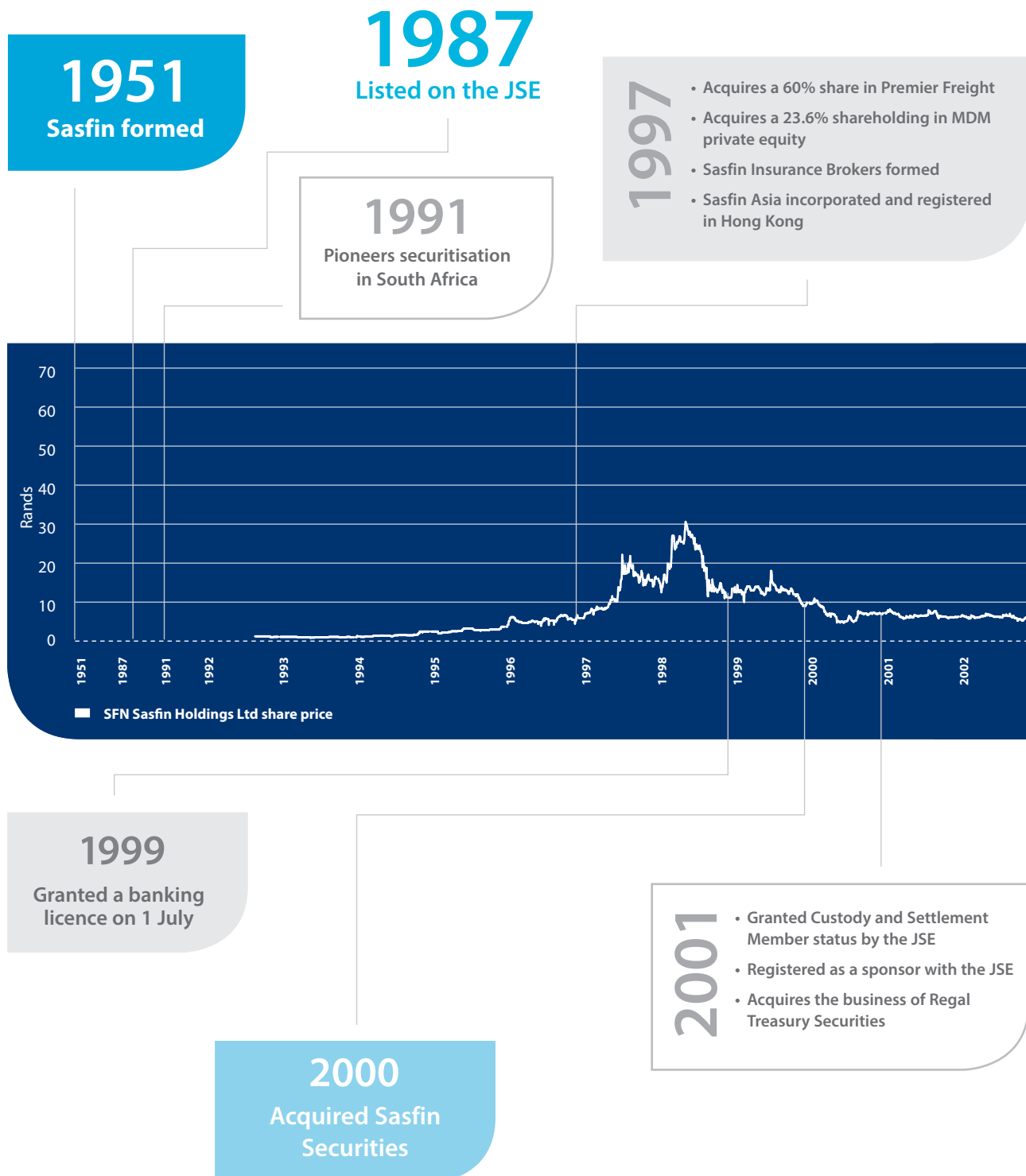
GROUP CAPITAL
ADEQUACY RATIO

 **200 bps**

21%
(2014: 23%)

Key milestones in our journey

It is now 28 years since Sasfin was listed as a trade and equipment financier on the JSE, with a market capitalisation of just R6 million, and 16 years since it was awarded a banking licence, with total assets of approximately R300 million. From these humble beginnings, through steady organic growth and acquisition, Sasfin has established itself as a specialist Business, Banking and Wealth group with a market capitalisation approaching R2 billion and assets in excess of R10 billion.



2007

Obtains a forex dealers licence and starts Sasfin Forex

2005

Increases shareholding in MDM to 52% and starts a private equity unit

2009

- Starts Sasfin Asset Consulting
- Forms strategic partnership with International Finance Corporation (IFC)

2004

Raises R100 million from preference shares

2006

- Raises a further R100 million preference share capital
- Concludes a BEE transaction with Innovent Investment Holdings

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

2010

Acquires a share in Trinitas Private Equity Fund management company

2012

- Acquires a 25% of Annuity Asset Managers and Annuity Property Managers
- Acquires remaining shares in JSE-listed IQuad Group

2014

- Becomes a full clearing and settlement bank
- Launches Transactional Banking
- Starts a fixed income unit

2011

- Acquires a 68.4% share in JSE-listed IQuad Group Ltd
- Raises seven-year funding for €35 million from European Development Finance Institutions
- Raises US\$10 million from the IFC and Canadian Climate Change Programme

2015

- Launches Transactional Banking to market
- Sasfin Asset Managers wins its third Raging Bull Award
- Acquisition and control of Fintech (Pty) Ltd effective 30 June 2015

Integrated thinking

As a diversified financial services Group, our commercial sustainability is dependent on our ability to assist our clients and customers to fulfil their economic potential by providing financial solutions and creating and preserving wealth. In this regard, we offer tailor-made services to entrepreneurs, corporates, institutions and high-net-worth individuals to protect and grow their assets.

Our five divisions – Business Banking, Transactional Banking and Treasury, Capital, Wealth and Commercial Solutions – offer a range of specialised products and services to assist clients with their business and individual financial requirements.

Sasfin partners with its clients, acting with respect and honesty, to offer tailor-made solutions to meet business challenges. We believe that a client-centred, personalised relationship with our clients is absolutely essential to deliver appropriate financial solutions. This enables us to be “a partner beyond expectations” in our chosen markets by intermediating between the providers of capital and employers of capital to realise these objectives.

Our reporting is an evolving process in that it strives for best practice and continued development. The report focuses on our material matters and provides appropriate financial and non-financial information. This report is guided by the International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework. We recognise that we do not apply all the principles in the International Integrated Reporting <IR> Framework but will endeavour to do so in future reports. As a further step towards integrated thinking, we have expanded on how we utilise the six capitals to create value for our stakeholders in our business model. The capitals are introduced hereunder:

Financial capital: The funding we obtain from capital providers that enables us to conduct our business activities and carry out our strategy. Capital providers include our shareholders, clients, retained earnings and reserves.

Human capital: The investment in our employees' competencies and capabilities as they play a vital role in enhancing systems and procedures in order to constantly improve the value we add to our clients.

Intellectual capital: The constant investment in our brand, IT systems, processes, procedures and innovative products and services required to carry out our business activities.

Manufactured capital: The buildings, equipment and infrastructure available to us in the production of services.

Social and relationship capital: Our relationships with clients, funders, shareholders, regulators and communities. These relationships ensure that we remain socially relevant in the society within which we operate, which in turn enriches our brand value.

Natural capital: The natural resources and processes that we depend on to provide products and services. Although from a banking perspective we have a limited direct impact on the environment, we are cognisant of the fact that we should deploy our financial capital in a responsible manner to ensure natural resources are available for future generations.

Our target markets

Sasfin's target markets have evolved:

- In 1987, our target market was the entrepreneur and small and medium enterprises.
- Following the granting of our banking licence in 1999 and our acquisition of Frankel Pollak (now SasSec) in 2000, Sasfin's target was expanded to include high-net-worth individuals and corporates.
- With the development of Asset Consulting and the acquisition of a Fixed Income team in 2013, Sasfin expanded its target market to include institutional clients.
- We now offer transactional banking services to high-net-worth individuals, small and medium-sized businesses and corporates.

Objectives and developments

Sasfin is creating the critical mass necessary for each division to be optimally viable to deliver on Sasfin's specialist, multiline banking and financial services offerings without compromising on quality.

Integrated products and services

The Group's products and services are designed to protect and grow our clients' net assets and are integrated to create bespoke solutions for specific client needs.

Product offerings are client-focused, with financial solutions for the various stages of business and personal wealth life cycles. This holistic, client-centric approach allows us to position our offerings around the specific needs of our clients to provide comprehensive, start-to-finish, tailored solutions.

- Equipment Finance
- Trade and Debtor Finance

BUSINESS BANKING
R117.9 MILLION
(2014: R101.5 MILLION)

- Deposits
- Money Market
- Transactional Bank Accounts
- Electronic Banking
- Card Services

TRANSACTIONAL BANKING AND TREASURY
R10.4 MILLION
(2014: R12.2 MILLION)

CAPITAL
R12.7 MILLION
(2014: R14.4 MILLION)

- Debt and Equity Capital Markets
- Private and Property Equity
- Corporate Finance

**PROFIT
AFTER
TAX**

WEALTH
R64.4 MILLION
(2014: R48.2 MILLION)

- Portfolio Management and Stockbroking
- Financial Planning
- Asset Management
- Asset Consulting
- Fixed Income

COMMERCIAL SOLUTIONS
R23.1 MILLION
(2014: R35.3 MILLION)

- Healthcare and Short-term Insurance
- Logistics and Trade Solutions
- Verification Services
- Incentives
- Foreign Exchange

Business model

Our vision, mission and values are embedded within our culture. This is supported by our leadership who collectively provide the Group's strategic direction, within our robust governance structure.

Inputs	Business activities	Outputs
	Divisions – focus on target markets, including entrepreneurs, corporates and high-net-worth individuals	
<p>We are dependent on our capital inputs to conduct our business activities and to create value over time.</p> <p>Financial capital – R8.134 billion (2014: R6.501 billion).</p> <p>Human capital – 835 (2014: 727) employees.</p> <p>Intellectual capital – brand, IT systems, processes, procedures and innovative products.</p> <p>Manufactured capital – R187.4 million (2014: R179.9 million) of property, plant and equipment at cost.</p> <p>Social and relationship capital – our relationships with:</p> <ul style="list-style-type: none"> – Clients – Funders – Shareholders – Employees – Regulators – Communities <p>Natural capital – electricity and water conservation by promoting sustainable lending practices for renewable and alternate energy solutions.</p>	<p>Our products and services are designed to protect and grow our clients' net assets and are integrated to create bespoke solutions for specific client needs.</p> <p>Product offerings are client-focused, with financial solutions for the various stages of business and personal wealth life cycles. This holistic client-centric approach allows us to position our offerings around the specific needs of our clients to provide comprehensive, start-to-finish, tailored solutions.</p>	<p>Through Sasfin's capital deployment in business activities, certain outputs are produced as listed below:</p> <ul style="list-style-type: none"> • Taxation paid • Dividends paid • Training and development • Corporate social investment • Carbon footprint – 6 336 tCO₂e (2014: 6 445 tCO₂e)
	Business Banking	Interest income Fee income
	Capital	Interest income Non-interest income • Advisory and sponsor fees • Fair value gains/(losses)
	Wealth	Interest income Non-interest income • Brokerage • Asset management • Trading income
	Transactional Banking and Treasury	Interest income Non-interest income • Transactional fees • Investment income
	Commercial Solutions	Non-interest income • Commission • Knowledge-based fees
	Support Services	
	<p>Corporate Services – provides support functions and partners with the divisions listed above. These support functions include:</p> <ul style="list-style-type: none"> • Business development • Company secretarial • Compliance • Credit • Facilities • Finance and administration • Human resources • Information technology • Internal audit • Legal • Marketing • Risk 	<ul style="list-style-type: none"> • Meaningful and informed internal and external reporting for decision-making • People management • Regulatory compliance and reporting • Brand development • Fit for purpose IT platform and services • Robust Enterprise Risk Management • Maintaining low credit losses • Group-wide legal support • Internal Audit assurance

Value creation

Our value creation is the outcome of deploying our six capitals, through our business activities, in a balanced manner to maximise our ability to create and sustain value over the short, medium and long term.

We recognise that our investment in certain capitals, such as employees, brands, systems and processes, can take an extended period before it realises a return in financial capital. The graphic below depicts how our capitals are deployed to create value. The gross value created is then allocated to key stakeholders in its value creation cycle in the form of staff training, salary payments, purchases of goods and services, corporate social investment, payments of taxes and dividends declared, resulting in retained earnings to be deployed into the value creation cycle again.



Key risks and opportunities






As a diversified banking and financial services group, effective management of risk is at the epicentre of our business. Through proactive and independent risk management by division, executives, Group Risk and our Board, we cautiously and prudently manage risks, within our Board-approved risk appetite, which translate these into opportunities.

What key risks are we exposed to?	Why do we take this risk?	What opportunities arise from taking this risk?
Credit		
Our clients or counterparties do not fulfil their contractual obligations to us.	We lend money to our clients that creates assets for us and from which we earn interest and fees over time.	<p>Responsible lending results in sustainable returns over the long term.</p> <p>We are agile, proactive and have experienced executive involvement throughout the process of granting and monitoring the loans we grant to our clients.</p> <p>This allows us to be a market leader in our chosen lending markets, while maintaining low credit losses.</p>
Liquidity		
We are not able to meet our financial obligations or depositors' requests for their funds.	We fund our lending activities through the funds received from our clients, funders and shareholders that create liabilities for us against which we pay interest and fees.	<p>Prudent management of funds received allows us to lend funds to clients.</p> <p>We manage our assets and liabilities with a solid and experienced treasury management function with extensive executive oversight.</p> <p>This enables us to have a growing, solid, stable and diversified funding base, and surplus liquidity position from which to fund our lending and investment activities.</p>
Capital		
Not maintaining sufficient capital to cover unforeseen losses.	To engage in our businesses, we maintain a high-quality, fully paid capital base to cover unexpected losses.	<p>Effective capital and balance sheet management allows us to generate returns to the providers of our capital, namely our shareholders.</p> <p>We manage our capital and balance sheet with the requisite skills and experience to ensure regulatory compliance and safeguard the Group's capital base.</p> <p>Our ability to prudently manage our capital and balance sheet, while holding sufficient levels of capital and generating increasing returns, inspires confidence in all our stakeholders and forms the basis for future growth.</p>

What key risks are we exposed to?	Why do we take this risk?	What opportunities arise from taking this risk?
Investment performance		
Risk of losses arising from investment decisions on clients' funds.	Clients trust us to invest their wealth and increase this over the short, medium and long term from which we earn fees and investment management income.	<p>Management of our clients' funds in a responsible manner allows us to generate sustainable returns for our clients and a reputation as a trusted wealth manager.</p> <p>We manage our clients' investments through experienced portfolio managers with oversight from senior executives, and have achieved strong performance and awards as testimony to this.</p> <p>We regularly communicate with our clients so that they understand the risks, rewards and costs that they are exposed to as a result of investing with us.</p>
Regulatory and compliance		
Reputational and loss of confidence from providers of capital. In a highly regulated financial services environment, compliance with regulations that govern the industry is of paramount importance in upholding our reputation and acts as a safeguard to providers of capital.	Our broad range of products and services span across several disciplines in which our clients operate. To actively manage our regulatory and compliance risks, ensures that we remain at the forefront in providing our clients with a safe and confident financial services partner to entrust their financial and advisory requirements.	Regulatory change has an extensive bearing on our day-to-day operations, impacting systems, people and processes. This enables us to embed regulatory best practice in our operations on an ongoing basis, promoting a culture of compliance. This is an important enabler in meeting our financial and strategic objectives.

Overview of Sasfin's business divisions

BUSINESS BANKING 	CAPITAL 	WEALTH 
<p>Engages in sustainable lending activities as providers of working capital to businesses and entrepreneurs in the form of equipment finance and trade and debtor finance.</p>	<p>Assists clients with their corporate actions and equity, debt capital raising and structuring, either as an advisor or investor.</p>	<p>An advice-led asset manager with a domestic and global investment offering for both private and institutional clients.</p>
Business units' service and product offerings		
<p>Equipment Finance</p> <ul style="list-style-type: none"> Finances clients for all types of equipment, including office automation, plant, machinery, energy producing equipment, commercial vehicles and taxis. <p>Trade and Debtor Finance</p> <ul style="list-style-type: none"> Finances clients' imports, exports and domestic trade as well as their debtors. Together with other divisions, provides clients with a "start-to-finish" comprehensive service, including letters of credit, forex trading, offshore financing, logistics and marine insurance. 	<p>Corporate Finance</p> <ul style="list-style-type: none"> Provides debt and equity raising, mergers and acquisition advisory and corporate sponsorship services to mid-sized corporates through balance sheet deployment and strong corporate finance advice. <p>Property Equity</p> <ul style="list-style-type: none"> Assists clients with equity and debt funding for fixed property, including their business premises. <p>Private Equity</p> <ul style="list-style-type: none"> Provides clients with capital in the form of equity and/or shareholder loans. 	<p>Stockbroking</p> <ul style="list-style-type: none"> Provides clients with a stockbroking and personalised asset management service, both domestically and internationally. <p>Fixed Income</p> <ul style="list-style-type: none"> Trades in fixed income instruments for our institutional clients. <p>Asset Management</p> <ul style="list-style-type: none"> Manages a range of equity, fixed income and balanced solutions for institutional and retail clients. <p>Asset Consulting</p> <ul style="list-style-type: none"> Consults to pension funds on their investment strategies to enable their clients to retire better. <p>Financial Planning</p> <ul style="list-style-type: none"> Advises clients on their investments.
Principal risks arising from these activities		
<ul style="list-style-type: none"> Credit risk Liquidity risk Business and operational risk Strategic risk Compliance risk Regulatory risk 	<ul style="list-style-type: none"> Credit risk Liquidity risk Investment risk Business and operational risk Strategic risk Regulatory risk 	<ul style="list-style-type: none"> Business and operational risk Strategic risk Compliance risk Reputational risk Investment performance risk Market risk



TRANSACTIONAL BANKING AND TREASURY	COMMERCIAL SOLUTIONS	CORPORATE SERVICES
		
Our newly launched Transactional Banking service, coupled with our established Domestic Treasury is a key source of funding for our lending activities and a payment platform for our clients.	A wide range of commercial services, comprising market access and risk mitigation products, including logistics, short-term insurance cover, forex services and assistance with government incentives.	<p>Operations Our investment in operations, which include IT systems and other infrastructure, that improve efficiencies, and delivering relevant products and services to our customers and clients.</p> <p>People Investment in developing and retaining our people, who are our key resource to execute and deliver on our strategic vision.</p>

Business units' service and product offerings

<p>Transactional Banking</p> <ul style="list-style-type: none"> Transactional banking accounts with secure internet banking. VISA debit cards for individuals, businesses and corporates. Full clearing and settlement functionality. Mobile banking. <p>Domestic Treasury</p> <ul style="list-style-type: none"> Institutional deposit taking. Manages the Group's Treasury and Cash Management. Investment and deposit-taking activities for investors covering retail, corporate and institutional clients. 	<p>Forex</p> <ul style="list-style-type: none"> Comprehensive forex trading and outsourcing service. <p>Incentives</p> <ul style="list-style-type: none"> Assists clients with their applications for government incentives. <p>Freight</p> <ul style="list-style-type: none"> Provides clients with a comprehensive freight forwarding, customs clearing and warehousing service. <p>Short-term Insurance Broking</p> <ul style="list-style-type: none"> Provides short-term insurance solutions to clients. <p>Healthcare</p> <ul style="list-style-type: none"> Arranges medical aid cover for clients (to be moved to Wealth from 2016). 	<ul style="list-style-type: none"> Business development Company secretarial Compliance Credit Facilities Finance and administration Human resources Information technology Internal audit Legal Marketing Risk
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Principal risks arising from these activities



<ul style="list-style-type: none"> Liquidity risk Business and operational risk Strategic risk Compliance risk Regulatory risk Market risk 	<ul style="list-style-type: none"> Credit risk Business and operational risk Strategic risk Compliance risk Market risk 	<ul style="list-style-type: none"> Business and operational risk Strategic risk Compliance risk Reputational risk
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Strategic pillars and performance

Our strategy is a roadmap to fulfilling our vision and mission. It informs and is tested by our material issues and is implemented through four strategic pillars. Successful risk management is integral to us achieving our strategy. The material issues tabled below were determined by our leadership and are reviewed on a regular basis.



Strategic pillars	Pillar 1: Optimise synergies across a broad range of products and services	Pillar 2: Enhance efficiencies and reduce cost-to-income ratio
What is our goal?	<p>Focus on client-centric service to differentiate ourselves from bigger, more bureaucratic institutions who struggle to deliver in this realm.</p> <p>Ensure synergistic products and services across the entrepreneurial and corporate value chain.</p> <p>Focus on our distinct target markets:</p> <ul style="list-style-type: none"> • Entrepreneurs • Corporates • Institutions • High-net-worth individuals 	<p>Grow new income streams.</p> <p>Achieve meaningful scale in all products and services.</p> <p>Positive JAWS ratio.</p> <p>Increase in market share.</p> <p>Improved returns on surplus liquidity.</p> <p>Seamless operational efficiencies.</p>
Achieved through	<p>Ensuring that our offerings to clients are specialised and integrated.</p> <p>High-touch service offerings.</p>	<p>Maintaining and enhancing our diversified business.</p> <p>Cost control.</p> <p>Profitable growth in marginal businesses.</p> <p>System efficiencies and straight-through processing.</p>
Strategic business enablers	<p>Working capital and equity.</p> <p>Tailor-made solutions.</p> <p>Agility and speed.</p> <p>Flat and decisive operating and management structure.</p> <p>Bespoke IT systems.</p> <p>Equity, debt capital and securitisation market expertise.</p>	<p>Multiple product offerings.</p> <p>Greater annuity-based non-interest income.</p> <p>Grow lending, wealth management, transactional, logistics and advisory services.</p>
What we have achieved in 2015	<p>Successfully launched Transactional Banking to broaden our franchise value.</p> <p>Acquired Fintech to entrench ourselves as a leading equipment rental financier.</p> <p>Became a full clearing and settlement bank.</p>	<p>Contained cost growth to 5%.</p> <p>Improved cost-to-income ratio by 100 bps.</p> <p>Improved returns on surplus liquidity.</p>
What we want to achieve beyond 2015	<p>Complete the integration of Fintech.</p> <p>Continue to develop new and innovative products to address our client needs.</p> <p>Drive cross-selling across the business.</p> <p>Drive Investment Banking opportunities.</p>	<p>Effective deployment of surplus liquidity into quality, higher-yielding assets.</p> <p>Cost-to-income ratio below 65%.</p> <p>Grow loans and advances while maintaining an acceptable credit loss ratio.</p> <p>Using IT as a strategic enabler in client engagements.</p>
Material issues impacting this strategic pillar 	<p>Tough economic conditions.</p> <p>Remaining competitive and relevant.</p> <p>Recruiting, motivating and retaining the right people.</p> <p>Increasing stakeholder value in the long term.</p>	<p>Tough economic conditions.</p> <p>Remaining competitive and relevant.</p> <p>Increasing stakeholder value in the long term.</p>


Pillar 3: Sustainable growth in our target markets	Pillar 4: Proactive balance sheet management and capital optimisation
<p>Understanding our clients' needs. Personalised service. Strong relationships. Flexibility. Quick turnaround. Grow Transactional Banking.</p>	<p>Prudent asset/liability matching. Establish a well-balanced asset and liability structure. Optimise the earnings yield on all our asset classes. Efficient and quality capital structure. Well-diversified funding base. Effective capital utilisation.</p>
<p>Creating partnerships with clients that deliver products and services that exceed their expectations.</p>	<p>Proactive capital and liquidity management. Effective investment in different classes of product, capital and liquidity. Prudent and sound risk management processes.</p>
<p>Highly experienced and passionate employees. Dedicated experienced teams. Personal guidance. Innovative, client-centric products. Excellent service designed to exceed client expectations. Transactional Banking as a lever for streamlined client delivery.</p>	<p>Effective balance sheet management to ensure we are set for growth in assets and funding. Diversified investor and funding base. Adequate liquidity buffers that are easily liquefiable.</p>
<p>Grew Transactional Banking to leverage business and ensure cohesion for better client retention. Growth in funds under advisement and management in Wealth. Larger value, quality transactions. Acquired Fintech to grow in our target markets.</p>	<p>Strengthened our balance sheet resulting in higher yields on surplus liquidity. Increased capital of Sasfin Bank Limited. Value accretive utilisation of capital in the acquisition of Fintech.</p>
<p>Continue growth across the spectrum of entrepreneurial, corporate, institutional and high-net-worth clients. Grow funds under advisement and management. Continue to improve investment performance on funds under advisement and management.</p>	<p>Continue growth in all identified areas. Improve return on risk-weighted assets. Increase return on equity to above 20% over the next five years.</p>
<p>Tough economic conditions. Remaining competitive and relevant. Recruiting, motivating and retaining the right people. Increasing stakeholder value in the long term.</p>	<p>Tough economic conditions. Increased governance and regulatory requirements. Increasing stakeholder value in the long term.</p>

Material issues and risks



A material issue is one that affects our ability to deliver on our strategy. More specifically, material issues are those that have a strong influence on our stakeholders' assessments and related decisions on the Group's long-term sustainability and the ability of the Group to deliver on their long-term requirements. Effective management of the material issues affecting the Group is critical in achieving our strategic objectives.

Trust is a cornerstone of our business. Our shareholders and depositors trust us with their capital and funding, with the confidence that we will manage our balance sheet astutely, with adequate capital to sustain unforeseen losses and sufficient liquidity to meet our obligations. We value the trust placed in us by all our stakeholders and take this responsibility seriously.

Material issues	Why is this a material matter?	How are we positioned to deal with this?	Link to stakeholders	What risks arise from this issue?
 <p>Tough economic conditions</p>	<p>The South African economy continues to face headwinds from sustained weakness in the global economy; pressure on the rand; escalating imported inflation; continued labour unrest; electricity challenges and a possible further sovereign rating downgrade.</p> <p>Consumers remain burdened by high levels of debt, diminishing levels of disposable income, escalating energy prices and rising inflation.</p> <p>These factors will impact the performance of the Group as a result of:</p> <ul style="list-style-type: none"> • Muted demand for credit • Increased risk of defaults and bad debts • Higher input costs resulting from higher inflation • Decreased investment appetite in South Africa • Increased threat of cyber fraud • Unpredictable markets resulting in volatile investment returns for our clients 	<ul style="list-style-type: none"> • The Group has strong capital and liquidity levels, well in excess of the regulatory minimums to absorb economic downturns. • A dedicated and committed approach to responsible lending. • A strong focus on cost containment across the Group. • Client-centric service helps us to understand our clients' requirements and identify and manage risks. • Diligent investment advice to our clients in creating and growing their wealth. • Sustainable lending largely to SMEs that promotes job creation. 	<ul style="list-style-type: none"> • Shareholders • Clients • Employees • Regulators 	<ul style="list-style-type: none"> • Credit risk • Liquidity risk • Investment risk • Strategic risk
 <p>Remaining competitive and relevant in a fast evolving financial services industry</p>	<p>The financial and banking sectors have been transformed by the digital age. The expectations that are placed on banks by clients have increased significantly. Clients are empowered to research and search for the most cost-effective options for their particular needs.</p>	<ul style="list-style-type: none"> • High-touch client service helps us to understand our client requirements and needs. • We offer our clients value-adding financial solutions. • Continuous product development and innovation ensures that we meet our clients' needs. • We ensure cost-effective and correctly priced products to the market. • Bespoke IT systems enable seamless digital access by clients 	<ul style="list-style-type: none"> • Shareholders • Clients • Regulators 	<ul style="list-style-type: none"> • Credit risk • Liquidity risk • Strategic risk • Operational risk

Material issues	Why is this a material matter?	How are we positioned to deal with this?	Link to stakeholders	What risks arise from this issue?
 <p>Increased regulatory requirements</p>	<p>Trust in global banking has eroded since 2008. Regulators across the world, including the South African Reserve Bank (SARB), have implemented measures to safeguard depositors and maintain a sound banking and financial services sector. The most significant of these regulations is Basel III and its impact on capital and liquidity requirements for banks.</p> <p>Basel III reduces the Group's leverage, which in turn makes it more difficult for the Group to deliver competitive returns to our shareholders. This could also result in a higher cost of credit to clients.</p> <p>The introduction of the new Twin Peaks regulatory model, resulting in the SARB as the prudential regulator and the Financial Services Board (FSB) as the market conduct regulator, is designed to protect clients, promote stability in the banking sector and create consolidated regulatory oversight and supervision.</p> <p>IFRS 9, a new accounting standard, will significantly change the way in which we account for credit impairments and expected credit losses.</p>	<ul style="list-style-type: none"> • Risk management and absolute compliance with the law is core to our culture and approach to our business. • We pride ourselves in maintaining high capital adequacy levels and liquidity ratios well in excess of the prescribed minimums and industry norms. • The SARB and FSB as regulators are regarded as key stakeholders to the Group with whom we maintain healthy, open and honest relations. • Proactively complied with the Basel III capital adequacy and liquidity requirements on 1 January 2013, well ahead of the planned implementation dates. • The Group has an experienced, competent and qualified Board of Directors who are well equipped to handle the changing regulatory landscape. • A Board-approved, tempered risk appetite to balance long-term sustainable returns with short-term profitability. • We have embarked on an intensive IFRS 9 project involving all affected divisions together with external consultants to ensure compliance with IFRS 9 in time for its implementation date of 1 July 2018. 	<ul style="list-style-type: none"> • Shareholders • Clients • Regulators 	<ul style="list-style-type: none"> • Credit risk • Liquidity risk • Concentration risk • Investment risk • Compliance risk • Strategic risk • Operational risk

Material issues and risks continued

Material issues	Why is this a material matter?	How are we positioned to deal with this?	Link to stakeholders	What risks arise from this issue?
 <p>Recruiting, motivating and retaining the right people</p>	<p>We consider our employees integral to our business and the primary link in our high-touch service model to our clients.</p> <p>Banking and financial services continue to evolve and become more complex. Providing excellent client service, a wider range of consumer products, driving balance sheet growth while managing complex risk, increasing shareholder value and remaining liquid and solvent requires the highest level of skilled, client-focused and analytical employees.</p> <p>There is a significant shortage of specialised skills in South Africa giving rise to competition for a small pool of qualified employees among the banking and financial services industry. Simply put, there is a “war for talent”. Key IT, finance and accounting skills are at a premium.</p> <p>We need to ensure that we recruit, motivate, retain and reward exceptional people.</p>	<ul style="list-style-type: none"> • We strive to be an exciting place to work at. • We nurture and develop talented employees within our caring culture. • We continue to invest heavily in our people, increasing and honing in on a number of initiatives to train and develop them. • The recently-relaunched Training Outside Public Practice (TOPP) programme, in association with the South African Institute of Chartered Accountants (SAICA), serves to “home grow” our skills base and create our own talent pool. • We reward our people in line with best practice and industry norms. 	<ul style="list-style-type: none"> • Shareholders • Clients • Employees 	<ul style="list-style-type: none"> • Strategic risk • Operational risk
 <p>Increasing shareholder value in the long term</p>	<p>Through globalisation and technology, stakeholders have the ability to move capital, resources, assets and liabilities almost instantaneously. Our shareholders will only remain loyal to the Group if we maintain our reputation of delivering sustainable market-related returns.</p> <p>Capital providers are driven by long-term value creation.</p>	<ul style="list-style-type: none"> • The Group provides high-touch, client-centric service with a strong focus on meeting the needs of our clients. • We are positioned for organic and acquisitive growth using our strong balance sheet, capital adequacy and liquidity. • The Group has a culture and track record of sound risk management and cautious growth in profitability. • We are a diversified financial services and banking group offering a full spectrum of services and not a monoline Group. 	<ul style="list-style-type: none"> • Shareholders • Employees 	<ul style="list-style-type: none"> • Credit risk • Liquidity risk • Investment risk • Compliance risk • Strategic risk • Operational risk

Stakeholders



We engage with key stakeholders in an all-inclusive approach, with the objective of ensuring that the interests of stakeholders are considered, and that material issues are addressed.

We endorse the inclusive approach advocated by King III, and commit ourselves to advancing the stakeholder objectives outlined in this code. Engagement levels seek to include various parties in the Group's internal and external environments.

Below is a summary of Sasfin's stakeholder engagements, achievements in 2015, future plans and linkages to the Group's material issues.



Clients

Lending and advisory activities

Who are these stakeholders?



- Entrepreneurs
- Institutions
- Corporates
- High-net-worth individuals

What did we achieve for our clients in 2015?



- Being a partner beyond expectations
- High-touch client service
- Bespoke financial solutions
- Launched Transactional Banking – a full service bank with online and mobile banking, debit cards, allowing seamless, hi-tech solutions for clients to manage their money
- Introduced Renewable Energy finance

How do we interact with our clients?



- Roadshows
- Market surveys
- Daily business interactions
- Executive Director interaction with clients

What are we focusing on in the short term?



- Expanding service delivery in our chosen markets
- Continuous product development
- Becoming a primary banking partner to our clients
- Expanding on the diverse range of commercial solutions
- Syndicate larger lending transactions with local and foreign institutions

What are we focusing on for 2016 and beyond?



- Maintaining and building on solid relationships with clients
- Significant use of online technologies for client interaction
- Expansion into new markets and products
- Diversifying our growing client base

Link to material issues?



- Tough economic conditions
- Remaining competitive and relevant
- Recruiting, motivating, developing and retaining the right people

Deposit-taking and investors

Who are these stakeholders?



- Entrepreneurs
- Institutions
- Corporates
- High-net-worth individuals
- Development finance institutions
- Debt capital markets

What did we achieve for our clients in 2015?



- Continued high-touch client service
- Introduced institutional money market product
- Unique product range
- Delivered above market-related returns
- Re-affirmed Moody's rating of Stable/Baa2.za (Sasfin Bank Limited)

How do we interact with our clients?



- Roadshows
- Due diligences on Sasfin performed by funders
- Interactions with rating agencies
- Executive Director interaction and information sharing with funders on a regular basis



Stakeholders continued

What are we focusing on in the short term?



- Online direct investment products
- Online transactional banking
- Syndicated transactions
- Ringfenced funding to match lending products
- Further diversification of funding and investor base

What are we focusing on for 2016 and beyond?



- Matching profile of funding to asset base
- Growing funding base to meet the demands of a growing balance sheet
- Improving cost of funding
- Improving credit rating

Link to material issues?



- Tough economic conditions
- Remaining competitive and relevant
- Recruiting, motivating, developing and retaining the right people
- Increasing shareholder value in the long term



Regulators

Who are these stakeholders?



- South African Reserve Bank
- Financial Services Board
- Johannesburg Stock Exchange
- South African Revenue Service
- Department of Trade and Industry
- Payment Association of South Africa
- Companies and Intellectual Property Commission

What did we achieve for our regulators in 2015?



- Basel III implemented in terms of SARB requirements
- Full compliance (earlier than required) with Basel III liquidity requirement for liquidity coverage ratio and net stable funding ratio
- Total capital adequacy ratio – 21% (2014: 23%)
- Tier 1 capital adequacy ratio – 20% (2014: 21%)
- Corporate citizenship – promptly paying taxes due
- Registration with Foreign Account Tax Compliance (FATCA)
- Compliance with all JSE Listings Requirements

How do we interact with our regulators?



- Various formal prudential meetings with the SARB and Sasfin's executive management, internal audit, compliance and the Board of Directors
- Regulatory return submissions to the SARB
- Ongoing compliance audits
- Trilateral meetings with the Group Audit and Compliance Committee, Group Auditors and the SARB
- Regulatory audit performed by our external auditors and reported on to the SARB
- Daily monitoring of all bond and equity trades by the JSE via the BDA system
- Monthly capital adequacy return submissions to the JSE
- Annual return to JSE, Internal Audit reports to SARB
- Annual regulatory report to the FSB

What are we focusing on for 2016 and beyond?



- To always remain well capitalised and liquid
- To maintain full compliance with all Basel III requirements
- IFRS 9 readiness
- Gear up for the pending Basel IV
- Information technology systems to manage the complexities of the Group
- To remain responsive to the soon to be launched twin peaks framework
- To remain a responsible corporate citizen and tax contributor
- Achieve compliance with new regulations of POPI and other market conduct regulation aimed at Treating Customers Fairly

Link to material issues?



- Increased regulatory requirements
- Recruiting, motivating and retaining the right people



Shareholders

Who are these shareholders?



- Directors and associates: 48.97% (2014: 45.70%)
- Government Employees Pension Fund 1.27% (2014: 3.10%)
- Top five fund managers: 16.47% (2014: 12.99%)
- Preference shareholders: 625 (2014: 704)

What did we achieve for our shareholders in 2015?



- Return on equity of 15% (2014: 14%)
- Headline earnings growth of 16.5% (2014: 14%)
- Dividend per share increase of 16.5% from 14% in 2014
- Growth in share price of 11% to R55.99 (2014: 51%) from R50.50

How did we interact with our shareholders in 2015?



- Regular JSE SENS announcements
- Financial results and Integrated Report 2015
- Roadshows
- Annual General Meeting and other meetings
- Group website – www.sasfin.com
- *Ad hoc* meetings with shareholders, potential investors, analysts, credit rating agencies and media during non-closed periods
- Annual and interim results announcements, presentations and roadshows
- 90.87% support for our remuneration policy at our 2014 Annual General Meeting
- Financial media

What are we focusing on for 2016 and beyond?



Internal targets

- Return on assets above 3%
- Return on equity above 20%
- Cost-to-income ratio below 65%
- Continuous and sustained growth in headline earnings
- Balance sheet growth

Link to material issues?



- Tough economic conditions
- Remaining competitive and relevant
- Increased regulatory requirements
- Increasing shareholder value in the long term



Employees

Who are these stakeholders?



- Number of employees: 835 (2014: 727)
- Female employees: 60% (2014: 57%)
- Black employees: 54% (2014: 50%)

What did we achieve for our employees in 2015?



- New jobs created: 52 (2014: 27)
- Training spend: R6.6 million (2014: R6.8 million)
- 842 training interventions (2014: 732)
- New LTI and STI schemes introduced

How do we interact with our employees?



- Open and honest communication
- Periodic climate surveys
- Annual benchmarking and review of compensation
- Internal and external training
- Regular employee meetings
- Quarterly HR newsletter

What are we focusing on for 2016 and beyond?



- Succession planning across the Group
- Acquiring and developing talented employees
- Investing in learning among all levels of employees
- Enhancing key roles within the organisation
- Focusing on building a transformed and skilled workforce

Link to material issues?



- Recruiting, motivating and retaining the right people



Stakeholders continued



Communities



- We are a proud and loyal South African corporate citizen operating within the global economy
- We are committed to South Africa and continuously consider how we can contribute to our country's development
- The Group endeavours to contribute to sustainable projects that decrease poverty, improve quality of life and promote education and development for all South Africans

What did we achieve for our communities in 2015?



- Renewable Energy and Solar PV finance
- CSI contribution: R2.1 million (2014: R1.8 million)
- Reduced carbon emissions of 6 336 tCO₂e (2014: 6 455 tCO₂e)

How did we interact with our communities in 2015?



- Conducted market research to understand the needs of the broader South African economy
- Funded CSI projects that support sustainable growth in our communities including, among others, Afrika Tikkun, ORT Jet and Miracle Drive
- Social and environmental due diligence report
- Participated in Cell C Take a Girl Child to Work initiative

What are we focusing on for 2016 and beyond?



- Improving BBBEE rating
- Increasing procurement spend from BEE level 4 and better rated suppliers
- Growing Green Finance initiatives
- Continuing and increasing our CSI contributions
- Continuous focus on product development for SMEs
- Focusing on reducing carbon emissions for the Group as a whole

- Seeking ways to ensure financial inclusion through partnerships and addressing the needs of the unbanked and underbanked
- Key flagship projects that contribute to the sustainable development of the communities in which we operate. These include projects that support financial literacy, consumer education, early childhood development, entrepreneurial development, skills development, education and support for those affected by HIV/Aids

Link to material issues?

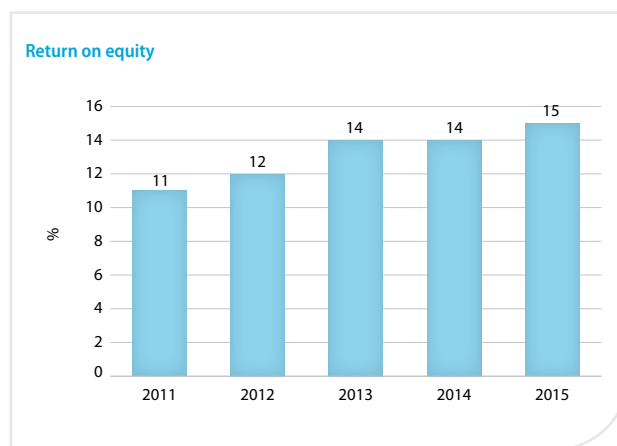
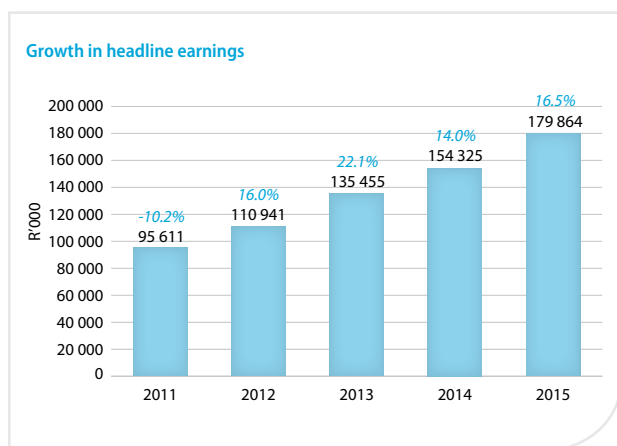


- Tough economic conditions

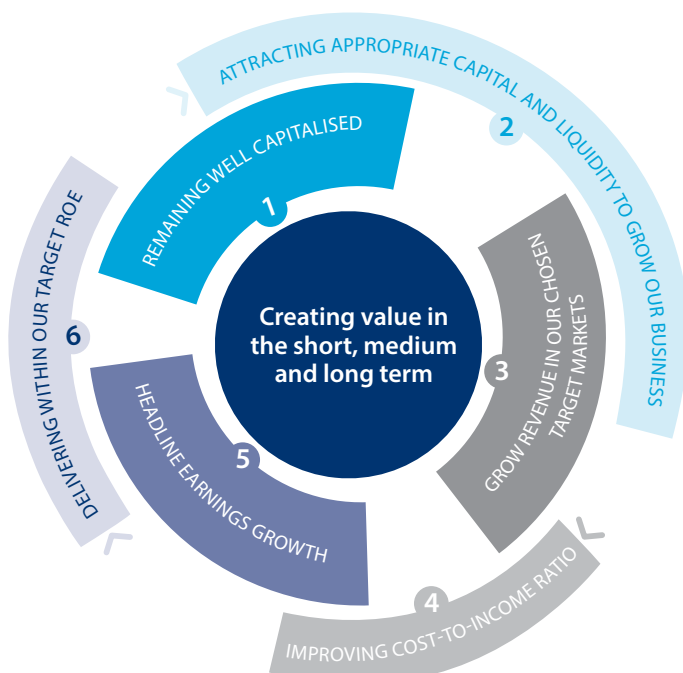
Performance

We believe that growth in Headline Earnings linked with Return on Equity, is our most relevant measure of performance over time. These represent the critical value drivers that measure the success of our strategy and business performance in creating value for our shareholders.

Our key performance indicators (KPI) measure our progress in delivering on our vision. Our remuneration structure is centred on achieving these KPIs to drive the realisation of our strategy.



Growth in headline earnings	Return on ordinary shareholder average equity	Cost-to-income ratio	BEE equity transaction
16.5% (2014: 14%) Long-term target: 11% to 23%	15% (2014: 14%) Long-term target: above 20%	71% (2014: 72%) Long-term target: below 65%	Not achieved Short to medium-term target: To successfully conclude a BEE equity transaction
Strengthened balance sheet	Improve risk and compliance	Increase in capital for Sasfin Bank	No improvement in BEE Rating
Grew total assets by 33% to R10.866 billion from R8.168 billion	In the process of appointing a dedicated Chief Risk Officer and Group Compliance Officer	Sasfin Bank Limited's capital was increased to the extent of R150 million	Significantly improve BEE rating in the medium term. Target: Rating of 4 or lower



The Group will focus on:

- Attracting appropriate capital and liquidity to continuously grow our business
- Growing revenue in our chosen target markets
- Improving our cost-to-income ratio

to achieve an acceptable growth in our headline earnings

thereby delivering a return on equity within our target range.

Leadership review



Highlights

- Significantly strengthened our balance sheet.
- Strong revenue growth in Business Banking, Wealth and Treasury.
- Meaningful gains on private equity exits.
- Sasfin Asset Managers won its third Raging Bull Award.
- Established as a full clearing and settlement bank.
- Broadened our franchise value with Transactional Banking products and services.
- Total assets grew by 33% to R10.9 billion.
- Healthy surplus liquidity position of R2.6 billion.
- Credit loss ratio improved to 77 bps from 80 bps.

Challenges

- Continued tough economic environment.
 - dti restrictions impacting Commercial Solutions.
 - Sasfin Premier Logistics endured a difficult trading year.
-

Economic environment

The world economy continues to underperform, with Europe and Japan still engaged in substantial quantitative easing, China's economic growth rate having fallen sharply and the USA only now showing tentative signs of economic growth. This is despite the low interest rate environment contributing to significant economic imbalances, evidenced by the rapid rise and subsequent collapse in commodity prices. The USA may start increasing interest rates within the next few months, which could in time spread to other markets.

South Africa's terms of trade have been adversely affected by a collapse in commodity prices, which together with drought, labour instability, skills shortages, currency weakness and an inability to adequately and economically meet the nation's needs for electricity and other essential services, has resulted in stagflation.

Unless Government starts to focus more on the growth of the economy, in order to address mounting unemployment and its fiscal and current account deficits, South Africa's sovereign debt rating could be downgraded to below investment grade, which would sharply increase South Africa's borrowing costs, inevitably leading to recession.

We are aware of, and proactively manage, the effects of these challenges, constantly evaluating and strengthening our risk management processes and policies, and remain committed to exploiting opportunities within our risk appetite.

The financial services industry

In addition to the lack of demand due to South Africa's underperforming economy, the banking and financial services industry faces mounting regulation, increased competition from the relatively unregulated shadow banking sector and technology companies, heightened risk of cyber fraud and increased credit losses.

However, stepped-up bank capital and liquidity directives, including a requirement for even more Total Loss Absorbing Capacity for Systemically Important Banks has resulted in more defensive bank lending, which creates opportunities for the "challengers" such as Sasfin.

Strategy

Our strategy is developed based on an integrated analysis of economic, commercial, social and environmental factors. This ensures that we maintain our long-term sustainability, while appropriately serving all our stakeholders.

Our competitive advantage is borne out by an average 25% annual compound growth in our assets since being awarded a banking licence 16 years ago, with the ability to continue to scale up our business for the foreseeable future.

Strategic intent

We deploy skilled human resources to market and deliver to select businesses and investors financial solutions tailored from our comprehensive range of business banking and asset management financial services.

Risk management and corporate governance



Trust is a cornerstone of our business. Our shareholders and depositors trust us with their capital and funding, with the confidence that we will manage our balance sheet astutely, with adequate capital to sustain unforeseen losses and sufficient liquidity to meet our obligations. We value the trust placed in us by all our stakeholders and take this responsibility seriously.

This is done through active risk management and mitigation, total and absolute compliance with all regulations and holding ourselves accountable via stringent corporate governance in everything we do. Our Board of Directors, executive management and senior management drive this as an integral part of our culture. We embrace and comply with regulatory reforms as an opportunity to further protect our stakeholders, manage and mitigate risk because we believe it is key to our long-term sustainability and implement independent, stringent corporate governance, because we understand the need to hold ourselves accountable.

By carefully balancing and mitigating the risks inherent in our industry, including our wide range of products and services and our diverse sources of funding, we continue to build trust with all our stakeholders, including rating agencies, regulators, depositors and shareholders, with whom we closely engage to provide the assurance that Sasfin is a robust and dependable financial institution.

The regulatory environment is changing with significantly new regulatory and compliance matters and we are responding by strengthening our risk and compliance functions. In this regard, the Board has decided to appoint both an experienced, dedicated and skilled Chief Risk Officer and Group Compliance Officer.

Leadership review continued

A solid set of results

Despite our adverse external operating environment, headline earnings per share for the year, largely off the back of sterling performance by our Business Banking and Wealth divisions, grew by 16.5% to R179.9 million, while total assets and loans and advances grew by 33% and 34% to R10.9 billion and R5.3 billion respectively. Return on equity was 15% (2014: 14%) and return on assets remained flat at 2%. The Group delivered an impressive credit performance, with our credit loss ratio at 77 bps (2014: 80 bps), non-performing loans to average advances flat at 3.9% and the Group's coverage ratio at an acceptable 2.1% (2014: 2.2%). Group and Banking Group efficiency ratios improved from 72% to 71% and 64% to 61% respectively. The Group's effective tax rate reduced from 23% in 2014 to 18% in 2015 driven by certain income streams at lower tax rates and some exempt income.

Significant developments

During the year, we undertook the following significant steps to entrench our market position and broaden our franchise value:

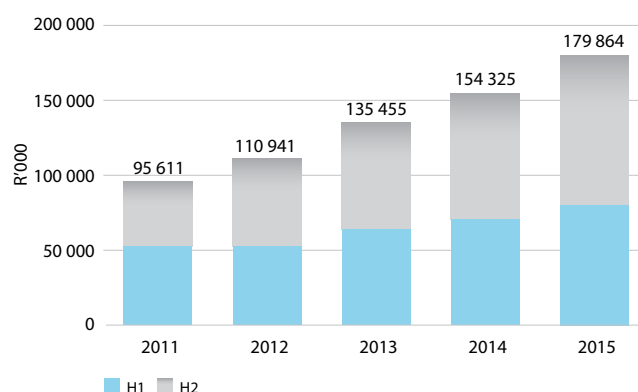
- Having met all conditions precedent, our acquisition of 100% of Fintech Proprietary Limited ("Fintech"), an equipment finance company, took place on 30 June 2015, which makes our Rental Finance business a formidable player in this market segment
- Fintech's statement of financial position, but not its profits for the year, which were capitalised as pre-acquisition profits, has been consolidated into the Group results as at 30 June 2015. Details on the acquisition are more fully disclosed in Note 5 to the summarised Annual Financial Statements
- We successfully launched our Transactional Banking offering during the course of the year, and went to market in January 2015. This significant development in Sasfin's journey positions Sasfin to become a primary bank to its clients

Headline earnings and headline earnings per share increased by 16.5% to R179.9 million (June 2014: R154.3 million) and 566.74 cents (June 2014: 486.27 cents) respectively.

Considering the economic downturn and our substantial investment in HR and IT systems in order to enhance efficiency and cater for ongoing growth, we are pleased with the Group's performance:



Growth in headline earnings



Income

Total income grew by 8% (June 2014: 18%) to R956.6 million (June 2014: R888.5 million) comprising a 16% (June 2014: 15%) growth in net interest income and a lower than expected 4% (June 2014: 19%) increase in non-interest income.

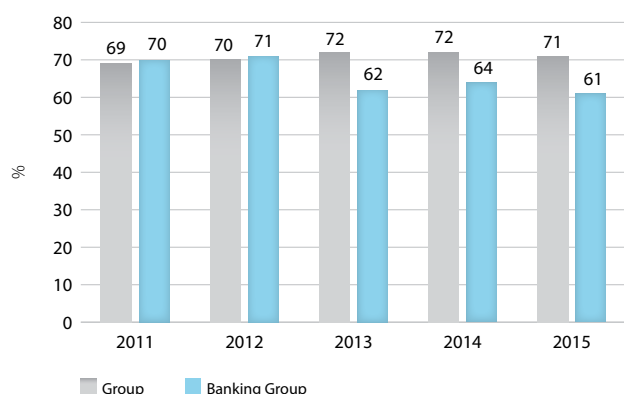
Credit losses

Impairment charges amounted to R32.8 million (June 2014: R29.6 million), resulting in a credit loss ratio of 77 bps (June 2014: 80 bps). This result is positive in light of the current economic and credit pressures being experienced in the South African economy.

Operating expenses

Group costs increased by just 5% to R691.4 million (June 2014: R657.7 million) highlighting the Group's continuous efforts to contain cost growth, resulting in a marginally lower cost-to-income ratio for the Group at 71%, and a reduction in the Banking Group to 61% from 64% and a positive JAWS ratio for both the Group and Banking Group. The Group's cost-to-income ratio appears high relative to the South African banking sector, which is due to the Group's high-touch service model and people-intensive non-banking businesses.

Cost-to-income ratio

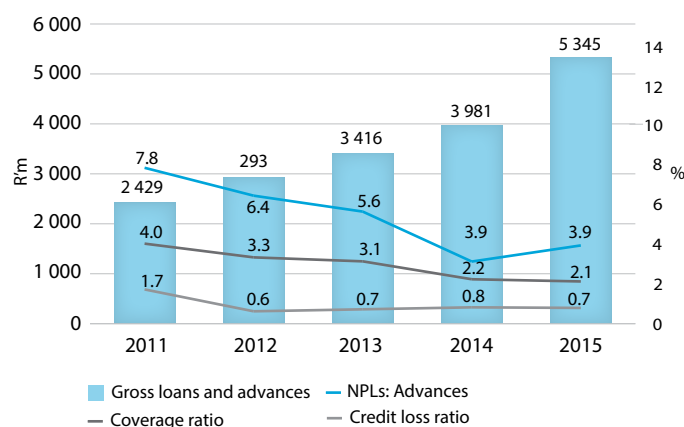


The Group managed to successfully contain headcount increases and staff costs while growing the business. Group headcount increased by 15% to 835 (including Fintech's 67 employees) (June 2014: 727), while staff costs increased by 9%. These increases are largely due to the establishment of the new Transactional Banking business combined with organic growth across the Group.

Statement of financial position

The Group continues to build a robust, solvent and liquid balance sheet, with asset growth to R10.9 billion (June 2014: R8.2 billion).

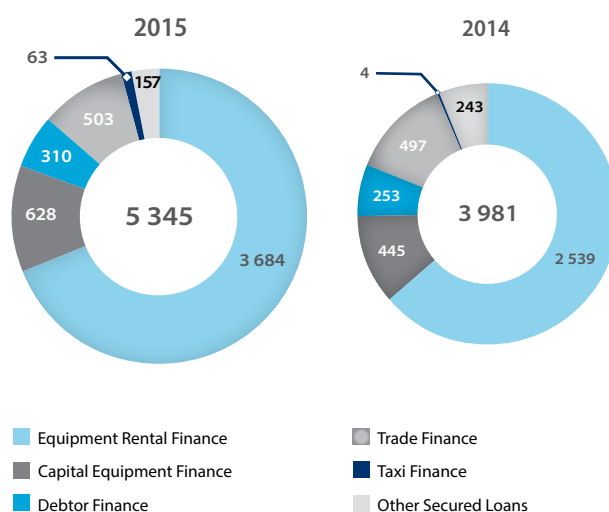
Gross loans and advances and credit performance



Loans and advances

Gross loans and advances grew by 34% (June 2014: 17%) to R5.35 billion (June 2014: R3.98 billion). Growth in loans and advances was largely driven by growth in Equipment rentals and Capital Equipment finance, which grew by a strong 45% and 41% respectively. Equipment rentals has performed relatively well, given that it is a mature business, while Capital Equipment continues to deliver strong growth for this key focus area. The recently formed Taxi finance business has achieved satisfactory growth of R63 million from a zero base in 2014.

Gross loans and advances by product (R'm)



Leadership review continued

Non-performing loans increased to R210 million. While there has been an increase in non-performing loans, the ratio of non-performing loans to gross loans and advances has remained at 3.9%, with the Group's coverage ratio that decreased from 2.2% to 2.1% indicative of adequately provisioned loans and advances.

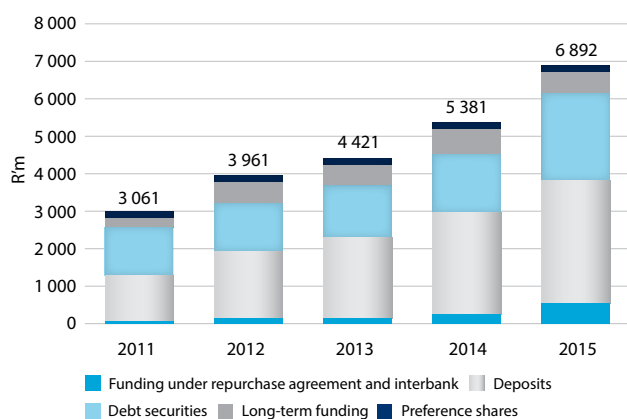
Cash and cash balances

Cash and short-term negotiable securities increased by 26% to R2.6 billion from R2.1 billion in June 2014. This growth was largely driven by the growth in the funding base, specifically the deposit book, which amounts to R3.3 billion.

The Group's liquidity strategy is designed to maintain a balance between risk and return, while holding easily liquefiable cash resources. In this regard, 50% of the Group's cash and short-term negotiable securities is placed with a short-to-medium-term tenor with the SARB, Land Bank, big four South African banks and rated international banks through the interbank market.

Funding

Group funding mix



Sasfin continued to grow its funding base and reached R6.9 billion from R5.4 billion in June 2014, representing a well-diversified profile and tenor. This growth was marginally offset by repayments on long-term funding and partial repurchase of the Group's preference shares.

In addition to funding sourced from the public and interbank market, Sasfin Bank Limited is now an active participant in the weekly SARB repo trading window following its membership as a full clearing and settlement Bank in the National Payment System.

Credit rating

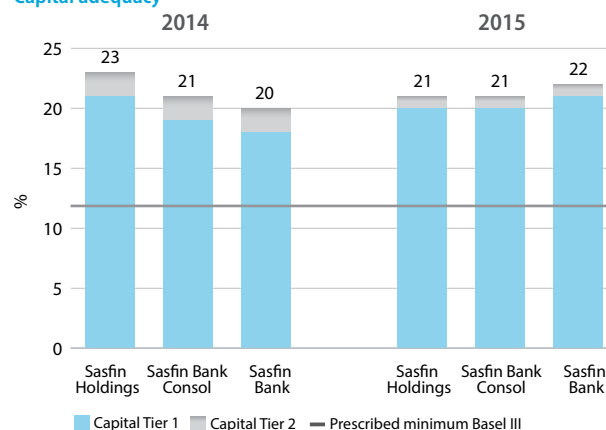
Credit rating agencies assess credit worthiness of a debtor. Moody's Investors Service performed a credit assessment on Sasfin Bank Limited in September 2015 and reaffirmed its rating as stable.

Outlook	Stable
National scale rating	Baa2.za
International scale rating	P-2.za

Capital and liquidity

Our capital and liquidity position remains strong, with both capital and liquidity ratios well above the regulatory and Basel minimums. This provides Sasfin with ample capacity for asset growth, without having to increase its capital base.

Capital adequacy



Capital

As a result of the Group's growth in risk-weighted assets year-on-year, largely from its lending activities, Total and Tier 1 capital adequacy has dropped year-on-year to 21% and 20% respectively, both still well above the minimum regulatory requirements.

Sasfin Bank Limited increased its capital base by R150 million following an injection by its parent to support the growing need for higher-value transactions.

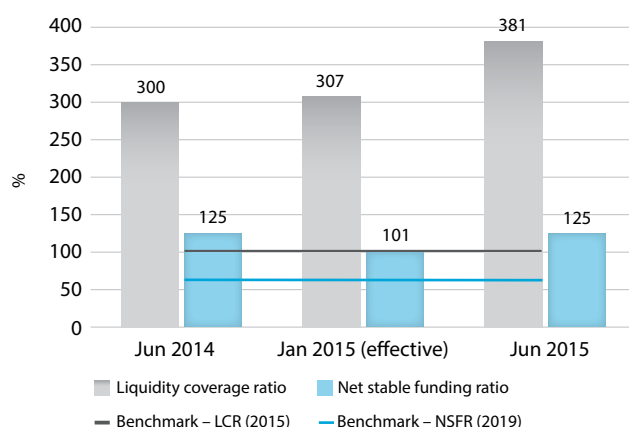
Following the implementation of Basel III, as well as prudential restrictions, the Group and Bank will be taking further “haircuts” on portions of its capital base, i.e. preference shares and subordinated debt that will result in a marginal decline in the Group and Bank’s capital adequacy ratios over the medium term.

The Group purchased and cancelled R3.8 million of its preference shares as part of its shareholder and SARB-approved buy-back programme.

Leverage has also recently become an important indicator of financial stability and is the ratio of Tier 1 Capital to asset exposures. The SARB requires a minimum ratio of 4%, implying that a banking group can have asset exposures up to a maximum of 25 times its Tier 1 Capital. The Group’s leverage ratio is at 11.54, while Sasfin Bank Limited is at 15.36, both comfortably above the regulatory requirements.

Liquidity

Liquidity ratio – LCR and NSFR



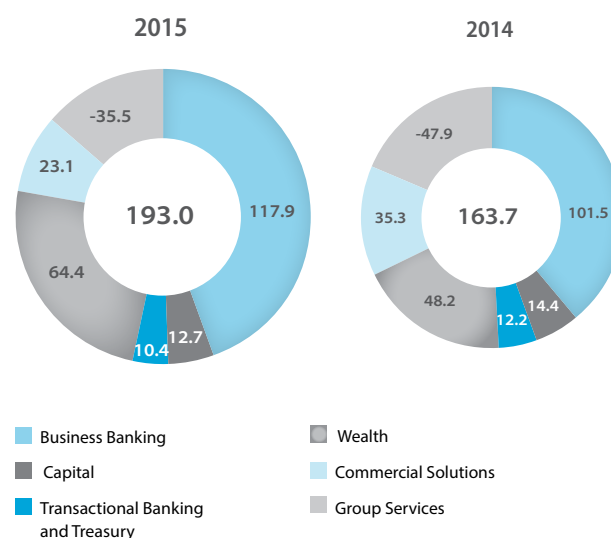
The growth in the Group’s funding and deposit base was accompanied by enhanced granularity, tenor and diversity of its liquidity profile. The Group complies with the SARB requirement to calculate LCR (a measure of the Bank’s liquidity profile over a 30-day period) daily from 1 January 2015.

At 30 June 2015, Sasfin Bank Limited’s LCR was 381%, while its NSFR was 125%, both well above the minimum prescribed ratios and well ahead of the full implementation date. Both ratios demonstrate the Bank’s ability to comfortably meet its short and long-term liquidity requirements.

Divisional overview

It is pleasing that each division has made progress in positioning itself for improved performance and has made a positive contribution to profitability as reflected hereunder.

Profit for the year – by division at a glance (R'm)



The divisional results are described in more detail hereunder.



Leadership review continued

Business Banking – a satisfying result

REVENUE

▲ **16%**

R722.1 MILLION

(FROM R622.0 MILLION)

PROFIT

▲ **16%**

R117.9 MILLION

(FROM R101.5 MILLION)

GROSS LOANS AND ADVANCES

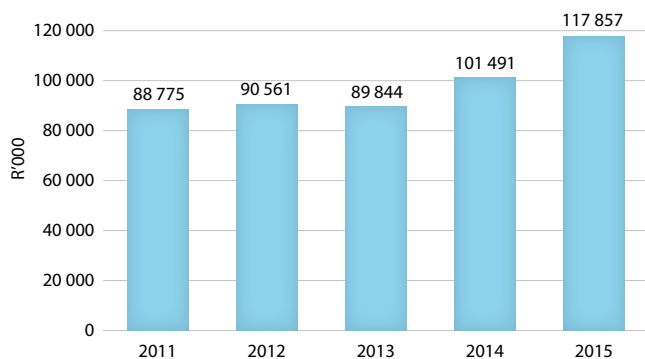
▲ **41%**

R5.2 BILLION

(FROM R3.7 BILLION)

The Business Banking division delivered a solid set of results, with profit for the year of R117.9 million (2014: R101.5 million), a 16% increase over 2014. The key factors were strong growth in loans and advances, margin retention and an improved credit performance. Notwithstanding the growth in the lending book, the credit loss ratio improved to 70 bps from 85 bps in 2014, while the ratio of non-performing loans to gross loans and advances remained flat at 3.9% year-on-year.

Business Banking – Net profit after tax



Equipment Finance

- Boosted by the recent acquisition of Fintech, a significant player in Equipment Rentals.
- A mature business showing strong book growth.

Trade and Debtor Finance

- Meaningful growth all round with larger and better quality clients coming on board.


Beyond 2015

- Fully integrate Fintech into Sasfin and enhance relationships with Fintech's suppliers.
- Transactional Banking will allow us to become a primary bank to our clients, improving the sustainability of client relationships and further growing our Business Banking franchise.
- Grow our market share.
- Improve our efficiencies through best practice in our processes and systems.
- Develop and grow in Africa and attract more business with our Energy Efficiency offering.

Transactional Banking and Treasury – a good story to 2015

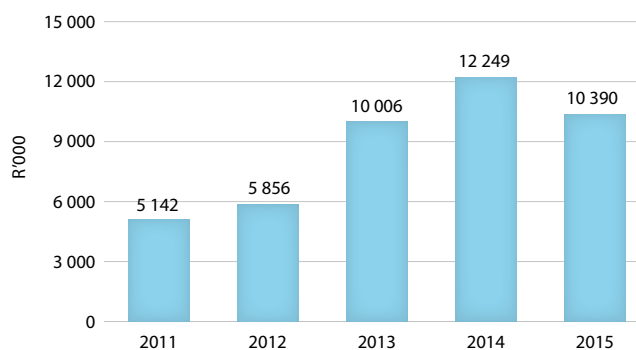
REVENUE
 **17%**
R305.3 MILLION
 (FROM R260.5 MILLION)

PROFIT
 **15%**
R10.4 MILLION
 (FROM R12.2 MILLION)

DEPOSIT BOOK
 **21%**
R3.3 BILLION
 (FROM R2.7 BILLION)

The Treasury division, which has now been incorporated into the Group's Transactional Banking division, has grown its deposit base encouragingly to R3.3 billion at June 2015, an increase of 21% over 2014. The Transactional Banking business is fully operational and, as expected, is in a loss-making position during its start-up phase. The combined units achieved a profit of R10.4 million for the year (2014: R12.2 million), after the initial set-up costs of the Transactional Banking business.

Transactional banking and treasury – Net profit after tax



Transactional Banking

- Went live to clients in January 2015, on budget and on time.
- Provides a full range of electronic transactional banking services, including online banking electronic fund transfers, cards, ATM and mobile banking.

Domestic Treasury

- Active participant in the SARF repo window as a full clearing and settlement bank.
- Essential complement to Transactional Banking.

Beyond 2015

- Increase our overall position by growing Transactional Banking's revenue.
- Becoming our clients' primary bank.
- Capitalise on the benefits of being a clearing and settlement bank.
- Build retail partnerships to achieve scale and an annuity income base.
- Leverage off the Transactional Banking capability to grow the deposit book and attract lower cost deposits.

Leadership review continued

Capital – a disappointing performance

REVENUE

▼ **28%**

R63.8 MILLION

(FROM R88.2 MILLION)

INVESTMENT PORTFOLIO

▲ **16%**

R627.0 MILLION

(FROM R541.2 MILLION)

PROFIT

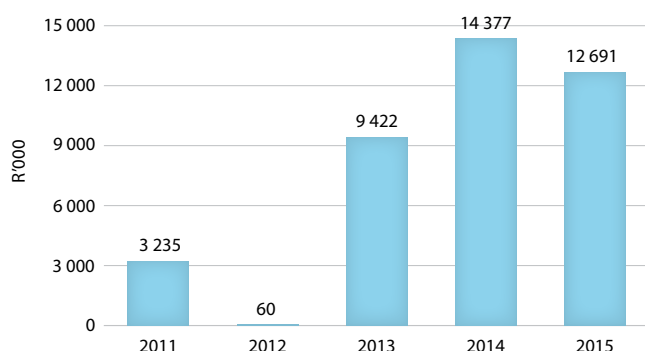
▼ **12%**

R12.7 MILLION

(FROM R14.4 MILLION)

The Capital division's performance showed a disappointing decrease in profitability year-on-year to R12.7 million from R14.4 million, largely due to a poor performance in Corporate Finance. Private Equity achieved improved results. The Corporate Finance unit underwent a change of direction and leadership and is now more appropriately resourced given the change in strategy. Going forward, Sasfin Capital intends to service the mid-sized corporate market through a combination of select balance sheet deployment and strong corporate finance advice.

Capital – Net profit after tax



Corporate Finance

- Performed poorly, largely due to a lack of meaningful mandates.
- Once-off historic loss.
- Underwent restructuring, refocus and appointment of a new team.
- Cautiously optimistic about Corporate Finance returning to profitability.

Property Equity

- Exit from legacy investments is nearing completion.
- We are now offering clients equity and debt funding for fixed property, including their business premises.

Private Equity

- Strong performance having exited some investments.
- Re-engineered some of its underperforming legacy investments that returned to profitability.

Beyond 2015

- Service the mid-sized corporate market through a combination of select balance sheet deployment and strong corporate finance advice.
- Efficient deployment of private and property equity capital within our chosen markets through strong deal origination, comprehensive deal assessment with the agility to take advantage of opportunities.
- Active portfolio management with contribution to business strategy, management selection, capital deployment and exits in portfolio companies.
- Add value to the broader Sasfin Group by identifying and implementing acquisitions, strategic investments and other capital market opportunities.

Wealth – an impressive performance

REVENUE

▲ **24%**

R300.1 MILLION
(FROM R241.3 MILLION)

PROFIT

▲ **34%**

R64.4 MILLION
(FROM R48.2 MILLION)

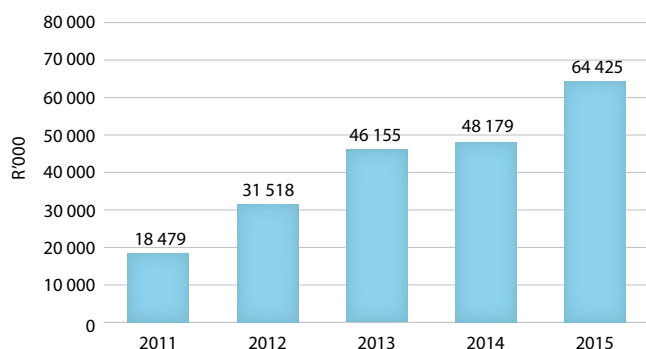
FUNDS UNDER ADVISEMENT AND MANAGEMENT

▲ **29%**

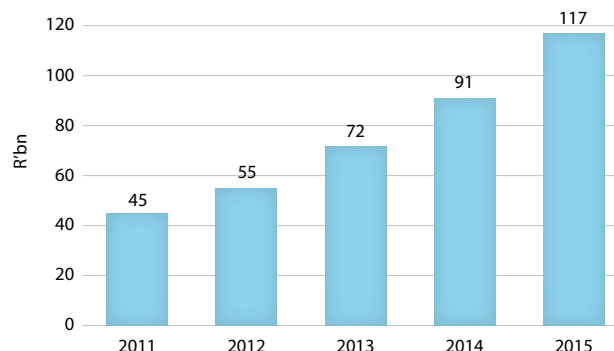
R117 BILLION
(FROM R91 BILLION)

Sasfin Wealth delivered an impressive set of results, with profit growth of 34% to R64.4 million (2014: R48.2 million) and funds under advisement and management growing to R117 billion (2014: R91 billion). The division expanded its local and global investment offering (including the launch of a Fixed Income Fund) and delivered excellent performance to its clients, as evidenced by Sasfin Asset Managers' third Raging Bull Award. This unit is starting to reap the benefits of its investment in distribution, information technology and operations. The Institutional Fixed Income desk continued to show good growth in profitability.

Wealth – Net profit after tax



Wealth – Solid base of funds under advisement and management



Private clients

- Continued strong performance.
- Strengthened offshore portfolio management offering.

Fixed Income

- Making meaningful contribution to profits.

Financial Planning

- Expansion through the recruitment of more financial planners.

Asset Management

- Third Raging Bull Award (Best South African General Equity Fund over five years).
- Top quartile and decile performance across all unit trusts.
- Solid foundation of upgraded management and systems.
- Launched a Fixed Income Fund towards the end of the financial year.

Asset Consulting

- Continued to grow institutional funds under advice through strong offering to pension funds.

Beyond 2015

- Gather more assets under management and advisement through investment in sales.
- Develop a broader product and solutions set to suit our clients' varying needs.
- Drive operational excellence and client experience through enhancing the systems and operational teams to enhance reporting and client engagement.
- Attract institutional assets.

Leadership review continued

Commercial Solutions – tough trading conditions

REVENUE

 **4%**

R204.0 MILLION

(FROM R195.3 MILLION)

PROFIT

 **34%**

R23.1 MILLION

(FROM R35.3 MILLION)

SASFIN FOREX PROFIT AFTER TAX

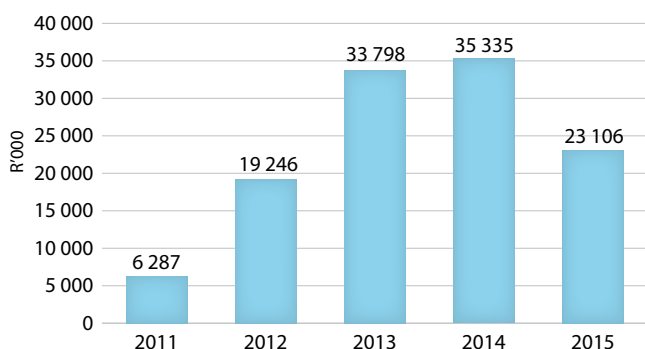
 **>100%**

R2.1 MILLION

(FROM LOSS OF R3.2 MILLION)

The Commercial Solutions division endured a tough trading environment, particularly in its Incentives and Freight businesses, which achieved significantly lower levels of profitability compared to 2014. Sasfin's Forex unit, having achieved the necessary critical mass, achieved a R5.5 million turnaround in profit. This unit is well poised to become a strong profit contributor. Overall, the Commercial Solutions division made a profit of R23.1 million for the year, down from R35.3 million in 2014.

Commercial Solutions – Net profit after tax



Global Trade and Incentives

- Hampered by rules, which were recently introduced by the dti, that threaten profitability.

Freight

- Underperformed, with added costs and reduced revenue.
- Implemented cost containment measures and further management focus.

Short-term Insurance Broking

- Small but growing business expected to grow slowly and steadily.

Healthcare

- A solid, albeit small, profit contributor, with good growth potential.
- Post year-end this unit will be transferred to Wealth.

Forex

- Volumes have increased and efficiencies improved resulting in a positive turnaround.
- We see excellent prospects.

Beyond 2015

- Grow short-term insurance through a combination of internal organic growth and the broker investment model.
- Grow Sasfin Forex through aggressive organic growth.
- Launch Solar PV Build-Own-Operate model.
- Integrated offering from IQad Treasury Outsourcing and Sasfin Forex incorporating administration, risk management and execution.
- Realign Sasfin Premier Logistics cost base by moving to an Intellectual Property model and addressing scalability.

Performance against our six capitals

It is important to demonstrate how the Group utilises its six capitals to create value over the short, medium and long term. We recognise that the six capitals are increased, decreased or transformed through our business activities, as described in our business model.

We have key financial performance indicators against which we measure ourselves. In addition, these key performance indicators are integrated into management performance contracts that are linked to reward. During the current financial year, executives were awarded their bonuses based on the achievement of these key performance indicators as well as other indicators that form part of measuring their performance.

The Board monitors value creation through our robust governance structure, in particular by reviewing performance against strategy on an ongoing basis. In addition, the Group's risk management function is tasked with managing the identified risks, which are inherently linked to the six capitals. Risk mitigation measures are in place to ensure the alignment of business objectives and risk.

Stakeholder engagement plays an important role in value creation by building and maintaining relations with stakeholders. We pride ourselves on having a high-touch service ethos that differentiates us from our competitors. We have an all-inclusive stakeholder approach that cascades down from the Chief Executive Officer to all levels within the organisation. Our Social and Ethics Committee provides oversight to the Group's stakeholder engagement approach and is kept apprised of any pertinent stakeholder matters.

Financial capital



Our financial capital is obtained through various funding mechanisms, including equity, debt, investments and deposits. Our ability to raise financial capital is dependent on investor perceptions with regard to what value will be returned on investments made. In addition, clients will ensure that we instill an adequate sense of trust in that their funds will not only be kept secure but will also create value over the short, medium and long term.

Liquidity is critical for creating and sustaining value. Our liquidity strategy is designed to maintain a balance between return while holding easily liquefiable assets. In this regard, 50% of the Group's cash and short-term negotiable securities is placed with a short- to medium-term tenor with the SARB, Land Bank, big four South African banks and rated international banks through the interbank market.

During the year under review, our financial capital was boosted by strong performance in our funding base, which grew by 28% to R6.9 billion from R5.4 billion in June 2014. This growth was largely driven by the 21% growth in the deposit book to R3.3 billion from R2.7 billion in June 2014. Our funding base has a well-diversified portfolio profile and tenor.

Sasfin Bank Limited increased its capital base as a result of an injection by Sasfin Holdings to the extent of R150 million and remains well capitalised with a total capital adequacy ratio of 22%, and a Tier 1 capital adequacy of 21%. The Group's capital adequacy is at 21% and all capital adequacy ratios are well above the minimum regulatory requirement.

FUNDING BASE

 **28%**

R6.892 BILLION

(2014: R5.381 BILLION)

GROUP CAPITAL ADEQUACY RATIO

 **200 bps**

21%

(2014: 23%)

Human capital



Our Group culture is one of commitment, passion, continuous development, diversity and ethical practice and our human capital is a critical resource in ensuring that stakeholder value is created, enhanced and sustained. In order for our employees to perform at optimal levels, it is essential that we invest in their wellbeing. This includes learning and development initiatives, a supportive culture, strong leadership, sound working conditions and employee assistance.

EMPLOYEES FROM DESIGNATED GROUPS

 **3.3%**

53.5%

(2014: 50.2%)

INVESTMENT IN TRAINING

 **3%**

R6.6 MILLION

(2014: R6.8 MILLION)

The Group's remuneration philosophy is designed to attract, retain and motivate talented individuals, through appropriate reward that drives the correct behaviour across the Group. In this dynamic industry, where the talent pool is scarce, it is imperative that we continue to be aware of employees' changing needs and enhance our remuneration policy accordingly. During the current financial year, the Group

Leadership review continued

Performance against our six capitals continued

implemented a new LTI scheme to enhance its current talent attraction and retention strategy. In addition, a further 357 208 new awards were made in our share price appreciation scheme.

South Africa has a rich heritage made up of diverse people. It is important for us to reflect this heritage and culture within our organisation. Of our 835 employees, 60% are female and 40% are male and we increased our representation of employees from designated groups to 53.5%, from 50.2% in the prior financial year.

We use various engagement methods to keep abreast of our employees' needs. These include periodic climate surveys, annual benchmarking and review of compensation, internal and external training and quarterly newsletters.

Manufactured capital



The Group's physical buildings and infrastructure provide an environment that enables us to create value through our various business activities. The Group's total fixed assets include property, plant and equipment, which are reflected in the summarised Annual Financial Statements. In addition, the Group has seven offices throughout South Africa and one office in Hong Kong. Sasfin Wealth will be moving into its new flagship client-facing offices in Melrose Arch in early 2016.

Intellectual capital



In order for us to capture, retain and grow our market share, we recognise the importance of embedding a culture of innovation throughout the Group, in particular with advanced systems that offer excellent client service, and products that meet clients' needs as they evolve. IT is fully integrated into our strategic planning process, ensuring the consideration of new business opportunities and strategic, tactical and operational alignment in the achievement of business objectives. During the year, in excess of R100 million was invested in the Group's IT intellectual capital.

IT is an integral part of our business and is fundamental to the achievement of our strategies and objectives. The Group's IT strategy is underpinned by five principles, as illustrated in the graphic below. Further details on our Top 5 strategic IT Projects can be found in the risk management section of this report.

Strategic IT Projects

Digital and MultiChannel solutions to allow online self-service in Transactional Banking

Business Intelligence and Client Centric Data Management to ensure full and single view of clients

Agile, Scalable and Flexible Technology for IT efficiency through data storage and other service solutions, including data security and architecture enhancements

Information Security, Risk and Governance Programme

Optimal Technology Landscape to support Business Efficiency

Social and relationship capital



For us to remain sustainable, value adding and socially relevant, we continually strive to be an exemplary corporate citizen. Our positive contribution to our stakeholders and the communities in which we function, includes the following:

- Providing a wide range of banking and financial services to support our target markets of entrepreneurs and investors, who are the pillars of our economy
- Playing our part in reducing concentration risk in the South African banking industry, about which the IMF, among others, has raised concerns
- Strictly complying with all regulations and directives
- Providing our shareholders with reliable growing dividends
- Providing our depositors with convenience and a low-risk investment at an acceptable return
- Investing in a variety of CSI and other sponsorship projects designed to uplift the poor and disadvantaged, improve quality of life and promote education and development for all South Africans. Our total CSI spend for the year was R2.1 million (2014: R1.8 million)
- Investing significantly in our employees. We at all times seek to ensure fair and sound recruitment, reward and retention practices
- Taking steps to enhance the transformation of our ownership, control, employee profile, procurement practices and enterprise development
- Maintaining strong relationships with all our stakeholders, particularly our clients, to whom we continuously strive to provide excellent service

CORPORATE SOCIAL INVESTMENT

 **16.7%**
R2.1 MILLION
(2014: R1.8 MILLION)

Natural capital



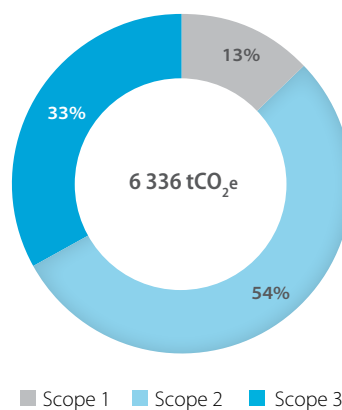
Our direct impact on the environment is limited when compared to companies who are in the industrial sector. However, we ensure that we deploy our financial capital in a responsible manner to preserve our key natural resources, mainly energy and water. As testament to our commitment to responsible environmental management, the Group's carbon emission reduced from 6 445 tCO₂e in June 2014 to 6 336 tCO₂e at June 2015.

An external company is engaged to perform our carbon footprint assessment according to the operational control approach, where emissions are accounted for from operations which are under the direct control of the parent company. The operational boundaries include scope 1 direct emissions (mobile combustion, stationary combustion and fugitive emissions), scope 2 indirect emissions (electricity consumption) and scope 3 indirect emissions (water, waste, business travel and employee commute).

We reduced electricity emissions through Solar PV and energy-efficiency assessments. A 20 kW peak rooftop Solar PV system was implemented at the Port Elizabeth branch, which has saved 51 206 kg CO₂e.

We will continue to look at methods of reducing our carbon footprint. Some initiatives include a non-financial data collection tool that will be distributed to all representative offices and head office for monthly data collection, implementing remote energy metering at our head office and Port Elizabeth office, and establishing environmental targets.

Details of our carbon footprint are shown below:



Leadership review continued

Directorate and executives

An important part of corporate governance is ensuring the Board is balanced and able to provide effective oversight and insight. We would like to make special mention of our retired Non-Executive Directors and thank them for their contribution to building Sasfin:

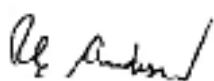
- Eddie Blight, who retired at our Annual General Meeting on 27 November 2014, after having served as an Independent Non-Executive Director for the past 14 years. Eddie, as an experienced banker, played a vital role by putting in place many of our banking structures, having at various times chaired the Audit and Compliance, Credit and Investment, Risk and Capital Management and Asset and Liability Committees. We wish Eddie a well-deserved, healthy and happy retirement.
- Dolly Mokgatle, who resigned at the Annual General Meeting on 27 November 2014 due to other commitments, after having served as an Independent Non-Executive Director for the past eight years. Dolly has added immense value to the Board, having served on numerous committees, including the Social and Ethics Committee, which she chaired from its inception.

We would also like to welcome our new Independent Non-Executive Directors, Linda de Beer and Lesego Sennelo, both of whom are qualified chartered accountants and bring great skills to the Group and are confident that they will add immense value.

Following SARB approvals post year end:

- Michael Sassoon has been appointed a full executive director of the Company and the Bank.
- Maston Lane has been appointed Acting Group Chief Risk Officer. Maston is stepping down from the Board and from his other operational responsibilities to ensure the independence of his new function as required in terms of the Basel Committee's most recent position paper on Corporate Governance Principles for Banks.
- Glen Christopulo has been appointed as Group Chief Operating Officer.

We congratulate Michael, Maston and Glen on their promotions.



Roy Andersen
Chairman



Roland Sassoon
Group Chief Executive Officer



Tyrone Soondarjee
Group Financial Director

Plans for 2016

Our plans for 2016 include:

- Upgrading our systems, processes and offering to clients
- The consideration of new products and markets
- Fully integrating and attracting value and efficiencies from the Fintech acquisition
- Considering an empowerment transaction, on acceptable terms, to add value to Sasfin and improve our BEE status on a sustainable basis

Prospects

Subject to prevailing market conditions and despite constrained growth levels in the economy, we are well poised for sustainable growth across all divisions, inter alia due to:

- Our strong capital adequacy and liquidity positions, which give us the capacity for continued strong asset growth
- Our wide and complementary range of services and products, enabled by strong and established people and systems, processes and controls, which are, to a large extent, highly scalable
- Our high service levels, strong client relationships and ability to attract clients
- Our new Transactional Banking offering, which enables us to become our clients' primary bank, to attract deposits and to create new revenue streams
- Our Wealth division, which is expected to continue to show impressive growth in acquiring funds under advisement and management
- Our entrepreneurial thinking and approach, which enables us to be a partner beyond the expectations of our clients

Appreciation

We take the opportunity of thanking our valued clients for their support, our fellow directors, management and employees for their dedicated commitment, our professional advisors, the SARB, FSB and the JSE for their valued guidance and our shareholders for their continued faith in Sasfin.



sasfin
beyond a bank



Sasfin employees have engaged in a number of community projects this year to assist communities and contribute to a sustainable future.



Overview



This summary information has been extracted from the Group's Audited Consolidated Annual Financial Statements, which were audited by KPMG and Grant Thornton, who expressed an unmodified opinion. The audited Consolidated Annual Financial Statements and audit report thereon are available for inspection at the company's registered office or on our website at www.sasfin.com.

These summarised Consolidated Annual Financial Statements of the Group for the year ended 30 June 2015 were prepared under the supervision of the Group Financial Director, Tyrone Soondarjee CA(SA).

The summarised Consolidated Annual Financial Statements are not the Group's statutory accounts nor do they contain all the disclosures required by IFRS. Reading the summarised Consolidated Annual Financial Statements is therefore not a substitute for reading the Audited Consolidated Annual Financial Statements of the Group, as they do not contain adequate information to allow for a complete understanding of the results and state of affairs of the Group.

The Board takes full responsibility for the preparation of the summary information and is satisfied that this has been extracted correctly from the underlying consolidated annual financial statements.

These extracts of the audited Consolidated Annual Financial Statements comprise the following:

- Audit and compliance committee report
- Consolidated statement of financial position
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the summarised Consolidated Annual Financial Statements

Basis of preparation and presentation

The Group's audited Consolidated Annual Financial Statements are prepared in accordance with, and comply with, IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act.

The Group has applied the accounting policies consistently with those applied in the previous year.

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates

and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of consolidation

The Group accounts for business combinations using the acquisition method as at the acquisition date, i.e. when control is transferred to the Group. The acquisition consideration is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill arising is tested annually for impairment.

The acquisition consideration does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Contingent acquisition considerations payable are measured at fair value at acquisition date. If the contingent acquisition consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Alternatively, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The accounting policies are those presented in the Consolidated Annual Financial Statements for the year ended 30 June 2014 and have been applied consistently to those presented in these summarised Consolidated Annual Financial Statements for the year ended 30 June 2015.

There are no reportable material events subsequent to the end of the financial year.

The Group's full set of Audited Consolidated Annual Financial Statements for the year ended 30 June 2015 is available at www.sasfin.com



Audit and Compliance Committee report



The responsibilities of the Group Audit and Compliance Committee (Committee) are set out in the Companies Act of South Africa and the Banks Act. These responsibilities, compliance with appropriate governance and best practice, are reviewed annually and approved by the Board. The members are appointed by the Board of Directors in terms of the Banks Act, which takes precedence over the Companies Act. There is therefore no need for membership of this Committee to be approved by shareholders.

Composition

Only Independent Non-Executive Directors are eligible to serve on the Committee.

Members

• GC Dunnington	Chairman
• ETB Blight	Resigned 27 November 2014
• L de Beer	Appointed 1 July 2014
• J Moses	
• LJ Sennelo	Appointed 1 July 2014

Invitees

• RDEB Sassoon	Chief Executive Officer
• TD Soondarjee	Group Financial Director
• RC Andersen	Chairman of the Board
• K Diedrick	Head of Internal Audit
• KPMG	External auditor
• Grant Thornton	External auditor
• H Brown	Group Compliance Officer

Invitees to separate meetings with the Committee

• K Diedrick	Head of Internal Audit
• KPMG	External auditor
• Grant Thornton	External auditor

The functions of the Committee

The Committee's functions are outlined in its Charter. The Committee does not assume the functions of management which remain the responsibility of Executive Directors, Alternate Executive Directors and senior management.

The functions of the Committee are:

Financial control, accounting and reporting

- Reviewing and approving the integrated report and the audited and unaudited:
 - Interim and final financial results
 - Annual Financial Statements.

- Proper and complete disclosure of timely, reliable and consistent information, in compliance with IFRS.
- Evaluating the appropriateness, adequacy and efficiency of accounting policies and procedures.
- Reviewing the effectiveness and efficiency of management reporting.
- Discussing and resolving any significant or unusual accounting issues.
- Satisfying itself of the expertise, resources and experience of the finance function.
- Reviewing the effectiveness and efficiency of tax reporting and compliance.
- Reviewing the Group's control, monitoring and reporting of capital expenditure.

External audit

- Recommending external auditors to the Board for appointment.
- Ensuring that the appointment of the external auditors is in compliance with the Companies Act and Banks Act.
- Reviewing and approving the fees of the external auditors.
- Reviewing and approving the external audit plan.
- Determining the nature, extent and fees paid to external auditors for non-audit services in terms of the non-audit services policy.
- Evaluating the independence of the external auditors.

The Committee has reviewed and approved the fees for the external auditors in compliance with the Companies Act and determined the nature, extent and fees paid to external auditors for non-audit services. All non-audit services were considered and approved in terms of the Group's Non-Auditing Services Policy. This policy details prohibited non-audit services, pre-approved services and noting that all other services require specific pre-approval by GACC. Fees paid to the Group's auditors comprise:

	2015		2014	
	R'000	%	R'000	%
Audit	10 183	92	10 669	97
Non-audit services*	881	8	276	3
Total	11 064	100	10 945	100

* All non-audit services were performed by KPMG.

The Committee and the Board are satisfied that the extent of non-audit services incurred by the Group and paid to its auditors do not compromise the auditors' independence.

Audit and Compliance Committee report continued



Internal audit

- Approving the internal audit plan.
- Monitoring the effectiveness of the internal audit function.
- Reviewing and reporting on the effectiveness of the Group's internal controls to the Board.
- Reviewing the adequacy and reliability of management information.
- Reviewing the effectiveness and efficiency of the credit monitoring process as reported to the Credit and Investment Committee.
- Monitoring and challenging management with regard to adverse internal audit findings.
- Assessing the adequacy and effectiveness of the control environment.

Regulatory

- Reviewing the adequacy of the Group's regulatory reporting process.
- Performing functions as defined in Section 64 of the Banks Act.
- Fulfilling the regulatory requirements as required by the Banks Act and Banking Regulations.

Subsidiaries

The Committee is responsible for all subsidiaries without their own audit committee, which include:

- Reviewing the formalised process to perform functions on behalf of subsidiaries.
- Ratifying annually the list of subsidiaries for which it is responsible.

Appropriateness of the expertise and experience of the Group Financial Director

The Committee satisfies itself on an annual basis as to the appropriateness of the expertise, experience and skills of the Group Financial Director.

Annual Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements with the external auditors, the Chief Executive Officer and the Group Financial Director.
- Reviewed the appropriateness of significant judgements and accounting policies.

In addition, based on the assurances obtained from internal audit, external audit and risk and compliance, the Committee can confirm that:

- It has performed its functions and is satisfied with the results obtained.
- Internal controls have been effective in all material aspects.
- proper accounting records have been maintained.
- It has reviewed and considered reports from Internal Audit.
- It has satisfied itself as to the expertise, experience and skills of the finance function.
- It has satisfied itself as to the independence, appropriateness and expertise of the external auditors and recommends their appointment for the forthcoming financial year.

The Committee concurs with and accepts the external auditors' report on the Annual Financial Statements and has recommended the approval thereof to the Board. The Board subsequently approved the Annual Financial Statements on 9 September 2015, which will be open for discussion at the forthcoming Annual General Meeting.

Grant Dunnington

Chairman

Group Audit and Compliance Committee

Consolidated Statement of Financial Position

at 30 June



	% change	2015 Audited R'000	2014 Audited R'000
ASSETS			
Cash and short-term negotiable securities		2 618 366	2 082 824
Loans and advances to customers	35	5 242 460	3 890 969
Financial assets held for trade facilitation and repurchase agreements		1 687 221	1 099 139
Other receivables		688 057	490 375
Investment securities		435 007	462 111
Property, plant and equipment		57 585	55 737
Taxation		7 280	16 744
Intangible assets and goodwill		114 991	60 314
Deferred tax asset		15 145	9 950
Total assets	33	10 866 112	8 168 163
LIABILITIES			
Funding under repurchase agreements and interbank		538 340	248 645
Deposits from customers	21	3 275 866	2 706 578
Debt securities issued		2 344 167	1 574 340
Long-term loans		538 071	652 083
Total funding		6 696 444	5 181 646
Financial liabilities held for trade facilitation and repurchase agreements		1 650 789	1 103 429
Other payables		975 204	475 390
Taxation		11 571	4 028
Deferred tax liability		93 913	82 712
Total liabilities		9 427 921	6 847 205
EQUITY			
Ordinary share capital and share premium		144 327	144 327
Reserves		1 098 414	977 353
Preference share capital and share premium		195 450	199 278
Total equity	9	1 438 191	1 320 958
Total liabilities and equity	33	10 866 112	8 168 163



Consolidated Income Statement

for the year ended 30 June



	% change	2015 Audited R'000	2014 Audited R'000
Interest income	16	712 176	616 557
Interest expense	15	419 563	364 412
Net interest income	16	292 613	252 145
Non-interest income	4	664 021	636 377
Total income	8	956 634	888 522
Impairment charges on loans and advances	11	32 771	29 588
Net income after impairments		923 863	858 934
Operating costs	5	691 352	657 661
Staff costs	9	382 115	350 676
Other operating expenses	4	308 045	296 985
Goodwill impairment		1 192	10 000
Profit from operations		232 511	201 273
Share of associate income		2 500	9 901
Profit before income tax		235 011	211 174
Income tax expense		42 037	47 411
Profit for the year	18	192 974	163 763
Profit attributable to:			
Preference shareholders		14 272	13 359
Equity holders of the Group	18.8	178 702	150 404
Profit for the year		192 974	163 763
Earnings per ordinary share (cents)	18.8	563.08	473.91
Diluted earnings per ordinary share (cents)	18.8	563.08	473.91
Headline earnings per ordinary share (cents)	16.5	566.74	486.27
Diluted headline earnings per ordinary share (cents)	16.5	566.74	486.27

Consolidated Statement of Comprehensive Income

for the year ended 30 June



	% change	2015 Audited R'000	2014 Audited R'000
Profit for the year		192 974	163 763
Other comprehensive income for the year, net of income tax		7 188	(161)
<i>Items that may be subsequently reclassified to profit and loss:</i>			
Net gains on remeasurement of available-for-sale financial assets		–	923
Derecognition of available-for-sale reserve upon sale of investment		–	(5 997)
Gross		–	(7 367)
Income tax effect		–	1 370
Foreign exchange differences on translation of foreign operation		31 515	14 161
Net loss on hedge of net investment in foreign operation		(24 327)	(9 248)
Loss on hedge of net investment in foreign operation		(33 788)	(12 845)
Income tax effect		9 461	3 597
Total comprehensive income for the year	22	200 162	163 602
Total comprehensive income attributable to:			
Preference shareholders		14 272	13 359
Equity holders of the Group		185 890	150 243
Total comprehensive income for the year	22	200 162	163 602

Consolidated Statement of Changes in Equity

for the year ended 30 June



	2015 Audited R'000	2014 Audited R'000
Opening total shareholders' equity	1 320 958	1 226 704
Total comprehensive income for the year	200 162	163 602
Profit for the year	192 974	163 763
Available-for-sale reserve	–	(5 074)
Net gains on remeasurement	–	923
Derecognition upon sale of investments	–	(5 997)
Foreign currency translation reserve	31 515	14 161
Hedging reserve	(24 327)	(9 248)
Transactions with owners recorded directly in equity		
Preference share buy-back	(3 828)	–
Preference share dividend	(14 272)	(13 359)
Ordinary share dividend	(64 829)	(55 989)
Closing balance	1 438 191	1 320 958

Consolidated Statement of Cash Flows

for the year ended 30 June



	2015 Audited R'000	2014 Audited R'000
Cash flows from operating activities	105 014	100 809
Movement in operating assets and liabilities	98 329	261 992
Net cash flows from operating activities	203 343	362 801
Net cash flows from investing activities	53 190	25 661
Net cash flows from financing activities	(3 828)	–
Net increase in cash and cash equivalents	252 705	388 462
Cash and cash equivalents at the beginning of the year	1 834 179	1 451 265
Effect of exchange rate fluctuations on cash held	(6 858)	(5 548)
Cash and cash equivalents at the end of the year	2 080 026	1 834 179
Cash and cash equivalents comprise:		
Cash and cash balances	1 286 348	1 095 438
Short-term negotiable securities	1 332 018	987 386
Funding under repurchase agreements and interbank	(538 340)	(248 645)
Cash and cash equivalents at the end of the year	2 080 026	1 834 179

Notes to the Summarised Consolidated Annual Financial Statements

for the year ended 30 June



	2015 R'000	2014 R'000
1. Loans and advances to customers		
<i>Originated loans and advances at amortised cost</i>		
Gross loans and advances		
Instalment finance	3 774 714*	2 538 662
Capital equipment finance	628 415	445 251
Debtor finance	309 597	252 838
Trade finance	502 999	496 586
Other secured loans	157 152	247 175
Gross loans and advances	5 372 877*	3 980 512
Impairments for non-performing loans and advances	(113 486)	(79 619)
Impairments for performing loans and advances	(16 931)	(9 924)
Net loans and advances	5 242 460	3 890 969
<i>Comprising:</i>		
Gross investment in loans and advances	6 386 201	4 747 449
Less: Unearned finance charges	(1 013 324)	(766 937)
Gross loans and advances	5 372 877	3 980 512
* Included in instalment finance is an amount of R27.0 million relating to the Purchase Price Allocation on the fair value of the loans and advances of the Fintech acquisition.		
2. Investment securities		
Available-for-sale portfolio	–	154
Financial instruments held at fair value through profit or loss	–	9 894
Designated at fair value through profit or loss	421 805	446 108
Investment in associated companies	13 202	5 955
	435 007	462 111
Equity securities with readily determinable fair values are calculated on the basis of quoted market prices.		
Included in investment securities that have been designated at fair value through profit or loss are the Group's Private and Property equity investments.		
These investments of R421.8 million (2014: R407.2 million) represent equity holdings in investee companies that give the Group between 20% and 49% of the voting rights in these private and property equity investments.		
Sasfin concluded a transaction to merge its short-term administration activities with HRS Administrators (Pty) Ltd by acquiring a 51% equity stake.		
Hecny Transportation SA (Pty) Ltd was reclassified as an associate in the current financial year.		



Notes to the Summarised Consolidated Annual Financial Statements continued



	2015 R'000	2014 R'000
3. Deposits from customers		
Financial liabilities at amortised cost		
Demand deposits	1 773 088	1 307 490
Notice deposits	452 612	410 831
Fixed deposits	1 050 166	988 257
	3 275 866	2 706 578
Maturity analysis		
Withdrawable on demand	1 880 800	1 313 415
Maturing within one month	201 233	333 103
Maturing after one month but within six months	766 270	849 392
Maturing after six months but within one year	153 701	58 177
Maturing after one year but within five years	273 862	152 491
	3 275 866	2 706 578
Maturity is based on the remaining contractual period to maturity from 30 June 2015.		

4. Financial instruments: fair values of financial assets and financial liabilities

The carrying amount of the Group's financial assets and financial liabilities is a reasonable approximation of fair value. The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2014.

Financial hierarchy

The table below analyses financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the inputs used in the calculation of fair value of the financial instruments. The levels have been defined as follows:

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

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

Level 3 – unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	30 June 2015 Audited R'000	30 June 2014 Audited R'000
Cash and short-term negotiable securities	2 618 366	–	–	2 618 366	2 082 824
Financial assets and reverse repurchase agreements	1 687 221	–	–	1 687 221	1 099 139
Investment securities	–	36 983	398 024	435 007	456 156
Other receivables	–	51 878	–	51 878	26 758
Total financial assets carried at fair value	4 305 587	88 861	398 024	4 792 472	3 664 877
Financial liabilities and repurchase agreements	1 650 789	–	–	1 650 789	1 103 429
Other payables	–	49 480	–	49 480	23 775
Total financial liabilities carried at fair value	1 650 789	49 480	–	1 700 269	1 127 204

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

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy during the year ended 30 June 2015.



4. Financial instruments: fair values of financial assets and financial liabilities continued

	30 June 2015 Audited R'000	30 June 2014 Audited R'000
Level 3 fair values – Investment securities		
Opening balance	407 408	283 711
Unrealised gains/(losses) for the year included in profit or loss through non-interest income	54 844	33 744
Net investments/(settlements)	(64 228)	89 953
Reclassification of associates as fair value investments	–	70 155
Net purchases/(settlements)	(64 228)	19 798
Closing balance	398 024	407 408

The valuations of Level 2 and Level 3 investment securities were based predominantly on detailed discounted cash flow methodologies, which were checked for reasonability against implied price/earnings multiples and, where applicable, benchmarked against proxies of listed entities in similar industries. This valuation methodology is allowed per the South African Venture Capital and Private Equity guidelines.

5. Acquisition of a subsidiary

On 30 June 2015, the Group acquired control of Fintech (Pty) Ltd ("Fintech") through the acquisition of 100% of Fintech's shares and voting rights. The acquisition of Fintech is expected to provide the Group with an increased share of the asset rental finance market through access to Fintech's supplier base.

The effective date of the transaction was 1 July 2014. However, control over Fintech only passed to the Group on 30 June 2015. As a result, Fintech's profits for the year ended June 2015 were not accounted for in the Group's current year earnings but as pre-acquisition profits. Fintech achieved total income of R125 805 914 and a profit after tax for the year of R32 172 127 to 30 June 2015 which have not been included in the Group's results. Fintech's financial position comprising total assets of R1 038 214 000 and total liabilities of R902 896 000 were consolidated by the Group at 30 June 2015.

	2015 Audited R'000
5.1 Consideration transferred	
Cash	159 494
Deferred consideration	28 273
Total consideration transferred	187 767
<i>Deferred consideration</i>	
The Group has agreed to pay the shareholders an additional consideration when Fintech receives an unqualified audit opinion and the fulfilment of the agreed warranties as at 30 June 2015.	
5.2 Acquisition-related costs	
The Group incurred acquisition-related costs of R1 867 887 relating to external legal fees, due diligence and other consulting fees. These costs have been expensed in other operating expenses during the current year.	

Notes to the Summarised Consolidated Annual Financial Statements continued



	2015 Audited R'000
5. Acquisition of a subsidiary continued	
5.3 Identifiable assets acquired and liabilities assumed	
The following is a summary of the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:	
Assets	
Cash and short-term negotiable securities	160 175
Net loans and advances to customers	852 624
Gross loans and advances to customers	878 341
Less: Impairments	(25 717)
Other receivables	23 030
Property, plant and equipment	2 385
Total assets	1 038 214
Liabilities	
Funding under repurchase agreements and interbank	109 185
Debt securities issued	665 000
Other payables	116 540
Taxation	362
Deferred tax liability	11 809
Total liabilities	902 896
Net tangible assets acquired	135 318
Goodwill	8 038
Total net assets acquired	143 356
5.4 Goodwill	
Goodwill arising from the acquisition has been recognised as follows:	
Total consideration transferred	187 767
Total net assets acquired	143 356
Less: Goodwill acquired	8 038
Fair value of identifiable net assets acquired	135 319
Goodwill recognised on acquisition	52 448

Goodwill is attributable to the skills and technical talent of Fintech's supplier relationships, workforce, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

5.5 Provisional accounting

In terms of IFRS 3, the Group has applied provisional accounting for a period of one year after acquisition to accurately determine a Purchase Price Allocation (PPA) relating to the fair value of the loans and advances book, any unrecognised intangible assets that exist at acquisition date and the residual goodwill value.

All amounts due in terms of the acquisition of Fintech have been settled after 30 June 2015.



	Gross R'000	Direct tax R'000	Non- controlling and preference shareholders R'000	Profit attributable to ordinary shareholders R'000
6. Earnings per share				
6.1 Headline earnings				
2015				
Profit before direct taxation	235 011	(42 037)	(14 272)	178 702
Headline adjustable items:				
Profit on sale of property and equipment – IAS 16	(41)	11	–	(30)
Goodwill impairment	1 192	–	–	1 192
	236 162	(42 026)	(14 272)	179 864
2014				
Profit before direct taxation	211 174	(47 411)	(13 359)	150 404
Headline adjustable items:				
Profit on sale of property and equipment – IAS 16	(114)	32	–	(82)
Gain on disposal of available-for-sale investment – IAS 39	(7 367)	1 370	–	(5 997)
Goodwill impairment	10 000	–	–	10 000
	213 693	(46 009)	(13 359)	154 325
			2015	2014
6.2 Weighted average number of ordinary shares				
Weighted average number of ordinary shares during the year ('000)			31 737	31 737
6.3 Headline earnings per ordinary share (cents)				
Headline earnings per ordinary share is based on headline earnings of R179.9 million (2014: R154.3 million) and the weighted average of 31 736 515 (2014: 31 736 515) ordinary shares			566.74	486.27
6.4 Earnings per ordinary share (cents)				
Earnings per ordinary share is based on earnings of R178.7 million (2014: R150.4 million) and the weighted average of 31 736 515 (2014: 31 736 515) ordinary shares			563.08	473.91
6.5 Diluted headline earnings per ordinary share (cents)				
Diluted earnings per ordinary share is based on headline earnings of R179.9 million (2014: R154.3 million) and diluted ordinary shares of 31 736 515 (2014: 31 736 515)			566.74	486.27
6.6 Diluted earnings per ordinary share (cents)				
Diluted earnings per ordinary share is based on earnings of R178.7 million (2014: R150.4 million) and diluted ordinary shares of 31 736 515 (2014: 31 736 515)			563.08	473.91

Five-year review

Years ended 30 June

	2015	2014	2013	2012	2011
Consolidated statement of financial position					
Total assets (R million)	10 866	8 168	6 529	5 472	4 373
Total gross loans and advances (R million)	5 345	3 981	3 416	2 931	2 429
Non-performing loans and advances (R million)	210	155	193	189	189
Gross loans and advances growth (%)	34	17	17	21	22
Income statement					
Total income (R million)	957	889	754	650	536
Profit attributable to ordinary shareholders (R million)	179	150	136	114	98
Headline earnings (R million)	180	154	135	111	96
Financial performance					
Return on ordinary shareholders' average equity (%)	15	14	14	12	11
Return on total average assets (%)	2	2	2	2	2
Operating performance					
Non-interest income to total income (%)	68	72	71	69	64
Efficiency ratio (%)					
Group	71	72	72	70	69
Sasfin Bank Limited and subsidiaries	61	64	62	71	70
Non-performing advances to total gross loans and advances (%)	3.9	3.9	6	6	8
Credit loss ratio (bps)	77	80	70	60	170
Share statistics					
Share price (closing) (cents)	5 599	5 050	3 340	3 101	3 450
Number of shares in issue ('000)	31 737	31 737	32 237	32 237	32 237
Earnings per ordinary share (cents)	563	474	423	355	304
Headline earnings per ordinary share (cents)	567	486	421	344	297
Diluted earnings per ordinary share (cents)	563	474	423	355	304
Diluted headline earnings per ordinary share (cents)	567	486	421	344	297
Dividends per ordinary share (cents)	223	191	168	137	118
Dividends per preference share (cents)	762	718	703	692	697
Net asset value per ordinary share (cents)	3 847	3 534	3 187	2 986	2 771
Capital adequacy to risk-weighted assets (%) (unaudited)					
Group	21	23	26	30	32
Sasfin Bank Limited and subsidiaries	21	21	22	26	36
Permanent staff complement	835	727	701	664	583

A fair and caring employer: Our people

Highlights

- Invested R6.6 million in learning initiatives across the Group, which benefited our employees.
- Implemented a new long-term incentive scheme to enhance our talent attraction and retention strategy.
- Made 357 208 new Share Price Appreciation Scheme awards.
- Increased our total number of female employees by 21.6%.

- Met our internal target of increasing the number of employees from previously disadvantaged backgrounds by 3%.
- Undertook a wage gap analysis.

Challenges

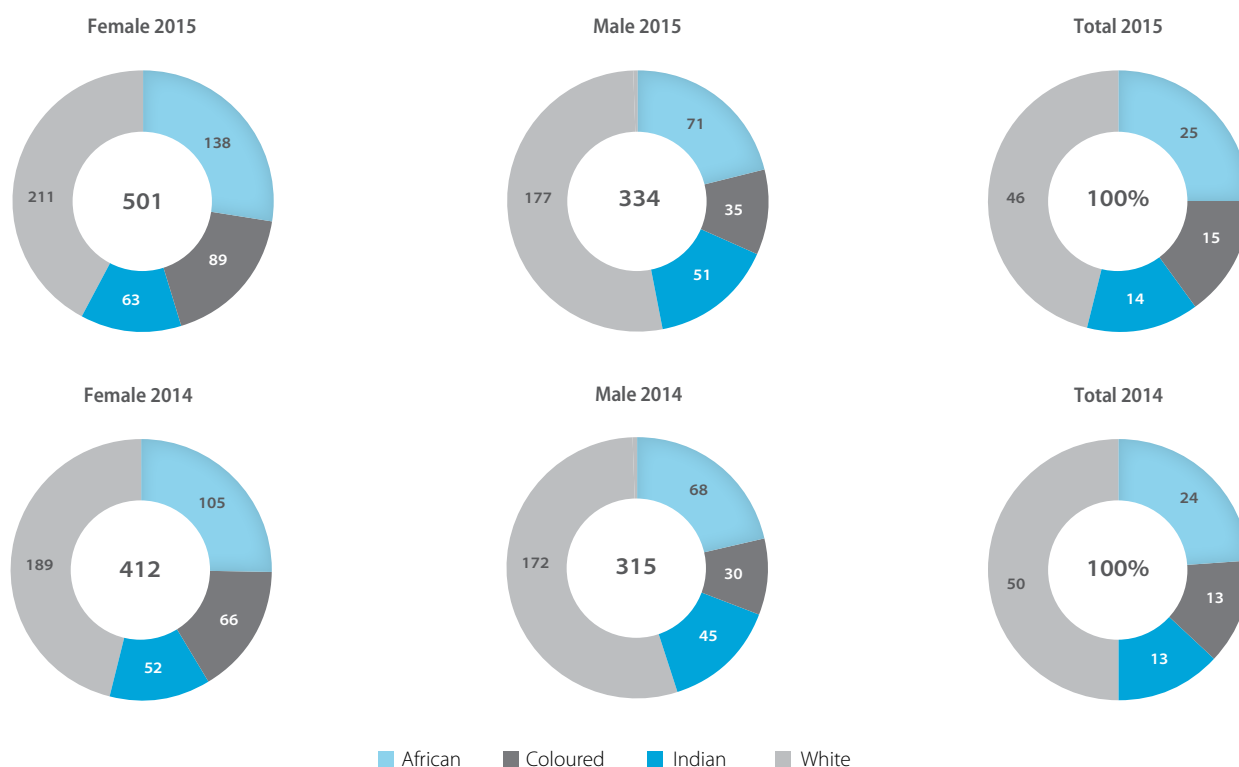
- Climate survey not undertaken this year, due to significant changes that were under way in the business, e.g. Fintech acquisition.
- Sourcing candidates with a specialised skills set in IT.
- Increasing number of IR interventions.

We consider our employees integral to our business. Due to long tenure, we are able to boast a deep corporate memory. Employees play a vital role in improving current systems and procedures to constantly enhance the value we add to our various stakeholders. Our Group culture is one of commitment, passion, continuous development, diversity and ethical practice.

Employee profile

As at 30 June 2015, our headcount was 835 employees (2014: 727), comprising 334 males and 501 females (2014: 315:412). Our female headcount increased by 21.6%, and the female representation of total headcount increased by 3% to 60% (2014: 57%). The 15% increase in total headcount is largely attributable to the Fintech acquisition, as a result of which 67 new employees joined the Group.

The employment equity categorisation of these employees is illustrated below:



A fair and caring employer: Our people

continued

We have increased our representation of employees from designated groups, from 50.2% in 2014 to 53.5% this year. This met our internal target of increasing our equity numbers by 3%. The Social and Ethics Committee monitors compliance with our internal targets and invites management to discuss their people plans with the Committee. Where appropriate, executive performance objectives include the achievement of the Group's transformation objectives.

Investment in human capital

For our employees to perform at optimal levels, it is essential that we invest in their wellbeing. This includes learning and development initiatives, a supportive culture, strong leadership, sound working conditions and employee assistance.

This year we invested R6.6 million (2014: R6.8 million) in learning initiatives across the Group, which benefited all employees. Our mandatory Workplace Skills Plan and Annual Training Reports were submitted to the various Sector Education and Training Authorities, which awarded the Group rebates totalling R0.6 million (2014: R0.7 million).

The following training and development initiatives took place during the period under review:

Mentorship programme: Designed to create an environment that encourages talented people across the various business units to take ownership of their long-term development and to strategically grow the intellectual capital of the business. The long-term objectives include building a sustainable talent pool within the Sasfin Group and creating a culture of talent succession.

The Good to Great Challenge: Enhances the skills of Human Resources business partners and line managers to empower and build their current people skills, and motivate them to partner with each other in a constructive manner.

Management Development programme: Designed to equip managers with the knowledge and skills to hone their management abilities. Sasfin aims to ensure that every leader subscribes to the Sasfin Way of Managing so as to entrench the Sasfin Group culture and build a united and consistent leadership front.

Internal training: Includes induction training, our customised Corporate Etiquette programme, and Managing the Sasfin Way.

Product training: To promote customer loyalty, create an environment of cross-selling and a deeper understanding of the various business units and their respective portfolios. This included relevant training to facilitate the successful launch of Transactional Banking.

Compliance training: Covers statutory and regulatory requirements.

Risk training: Ensures that business risks are identified and appropriately mitigated.

Formal degrees and certifications: We assisted 37 (2014: 42) employees with study bursaries in order to enable them to pursue undergraduate and postgraduate studies.

Cross-Selling Programme: Encourages cross-selling initiatives and enhanced relationships among sales people within the Group.

Graduate training: The TOPP programme, in partnership with SAICA, encourages greater entry into, and upward mobility within, the accountancy profession – especially for those wishing to practise as chartered accountants in commerce and industry. We have two trainees on this programme (2014: 2).

Learnerships: Five learners (2014: 8) were engaged through the BankSeta and INSETA Learnership programmes. One of these learners has successfully secured permanent employment within the Group.

Technical training: Employees attend technical training courses to enhance their understanding of various programmes, such as Microsoft Office.

Soft skills training: To improve employees' productivity at work. This training includes personal coaching and various workshops.

In addition to this, we partner with Enactus to help university graduates springboard their careers in the financial services industry.

The Cell C Take a Girl Child to Work Day celebrated its 13th anniversary this year. Nineteen schoolgirls joined our senior female leaders to gain a better understanding of the different careers available to women within financial services, the journeys and challenges experienced by these leaders, and the key requirements of various roles at Sasfin.

Employee turnover

Motivated employees transform competence into greatness and exceed client expectations with their drive and innovation. This provides us with the competitive advantage in servicing our clients. We accordingly engage our employees by ensuring fair and sound recruitment, reward and retention practices.

Fifty-two (2014: 27) new jobs were created across the Group this year. The voluntary staff turnover increased marginally, from 11.3% to 11.7%. The total turnover remained relatively constant at 16% (2014:15%). This includes all dismissals, resignations pending disciplinary action, retirements, retrenchments, death and mutually-agreed separations.

Employee satisfaction

Our annual climate survey, which is completed for each business unit, is used to gauge employee satisfaction. Due to a corporate acquisition and restructuring, we did not undertake a climate survey this year but will relaunch this survey in the 2016 financial year.

The feedback received from employees' exit interviews assists management in identifying and addressing any concerns that may be contributing to employee turnover.

A fair part of employee satisfaction resides in reward. We regularly benchmark all remuneration to ensure that employees are paid market-related salaries and introduced a new long-term incentive scheme for senior executives. We also reviewed and adjusted the financial performance measures used on the short-term incentive scheme.

We have various short-term incentive schemes for the different business units, which all reward extraordinary performance based on the achievement of established goals at both individual and divisional levels, after taking into account that all performance measures are risk-adjusted. All incentive scheme payments are made at the discretion of the REMCO.

Beyond remuneration, other factors that contribute to employee satisfaction include our culture, team-building and community initiatives, the learning opportunities provided, and the ability to advance and sometimes change their careers while in our employ. We remain committed to

strengthening our employee satisfaction levels by regularly reviewing employment policies to align with employees' evolving needs.

The attraction and employment of the right candidates are important in the integration of new employees into the workplace and enabling them to make a success of their careers. We follow a stringent recruitment process that tests for attitude and culture fit, in addition to the technical requirements of the job. This ensures that the right person is placed in the right job, within the right team.

Employee wellness remains important to us. We host wellness days and sponsor and participate in various external charitable sporting initiatives, such as the Sasfin Walking on Sunshine fun walk. Internally, we drive different campaigns to create sound relationships among employees, such as our Cross-Selling Programme, which encourages cross-selling initiatives and enhanced relationships among sales people within the Group. We also encourage volunteerism to support the Sunflower Fund and to contribute to various community initiatives. Counselling, for professional and personal needs, is provided to employees.

Employee engagement

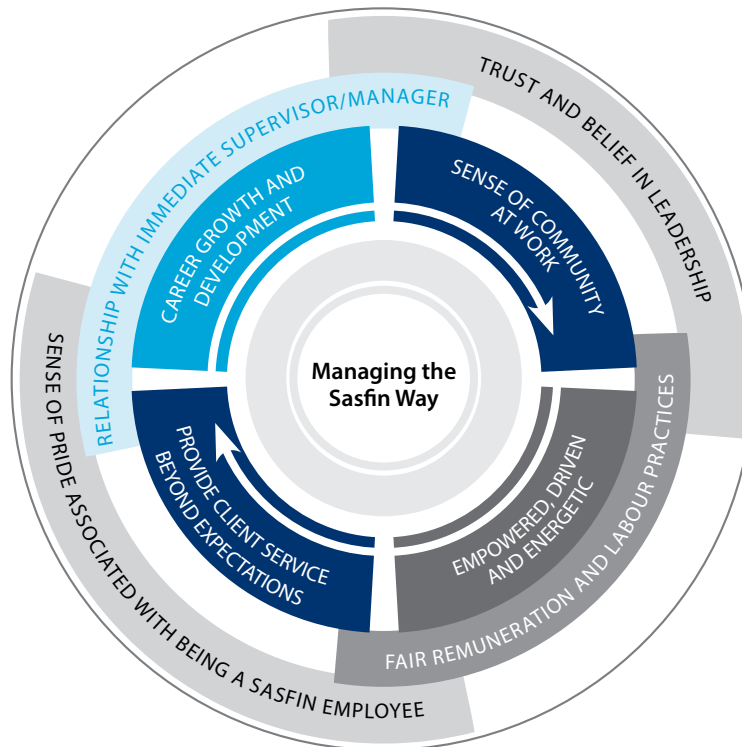
Our employees are vocal in expressing what they require to be present, engaged and efficient. We have regular employee get-togethers and team meetings and the quarterly *HR Newsletter* provides employees with information on what is happening throughout the organisation. Any policy changes are communicated to employees and updated on the intranet.

Good relationships with managers are key to employees feeling valued within their teams. Our managers receive training on "Managing the Sasfin Way" and may also participate in our Management Development programme. Employee feedback enables management to address any shortcomings that are identified.

Our overall employee value proposition includes market-benchmarked salaries; discretionary performance bonuses; provident fund and risk benefits; trauma and counselling services; wellness days; and a collaborative working environment.



A fair and caring employer: Our people continued



Employees participate in continuous on-the-job learning and through more formal means to ensure that they are well equipped to perform their job functions confidently and effectively. Eleven employees received performance counselling (2014: 4) to improve their performance.

During 2015, we issued written warnings to 35 (2014: 21) employees, with 18 (2014: 2) receiving final written warnings. Six employees (2014: 2) were dismissed, and 19 (2014: 3) were retrenched.

Two employees or 0.2% of our workforce (2014: 0.3%), referred disputes to the Commission for Conciliation, Mediation and Arbitration, and both cases were settled at conciliation stage. Three employees lodged formal grievances which were dealt with by senior management. There were no complaints regarding leadership, workplace discrimination or unethical conduct.

One employee was injured while at work (2014: 1), however the injury did not need to be treated in hospital. We maintained our independent rating of 98% from 2014 for compliance with the Occupational Health and Safety Act.

Beyond 2015

- Continue to enhance our learning initiatives across the Group.
- Review our recruitment processes to ensure that we attract and employ candidates with scarce skills, at the right reward levels.
- Undertake a climate survey to further enhance and retain our skills set, corporate memory and employee experience.
- Focus on talent management and a strengthened Sasfin brand association to ensure that we attract and recruit potential employees and retain and develop our current employees as part of our talent pipeline and succession plans.

A fair and caring employer: Remuneration

Our remuneration report is split to reflect the following separately, in line with best practice:

- Remuneration philosophy and policy
- Remuneration practice

This will provide insight into how reward is linked to policy and performance, particularly at executive level. At Sasfin, we believe in aligning reward practices with stakeholder and shareholder value.

Our remuneration philosophy is therefore to reward individuals who contribute to the success and sustainability of the organisation, who have met or exceeded their performance objectives, and who show potential to develop their careers within the Group.

This promotes continued high levels of performance. The consequence of poor performance is not only reflected in remuneration reviews, but also integrates into other human resource processes such as performance and talent management.

Group Human Resources and Remuneration Committee (REMCO) Constitution



Chairman: Shahied Rylands

Members: Roy Andersen and Grant Dunnington

Invitees: Roland Sassoon and Naseema Fakir

The Board has delegated the responsibility for determining the remuneration of executive directors and senior management to the REMCO. In addition, this committee works on behalf of the Board to:

- Determine, agree and develop Sasfin's general policy on HR and remuneration.
- Ensure appropriate levels of monitoring and compliance.
- Determine any criteria necessary to measure the performance of executive directors and senior executives in discharging their functions and responsibilities.

REMCO aims to give the executive directors and senior executives every encouragement to enhance Sasfin's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performance.

REMCO is also involved in succession planning, particularly in respect of the Chief Executive Officer and executive committee.

The committee reviews, at least annually, the terms and conditions of executive directors' and senior executives' service agreements. This review process takes into consideration information from comparable companies, where relevant, and other appropriate industry or market trends locally and internationally.

This year, a comprehensive benchmarking exercise was undertaken by PwC on executive remuneration within the Group. The exercise included the grading of executives, both in relation to the market and industry, as well as to ensure internal parity and equity.

REMCO has mandated the Group Human Resources Management Committee (HR MANCO) to make decisions on employee matters relating to those employees at reward level 17 and below. All HR and remuneration decisions relating to senior managers and executives (reward level 18 and higher) are made by REMCO. This includes all remuneration decisions relating to the Group Chief Executive Officer and other executive directors, so as to avoid any conflict of interest.

Remuneration philosophy

Our remuneration strategy is designed to attract, retain and motivate outstanding and effective individuals to ensure that a consistent and high level of performance is achieved.

Sasfin's human resources and remuneration philosophy is to reward individuals who contribute to the success and sustainability of the organisation by being supportive of the organisation's overall strategy. It is important that our remuneration practices link to our business strategy, as this drives long-term sustainable performance and focuses employee energy and attention on strategic imperatives. While we acknowledge that we do not compete with larger institutions in terms of short-term and long-term incentives, we are comfortable that we remain competitive in terms of guaranteed cost-to-company packages. We benchmark our remuneration bands annually in order to remain current with market practices.

Sasfin's remuneration policy

Our policy is to pay our employees relative to the median for each Reward Level. Mitigating factors are accounted for when agreeing on individual compensation within each Reward Level.

A fair and caring employer: Remuneration

continued

Reward is directly linked to individual, divisional and Group performance – at differing levels – so employees can, through their individual contribution, directly impact their total remuneration. Employees who do not achieve performance objectives, or who have any current disciplinary record, do not qualify for annual increases or discretionary STI and LTI awards.

Remuneration forms an integral element of the greater management processes within the Group, which includes performance and talent management, among others.

Declaration of intent

To achieve our business strategy and meet the needs of stakeholders, we:

- Benchmark individual roles within the organisation to ensure that executives and employees are fairly compensated and that we are responsive to market forces in order to remain an employer of choice
- Recognise and reward employees for their individual contributions to the Company's overall performance
- Consider and develop a total reward structure which drives exceptional long-term performance by balancing guaranteed and variable pay
- Provide meaningful benefits which are clearly communicated and supported by an effective administrative system
- Provide benefits that are cost effective from an employee and employer perspective
- Reinforce roles and accountabilities
- Reward performance not failure

Remuneration governance

The Group's remuneration policy is reviewed annually by REMCO, and approved by GRMC. In order to ensure compliance with the policy, REMCO has oversight of total remuneration and approves all annual increases in line with the Group policy, and its mandate. REMCO also ensures that Sasfin complies with King III and with the terms of the Companies Act in relation to the remuneration of senior executives and non-executive directors.

Non-binding advisory vote:

Vote on remuneration policy at 2014

Annual General Meeting:

90.87% in favour

Like other listed companies, Sasfin uses independent compensation consultants to make recommendations on appropriate pay levels, to design short-term and long-term

incentive arrangements, and to provide survey information on industry and market pay practices. While some consultants are specialist firms focused exclusively on reward practices, many are integrated corporations offering a full range of remuneration, auditing, actuarial and human resources consulting services.

A potential conflict of interest could arise if the consultants who are advising on executive pay are simultaneously receiving large fees from the company they are supposed to be auditing/servicing. A general concern is that decisions to engage the consulting firm in these more lucrative corporate-wide consulting areas are often made or influenced by the same top executives who are benefited or harmed by the consultants' executive pay recommendations. Such prospects for cross-selling other consulting or auditing services can potentially pressure the consultants into making pay recommendations that favour management. Another concern is that the consultants are retained by management and not remuneration committees, which could prejudice their independence.

REMCO assessed the independence of our remuneration consultants, and were satisfied that their independence is not compromised due to any conflict of interest.

Remuneration practice

The REMCO approves an average increase percentage for the year, which HR communicates to all line managers. The line managers thereafter propose individual increases, bearing in mind that the average performance-based increase for the division should not exceed the overall approved percentage increase.

In 2015, REMCO approved the following increases across the Group, subject to the overall increase percentage per business unit not exceeding 7.5%:

	Meets expectations	Exceeds expectations	Exceptional
General staff	6.8%	7.5%	8.0%
Management	6.6%	7.2%	7.7%
Executives	6.5%	7.0%	7.5%

Employees with poor performance ratings and/or current disciplinary records are not awarded an increase. Managers measure employee performance during a robust performance appraisal, where individual performance is assessed against agreed performance objectives. These performance objectives are agreed in advance and reviewed regularly in line with any changes to the job function.

Sasfin clearly defines the performance expected from employees through a structured system of performance management, which is used as the basis for compensation decisions. Reward levels are benchmarked annually by an independent company and salaries are reviewed following annual performance appraisals.

The following factors are taken into account in determining remuneration levels:

- **Position benchmark**

Position benchmarking is undertaken by an independent company to objectively determine the relative worth of various jobs within an organisation whereby a specific role, as opposed to the person performing the role, is assessed. Jobs are ranked to achieve internal and external parity, by applying a benchmarked reward level to each position. Aspects such as the know-how required to perform the role; accountability within the role; and problem-solving requirements of the role contribute to the eventual grading of the individual positions.

- **Market stance**

Market stance is a concept upon which the organisation makes business decisions on employee remuneration based on the remuneration of similar positions in the market. Sasfin compares itself to competitors and other industry players when analysing pay data. The reward levels assigned to each position ensure that Sasfin is able to attract and retain talent in terms of compensating its employees at competitive and relative levels. Sasfin also contributes to, and participates in, remuneration surveys.

- **Individual value**

Notwithstanding that Sasfin pays with reference to the median for a job, the worth of an individual employee will determine where on the reward level of a specific job he or she will be compensated. An employee's individual output is the main determinant of individual remuneration levels.

Sustained and consistent outstanding performance will result in high remuneration. Should an employee have valued corporate memory and a specific scarce skill, which is required to perform the job, then the total compensation will accommodate this.

- **Wage gap**

South Africa has one of the largest wage gaps in the world – with CEOs of the JSE's top listed companies earning as much as 725 times their workers' average salary. On average, CEOs in JSE-listed companies earn more than 140 times what the average worker earns. South Africa sits with the fifth largest average wage gap in the world.

With regards to the banking sector, none of the banks were listed in the 20 largest wage gaps in JSE-listed companies. At Sasfin, the wage gap between the Group CEO and what the average worker earns is 10 times. The wage gap between the Group CEO and the lowest paid employee is 75 times (including variable pay). Using only guaranteed earnings, the wage gap is 53 times.

REMCO addresses the wage gap by awarding higher increases to employees, with a lower increase to management and an even lower increase for executives.

REMCO accounts for the following when determining fixed remuneration:

- Individual performance as measured by the internal performance appraisal system.

- Position benchmarking whereby each job is allocated a reward level which links a specific job to its relative worth in the market.
- Internal parity so as to ensure that individuals are paid within the appropriate reward level for the function they perform.
- Employee's alignment with the Sasfin culture and values.
- Market scarcity and replacement cost of a position.

Performance factors that are linked to variable compensation include individual, divisional and Group performance, as well as the individual's potential and relative value to the organisation. All incentive payments are calculated according to the incentive criteria. This ensures understanding for each employee, and serves to promote transparency and consistency when awarding bonus payments.

Any interim remuneration reviews for senior managers and executives (reward level 18 and higher) are proposed by the HR MANCO for REMCO's approval.

Deviation from the standard increase policy is made in consultation with the relevant general manager and the Group HR manager, with a view to driving the desired behaviour and achievement of the required outcomes. Remuneration decisions are transparent and objective so as to facilitate honest feedback to employees.

The review of executive management remuneration occurs in October each year, while all other employees in the Group are reviewed in March.

Average annual salary increase across all levels for 2015
6.5% ✓

Executive Director salary increases, which include certain change of role increases, in addition to the cost of living increase.

6.5%	11.8%
Chief Executive Officer	Group Financial Director

Non-Executive Directors

Non-Executive Directors' increases are presented to and approved at the Annual General Meeting by means of a special resolution.

Non-Executive Director remuneration is benchmarked every three years. The remuneration was last externally benchmarked in 2012. In 2015, the Group again engaged an external consultant, In the Zone Business Solutions, to conduct a benchmarking exercise to review practices and fees for Non-Executive Directors in South Africa. The benchmark data emanates from a 2014 survey report commissioned by the Institute of Directors and conducted by PE Services, whilst also encompassing a review of two local reports produced by professional service firms. In particular, it was noted that pressure on Non-Executive Directors had increased in the wake of stringent corporate governance requirements in terms of the Banks Act and the Companies Act, and that the responsibilities had become more complex.

The Executive Directors, guided by the external consultant's benchmarking exercise as mentioned above, make a recommendation to REMCO for consideration. Once satisfied, REMCO submits it to the Board and finally the Annual General

A fair and caring employer: Remuneration

continued

Meeting for approval. In making their recommendation, the Executive Directors have also considered the reasonability and affordability of the proposed increases and are satisfied that they can be justified and supported in relation to Sasfin's growth, the current Board workload and the current economic climate. The proposed total remuneration based on the current number of Non-Executive Directors together with the current membership of the different Board Committees, will amount to R3 150 000. This represents an overall increase of 14.7% on the total remuneration paid to Non-Executive Directors for the 2015 financial year.

The proposed fee increases for Non-Executive Directors together with the motivation is contained in the Shareholders and Administrative Information Booklet enclosed as part of this report.



Short-term incentive schemes

The following annual STI schemes are offered across the Group:

- Discretionary performance bonuses for support and back-office employees, which are based on Group and individual performance. These individual bonuses will vary depending on personal performance, but ordinarily amounts to 75% of employees' monthly salary, however for the 2015 financial year this equated to 100% of a month's salary.
- Divisional incentive schemes for profit centres, which are based on divisional and individual performance. The caps applied to these schemes vary, from 50% – 150% of annual guaranteed earnings. Where there may be an element of risk, we defer 30% of the bonus over three years.
- The executive incentive scheme, which is based on Group, divisional and personal performance, has its payments capped at 100% of annual guaranteed earnings.

All STI payments are made at the discretion of the REMCO, and are stress-tested and reasonability-tested to ensure that incentive payments drive the required behaviour.

Executive Directors: Bonus as a percentage of annual guaranteed earnings, based on the achievement of STI performance objectives including financial and personal measures. The financial performance for the Group in 2015 reflected a strong performance in the underlying operations and achievement of the pre-defined financial measures above the targets set. This resulted in improved STI payments to Executive Directors and Prescribed Officers, whilst in 2014 it was lower as the financial measures were not met.

2015

57%	61%
Chief Executive Officer	Group Financial Director

2014

31%	38%
Chief Executive Officer	Group Financial Director

During the 2015 financial year, the following short-term executive incentive scheme key performance objectives were agreed with executive directors:

- Financial measures constitute 60% – 80% of the overall measures. These include, in equal weighting of 15% each, achievement of Group budget; improvement in cost-to-income ratio; growth in headline earnings and return on risk-weighted assets.
- Personal performance objectives comprise 20% – 40% of the overall measures. These performance measures include:
 - Maintaining a positive relationship with Regulators and the Board; ensuring good governance and compliance with Banks Act and regulations.
 - Having a good, stable executive team – with succession planning within these teams. Overseeing and effectively leading the respective business units with regard to support, growth and new initiatives/products.
 - Driving the Group's strategy (formulation and execution) and deliver on strategic decisions such as corporate actions; Transactional Banking; and the Fintech integration.
 - Developing and maintaining appropriate relationships with key investors and funders to secure and maintain investment and funding for the Sasfin Group.
 - Maintaining the transformation objective of the Group.
 - Increasing efficiency.
 - Maximising client relationships.
 - Training and developing employees and self.

In addition to the above, new KPIs for the 2016 financial year include:

- Strengthening the brand association of the Group.
- Achieving a positive rating in the staff climate survey.
- Raising the personal profile in the broader market.

STI awards made to Executive Directors and Prescribed Officers based on their performance during the 2015 financial year and paid in September 2015 were:

	2015 R'000	2014 R'000
STI Awards		
Executive directors		
RDEB Sassoon	2 173	1 350
TD Soondarjee	1 681	950
Alternate directors		
LR Fröhlich	1 502	950
MG Lane	1 604	950
MEE Sassoon	1 320	500
Prescribed officers		
H Brown	1 273	708
D Edwards	782	403
N Eppel	1 168	950
	11 503	6 761

Long-term incentive (LTI) schemes

There are two LTI schemes across the Group, which both apply to employees once they have completed a full year of service with the Group:

Share Price Appreciation Scheme (SPAS)

This scheme pays a bonus based on a future share price, over years three to five from the date of the award. All employees earning between R500 000 and R1 million qualify to participate in the SPAS.

Allocations are calculated at 25% of participating employees' guaranteed earnings, with the award date being the end of each financial year.

The vesting period is three years after the award date and the employee must be in the company's employ and in good standing[#] to qualify for the award.

A total of 357 208 SPAS awards were made during the 2015 financial year, at a strike price of R58.79. These awards will vest in 2018, 2019 and 2020 respectively. The payment, as calculated, will amount to the excess, if any, between the strike price and the actual share price at the close of business on each of the pre-determined future payment dates, multiplied by a third of the total amount awarded.

Performance equity scheme

Our performance equity scheme was introduced in last year's remuneration report. The aim of this new scheme is to reward and incentivise a group of senior executives to deliver the strategic long-term objectives of the Group on a sustainable basis. It also encourages executives to align their interests with those of shareholders, and to further act as an attraction and retention mechanism in a highly competitive market place for scarce skills. This scheme conforms with the Companies Act and the Banks Act.

Participation is limited to senior executives occupying roles that can influence the achievement of the performance conditions. Currently, this pool consists of the Executive Directors, Group Exco members, and staff at reward level 19 with minimum guaranteed earnings of R1.0 million per annum. The awards range between 10% – 85% of annual guaranteed earnings, depending on seniority and position.

All awards and payments thereof are made entirely at the discretion of REMCO. Incentive payments are adjusted to take account of exceptional items and costs associated with the share scheme.

All awards are fully subject to a pre-defined set of performance measures. These measures will reflect a combination of strategic financial objectives representing at least 80% of the performance matrix, with 20% representing non-financial strategic objectives. This also includes a minimum threshold to achieve any vesting, a target and a stretch target with interpolation between targets.

The strategic financial measures include the following:

- Average headline earnings per share growth over the vesting period.

- Improvement in average return of equity over the vesting period.
- An achievement of a cost-to-income ratio target over the vesting period.

The strategic non-financial measures require that:

- Leadership and the work environment are conducive to a positive and empowering climate.
- Promotion and adherence to the Group's goals are based on social and ethical advancement.

To encourage higher performance, the pay-out curve steepens only after target is achieved as follows:

Performance Level	Achievement	Award
Threshold	80% of target as defined	40%
Target	100% of target as defined	70%
Stretch	120% of target as defined	100%

To safeguard against excessive awards and pay-outs, the scheme has a maximum cap equivalent to 5% of Group profits before tax. In addition, there is a further combined variable incentives cap for senior executives covering both STI and LTI awards, which amounts to 7.5% of Group profit before tax.

Awards are subject to the senior executives remaining in the employ of Sasfin and being in good standing[#] with the organisation. Awards are made on an annual basis as at 30 June, taking into consideration the level of performance, length of service, and other reasons as pre-determined by REMCO.

The cost of this scheme is budgeted for each year and the cost is included when measuring the Group's profitability for performance and other remuneration purposes.

During the 2015 financial year, REMCO approved total LTI awards of R17.0 million, which will vest in 2017, 2018, 2019 and 2020.

LTI awards granted to Executive Directors and Prescribed Officers which are fully conditional on the achievement of specific financial targets over a three-year period are reflected below:

	2015 R'000
LTI Awards	
Executive directors	
RDEB Sassoon	3 133
TD Soondarjee	2 000
Alternate directors	
LR Fröhlich	1 478
MG Lane	1 489
MEE Sassoon	1 260
Prescribed officers	
H Brown	745
D Edwards	783
N Eppel	766
	11 654

A fair and caring employer: Remuneration

continued

The detailed remuneration for our directors and prescribed officers during the year is shown in the tables below.

	Services as Directors R	Cash package* R	Other benefits** R	Incentive bonus*** R	Total 2015 R
Directors' emoluments					
2015					
Executive Directors					
RDEB Sassoon	–	3 006 367	775 648	1 350 000	5 132 015
TD Soondarjee	–	2 280 134	560 855	950 000	3 790 989
Alternate Directors					
LR Fröhlich	–	1 890 322	563 395	950 000	3 403 717
MG Lane	–	1 897 819	492 501	950 000	3 340 320
MEE Sassoon	–	1 646 931	362 506	500 000	2 509 437
Independent Non-Executive Directors					
RC Andersen	770 500	–	–	–	770 500
ETB Blight ⁽¹⁾	247 000	–	–	–	247 000
L de Beer	357 000	–	–	–	357 000
GC Dunnington	423 000	–	–	–	423 000
DD Mokgatle ⁽²⁾	209 001	–	–	–	209 001
J Moses	375 000	–	–	–	375 000
MS Rylands	450 750	–	–	–	450 750
L Sennelo	293 500	–	–	–	293 500
Prescribed officers					
H Brown	–	1 631 060	358 093	708 000	2 697 153
D Edwards	–	1 592 898	472 265	403 000	2 468 163
N Eppel	–	1 560 307	561 053	950 000	3 071 360
	3 125 751	15 505 838	4 146 316	6 761 000	29 538 905

* The emoluments to the executive directors are paid by subsidiaries of the Company.

** Other benefits comprise: provident fund, medical aid, group life, company car and equity-settled share options.

*** The incentive bonuses paid relate to the performance in the prior financial year.

⁽¹⁾ Retired on 27 November 2014.

⁽²⁾ Resigned on 27 November 2014.

Good standing means that the participating executive has not been suspended or accused of any performance and/or conduct issues during the financial year, which may influence the decision to grant an award.

	Services as Directors R	Cash package* R	Other benefits** R	Incentive bonus*** R	Total 2014 R
Directors' emoluments continued					
2014					
Executive Directors					
RDEB Sassoon	–	2 783 594	765 016	1 718 000	5 266 610
TD Soondarjee	–	2 031 699	444 907	1 294 000	3 770 606
Alternate Directors					
LR Fröhlich	–	1 739 125	463 962	1 100 000	3 303 087
MG Lane	–	1 757 019	478 474	1 209 000	3 444 493
MEE Sassoon	–	1 454 511	270 741	1 089 000	2 814 252
Non-Executive Director					
MS Rylands	380 000	–	–	–	380 000
Independent Non-Executive Directors					
RC Andersen ⁽⁴⁾	476 750	–	–	–	476 750
CN Axten ⁽³⁾	350 000	–	–	–	350 000
ETB Blight	409 500	–	–	–	409 500
GC Dunnington	412 249	–	–	–	412 249
DD Mokgatle	335 730	–	–	–	335 730
J Moses	352 000	–	–	–	352 000
Prescribed officers					
H Brown	–	1 537 783	302 000	989 000	2 828 783
D Edwards	–	1 513 202	265 560	1 266 500	3 045 262
N Eppel	–	1 499 799	603 162	859 000	2 961 961
	2 716 229	14 316 732	3 593 822	9 524 500	30 151 283

* The emoluments to the executive directors are paid by subsidiaries of the Company.

** Other benefits comprise: provident fund, medical aid, group life, company car and equity-settled share options.

*** The incentive bonuses paid relate to the performance in the prior financial year.

⁽³⁾ Resigned as Non-Executive Chairman on 28 November 2013.

⁽⁴⁾ Appointed as Non-Executive Chairman on 28 November 2013.



Shahied Rylands

Chairman

Human Resources and Remuneration Committee

Risk management



Overview

We have a well-established governance, risk and compliance structure, with an active and engaged Board, supported by an experienced senior management team and centralised risk management and compliance functions that are independent of the business lines.

The Board is responsible for the oversight of business performance and risk management activities. The Board is supported and assisted in these tasks by committees of the Board, independent risk management and compliance functions and Internal Audit. These committees and risk management functions monitor Sasfin's risks and provide assurance that risk management processes operate effectively.

The Board is responsible for approving strategy, risk appetite, policies and limits. The Board, directly and also through its

committees, receives regular updates on the key risks of the Group and its risk profile.

The management committee structure is designed to ensure alignment of business objectives, risk tolerance and resources.

The flow of information and transactions to these committees keeps senior and executive management well informed of the risks the Group faces, and ensures that transactions and risks are aligned with the Group's risk appetite framework.

Clear accountability is fundamental to the management of risk. The risk governance model is therefore based on three lines of defence. This model distinguishes between functions owning and managing risks, functions overseeing risks and functions providing independent assurance.

Process

We have a fit for purpose enterprise risk management process in place consistent with various published sources, *inter alia*: The Banks Act, and the regulations thereto, COSO's Enterprise Risk Management – an Integrated Framework and ISO 31000:2009 Risk Management – Principles and Guidelines.

Our enterprise risk management process is an integrated approach to risk management. Risks are not managed on a silo basis – the process used for all classes of risk is consistent to ensure that all risks are captured and measured. Once bottom-up risks are identified, they are compared with the top-down risks to ensure that the Board's risk concerns are addressed by management. This process assists in ensuring effective reporting and compliance with laws and regulations and helps avoid damage to our reputation and the associated consequences.

Risk appetite

Effective risk management requires clear articulation of our risk appetite.

The Board decides our appetite and tolerance for risk – those risks it will take and those it will not take in the pursuit of its goals, opportunities and objectives. The Board has decided on risk appetite statements and metrics based on the Group's business activities; these have further been broken down into measurable tolerance levels.

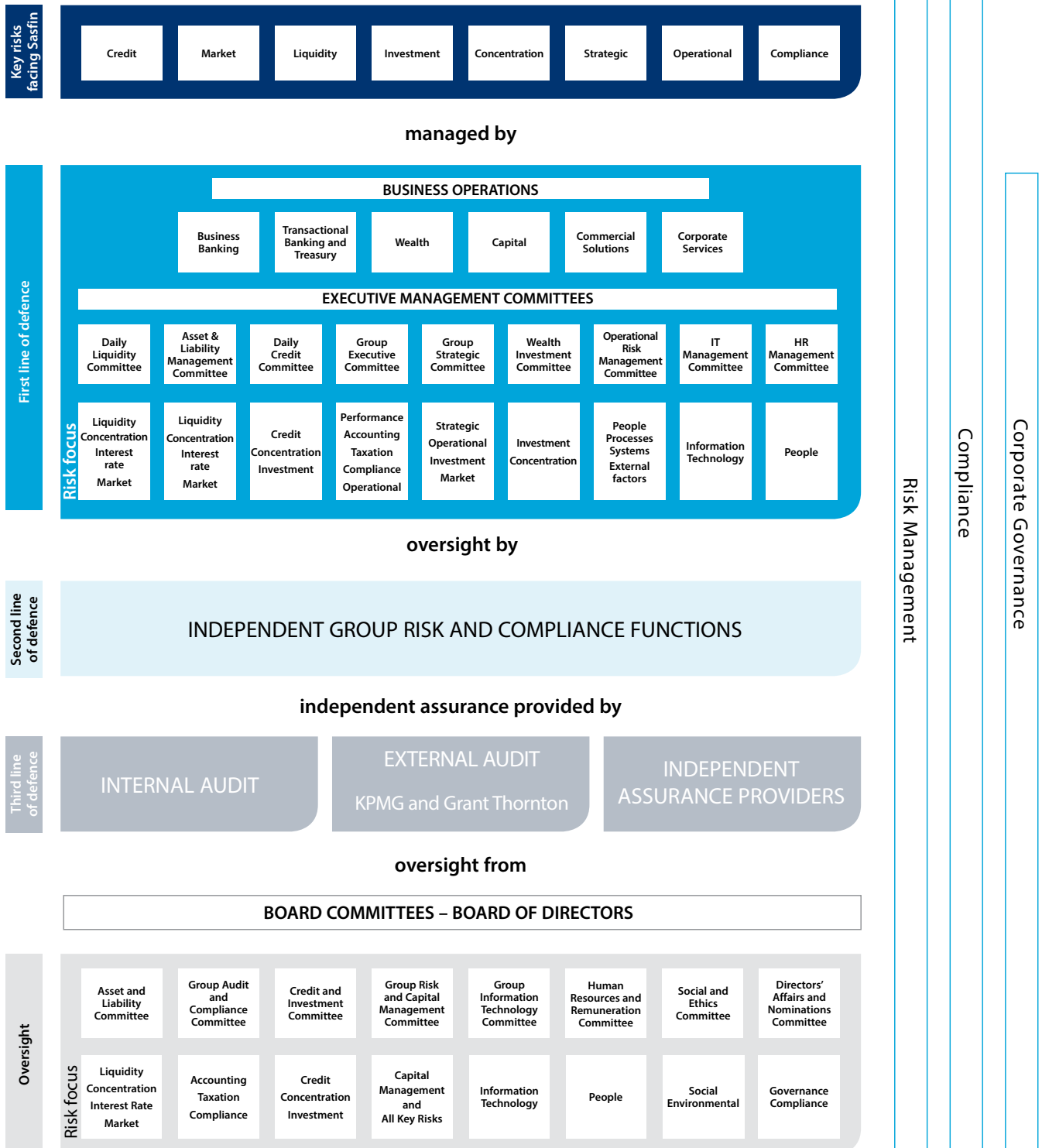
The Board determined the quantitative indicators after consultation and advice from senior management in the Group. Criteria for setting risk appetite include relevant market analysis, market liquidity and business strategy. Senior management is responsible for translating the organisational risk appetite to the divisional/business unit risk tolerances.

Quantitative risk appetite statements and measurable tolerance levels have been set for the following risk types:

Liquidity risk	Capital risk	Credit risk	Market risk	Operational risk
Defined liquidity buffers	Total regulatory capital	NPL ratio	NOP limits	Operational losses % of gross profits
LCR	Tier 1 capital ratio	Credit loss ratio	VaR limit	System downtime
NSFR		Concentrations		

The Board Risk Appetite Statement dictates that we have a low tolerance towards all types of risk-taking, except in those cases where a higher tolerance is either appropriate, acceptable, prudent and has been specifically agreed to and approved by the Board to satisfy the Group's business objectives.

SASFIN'S INTEGRATED APPROACH TO RISK MANAGEMENT



* The Wealth Investment Oversight Committee is a committee of the SFS Board and not reflected above.

Risk management continued

Principal risk categories

The principal risk categories to which Sasfin is exposed and which it manages are as follows:

Risk category	Detailed risk description	Our approach to managing liquidity risk	Liquidity risk governance
Liquidity risk	Inability to meet financial obligations as they fall due which could be due to the inability to convert a security or asset to cash without a loss of capital and/or income.	<ul style="list-style-type: none"> The Group has a conservative approach to liquidity management and manages liquidity in accordance with applicable regulations and within the Board-approved risk appetite for liquidity risk. Sasfin's funding strategy is to fund short-, medium- and long-term assets with corresponding liabilities. The Group ensures sufficient liquidity to absorb short-term and long-term unplanned financial and economic stress. Under stressed situations, the Group uses the Basel III indicators of: <ul style="list-style-type: none"> Liquidity Coverage Ratio (LCR) to measure short-term liquidity risk Net Stable Funding Ratio (NSFR) to measure long-term liquidity risk We ensure that Sasfin is significantly within the limits imposed by Basel III and the SARB. We adequately meet the LCR and NSFR requirements of Basel III by having sufficient, high-quality liquid assets available. Sasfin strives for a diversified tenor and counterparty mix of its short- and long-term funders in order to remain liquid. 	<ul style="list-style-type: none"> Liquidity sub-committee policy ALCO policy Approved limits Daily liquidity sub-committee meetings Monthly asset and liability management Committee meetings Quarterly ALCO meetings Quarterly GRMC meetings Quarterly Board meetings Stress testing

Risk category	Detailed risk description	Our approach to managing credit risk	Credit risk governance
Credit risk	Loss of capital stemming from borrowers' failure to repay loans or otherwise meet contractual obligations.	<ul style="list-style-type: none"> Sasfin's appetite for credit risk is conservative in outlook and all lending policies are prudent in nature. Sasfin's lending is largely restricted to asset-based lending. A Board-approved credit policy is in place which governs Sasfin's lending activities. A Board-approved credit mandate structure is in place and credit is approved by at least two credit mandate holders, with various levels of mandates, structured to ensure involvement from Executives and Non-Executive Directors, at the appropriate levels. Daily committee meetings allow robust debate between credit mandate holders and sales employees. Regular reporting and quarterly oversight by committees appointed by the Board. Financial and asset audits are conducted with increased frequency on larger exposures. Client visits include visits by credit employees. Annual and frequent reviews of credit facilities. Management of the Board-approved risk appetite for credit risk. 	<ul style="list-style-type: none"> Credit policies Impairment policy Dual mandates Daily credit meetings Monthly postmortem, problem account and high care account meetings Quarterly CIC meetings Quarterly GRMC meetings Quarterly Board meetings Stress testing

Risk category	Detailed risk description	Our approach to managing concentration risk	Concentration risk governance
Concentration risk	<p>Losses arising from credit risk exposure concentrated to a particular group of counterparties (e.g. geographic location, market segment)</p> <p>Reduction in funding base arising from concentrated exposure to a particular group of counterparties or counterparty (depositors, specific instruments, geographic location, asset class, market segment, etc.)</p>	<ul style="list-style-type: none"> • The Group manages concentration risk by considering its exposure to counterparty (asset and liability), asset classes and product. • Concentration exposure limits are set by ALCO or the CIC, the Board and the SARB. • Diversified funding base with staggered maturities. • Diversity of product lines. • Larger facilities are subjected to increased oversight. • Concentration exposure limits are monitored prior to entering transactions. Concentration exposures in excess of 10% of qualifying capital are reported to the SARB and exposures in excess of 25% of qualifying capital require prior approval from the SARB. • Concentration exposures are reported quarterly to the SARB. • Concentration exposures are managed within the Board approved risk appetite. 	<ul style="list-style-type: none"> • Liquidity Sub-Committee Policy • ALCO Policy • Approved Limits • Credit Policies • Mandate structure • Daily Liquidity Sub-Committee meetings • Daily credit meetings • Monthly Asset and Liability Management Committee meetings • Quarterly ALCO meetings • Quarterly CIC meetings • Quarterly GRMC meetings • Quarterly Board meetings • Stress testing

Risk category	Detailed risk description	Our approach to managing market risk	Market risk governance
Market risk	<p>Market risk is defined as the change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables such as interest rates, equity values, and exchange rates.</p> <p>Sasfin's key market risks are:</p> <ul style="list-style-type: none"> • Interest rate risk in the banking book • Equity risk • Foreign currency risk 	<ul style="list-style-type: none"> • Market risk is managed in accordance with comprehensive internal risk models. • ALCO provides oversight of market risk models and management. • Sasfin's strategy in terms of interest rate risk management is that repricing of assets and liabilities should be on similar terms to minimise the repricing gap. • Structured hedging products in the form of derivatives to manage interest rate risk where no natural hedges are in place. • All positions held in the fixed income facilitation book are fully hedged. • Management of endowment risk on surplus capital. • Private equity investments are revalued twice a year in accordance with South African Venture Capital Association (SAVCA) guidelines. • Sasfin does not have a proprietary forex risk trading book. • Open forex positions are managed with conservative overnight net open position (NOP) limits. • NOP exposures are reported to the SARB as part of the regulatory supervision. • Sasfin predominantly does Payment versus Payment (PvP) transactions. • Stop-loss cover to manage open positions on behalf of clients in IQuad Treasury Solutions. • Market risk is managed within the Board-approved risk appetite. 	<ul style="list-style-type: none"> • ALCO policy • Approved ALCO limits • Extensive review by executives • Daily liquidity sub-committee meetings • Monthly asset and liability management committee meetings • Monthly and quarterly regulatory reporting • Quarterly ALCO meetings • Quarterly GRMC meetings • Quarterly Board meetings • Stress testing

Risk management continued

Risk category	Detailed risk description	Our approach to managing investment risk	Investment risk governance
Investment risk	Losses relative to the expected return on investments.	<ul style="list-style-type: none"> Sasfin has a conservative approach to investment risk management and manages investment in accordance with applicable regulations and within the Board-approved risk appetite for investment risk. Private equity investments are revalued twice a year in accordance with SAVCA guidelines. Oversight and approval by the Credit and Investment Committee. Ongoing regular monitoring of investments. Financial, commercial and strategic assessments are conducted on all investment possibilities. Robust due diligence processes are followed. A clear, pre-defined exit mechanism is determined and structured upfront. 	<ul style="list-style-type: none"> Private equity investment risk framework Mandate structure Daily credit meetings Weekly StratCo meetings Monthly management meetings Quarterly CIC meetings Quarterly GRMC meetings Quarterly Board meetings

Risk category	Detailed risk description	Our approach to managing compliance risk	Compliance risk governance
Compliance risk	Non-compliance with regulatory requirements which could result in censure, fines or loss of licence.	<p>Sasfin's commitment and approach to compliance is set out in our compliance manual.</p> <p>This compliance risk is managed by the Group Compliance division which:</p> <ul style="list-style-type: none"> Monitors and assesses the impact of new legislation on the Sasfin Group Assists with the development and implementation of new policies and procedures, and reviews and updates of existing policies Oversees compliance with exchange control regulations and rulings Oversees compliance with the anti-money laundering (AML) programme and reporting thereon Reviews new products from a compliance perspective Interacts and corresponds with the various regulators being the various divisions of the SARB, FIC, NCR, FSB, JSE and various industry ombuds Performs compliance monitoring on the effectiveness and integrity of the compliance system and identifies and improves any potential areas of compliance weakness Conducts compliance training and support. Regular compliance induction and AML training is conducted as well as <i>ad hoc</i> training on other legislative and regulatory developments 	<ul style="list-style-type: none"> Compliance manual and Group Compliance policies Weekly StratCo meetings Monthly divisional Compliance Officers meetings Quarterly GACC meetings Quarterly GRMC meetings Quarterly Board meetings

Risk category	Detailed risk description	Our approach to managing compliance risk	Compliance risk governance
Compliance risk <i>continued</i>		<p>In addition:</p> <ul style="list-style-type: none"> Embedded Divisional Compliance Officers (DCOs) serve as a central reference point for compliance-related matters. Monthly DCO meetings are held to facilitate communication and also serve as a discussion forum for current issues. DCOs facilitate monitoring of regulatory requirements and adherence thereto. Dedicated sanction screening systems (Finscan & Fircosoft) are used to ensure compliance with sanctions and AML legislation. 	

Risk category	Detailed risk description	Our approach to managing strategic risk	Strategic risk governance
Strategic risk	<p>The risk of damage to Sasfin's image or to the trust placed in our Group by its stakeholders as a result of a variety of factors, such as Sasfin's performance, a large regulatory fine, strategy execution, ability to create shareholder value, or an activity, action or stance taken by Sasfin.</p> <p>Failure to deliver on key strategic objectives (e.g. financial performance), and to create shareholder value because of ineffective or poor execution of strategy. This could result in loss of investor confidence, reduction in the share price and capital.</p> <p>Drop in profits due to poor service levels, pricing and product features resulting in client churn (attrition) and loss of market share.</p>	<ul style="list-style-type: none"> Major strategies and business strategies are approved by the Board annually. Annual strategy sessions with StratCo members. Annual strategy sessions across business. Weekly diversified StratCo meetings to review strategy and progress. Annual budgeting process and six-monthly review of budget forecasts. Monthly progress updates and financial performance reviews in Exco meetings. Marketing and communication strategy with respect to response to negative publicity. Sasfin code of ethics and ethical culture. Robust management structures. Market competitor research. Compliance monitoring. Strategic risk assessment workshops with the executive team and six-monthly reviews. Strategic risk is also managed through the Group risk appetite. 	<ul style="list-style-type: none"> Weekly StratCo meetings Monthly Exco meetings Four monthly social and ethics committee meetings Quarterly IT committee meetings Quarterly GACC meetings Quarterly GRMC meetings Quarterly Board meetings

Risk management continued

Risk category	Detailed risk description	Our approach to managing operational risk	Operational risk governance
Operational risk	<p>Cost-to-income ratio exceeding our tolerance levels due to system inefficiencies, manual processes and inadequate critical mass, which results in reduced margins and profitability.</p> <p>Loss of a number of key employees due to various factors such as new opportunities or unforeseen circumstances, causing short- and medium-term disruption to the business as well as loss of corporate memory.</p> <p>A reduction in profit due to a failure to deliver on key IT strategic objectives resulting in increased project costs/financial loss or business disruption adversely impacting service to clients.</p>	<ul style="list-style-type: none"> • Comprehensive annual budgeting processes covering all expenditure are approved by the Board. • Budgeting, reporting processes and variance analysis. • Project approval process for all significant expenditure. • Process re-engineering is being carried out across the Group. • System enhancements and automation are under way. • Proactive sales to obtain scale in revenue generation. • Correct pricing of products and services. • Short- and long-term incentives. • Skills transfer and succession planning. • Investment in training initiatives (e.g. on Executive Development programmes, Management Development programmes and Business Xperience programmes). • IT strategy aligned with business strategies and addressing business efficiency initiatives accordingly. • Define IT application landscape to ensure scalability. • Building capacity within Sasfin IT division allowing for the knowledge and skills to reside within Sasfin. • Reviews by Gartner and Microsoft. • Standard process change guidelines are used for variations. • Regular training and communication with business units/stakeholders on processes to be followed. • Where instances of repeated non-adherence to documented processes and procedures occur, the appropriate disciplinary action is taken. • Segregation of duties and sign-off processes are in place. • Internal IT monitoring systems are in place for monitoring service unavailability. • Information Security Policy and Acceptable Use Standards are in place. • Formal process for User Access Management on systems. • Regular security patch management with effective anti-virus software and strong firewall. • Oversight and input by the Board IT Committee. 	<ul style="list-style-type: none"> • Operational risk policies and framework • Monthly risk catch-up sessions with risk champions • Monthly Exco meetings • Quarterly operational risk Manco meetings • Quarterly GRMC meetings • Quarterly Board meetings • Business unit operational policies and procedures • Quarterly IT Committee meetings

Information technology

Information technology (IT) is fully integrated into our strategic planning process, ensuring the consideration of new business opportunities and strategic, tactical and operational alignment in the achievement of business objectives.

IT is an integral part of our business and is fundamental to the achievement of our strategies and objectives.

We recognise the importance and value of our data as being essential to our client-centric offering. Our digital strategies will ensure that our clients will enjoy high-touch experience through different integrated channels.

The Board, through the IT Committee, provides the direction and oversight of IT. The various IT governance structures enable our different business units to have an organised say in

evaluating IT conditions and options, setting the high-level direction for IT and monitoring IT's performance against our business objectives.

Modern infrastructure investments enable our fast-changing and entrepreneurial culture. The agility, flexibility and scalability of these technologies allow for effective acquisition, integration and new product launches. Introducing partner-facing digital channels offered improved client services. The integration of the digital channels with the traditional sales channels ensured that our high-touch offering is sustained. An innovative approach to providing the core transactional banking system allowed for a fast-to-market transactional banking product.

Digital and MultiChannel solutions to allow online self-service in Transactional Banking

Top initiatives

Business Banking

- Equipment finance digital on-boarding continuous enhancements
- Trade and debtor online channel

Transactional Banking

- Improved internet banking
- Mobile banking application

Wealth

- IFA dashboard and portal
- SasSec: Portfolio managers and management dashboards
- SasSec improved client digital channel

Group

- Online learning
- Digital functionality and self-help solution

Business Intelligence and Client-centric Data Management to ensure full and single view of clients

Top initiatives

Group

- Operational data store
- Central client view
- Data quality initiative
- SharePoint move
- Establish a Business Intelligence Centre of Competence
- Cross-selling opportunities identified

Business units

- Document management Line of Business integration
- Management and Business Intelligence reporting for every business unit
- Line of Business data in Data warehouse
- Regulatory and financial reporting with no human intervention



Risk management continued

Information technology continued

Agile, scalable and flexible technology for IT efficiency through data storage and other service solutions, including data security and architecture enhancements

Information Security, Risk and Governance Programme

Top initiatives

Infrastructure

- Data centre continuous improvement
- Unified communication programme
- Identity and access management
- End-user computing programme
- Proactive monitoring via SSCM and SCOM
- ITSM call management self-service portal

Application

- Upgrade of Dot Net and Biztalk
- Documents storage solution
- Workflow rules engine
- Enterprise Services Bus
- Project Servers, SharePoint and Iserver

Security and Governance

Top initiatives

- Develop and implement information security policy, standard, processes and procedures framework
- Cybersecurity readiness action plan
- Develop and implement information security awareness and training programme
- Operationalise unstructured data governance
- Information security incident response
- Forensic readiness capability
- Threat intelligence capability

Optimal Technology Landscape for Business Efficiency

Top initiatives

Group

- Auto reconsolidation and consolidation of financial transactions
- Straight-through and automated processing
- Support units workflow and logging solutions
- Continuous improvements on all Line of Business systems

Business Units

- BFS continuous improvement and comparison with market technology offerings
- Upgrade consolidation and replacement of legacy Line of Business systems – IQquad
- Line of Business implementation for asset management and asset consultants

A socially responsible citizen



Overview

Sasfin's focus is not only on its business achievements, but on ensuring that sound business practices and strong, ethical and sustainable principles form a solid base from which business is conducted.

This approach begins at an organisational level and extends into the communities in which we operate as we recognise that the sustainability of our business is strongly dependent on the strength and resilience of our society. As such, we ensure that our impact on our communities is positive and, in conducting our business, that we find ways to enhance the lives of our clients, colleagues and communities.

This goes beyond philanthropic commitment and is written into our core governance and values at Sasfin.

To ensure that duties and responsibilities (both across the Group and in terms of how Sasfin operates in society at large) are planned, documented and achieved, the Social and Ethics Committee (SEC) is constituted as a statutory committee of the Board of Sasfin Holdings Limited (the Company) and has applied the recommendations of King III.

For more information on the committee's members and how the committee is constituted, please see the Compliance and Corporate Governance section. The Social and Ethics Committee is governed by its own terms of reference, as approved by the Sasfin Holdings Board.

Our report is a summary of Sasfin's commitment beyond financial and economic imperatives.

Material highlights

Sasfin has focused its Corporate Social Investment strategy on projects that ensure sustainable development in education, financial literacy, entrepreneurial development and care for vulnerable people. This has seen a more focused spend on flagship projects and those that support the aims of our strategy and employee volunteerism.

The SEC has overseen a revision of the BEE strategy that has resulted in a renewed impetus to identify potential BEE investors to take a significant stake in Sasfin. Other key initiatives aimed at improving our BEE Scorecard in the forthcoming year have been identified and are being actively pursued.

Financing solutions for Cleantech projects – ranging from photovoltaic co-generation of energy to the replacement of energy-inefficient capital equipment with energy-efficient equipment – have commenced in earnest.

Employee volunteerism projects began on an authentic note this year. The commencement of Sasfin's matching fund has encouraged employees' philanthropic efforts. Employees have given of their time and pursued fundraising efforts for a number of charitable organisations and causes. These served both to build a spirit of community among Sasfin's employees and to provide significant support to a number of community and fundraising projects such as financial literacy for children and donations of time and funds.

A whistleblowing project was implemented in April 2015, with an awareness campaign launched in May 2015. A dedicated anonymous tip-off line is hosted by Deloitte and Touche. To date, no material incidents have been reported.

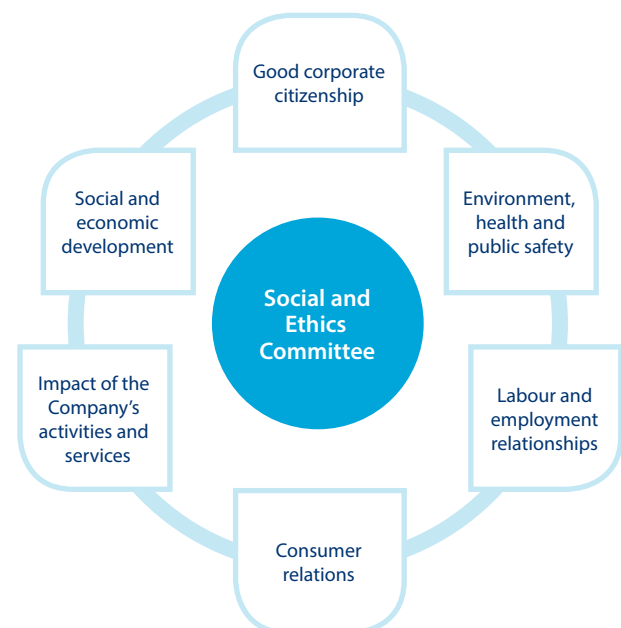
Material challenges

The inability to have finalised a BEE deal during the year under review was disappointing with regard to the intensive work done to try and conclude a transaction.

Challenges remain with regard to the independent validation of the Group's carbon footprint.

Focus areas

The SEC is responsible for ensuring that the environmental, socio-economic, BEE, Employment Equity and Corporate Social Investment focuses for the Group remain on target. It also ensures that local and global policies and frameworks that outline ethical conduct are correctly implemented and guide the way we do business at Sasfin.



A socially responsible citizen continued

Key social sustainability and environmental drivers identified

Sasfin recognises that the banking and financial services sector has an important role to play in the context of environmental sustainability, both in South Africa and in the global context. Sasfin is committed to effectively managing the direct and indirect environmental and social impacts of its activities, products and services. This is effected by the implementation of a cohesive Social and Environmental Management system, which assesses both the impact of Sasfin and that of its clients on the broader environment.

As economic growth, social equity and environmental integrity are interdependent outcomes of all sustainable development, the integration of social, economic and environmental factors is essential for planning, implementation and decision-making to ensure that development serves present and future business partners.



Committee's focus:

- Monitoring Sasfin's activities with regard to any relevant legislation, other legal requirements or prevailing codes of best practice relating to social and economic development, including the Company's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles; the OECD recommendations regarding corruption; the Employment Equity Act; and the Broad-Based Black Economic Empowerment Act.

Empowerment financing

Among its initiatives, Sasfin has built on its alliance with SANTACO, which is one of the largest recognised taxi associations in South Africa, Sasfin provides financing to SANTACO's members to enable them to maintain and renew their fleets and sustain their businesses. This business has started to gain traction.

Broad-based black economic empowerment

Sasfin recognises the importance of ensuring that the socio-economic inequalities that pervade South Africa need to be addressed. It regards the FSC as an excellent model upon which it based its targets and strategies for the achievement of greater equity within its field of influence and we are pleased to note that the FSC has been rejuvenated as a sector code.

To ensure the score is objectively assessed, Sasfin engaged an independent, approved verification agency to provide a

scorecard, as well as to review progress so that appropriate medium and long-term strategies can be implemented, aimed at improving Sasfin's BEE profile. The ownership requirements of the FSC code remain a challenge because the Banks Act requires regulatory approval for any significant shareholding. Sasfin, however, continues to make good progress in ensuring that its employee demographic profile, its procurement practices and enterprise development initiatives bring real benefits to its stakeholders.

Sasfin has been awarded a SANAS-accredited level 7 score, which translates into a BBBEE procurement recognition level of 50%. Sasfin has also been recognised as a value-added supplier.

A graduate programme has been introduced to enhance the skills of black graduates who gain valuable work experience within the Sasfin workforce. Mentorship programmes aimed at

fast-tracking existing employees are also in place. Sasfin has developed strong ties with organisations that focus on entrepreneurial development, such as the Maharishi Institute, and it is establishing programmes to ensure that more people have access to skills, education and the experience they require to start their own businesses. Sasfin looks forward to reporting on these in 2016.

A number of other initiatives have been instituted aimed at improving some of the measured criteria in the FSC.

Sasfin continues to support black-owned businesses through its Private Equity investment model and will seek to improve access to financial services with the rollout of its transactional banking initiative.



Committee's focus:

- Overseeing the monitoring, assessment and measurement of Sasfin's activities relating to good corporate citizenship, including the Company's promotion of equality, prevention of unfair discrimination, and addressing of corruption; contributing to the development of the communities in which its activities are predominantly conducted or within which its products and services are predominately marketed.
- Reviewing and approving the policy and strategy pertaining to Sasfin's programme of corporate social investment.
- Considering substantive national and international regulatory developments as well as practice in the fields of social and ethics management and public safety.

In the community

This year Sasfin has focused its Corporate Social Investment strategy on projects that ensure sustainable development in education, financial literacy, entrepreneurial development and care for vulnerable people. This has seen a more focused spend on flagship projects and those that support the aims of our strategy and employee volunteerism.

In contributing to a healthy economy, we focus on playing a role in finding sustainable solutions for the social issues that hamper sustainable growth.

While we have supported a wide variety of organisations through donations and sponsorships, our focus was on organisations that focus on socio-economic development and entrepreneurial development through their activities.

In total, Sasfin made 52 contributions in the year under review, reaching a total of R2.1 million (2014: R1.8 million).

Our focus for the next financial year will be on developing our relationships with existing flagship projects. We will enhance

A socially responsible citizen continued

our focus on ensuring a pipeline of support from Early Childhood Development right through to Further Education and Training (FET) career placement, developing entrepreneurial skills and in doing so provide much-needed support to South Africa's Socio-Economic Development (SED) plans.

Fines and sanctions

We are pleased to report that for the year under review, the monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with environmental laws and regulations, as well as laws and regulations concerning the provision and use of products and services, was nil.



Committee's focus:

- Overseeing the monitoring, assessment and measurement of Sasfin's activities relating to the environment, health and public safety, including the impact of the Company's activities and of its products or services.

Adoption of Social and Environmental Management System (SEMS) framework

When Sasfin provides financial solutions to clients, we recognise that we have a responsibility to ensure our clients' activities do not have a negative social and environmental impact. Sasfin therefore considers environmental and social risks in our business decisions and activities, particularly in higher-risk industry sectors such as heavy industry and mining.

To manage those social and environmental risks and impacts, as well as to enhance development opportunities, Sasfin measures eight performance standards aimed at promoting sound environmental and social practice, encouraging transparency and accountability and contributing to positive developmental impacts. These principles are encapsulated in our SEMS framework.

SEMS aims to align with the Company's objectives to develop and maintain appropriate systems and controls with the social

and environmental requirements and standards set out by international best practice. It draws from the Equator Principles, United Nations Global Compact Principles, Organisation for Economic Co-operation and Development recommendations regarding corruption, World Bank standards, as well as local legislation aimed at redressing the social and labour issues pertinent to South Africa.

The framework is integrated into Sasfin's operational processes and is overseen by the SEC.

Sasfin has an environmental coordinator who manages the Group's environmental impact by screening corporate clients against Sasfin's SEMS risk framework. The environmental coordinator is mandated to create a consistent approach to environmental and social management by facilitating appropriate systems, policies, performance standards,

monitoring and assurance within the Group's operations and responsible financing considerations. The environmental coordinator reports to the GRCMC and SEC, which in turn provide oversight and guidance in managing the strategic direction of environmental systems.

In addition, these committees address issues associated with occupational health and safety in the building maintenance as well as employee occupational health and safety awareness. We have improved our ability to deal with medical emergencies and have to this end focused on increased training as well as the installation of advanced emergency lifesaving equipment at our head office.

Environmental legislation

Sasfin's approach to the management of developing environmental legislative regulation is to develop compliance risk management plans to assess the regulatory risk and introduce appropriate mitigating controls where required. Sasfin monitors the developing environmental and social codes of industry best practice through the public consultation processes, such as the South African government's Climate Change Response Green Paper.

Suppliers

Sasfin is analysing how best to engage with suppliers on their environmental management practices and will develop and roll out standards and tools in this regard during 2016.

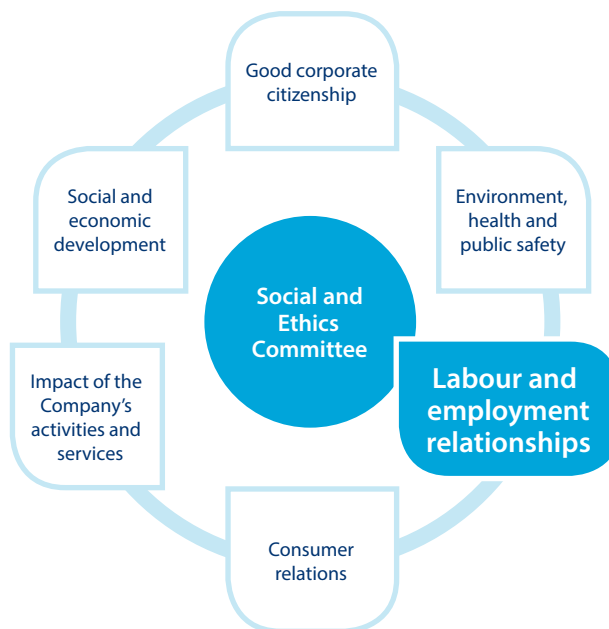
Climate change

Climate change will also alter the manner in which risks are managed, making it necessary for the Group to re-evaluate its risk assessment models to include potential climate change risks and their monetary value.

Sasfin has had its carbon footprint independently measured and was assessed at 6 336 tCO₂e (2014: 6 445 tCO₂e), a pleasing reduction despite the growth of its business in the year under consideration. Sasfin has introduced solar and other energy-saving technologies to a number of buildings it occupies throughout South Africa to reduce its own reliance on fossil fuel energy.

Employment

Our human capital report provides an overview of the sound principles that Sasfin adopts in rewarding, protecting and enhancing the skills of its employees as well as an overview of our employee demographics.



Committee's focus:

- Overseeing the monitoring of Sasfin's labour and employment matters, including the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions, the Company's employment relationships and its contribution towards the educational development of its employees.
- Overseeing the monitoring, assessment and measurement of Sasfin's transformation activities by providing input and recommendations to the Board on the overall targets for the Company, every element of the scorecard component targets and the timing thereof.

With this in mind, the committee is satisfied that Sasfin's employment practices are non-discriminatory and meet both ILO labour standards as well as those prescribed by the Labour Relations Act and the Basic Conditions of Employment Act.



A socially responsible citizen continued



Committee's focus:

- Overseeing the monitoring, assessment and measurement of Sasfin's consumer relationships, including the Company's policy and record relating to advertising, public relations and compliance with consumer protection laws to ensure that the Company adheres to its values. These include the Consumer Protection Act, the National Credit Act, and Ombudsman queries.
- Reviewing the adequacy and effectiveness of Sasfin's engagement and interaction with its stakeholders.

Consumer relations

It is noteworthy that no incidences of non-compliance have been reported in the year under review. Where complaints to bodies such as the Ombudsman for Banking Services of South Africa were made, these were either resolved or determined in favour of Sasfin.

Sasfin is focused on fully implementing both the Anti-Bribery and Corruption regulation and the six Treating Customers Fairly principles outlined by the FSB. Sasfin will be rolling out large-scale awareness to employees on these matters in the upcoming months.

Sasfin is closely tracking the legislative developments recently announced by National Treasury, particularly the Financial Sector Regulation Bill of 2015 which, among other objectives, aims at protecting the interests of consumers of financial products, ensuring customers are treated fairly and driving consumer education in this regard. Sasfin is well poised to meet the market conduct requirements anticipated under the Twin Peaks regulatory framework which is to be introduced.



Committee's focus:

- Determining and clearly articulating ethical standards (Code of Ethics) and ensuring that Sasfin takes measures to achieve adherence to these in all aspects of the business, thus achieving a sustainable, ethical corporate culture within Sasfin.

Financing of SME clients

Sasfin provides financial solutions to various sectors within southern Africa. Approximately 24% of its total lending focuses on trade and accommodation, 21% of its total lending is to financial, real estate and business services, and a further 15% of its total lending focuses on manufacturing. Sasfin endeavours to support South Africa's growth by providing financing to assist with the transition to more efficient and productive processes in trade and industry. Furthermore, by providing funding to the SME market, the Group has an indirect impact on job creation through such businesses.

Energy efficiency financing

Sasfin offers a number of products and has invested in a green energy consulting services company. These initiatives facilitate and assist our clients to become more energy efficient, lower their energy costs, find cleaner alternatives and improve energy efficiencies. We have obtained funding lines for lending to qualifying green energy projects and has identified a number of energy-efficiency solutions, including Solar PV projects which we now fund. Funding was obtained from the IFC and has been utilised *inter alia* for the financing of solar energy projects, the largest of which is an R11.5 million solar energy installation.

Looking ahead

In the upcoming year Sasfin will place focus on:

- Market conduct enhancements in accordance with the anticipated TCF programme
- Protecting of client data and maintaining confidentiality in an environment where cyber crime is becoming ever more sophisticated
- The finalisation of a BEE transaction and improvement of other broad-based elements contained in the FSC
- Using our professional expertise to enhance the endeavours of our flagship and other CSI programmes through employee volunteerism and other efforts

The Social and Ethics Committee is well placed to continue to monitor the Group's adherence to its social and environmental obligations pertaining to its activities and strategic vision of sustainability.



Lesego Sennelo

Chairperson

Social and Ethics Committee

Compliance and corporate governance



Compliance

We are governed by a myriad of interwoven laws, regulations and supervisory requirements. While compliance is compulsory, we see these laws, regulations and supervisory requirements as being complementary to our culture of risk management and protecting the interests of our stakeholders.

Our regulators

Entity	Regulator
Sasfin Holdings Limited	South African Reserve Bank
	Johannesburg Stock Exchange
Sasfin Bank Limited	South African Reserve Bank
	Financial Services Board
	National Credit Regulator
	Financial Intelligence Centre
Sasfin Securities (Pty) Ltd	Johannesburg Stock Exchange
	Financial Intelligence Centre
	National Credit Regulator
Sasfin Financial Advisory Services (Pty) Ltd	Financial Services Board
	Financial Intelligence Centre
Sasfin Asset Managers (Pty) Ltd	Financial Services Board
	Financial Intelligence Centre
Sasfin Private Equity Fund Managers (Pty) Ltd	Financial Services Board
	Financial Intelligence Centre

Our independent compliance function is headed by the Group Compliance Officer, who is the primary contact with our regulators and reports to the Chief Executive Officer, with unrestricted access to the Chairman of the Group Audit and Compliance Committee.

The key responsibility for compliance is to ensure that Sasfin's conduct and that of its management team is within both the letter and spirit of the law.

As the regulatory landscape continues to evolve, we remain committed to increasing the depth and breadth of our compliance teams to allow us to comply with all applicable laws, regulations and supervisory requirements.

How we manage compliance

Board-approved

- Compliance manual
- Group compliance policies

Executive involvement

- Weekly StratCo meetings highlighting significant compliance matters
- Monthly divisional compliance officer meetings

Compliance

- Periodic compliance reporting as required by the relevant regulators

Governance – detailed reporting of key compliance status indicators

- Quarterly to Group Risk and Capital Management Committee
- Quarterly to Group Audit and Compliance Committee
- Quarterly to Board of Directors
- Immediately, on an *ad hoc* basis should key risk compliance issues arise

Combined assurance

The Group's combined assurance approach to risk management allows for assurance providers to work with management in a planned and structured manner to deliver appropriate assurance at all levels within the Group.

This delivers more efficient assurance by eliminating duplication and prevents any risks and key controls from being missed in the assurance process through an enterprise-wide, focused, risk-based approach to assurance.

The Group's three separate lines of defence, comprising business, risk and compliance and audit, constantly interact and communicate to plan and coordinate their approach in such a manner so as to increase efficiencies, eliminate duplication and ensure that all key risks and controls are addressed, thereby delivering a high-quality assurance service.

Further details can be found in our Integrated Approach to Risk Management in the Risk Management section of this report. The Group's assurance providers and their results are detailed below.

Content	Assurance provider	Outcome	Framework/Standard
Annual Financial Statements	<ul style="list-style-type: none"> • KPMG* • Grant Thornton* 	Unmodified audit opinion	<ul style="list-style-type: none"> • IFRS • Banks Act • Companies Act
Regulatory returns in terms of the Banks Act	<ul style="list-style-type: none"> • KPMG* 	No breaches in prudential limits were identified	<ul style="list-style-type: none"> • Banks Act and Regulations
Broad-based black economic empowerment contributor	<ul style="list-style-type: none"> • KPMG* 	Level 7	<ul style="list-style-type: none"> • BBBEE code
Corporate governance	<ul style="list-style-type: none"> • Internal audit • Company secretarial • Group risk 	Compliant with King III	<ul style="list-style-type: none"> • King III
Non-financial information	<ul style="list-style-type: none"> • Internal audit • Company secretarial • Group finance • Human resources • Group risk • Various external providers* 	No material inconsistencies or errors identified	<ul style="list-style-type: none"> • Internal models, policies and frameworks
Review of internal controls and risk management	<ul style="list-style-type: none"> • Internal audit • Group risk • KPMG* 	Overall satisfactory ratings with certain improvements recommended	<ul style="list-style-type: none"> • Internal models, policies and frameworks • Banks Acts and Regulations

* External assurance providers



Compliance and corporate governance continued

Corporate governance

We recognise that effective and sound corporate governance practices, based on an inclusive stakeholder approach will hold ourselves accountable in everything we do. In doing this, we consider the legitimate interests and expectations of stakeholders in our strategic and operational thinking, with a view to always acting in their best interests, and honouring their trust and confidence.

We apply all 75 principles of King III. Evaluations on the performance and effectiveness of the Board and the various Board sub-committees are carried out annually. The Board evaluation is performed externally every three years and under the leadership of the Chairman of the Board for other years. For the year under review, the results of the self-assessment (out of a possible score of 5) for 2015 reflect:

- Average score of 4.38 (2014: 4.48)
- Lowest score of 4.22 (2014: 4.35)
- Highest score of 4.78 (2014: 4.58)

in respect of the Board and all of its committees. The Board is satisfied with the results of this assessment.

Board of directors

Our Board is the ultimate custodian of our business operations and responsible for creating stakeholder value. The Board is responsible for holding management accountable to deliver and balance short-term performance with long-term sustainability within the approved risk appetite and framework.

Board charter

The Board charter of Sasfin Holdings Limited and Sasfin Bank Limited details:

- Its collective responsibility to provide effective corporate governance practices in accordance with King III
- The committees formed by the Board
- That it will be comprised of a majority of non-executive directors
- That the Chairperson of the Board will be an Independent Non-Executive Director

Changes to the Board

Eddie Blight and Dolly Mokgatle retired and resigned respectively from the boards of both Sasfin Bank Limited and Sasfin Holdings Limited at the conclusion of the Annual General Meeting on 27 November 2014.

Linda de Beer and Lesego Sennelo were appointed as Independent Non-Executive Directors of Sasfin Bank Limited and Sasfin Holdings Limited with effect from 1 July 2014.

Board performance and independence

The Board comprises two Executive Directors, six Independent Non-Executive Directors and three Alternate Executive Directors. The Directors' Affairs and Nominations Committee, which comprises only Independent Non-Executive Directors, considers and recommends appointments to the Board through a documented and transparent process for approval by the entire Board.

The Board performs an annual evaluation of the independence of each non-executive director in terms of King III. The Board has assessed the independence of all Non-Executive Directors by weighing all relevant factors that may impair non-executive directors' independence, including the period that they have served on the Board and the direct and indirect economic interests they may have in the Group.

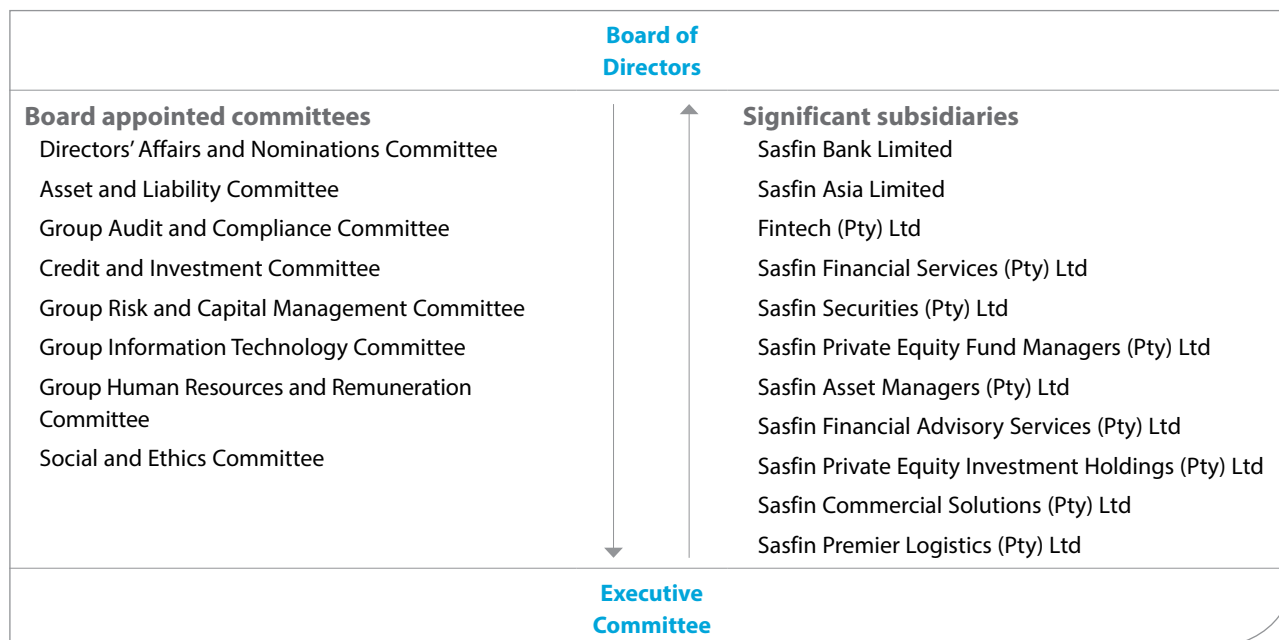
In particular, it is to be noted that in prior years Shahied Rylands was regarded as being non-independent by virtue of his indirect interest in a BEE special purpose vehicle that held an interest in the Group. During the year under review that special purpose vehicle divested itself of its interest in the Group.

Having regard to these changed circumstances as well as other factors, such as Shahied Rylands' length of service and relationship with the rest of the Board, a fresh assessment was undertaken by the Board as to his independence. Based on this assessment, the Board is satisfied that Shahied Rylands be classified as an independent non-executive director and that there are no relationships or circumstances likely to affect or appearing to affect his judgement, nor is his judgement affected or impaired in any way by the length of his service to the Group or his historical economic interest in the Group.

Group Company Secretary

The Board is satisfied with the competence and experience of Howard Brown BA (Wits), LLB (Wits), HDip Corporate Law (Unisa), an admitted attorney with over 20 years of experience in corporate and company law, as Group Company Secretary, and is satisfied that he maintains an arm's length relationship with Board members.

Howard provides guidance to the Board on the execution of their duties in accordance with the requirements of the Companies Act, Banks Act and corporate governance best practice. All Board members have unhindered access to the services of the Group Company Secretary.



Board and committee attendance

The table below details Board and Committee members' attendance for the period 1 July 2014 to 30 June 2015. Overall Board member attendance was satisfactory at 96% for the year. In addition to the meetings below, Board members were also expected to avail themselves for meetings with the South African Reserve Bank, strategy sessions, training sessions and *ad hoc* meetings.

	Percentage attendance	Sasfin Holdings Limited Board	Sasfin Bank Limited Board	Group Human Resources and Re-muneration	Group Audit and Compliance	Group Risk and Capital Management	Credit and Investment	Asset and Liability	Directors' Affairs and Nominations	In-formation Technology	Social and Ethics
		Scheduled	Un-scheduled								
Meetings held		4	3	4	5	6	4	4	4	4	3
RC Andersen	100	4/4	3/3	4/4	2/2 ⁽¹⁾	–	4/4	–	–	4/4	–
L de Beer	97	4/4	3/3	4/4	–	5/6	4/4	–	–	4/4	4/4
GC Dunnington	93	4/4	1/3	4/4	5/5	6/6	–	4/4	–	4/4	–
J Moses	97	4/4	2/3	4/4	–	6/6	4/4	4/4	4/4	4/4	–
MS Rylands	100	4/4	3/3	4/4	5/5	–	4/4	4/4	4/4	4/4	4/4
RDEB Sassoon	100	4/4	3/3	4/4	–	–	–	4/4	4/4	–	–
LJ Sennelo	89	4/4	1/3	4/4	–	5/6	–	–	4/4	4/4	–
TD Soondarjee	100	4/4	3/3	4/4	–	–	4/4	–	–	–	–
Alternate directors:											
L Fröhlich	73	3/4	2/3	3/4	–	–	–	–	–	–	–
M Lane	94	4/4	2/3	4/4	–	–	–	4/4	–	–	4/4
M Sassoon	100	4/4	3/3	4/4	–	–	–	4/4	–	–	–
Total number				43/44	12/12	22/24	20/20	24/24	16/16	24/24	12/12
Total (%)	96			98	100	92	100	100	100	100	100

⁽¹⁾ From 25 February 2015

⁽²⁾ From 24 February 2015

Compliance and corporate governance continued

Key responsibilities of Board Committees*

Directors' Affairs and Nominations Committee

Key responsibilities

- Corporate governance
- Monitoring Directors' responsibilities
- Fiduciary capacities of Directors
- Fulfilling the role of a nomination committee

Chairman: Roy Andersen

Members: Linda de Beer, Grant Dunnington, John Moses, Shahied Rylands, Lesego Sennelo

Invitees: Linda Fröhlich, Maston Lane, Michael Sassoon, Roland Sassoon, Tyrone Soondarjee

Group Asset and Liability Committee

Key responsibilities

- Asset and liability management
- Interest rate risk management
- Liquidity management
- Funding risk management
- Currency risk management

Chairman: Shahied Rylands

Members: John Moses, Roland Sassoon, Lesego Sennelo

Invitees: Kurt Diedrick, Maston Lane, Tyrone Soondarjee

Group Audit and Compliance Committee

Key responsibilities

- Internal and external audit processes and functions
- Accounting policies
- Internal controls and systems
- Annual Financial Statements
- Integrated annual reporting
- Compliance with statutory and regulatory framework

Chairman: Grant Dunnington

Members: Linda de Beer, John Moses, Lesego Sennelo

Invitees: Roy Andersen, Kurt Diedrick, Maston Lane, Michael Sassoon, Roland Sassoon, Tyrone Soondarjee, Grant Thornton, KPMG

Credit and Investment Committee

Key responsibilities

- Credit risk management policy and procedures
- Defining credit policy and guidelines
- Reviewing compliance with approved credit and investment policies
- Management of large exposures of the Group
- Assessing credit applications less than R50 million. Credit applications above R50 million are approved by the Board
- Consider private equity and property private equity investments and valuations twice a year

Chairman: Grant Dunnington

Members: John Moses, Shahied Rylands, Michael Sassoon, Roland Sassoon

Invitees: Linda Fröhlich, Maston Lane, Tyrone Soondarjee

Group Risk and Capital Management Committee

Key responsibilities

- Addressing risks faced by the Group
- Risk management policies and procedures
- Capital management policies and ICAAP
- Capital planning activities

Chairman: Linda de Beer

Members: Roy Andersen, Grant Dunnington (appointed September 2015), John Moses, Shahied Rylands, Tyrone Soondarjee

Invitees: Kurt Diedrick, Linda Fröhlich, Maston Lane, Michael Sassoon, Roland Sassoon

* These committees are constituted as required by the Banks Act, King III and the JSE Listings Requirements.

Group Information Technology Committee

Summary of key responsibilities

- Oversee IT governance and monitor the development and compliance with an IT Strategy, IT Governance framework, IT policies and procedures
- Monitor and evaluate significant IT investments and expenditure
- Approve and monitor IT projects optimising business intelligence
- Oversee the governance of IT risk

Chairman: Linda de Beer

Members: Maston Lane, Shahied Rylands

Invitees: Linda Fröhlich, Michael Sassoon, Roland Sassoon, Tyrone Soondarjee

Human Resources and Remuneration

Key terms of responsibilities

- Human resources matters
- Remuneration and incentives
- Remuneration policies and procedures
- Human resources policies and procedures

Chairman: Shahied Rylands

Members: Roy Andersen, Grant Dunnington

Invitees: Naseema Fakir, Roland Sassoon

Social and Ethics Committee

Key responsibilities

- Social and economic development
- Good corporate citizenship
- Environmental health and safety
- Consumer relationships
- Labour issues
- Ethical practices and transformation initiatives
- BBBEE compliance
- FSC compliance

Chairman: Lesego Sennelo

Members: Maston Lane, Roland Sassoon

Invitees: Howard Brown, Naseema Fakir, Cathryn Pearman

* These committees are constituted as required by the Banks Act, King III and the JSE Listings Requirements.



Compliance and corporate governance continued

Board of Directors



Roy Andersen (67)

Independent Non-Executive Chairman of Sasfin Holdings Limited and Sasfin Bank Limited
CA(SA), Certified Public Accountant (Texas), Chartered Director (SA)

Appointed 2011

Roy was previously Chairman of Ernst & Young, Executive President of the JSE, Chief Executive Officer of Liberty, Chairman of Sanlam and Murray & Roberts.

Board committee memberships

- Directors' Affairs and Nominations (Chairman)
- Human Resources and Remuneration
- Risk and Capital Management

Invitee to:

- Audit and Compliance

External appointments

- Aspen Pharmacare Ltd
- Nampak Ltd
- Military Command Council of the SANDF
- King Committee on Corporate Governance



Roland Sassoon (69)

Group Chief Executive Officer, Chairman of Group Exco
FCIS

Appointed 1979

Prior to joining Sasfin, Roland had 10 years of experience in factoring, leasing, export shipping and confirming. Roland is responsible for all divisions in the Group except Treasury and Transactional Banking.

Board committee memberships

- Credit and Investment
- Social and Ethics
- Asset and Liability

Invitee to:

- Audit and Compliance
- Directors' Affairs and Nominations
- Human Resources and Remuneration
- Risk and Capital Management
- Information Technology

Other appointments

Various Group companies



Tyrone Soondarjee (54)

Group Financial Director, Member of Group Exco
BCompt (Hons) CTA (Unisa), CA(SA)

Appointed 2010

Prior to joining Sasfin, Tyrone served at Deloitte & Touche in various executive roles, at TNBS Mutual Bank as Financial Director and Group Financial Manager at New Republic Bank. Tyrone is responsible for Group Finance, Transactional Banking, Treasury and Funding, including balance sheet and capital management.

Board committee memberships

- Risk and Capital Management

Invitee to:

- Asset and Liability
- Audit and Compliance
- Credit and Investment
- Directors' Affairs and Nominations
- Information Technology

Other appointments

Various Group companies



Michael Sassoon (33)

Head of Wealth and Capital, Alternate Director, appointed Executive Director on 23 October 2015, Member of Group Exco
BCompt (Unisa), MBA (University of Rochester)(USA)

Appointed 2013

Michael is responsible for the Wealth Management and Capital businesses in the Group.

Board committee memberships

- Credit and Investment

Invitee to:

- Audit and Compliance
- Directors' Affairs and Nominations
- IT Committee
- Risk and Capital Management

Other appointments

Various Group companies

Linda de Beer (46)

Independent Non-Executive Director

CA(SA), MCom (Taxation) (Pretoria), Chartered Director (SA)

Appointed 2014

Linda is a financial reporting and corporate governance adviser and a part-time professor at the Wits School of Accountancy. Linda is a member of various local and international standard-setting bodies, including the King Committee.

Board committee memberships

- Audit and Compliance
- Directors' Affairs and Nominations
- Information Technology (Chairman)
- Risk and Capital Management (Chairman)

External appointments

- Hospitality Property Fund Ltd
- Royal Bafokeng Platinum Ltd



Grant Dunnington (55)

Independent Non-Executive Director

BCom, Certified Associate of the Institute of Bankers

Appointed 2010

Grant is the Group Chief Executive Officer of SBV Services (Pty) Ltd and holds various other directorships and trustee positions. Previously, Grant held various senior positions at FirstRand Bank Limited.

Board committee memberships

- Audit and Compliance (Chairman)
- Credit and Investment (Chairman)
- Directors' Affairs and Nominations
- Human Resources and Remuneration
- Risk and Capital Management (appointed September 2015)

External appointments

- Integrated Cash Management Services Ltd (Nigeria)
- SBV Services (Pty) Ltd
- SBV Ltd (Nigeria)



John Moses (70)

Independent Non-Executive Director

BSc (Hons) (Wits), Program for Management Development (Harvard)

Appointed 2010

John has served in senior positions at various local and international banks over the last 36 years.

Board committee memberships

- Asset and Liability
- Audit and Compliance
- Credit and Investment
- Directors' Affairs and Nominations
- Risk and Capital Management

External appointments

None



Shahied Rylands (43)

Independent Non-Executive Director

Accounting and auditing qualification (UNISA)

Appointed 2007 (Sasfin Bank Limited in 2006)

Shahied has previously served in various senior roles within the Arcus Group of companies. Shahied is currently a director of Royal Africa Gateway.

Board committee memberships

- Asset and Liability (Chairman)
- Credit and Investment
- Directors' Affairs and Nominations
- Information Technology
- Human Resources and Remuneration (Chairman)
- Risk and Capital Management

External appointments

- Royal Africa Gateway
- Various private companies, foundations and trusts



Compliance and corporate governance continued

Board of Directors continued



Lesego Sennelo (38)

Independent Non-Executive Director

BCompt (Unisa), CTA (Natal), HDip Auditing (RAU), CA(SA)

Appointed 2014

Lesego is the Managing Director of AWCA Investment Holdings Ltd, a Board member of the South African Institute of Chartered Accountants and a member of the Institute of Directors of Southern Africa. She is also a fellow of the International Women's Forum and President of the African Women Chartered Accountants Forum.

Board committee memberships

- Asset and Liability
- Audit and Compliance
- Directors' Affairs and Nominations
- Social and Ethics (Chairman)

External appointments

- AWCA Investment Holdings Ltd
- African Women Chartered Accountants
- Medshield Medical Aid Scheme
- OneLogix Group Ltd
- SAICA



Linda Fröhlich (46)

Head of Business Banking, Alternate Director, Member of Group Exco

Diploma in Financial Management (Damelin)

Appointed 2013

Linda is responsible for all Business Banking activities encompassing equipment rental finance and business finance.

Board committee memberships

- Invitee to:
- Credit and Investment
 - Directors' Affairs and Nominations
 - Information Technology
 - Risk and Capital Management

Other appointments

Various Group companies

Executive Committee

Executive Directors (Roland Sassoon, Tyrone Soondarjee and Michael Sassoon) and Alternate Director (Linda Fröhlich) together with heads of significant business areas form the Group Executive Committee (Exco). The remaining members are:



Howard Brown (50)
**Head of Legal and Compliance,
Group Company Secretary**
*BA (Wits), LLB (Wits), HDip Corporate
Law (Unisa)*

Joined the Group and appointed to
Exco in 2006

David Edwards (47)
Head of Commercial Solutions
BCom (Port Elizabeth), MBL (Unisa)
Joined the Group and appointed to
Exco in 2012



Allan Corbett (53)
**Head of Sasfin Forex and Global
Trade Solutions**
*National Diploma (Financial markets
and instruments) (Academy of
Financial Markets)*

Joined the Group in 2012 and
appointed to Exco in 2014

Neil Eppel (46)
Head of Private Equity
BCom (Hons) (Wits), CA(SA)
Joined the Group in 2009 and
appointed to Exco in 2011



Glen Christopulo (47)
Chief Operating Officer
*CA(SA), CIMA, CFA, Advanced
Taxation Certificate (Unisa)*
Joined the Group and appointed
to Exco in July 2015

Naseema Fakir (43)
Head of Human Resources
BCom (Hons) (Unisa), MBL (Unisa)
Joined the Group in 2001 and
appointed to Exco in 2006



Rodger Dunn (55)
Head of Transactional Banking
*MBA (Netherlands), MBA (Columbia
New York), FIBSA*
Joined the Group and appointed
to Exco in 2013

Maston Lane (49)
**Acting Chief Risk Officer,
resigned as Alternate Director
on 23 October 2015**
*National Certificate (United Institute
of Credit Management)*



Compliance and corporate governance continued

Executive Committee continued



Chris Lemmon (36)
Head of Private Clients and Asset Management
BCom (Natal), MBA (UKZN), SAIS
Joined the Group in 2006 and appointed to Exco in 2015

Gary Patterson (57)
CEO, Sasfin Asia Limited
CAIB (SA), ACIS (SA), EDP (SU)
Joined the Group in 2006 and appointed to Exco in 2007



Francois Otto (34)
Head of Corporate Finance
CA(SA), CFA, JSE Approved Executive
Joined the Group and appointed to Exco in May 2015

Berdine Viljoen (42)
Chief Information Officer
BA (Hons) (RAU)
Joined the Group in 2008 and appointed to Exco in 2010



Zeenath Patel (40)
Head of Risk
BCom (Management) (cum laude) (Unisa)
Joined the Group in 2001 and appointed to Exco in 2014

Deon van der Westhuizen (51)
Head of Credit
BCom (Accounting) (RAU)
Joined the Group in 2001 and appointed to Exco in 2009



Lushen Pather (37)
Chief Financial Officer
BCompt (Unisa), BCom (Hons) (Natal), CA(SA)
Joined the Group and appointed to Exco in 2014

Glossary of terms

ALCO	Asset and Liability Committee, a committee of the Board of Directors
Bank	Sasfin Bank Limited
Banking Group	Sasfin Bank Limited and subsidiaries
Banks Act	Banks Act, No 94 of 1990, as amended, of South Africa
Basel III	Set of reform measures, to strengthen the regulation, supervision and risk management of the banking sector
BESA	Bond Exchange of South Africa
CIC	Credit and Investment Committee, a committee of the Board of Directors
CSI	Corporate Social Investment
Company	Sasfin Holdings Limited
Companies Act	Companies Act, 71 of 2008, as amended, of South Africa
Coverage ratio	Ratio of total provisions to gross loans and advances
DFI	Development Finance Institution
FATCA	Foreign Account Tax Compliance Act of United States of America
Fintech	Fintech (Pty) Ltd, an equipment rental financier acquired by Sasfin on 30 June 2015
FSB	Financial Services Board
FSC	Financial Services Charter
GACC	Group Audit and Compliance Committee, a committee of the Board of Directors
Grant Thornton	Grant Thornton Johannesburg Partnership
GRCMC	Group Risk and Capital Management Committee, a committee of the Board of Directors
GRI	Global Reporting Initiatives
Group	Sasfin Holdings Limited and its subsidiaries
ICAAP	Internal Capital Adequacy Assessment Process
IFA	Independent financial adviser
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
InnoVent	InnoVent Investment Holdings (Pty) Ltd
InnoVent Rentals	InnoVent Rental and Asset Management Solutions (Pty) Ltd
IT	Information Technology
JAWS	Measure by which income growth percentage exceeds expense growth percentage
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange Limited
KING III	King Report on Corporate Governance issued in 2009
KPMG	KPMG Inc
LCR	Liquidity Coverage Ratio
LTI	Long-term incentive
NPL	Non-performing loans
NSFR	Net stable funding ratio
POPI	Protection of Personal Information Act of South Africa
Premier	Sasfin Premier Logistics (Pty) Ltd
RAROC	Risk adjusted return on capital
REMCO	Human Resources and Remuneration Committee, a committee at the Board of Directors
SAICA	South African Institute of Chartered Accountants
SAL	Sasfin Asia Limited
SAM	Sasfin Asset Managers (Pty) Ltd
SANAS	South African National Accreditation System
SANTACO	South African National Taxi Council
SARB	South African Reserve Bank
SasCred	SasCred Financial Services Limited
SASP	South African Securitisation Programme (RF) Ltd
SasSec	Sasfin Securities (Pty) Ltd
SEC	Social and Ethics Committee, a committee of the Board of Directors
SEMS	Social and Environmental Management System
SFAS	Sasfin Financial Advisory Services (Pty) Ltd
SFS	Sasfin Financial Services (Pty) Ltd
SPEIH	Sasfin Private Equity Investment Holdings (Pty) Ltd
STI	Short-term incentive
TCF	Treating Customers Fairly
TCTC	Total Cost to Company
TOPP	Training Outside Public Practice programme of the South African Institute of Chartered Accountants

Directorate and corporate details

Independent Non-Executive Chairman

RC Andersen

Executive Directors

RDEB Sassoon (Chief Executive Officer)
TD Soondarjee (Group Financial Director)
MEE Sassoon

Alternate Executive Director

LR Fröhlich

Independent Non-Executive Directors

L de Beer, GC Dunnington, J Moses,
MS Rylands, LJ Sennelo

Group Company Secretary

H Brown

Joint Auditors

KPMG and Grant Thornton

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Lead Sponsor

KPMG Services (Pty) Ltd

Joint Sponsor

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DISCLAIMER

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

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

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

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

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

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