sasfin

HOLDINGS LIMITED

Annual Report 2005

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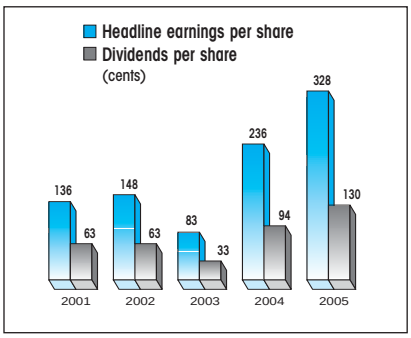
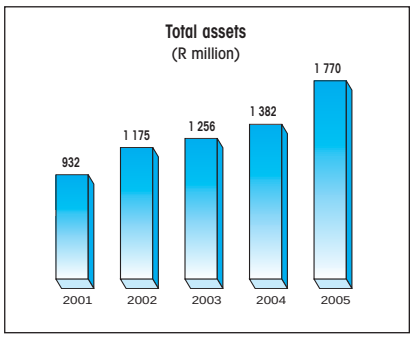
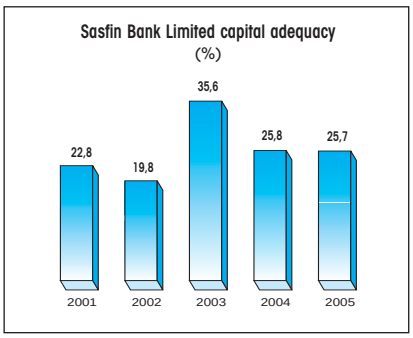
Group Salient Features

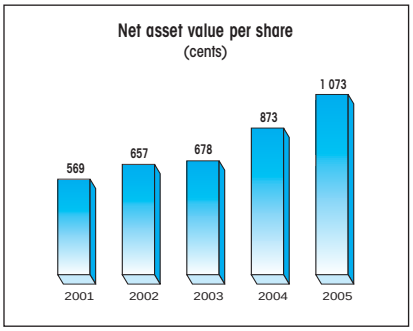
Years ended 30 June

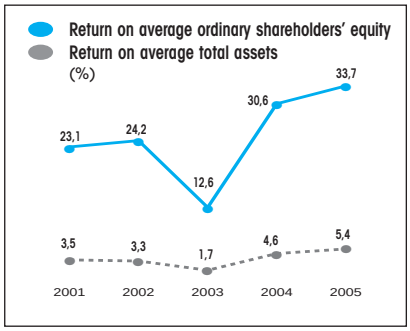
	2005	2004	2003	2002	2001
Balance sheet					
Total assets (Rm's)	**1 770**	1 382	1 256	1 175	932
Total gross advances (Rm's)	**1 115**	991	888	816	589
Gross advances growth (%)	**12,6**	11,6	8,8	38,5	57,5
Non-performing advances (Rm's)	**27**	32	45	41	17
Income statement					
Headline earnings (Rm's)	**85**	60	20	34	30
Earnings attributable to ordinary shareholders (Rm's)	**87**	60	20	34	27
Financial performance					
Return on average ordinary shareholders' equity (%)	**33,7**	30,6	12,6	24,2	23,1
Return on average total assets (%)	**5,4**	4,6	1,7	3,3	3,5
Operating performance					
Net interest margin on interest bearing assets (%)	**8,5**	8,5	6,2	6,0	6,2
Non-interest income to total income (%)	**65,6**	64,6	67,9	77,9	74,1
Operating expenses to total income (%)	**61,0**	68,2	87,6	76,5	80,9
Non-performing advances to total gross advances (%)	**2,4**	3,2	5,1	5,0	2,9
Share statistics					
Headline earnings per ordinary share (cents)	**328**	236	83	148	136
Earnings per ordinary share (cents)	**334**	236	83	148	122
Diluted earnings per ordinary share (cents)	**328**	233	83	148	122
Dividends per ordinary share relating to income for the year (cents)	**130**	94	33	63	63
Dividends per preference share (cents)	**503**	–	–	–	–
Net asset value per ordinary share (cents)	**1 073**	873	678	657	569
Capital adequacy					
Group capital to risk weighted assets (%)	**37,0**	24,9	30,6	15,7	26,7
Sasfin Bank Limited capital to risk weighted assets (%)	**25,7**	25,8	35,6	19,8	22,8
Employees					
Permanent staff complement	**435**	451	467	499	504

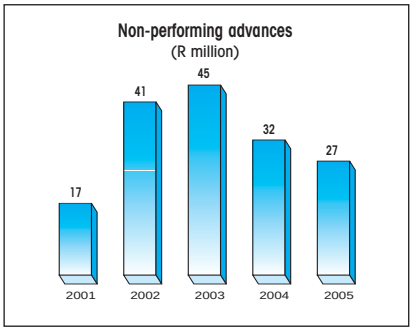












Chairman's Report

It gives me great pleasure to present the 2005 Annual Report of Sasfin Holdings Limited ("Sasfin" or "the Group" or "the Company"), the 18th since listing on the JSE Limited in 1987.

2005 has been another excellent year for Sasfin, with record headline earnings of R85,0 million, 41,1% up on last year. Headline earnings per ordinary share increased by 38,7%.

Based on its 1987 listing price of 60 cents per share and its closing price at year end of 2 000 cents (including the dividends paid during the period), Sasfin has yielded an average annual return on equity of 26,4%, a compound growth rate in headline earnings per share of 25,1%, and a compound return to shareholders of 30,9%.

Sasfin has carved a niche for itself in the South African banking market, as one of the few banking and financial services groups specialising in the entrepreneurial market. Sasfin seeks to gain an intimate understanding of its entrepreneurial clients, whether corporate, commercial or private, in order to meet their ongoing financial needs. This formula has proved to be the key to the successful development and growth of Sasfin's client base.

The International economy

Whilst growth in the western world, particularly Western Europe, has faltered, this is more than compensated for by the spectacular achievements of China, India and other developing countries, which are attracting growing foreign investment.

South Africa is a significant beneficiary of these developments, especially as commodity prices are likely to remain strong, though the surging oil price is of major concern.

South Africa

Our authorities have displayed remarkable foresight and monetary and fiscal discipline, which has resulted in:

- inflation remaining under control – in terms of a recent survey of economists, CPIX is seen as averaging 4,18% this year, 5,09% in 2006 and 4,88% in 2007;
- foreign direct investment on the increase, as South Africa earns more respectability internationally;
- improved economic growth, with the annual economic growth rate approaching 5% and likely to increase further, as government targets a growth rate of 6%; and
- a reduction in interest rates, with the prime overdraft rate down from 17,0% to 10,5% per annum.

Other notable achievements are:

- a significant reduction in the crime rate, with vehicle highjackings down by 25%;
- the successful bid for the soccer World Cup 2010; and
- recognition of South Africa by the major powers as a significant positive influence in world affairs.

It is indeed a privilege to be part of the ongoing transformation of this country. It would, however, be remiss not to caution against some areas that still remain of concern:

- the high rate of unemployment;
- inflexible labour policies;
- the risk of over-zealousness in black economic empowerment;
- crime, though down, is still at unacceptable levels;
- high tax rates, which include income tax, capital gains tax, valued added tax, estate duties and various other taxes, especially in relation to the level of civil services provided to the taxpayer;

- the concentrated economic power of government and large corporates and the slow rate of privatisation;
- the AIDS pandemic; and
- the continued abuse of law and human rights in Zimbabwe.

Developments at Sasfin

The energetic team at Sasfin has used the stable and positive South African economic, social and political environment to entrench and grow its niche business areas. In November 2004, Sasfin raised R100 million of variable rate preference shares to fund potential black economic empowerment and investment opportunities.

Compliance

The comprehensive compliance and corporate governance requirements imposed by the South African Reserve Bank and other regulatory authorities are important in ensuring a sound, stable financial sector, enhancing confidence in the country and promoting investment and economic growth. Notwithstanding the high cost and skills requirements, Sasfin maintains best practice levels in this important area.

Sasfin is very fortunate to have an excellent team of risk and compliance officers, who remain on top of the wave of new laws and regulations, which include:

- Financial Intelligence Centre Act (FICA)
- Financial Advisory and Intermediary Services Act (FAIS)
- The Prevention of Organised Crime Act (POCA)
- Financial Sector Charter
- International Financial Reporting Standards (IFRS)
- The Protection of Constitutional Democracy Against Terrorist and Related Activities Act (POCDATARA)
- The Banking Associations Code of Banking Practice
- King Committee : King II Report
- Basel II Capital Accord
- National Credit Bill.

Black Economic Empowerment

Sasfin is committed to the principles of the Financial Sector Charter for Black Economic Empowerment (BEE), with which it is determined to achieve a high level of compliance and has made good progress in areas of staffing, training, procurement and social responsibility.

Sasfin is also facilitating empowerment within its own niche markets and in this regard has acquired a 50% interest in Faranani Asset Managers (Pty) Limited, a black-controlled asset management company.

Although negotiations leading to a BEE transaction have taken longer than the Board anticipated, Sasfin is at an advanced stage of negotiations with potential BEE partners in respect of a 10% interest in the capital of the Bank. Sasfin will hopefully be able to announce mutually beneficial transactions in the near future.

Prospects

Sasfin has increased its interest in private equity by investing a further sum of R34,8 million, bringing its total investment to R41,6 million.

Subject to South African Reserve Bank approval, Sasfin will shortly be launching its own Private Equity division, which is expected to become a strong profit contributor.

As the economy is expected to continue to expand, particularly in the entrepreneurial markets, in which Sasfin specialises, I remain optimistic that Sasfin, which is well capitalised with both financial and human resources, will continue to grow and increase profits at an acceptable rate.

Welcome and Appreciation

I welcome Malcolm Segal, the Chief Executive Officer of NIB-MDM Private Equity Fund 1 (to be renamed Sasfin-MDM Private Equity Fund 1), who has joined Sasfin to head up the planned new Private Equity division and has been appointed as an executive director of both Sasfin Holdings Limited and Sasfin Bank Limited.

I express my appreciation to my fellow directors and personnel at all levels of Sasfin, ably led by Chief Executive Officer, Roland Sassoon and Managing Director, Alan Greenstein, for their continued dedicated commitment and valued contribution during the past year. I also thank the South African Reserve Bank and our professional advisors for their guidance, our clients for their invaluable support and our shareholders for their faith in the Group.

MARTIN GLATT
Chairman

7 September 2005

Chief Executive Officer's Report

The Banking Industry

The South African Reserve Bank's steadfast reining in of inflation and the resultant reductions in interest rates have created a favourable economic environment for South African banks, which are generally in excellent shape in terms of capital adequacy, liquidity and profitability.

The level of competition and sophistication in South Africa's mass banking market is likely to rise with the re-entry of Barclays Bank PLC. The international mega banks are aggressively competing for the big corporate and global mass banking markets which, in the not too distant future, are expected to be dominated by a handful of banks with the biggest financial muscle and the best systems and efficiency ratios.

Entrepreneurial businesses tend, by their very nature, to be pioneers that lack the stability, track record and financial sophistication of mature corporations. Instead of being assessed largely on traditional historical financial information, they should be assessed more subjectively with the focus on management. Entrepreneurs thus tend to require a more personalised nurturing service from a specialist niche bank. Sasfin, as one of few such banks left in South Africa, is well placed to cater for this market.

Results

It is pleasing to report that headline earnings for the year under review increased by 41,1% to R85,0 million, representing returns on average ordinary shareholders' equity of 33,7% (2004 : 30,6%) and on average total assets of 5,4% (2004 : 4,6%).

Prospects

The strong economy, Sasfin's competitive position in the banking industry, its infrastructure in terms of human resources, systems, products and client base and its strong capital adequacy are ingredients for continued growth in assets and profits. Sasfin would not, however, escape the effects of a downturn in the economic cycle, which is a possibility in the next year or two.

In November 2004, Sasfin issued R100 million of non-redeemable, non-cumulative, non-participating, variable rate preference share capital. It is intended to use the proceeds of this issue to fund black empowerment investments in Sasfin Bank Limited ("the Bank") as well as to fund the Group's growing investment in private equity.

Capital Adequacy

On 30 June 2005, the capital adequacy of the Bank was 25,7% (2004 : 25,8%), comfortably above the required minimum of 10%. The R100 million raised through the issue of preference shares, referred to above, has been loaned to the Bank.

Overview per Operating Division and Support Department :

Commercial Finance – Contribution R46,2 million (2004 : R36,7 million)

This division of the Bank provides financing facilities for equipment, trade and debtors.

Rental Finance Unit

This business unit, which specialises in rental finance for office automation equipment and vehicles, had another good year, with taxed profit up 10,7% to R34,8 million. Although competition has intensified, this unit is entrenched as a pre-eminent provider of office equipment rental finance. Despite reduced margins, following the levelling off of interest rates and increased competitor activity, the unit continued to grow, both in assets and earnings.

The previous year's re-engineering of the Bank's securitisation structure, which was first introduced in 1991, assisted in both reducing the

Bank's cost of funds and enabling it to expand its product offering.

Following the acquisition in the previous financial year by the Bank of a 33,6% shareholding in black-owned InnoVent Rental and Asset Management Solutions (Pty) Limited ("InnoVent"), it is pleasing to note that InnoVent is now profitable and is carving a niche for itself in the rental of technology assets to the medium to large corporate sector.

Business Finance Unit

This business unit, which houses the Bank's trade, debtor and capital equipment finance activities, had an excellent year with taxed profit up 116,7% to R11,5 million and receivables up 27,6%. The impact of the strong rand has been very positive for import trade finance. Capital equipment finance was launched during the year under review and returns, although small, are pleasing under the circumstances.

The international trade finance activity of SasCred Financial Services Limited ("SasCred") was launched on 1 July 2005. SasCred, incorporated in Jersey and administered in Switzerland, is a 50% joint venture with Credo Group, an international financial services group. SasCred, which provides international trade finance and wealth management services, is actively investigating foreign markets.

Investment and Asset Management – Contribution R20,3 million (2004 : R2,8 million)

This division comprises the Bank's stock-broking, portfolio management and asset management subsidiary, Sasfin Frankel Pollak Securities (Pty) Limited ("SFPS"), which is now 116 years old and the Bank's life assurance, investment and financial planning and healthcare consulting subsidiary, Sasfin Investment and Asset Managers (Pty) Limited ("SIAM"), together with its minority interest in employee benefits company, Pioneer Employee Benefits (Pty) Limited ("PEB") and SIAM's short-term insurance broking subsidiary, Sasfin Insurance Brokers (Pty) Ltd ("SIB"). Through SasCred, international stock-broking, asset management and trust and fiduciary services are now being offered to local and foreign clients.

Stock Broking and Asset Management Unit

SFPS had an exceptional year, buoyed by strong stock market activity. Funds under administration grew by 61,2% to R15,5 billion and managed fees exceeded the target of 25% of total income. All branches were profitable. In the second half of the year, a small trading branch was established in Sandton to handle execution for specific hedge and multi-manager funds.

The Sasfin International Fund, registered in Luxembourg and managed by Edmond de Rothschild Asset Managers, Paris (a member of Groupe LCF Rothschild), has attracted almost US$12 million (±R80 million) in investments. The strong rand and diminished appetite for foreign investment hampered the growth of this fund. A weakening of the rand against major currencies could well result in heightened demand for this product.

Faranani Asset Managers (Pty) Limited, a black-empowered asset management company, was established jointly with Worldwide Capital Limited. It will commence operations as soon as the requisite approval of the Financial Services Board is to hand, hopefully within the first half of the 2006 financial year.

Financial Planning Unit

This business unit, which includes a consulting arm, posted a small loss for the year. It operated throughout the year with a much-reduced team, but following a strategic review, it is planned to rebuild and restore its revenue generation and profitability.

The consulting arm, which delivers Regulation

28 and asset allocation advisory services to trustees of pension and provident funds, has established a commendable client base in a short time, and advises on assets in excess of R1 billion. This arm is expected to play an increasingly important role within the Financial Planning Unit.

Healthcare Consulting Unit

This business unit made an excellent contribution in the 2005 financial year. It increased its membership base by 15% and regained its status as one of South Africa's leading healthcare brokers. The unit, which is being geared for the fundamental changes planned for this market, has strong prospects.

Employee Benefits Administration and Consulting Unit

In order to focus on SIAM's core competencies, it was decided to sell this business unit to PEB in which SIAM had a 40% share, which reduced to 30% on 1 July 2005, following the introduction of a company owned by Tim Modise as a 10% BEE shareholder. The remaining 60% share is owned by Pioneer Financial Planning Services (Pty) Limited. PEB made a positive contribution in 2005.

Short-term Insurance Broking Unit

SIB covers the short-term insurance requirements of the Sasfin Group and its clients and effectively broke even. Volumes are starting to build in this business unit.

Treasury and Securitisation –
Contribution R15,4 million
(2004 : R10,8 million)

This division manages the Bank's funding, including its securitisation structure, and earns interest on the capital of the Bank. It also offers clients a range of domestic money market products and securitisation commercial paper. Deposits increased by 49,7% to R402 million (2004 : R269 million) with the securitisation commercial paper remaining constant at R670 million. It should be noted that the earnings of this division include R4,0 million resulting from the dividend on the preference shares only being declared after year-end. The division incurred a loss from the negative carry on the preference shares of R2,9 million.

Freight Services –
Premier Freight (Pty) Limited ("Premier")
Contribution R5,7 million
(2004 : R2,8 million)

This 60% owned Sasfin subsidiary had an exceptional year, the best in its 28 year history, which can be ascribed to very strong trading conditions in South Africa on which it was able to capitalise. A number of exciting new ventures could produce strong income streams in the future.

The cross-selling opportunities between Premier and the Bank's Business Finance Unit are being extensively mined and should continue to produce a good source of quality business introductions for both.

Corporate Finance –
Contribution (R0,3 million)
(2004 : R2,2 million)

This division of the Bank provides JSE Sponsor and Alt^{X} Designated Advisor services to listed companies and corporate advisory services to listed and unlisted companies on mergers, acquisitions and disposals, capital raising and reductions, management and leveraged buy-outs, listings and de-listings, corporate strategy and restructuring and Black Economic Empowerment.

Sasfin Corporate Finance focuses on small to mid-capitalised companies and, with over 30 listed clients (representing over 8% of all listed companies), is the largest sponsor in its target market on the JSE and the third largest sponsor overall, measured by number of clients. The division enjoys an enviable reputation for professionalism, integrity and service delivery. Its continued status as a leading sponsor and corporate advisor was again reinforced this year when it was ranked fourth by the annual Ernst & Young Mergers and Acquisitions Survey of 2004 and third by the

annual Dealmakers Review of 2004.

During 2005, the division continued to deliver strategic corporate finance services to the Group, including managing its successful R100 million preference share issue and advising on several important Group projects. Whilst this division experienced a frustrating second half of the financial year, due to some aborted transactions, prospects for 2006 are very encouraging, especially with the strong equity market, which is conducive for new listings.

Private Equity – Contribution (R2,4 million) (2004 : R1,2 million)

Subsequent to financial year end, Sasfin has increased its investor participation in NIB-MDM Private Equity Fund 1 ("Fund 1") from 13,6% to 49,1%, and its shareholding in NIB-MDM Private Equity Fund Managers (Pty) Limited from 9,9% to 54,5% for an additional investment of R34,8 million.

The names of these entities will be changed to Sasfin-MDM Private Equity Fund 1 and Sasfin-MDM Private Equity Fund Managers (Pty) Limited respectively.

For reasons of prudency, it was decided to reduce the carrying value of the existing holding in Fund 1 to a value consistent with the valuation for purposes of the incremental investment – giving rise to a reduction in value of R2,4 million. Fund 1's investments are mainly in fairly mature companies, from which it plans to exit in the medium term. This incremental investment forms the foundation on which the Sasfin Private Equity division will, subject to South African Reserve Bank approval, be established.

The Sasfin board has earmarked a maximum of 5% of total assets for investment in private equity – currently R85 million. Malcolm Segal, who has managed the MDM Group since inception, has joined Sasfin as an executive director and will manage the Private Equity division.

It is planned to launch Sasfin Private Equity Fund 2 ("Fund 2"), in which Sasfin will co-invest with its clients and other investors. High-net-worth individual clients of the Investment and Asset Management division will also be invited to invest in Fund 2, as they should ideally have a portion of their assets invested in this alternate asset class.

With the growing economy and buoyant equity market, there is excellent scope within Sasfin for private equity. Sasfin is well positioned as it has strong deal flow and quality investment opportunities emanating primarily from its Business Finance unit.

Finance and Administration

This department oversees Group accounting and statutory reporting to the South African Reserve Bank, with which it maintains open and constructive communication channels. It is also responsible for Group administration and discharges its responsibilities with efficiency and integrity while ensuring best practices are employed.

Compliance

The increasing regulatory focus has positioned this department as the key interface with the authorities. An effective level of compliance with statutory and regulatory requirements of the financial services industry to achieve best practice requirements for Sasfin and its operating divisions is ensured.

Internal Audit

Sasfin's internal audit department continues to operate competently and efficiently, with its independence assured by reporting lines to both the Chief Executive Officer and the Chairman of the Audit and Compliance Committee, who is a non-executive director of Sasfin.

Risk and Credit

This department, which is at the very core of Sasfin's business, is staffed by experienced senior officials, who are responsible for ensuring that Sasfin continues to effectively manage its credit and other risks within the parameters of the organisation's risk management framework, based on tried and tested policies and procedures, which are revisited from time to time to maintain alignment with a changing macro-economic environment.

It was gratifying to receive an approach from the South African Basel II credit sub-committee, requesting assistance from this department's senior credit staff in drafting the new DI 500 series returns for "standardised banks".

The increase in credit impairments is due to the previous year's low base, which resulted from adjustments in terms of the then new accounting standard AC133. At 0,64% of gross advances, the level of impairments is satisfactory. Non-performing advances have over the past three years dropped from R45 million to R27 million, or from 5,1% of advances to 2,4% of advances, which is very pleasing.

Marketing

This department handles all marketing, public relations and promotional and advertising requirements for the Group, including its relationships with its external advertising agency and public relations consultancy. During the year under review, the Group's corporate identity and brand positioning were well established and Sasfin has enjoyed excellent exposure in its chosen markets.

Focused relationship marketing and "one-on-one" initiatives were rolled out and dedicated Customer Relationship Management ("CRM") and Accredited Business Introducer ("ABI") programmes for accountants and financial intermediaries were introduced. Sasfin is increasingly cross-selling its products and services to clients throughout the Group.

A senior manager has been recruited to head this department and develop the cross-selling, CRM and ABI programmes, as well as a VIP Private Client unit, which will be launched in the near future.

Information Technology

The Group's IT infrastructure is now entering the final phase of a three-year upgrade programme aimed at enhancing the IT platform to support Sasfin's next phase of growth. With a highly effective disaster recovery capability in place and advanced technology deployed across the Group, the extensive investment in IT will result in reduced operating costs and improved service in the longer term.

The department handles an increasingly complex array of technologies and functionalities. Staff undergo regular training and are equipped to support the Group's IT requirements for the foreseeable future.

Sasfin is proud to have been selected as one of 100 companies worldwide, and the only South African company, to participate in the Microsoft Technology Adoption Program (TAP) for the next wave of Microsoft Office products, currently code-named "Office 12", to be launched in the second half of 2006. This is testimony to the progress made by the Group in embracing new technologies and creating a platform that will deliver effectiveness, efficiency and competitive advantage to Sasfin.

Human Resources

This department, which had a very busy year with continued involvement in the full range of human resource activities, has focused its efforts on the development of previously disadvantaged staff mainly through training and mentoring. Sasfin has developed a culture of staff development through training. Service levels continuously improve as it makes certain that staff have the expertise required to perform optimally in their job functions. There has been an emphasis on leadership development to ensure that Sasfin gives its staff the necessary tools and confidence. As a result of this drive, three of the Bank's previously disadvantaged staff members attended the He'atid Leadership programme in Israel. All three have returned inspired by their experience.

The department has once again been able to claim grants from the Sector Education and Training Authorities ("SETA"s) due to the successful implementation of skills plans. SFPS joined a pilot project arranged by the Financial Services SETA ("FASSET"), aimed at educating employees in Adult Basic Education and Training ("ABET"). This has been very rewarding and staff have done exceptionally well and continue to take part in ABET.

In respect of learnerships, two learners joined the organisation last year, of whom one was employed

permanently. Three learners have joined Sasfin this year and the Group intends to continue to take in new learners annually.

The targets set by Sasfin's Employment Equity plan have been exceeded in most areas and the Group continues to promote an environment free of discriminatory practices of any kind, with 80% of promotions being amongst its previously disadvantaged employees.

Staff effectiveness is borne out by the fact that despite a steady increase in Group assets of 90% over the past five years, there has been a reduction in head count of 14% over the same period.

Financial Sector Charter

The Group subscribes to the Financial Sector Charter ("the Charter") and has made good progress, such that it now substantially meets the Charter's targets. Now that certain conflicts between the new revised draft Codes of Good Practice on Broad Based Black Economic Empowerment issued by the Department of Trade and Industry and the Charter regarding the ownership and control targets appear to have been resolved, Sasfin is finalising negotiations with potential black partners for the Bank.

Welcome and appreciation

I welcome Malcolm Segal as an executive director of both Sasfin Holdings and the Bank. Malcolm, who is currently the Chairman of the South African Private Equity and Venture Capital Association, has headed up the MDM Private Equity Fund since its formation six years ago. He was, prior to that, the executive chairman of Grant Thornton (then known as Kessel Feinstein) and is well qualified to head up Sasfin's Capital division, which will comprise Corporate Finance and Private Equity, and to add value to the Group generally.

I am very grateful to each of our dedicated and extremely competent directors, general managers and staff for their wonderful service to the Group. In particular, I thank Alan Greenstein, our Managing Director, for his sterling commitment.

I also thank our clients for their loyalty and support and our professional advisors, especially the Registrar of Banks and his office, for their sound guidance. I look forward in the year ahead to further enhancing the "win-win" relationships that exists with all our stakeholders.

ROLAND SASSOON
Chief Executive Officer

7 September 2005

Risk Management Report

Introduction

Risks can be described as being uncertain future events which could interfere with the ability of an organisation to fully achieve defined key objectives. However, without an optimum level of risk appetite an organisation could lose its entrepreneurial drive and become moribund, unable to achieve certain elements of its core strategic, operational, financial and compliance objectives.

It follows therefore that our risk management approach must provide mechanisms to address the identification and evaluation of actual and potential risk areas, together with a balanced approach to the process of avoidance, reduction, sharing or acceptance of each risk.

In a worst case scenario any failure to manage substantive risk effectively can have severe and potentially catastrophic consequences. Accordingly, risk management is a key focus of management processes within Sasfin and addresses a wide spectrum of risks. These include credit, funding, liquidity and interest rate risks, market, business and operational risks which include pricing, market penetration, service levels, the security of our staff, assets and information, business disruption, legal documentation or contractual risk, technology risk, settlement, payment and processing risk, reputational risk, fraud risk and compliance with regulatory and statutory requirements.

Philosophy

To ensure that we fulfil our strategy, our risk management programme arms our staff with the tools and capabilities to overcome the barriers that arise when striving to exceed expectations. By realising that risk and control is the responsibility of all, we proactively identify risk in delivering products and services to the market in an efficient and cost effective manner.

Our risk management programme supports the analysis of problems from various angles, to identify not only the risk mitigation activities, but also to anticipate and act on potential opportunities – thereby challenging conventional wisdom to create better solutions.

We regard risk management as being one of our competitive advantages.

Structure

Risk is managed and monitored in accordance with the risk management framework of the board of directors, board committees, executive and operational management, compliance officers and the risk management functions of the operational units. In addition, the Internal Audit function provides the board and management with an independent assessment of the effectiveness of the risk management processes within the Group.

The risk control framework is designed to ensure:

- the detection and minimisation of significant risks;
- the reliability of financial information;
- the reliability and integrity of operational processes; and
- compliance with statutory and regulatory requirements.

The key committees carrying risk management responsibilities are:

- Board of directors (Sasfin Holdings Limited and subsidiaries)
- Group Executive
- Directors Affairs (Corporate Governance)
- Directors Review
- Asset and Liability
- Risk Management
- Credit Review
- Group and subsidiaries' Audit and Compliance
- IT Steering
- Human Resources and Remuneration.

Enterprise Risk Management (ERM)

To support The Basel II Capital Accord imperatives relative to the determination and alignment of strategic objectives, capital requirements and risk management, we have developed an ERM system

which is in process of being rolled out across the organisation.

Enterprise risk management is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting across the enterprise. It is designed to identify potential events that may affect the entity and manage risks to remain within its risk appetite to provide reasonable assurance regarding the achievement of entity objectives.

Initial output from our ERM system has met our expectations and we believe that it will provide us with a platform which will support Basel II requirements into the foreseeable future, in addition to assisting us in complying with King II and other ancillary statutory and regulatory requirements.

Further development of the system will take place in the coming financial year to address South African Basel II regulations, which will be published in due course.

The pending promulgation and implementation of the National Credit Bill together with the January 2008 scheduled implementation of Basel II, is placing a new focus on the Credit granting and administration process. We are confident that our control systems and administration mechanisms will satisfy all statutory and regulatory requirements.

Our approach to the management of key risk areas is as follows:

Credit Risk

Represents the potential for financial loss arising from the failure of an obligant to meet contractual obligations. Credit risk can arise in many ways including:

- Loans and advances;
- Securities and contracts to support client obligations; and
- Fraud.

Credit risk exists in both on- and off-balance sheet exposures and may arise as a result of non-performance by a borrower, counterparty or an issuer such as a securities firm.

Credit risk management processes are governed by the Group's credit policy guidelines. These guidelines are reviewed from time to time and any amendments thereto are subject to the evaluation and approval of the relevant board of directors. Facilities granted to counterparties are governed by internal limits which restrict large exposures relative to the Group's capital.

Counterparty creditworthiness is evaluated in terms of policy guidelines and limits are set before credit is granted.

Risk mitigation includes:

Trade Finance	Various types of collateral are obtained to secure the exposure but the primary security is usually Notarial Bonds over movables and ownership over goods financed.
Debtor Finance	Various types of collateral are obtained to secure the exposure but the primary security is usually the receivables purchased.
Equipment Finance	The primary security is the asset being financed.

Large facilities have to be approved by the Credit Review committee, with facilities above R10 million requiring approval by the Group board of directors.

The provisioning policy of the Group is conservative and satisfies regulatory requirements.

Two senior members of the Risk and Credit department are assisting the South African Basel II Credit sub-committee in re-drafting DI 500 series returns.

Liquidity Risk

This risk arises where the Group has insufficient funds or marketable assets available to fulfil its obligations to a counterparty.

This area of risk is closely monitored by the Asset and Liability committee and is managed according to the policies of the committee and in accordance with the following process:

- maintenance of balance sheet liquidity ratios;

- assessment of depositor concentration in terms of the overall funding mix;
- ensuring an adequate portfolio of marketable assets and short term investments; and
- liquidity contingency plans relevant to changing needs.

Interest Rate Risk

This risk arises as a result of a deviation from expected interest rate value, which may result in lower than expected investment yields, or higher than expected borrowing costs for the organisation.

The Group is exposed to interest rate risks associated with fluctuations in the market price of assets and liabilities. These fluctuations in market prices impact on the value of instruments stated at fair market value and interest income, or the cost of instruments stated at original cost, and future cash flows of all interest rate sensitive items.

A substantial portion of the Group's instalment finance advances reprice as interest rates increase, but are not linked to any downward interest rate movements.

This area of risk is closely monitored by the Asset and Liability committee, which approves the policies and limits for the management of interest rate risk and monitors these exposures and the effectiveness of the risk management processes.

Group Treasury's responsibility is to establish and maintain an interest rate risk management framework and to recommend appropriate risk limits.

Market Risk

Exists where the Group has taken trading, banking or investment positions, thereby creating the risk of losses as a result of an adverse move in market variables including, but not restricted to, prices, currency exchange rates and interest rates.

Approach:

- The board of directors grants general authority to undertake market risk. Trading limits are set for individual business units to contain losses within specified limits in the event of adverse market movements.
- Prospective investments require formal authorisation and have to undergo deal sanctioning. Market risk from investments is managed in accordance with its purpose and strategic benefit. Periodic reviews and reassessments are undertaken.
- Limited foreign exchange risk arises due to the low value of such transactions. It is Group policy to not have any material uncovered foreign exchange transactions.

Operational Risk

This is the risk of breakdown of controls and procedures required for the efficient functioning of human, electronic, physical and other operating resources.

It includes the potential for loss arising from flaws or malfunctioning in automated systems, failures in internal financial and administrative controls and non-compliance with Group policies and procedures. Moreover, it covers loss from error, fraud and other criminal activities.

Operating risk also includes the following risk subsets:

- **Transaction Risk**

  The risk during the life cycle of a transaction is that a material deviation will occur from management's intentions and expectations relating to the transaction. Life cycle stages comprise execution, recording, interpretation, documentation or settlement of a transaction. Examples include improper capture, failure to detect and manage unauthorised transactions and faulty processing and recording of transaction details.

- **Internal Control and Procedure Risk**

  This includes the risk of failure of established controls and procedures, processing errors and unauthorised or fraudulent transactions. Examples include traders exceeding limits, rogue trading, fraud, money laundering, security failures, management override and loss of key personnel without adequate succession plans.

- **System Risk**

  This results from system malfunction or non-availability. Examples include design or programming error, model or methodology error and incomplete contingency planning against systems, telecommunications and power failure.

  Control mechanisms have been established within the different divisions to manage operational risk. Divisional management apply their specialised knowledge of the markets in which they operate to fine tune their risk control procedures and systems of internal control.

  Our ERM system is currently being rolled out across the organisation.

  Group policy is aimed at inculcating a culture of risk awareness, ethics and value generation.

Business continuity

Business continuity planning can be described as the proactive process required to develop business plans to address all possible major disruptions in each substantive area of the business and to ensure that all critical systems and functions can be recovered within acceptable timeframes.

Business continuity plans are updated on an ongoing basis, including enhancements to the disaster recovery component of our plan. Information technology disaster recovery testing was successfully carried out in January 2005.

Our business continuity framework is supported by comprehensive information security, physical security and risk and compliance policies.

Compliance

Our independent compliance function has been established in terms of Regulation 47 of the Banks Act as part of our risk management framework. The objective of the function is to ensure that the bank continuously manages its regulatory risk and complies with applicable laws, regulations and supervisory requirements. At the strategic level we see compliance as a tool supporting an effective level of corporate governance within the organisation.

Over the last few years we have been faced with a veritable raft of new regulation and regulatory changes, which has placed considerable additional pressure on banks, and indeed their clients, to ensure that we satisfy the demands of the regulatory environment.

The Financial Intelligence Centre Act in particular has introduced onerous requirements relative to the identification of clients and the reporting of suspicious transactions. Within the banking industry client support for the requirements of the Act has been variable and the Minister of Finance had little option but to replace the original 30 June 2004 deadline with a set of new staggered deadlines culminating in a 30 September 2006 deadline for "low risk" clients. As at June 2005, Sasfin achieved a 95% compliance level and we are redoubling our efforts to reach 100% in line with the new target dates set by the Minister.

We recently received a letter of commendation from the South African Reserve Bank for our efforts in this area.

While the cost of compliance is increasing in parallel with the escalating regulatory load, we believe that a rigorous compliance regime is essential for the future well being and strategic development of the Group.

Basel II Capital Accord

The final version of the new Basel Capital Accord was released in June 2004. The directors and management of Sasfin are keeping abreast of developments and a Basel II Committee has been formed to ensure that we timeously comply with all requirements. KPMG are acting in a consultancy capacity.

Our approach is based on maintaining the alignment of our credit and operational risk strategy with best practice and the general framework of Basel II as it evolves, under the guidance of the South African Reserve Bank. To date we have satisfied all regulatory requirements and are confident of meeting the scheduled implementation date of January 2008.

Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.

It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Sasfin Internal Audit function utilises risk based audit methodologies and standards, which are consistent with the Standards for the Professional Practice of Internal Auditing as advocated by the Institute of Internal Auditors.

This department has performed effectively over the past 12 months and we are satisfied that they add significant value to the Group.

General

In terms of Regulation 39 of the Banks Act, the Bank's board of directors is required to report to the Registrar of Banks on the effectiveness of the system of internal controls relating to financial and regulatory reporting and their compliance with the Banks Act and Regulations.

To the best of their knowledge, the relevant boards of directors are of the opinion that there were no indications of any material breakdown in the functioning of these controls, procedures and systems, during the period under review.

Corporate Governance Report

The Group endorses the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King II Report, the JSE Limited requirements and the Banks Act. The Code forms the basis upon which the Group's commitment to sound corporate governance is pursued. The various committees of the boards of directors are charged with monitoring and evaluating conformity with the provisions of these requirements, to ensure integrity, accountability, transparency and equal opportunity in the conduct of the Group's various business enterprises.

Regulatory Environment

The South African Reserve Bank, through its Bank Supervision Department, carries the responsibility for ensuring that a sound and well-regulated banking system exists and that prudent risk management practices are embedded within the banking environment. The directors of the Bank are required in terms of the Banks Act to report annually to the Registrar of Banks on the efficacy of the systems of internal control and to provide reasonable assurance as to the integrity and reliability of the financial statements, as well as on Corporate Governance. Additionally, the directors are required to safeguard, verify and maintain accountability for the Bank's assets.

The Bank also has a Compliance programme which is under the control of a General Manager who reports to the Chief Executive Officer and who has unrestricted access to the Chairman of the Audit and Compliance committee. The JSE Limited, which is regulated by the Financial Services Board, regulates the activities of Sasfin Frankel Pollak Securities (Pty) Limited. Sasfin Investment and Asset Managers (Pty) Limited falls under the regulatory arm of the Financial Services Board.

The directors bear responsibility for setting and maintaining the Group's systems of internal controls and protecting its assets and earnings against material financial loss. They are committed to discharging these responsibilities as cost-effectively as possible. Business risks are assessed on an ongoing basis and risk management procedures are modified and implemented as needed. The Group has a comprehensive reporting system, which is monitored and reviewed monthly by management and the directors. The system facilitates budgetary control, provides reasonable assurance as to the accuracy of financial statements and safeguards the Group's assets. The Group is preparing for Basel II as stated elsewhere in this report.

The King II Code of Corporate Practices and Conduct

The boards of directors of companies in the Group are committed to maintaining the standards of integrity and openness detailed in the Code of Corporate Practices and Conduct recommended in the King Report on Corporate Governance. Sasfin adheres both to the specified provisions of the King Code and to the underlying principles of fairness, transparency, accountability, social responsibility and environmental consciousness.

The Boards of Directors

The responsibilities of the boards of directors include reviewing and guiding corporate strategy, risk propensity, budgets and business plans. These boards meet regularly to monitor executive management and thereby retain full and effective control over their operations. The Chairpersons of Sasfin Holdings Limited, Sasfin Bank Limited and its main subsidiaries, Sasfin Frankel Pollak Securities (Pty Limited and Sasfin Investment and Asset Managers (Pty) Limited, and of Premier Freight (Pty) Limited, are all non-executive directors. These boards include non-executive directors of sufficient calibre, experience and number for their views to carry significant weight in business decisions.

The various boards are responsible for setting policy, monitoring corporate performance and overseeing major capital expenditure. Where necessary, independent professional advice is canvassed. The company secretary ensures that statutory and other procedures are followed.

Sasfin Holdings Limited and Sasfin Bank Limited Board Charter

The board subscribes to good corporate governance and strives to be effective, which can both lead and control the Group/Bank. As a bank-controlling company/bank, it recognises that it is bound by the Banks Act and as such, will consist of both executive and non-executive directors (including independent directors) to the extent appropriate in terms of that Act. The concept of a unitary board, consisting of executive directors, with their intimate knowledge of the business, and non-executive directors who can bring a broader view to the Group's/Bank's activities, particularly those who have intimate knowledge of banking and financial service industries, remains the favoured board structure. Management of business risk and the exercise of commercial judgement on behalf of the Group/Bank are the essence of this mutual association and exchange of business experience and knowledge.

The board accepts it has a collective responsibility to provide effective corporate governance that involves a set of relationships between the management of the Group/Bank, its board, its shareowners and other relevant stakeholders, in a manner whereby the board will:-

- determine the Group's/Bank's purpose and values;
- determine the strategies to achieve its purpose (that is, its strategic intent and objectives as a business enterprise) and to implement its values (that is, its organisational behaviour and norms to achieve its purpose) in order to ensure that it survives and thrives;
- exercise leadership, enterprise, integrity and judgement in directing the Group/Bank so as to achieve continuing prosperity of the Group/Bank;
- ensure that procedures and practices are in place that protect the Group's/Bank's assets and reputation;
- monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
- ensure that the Group/Bank complies with all relevant laws, regulations and codes of best business practice;
- ensure that technology and systems used are adequate to run the business properly and for it to compete through the efficient use of its assets, processes and human resources;
- identify key risk areas and key performance indicators of the Group/Bank in order to generate economic profit, so as to enhance shareowner value in the long term and recognise the wider interests of society;
- regularly assess performance and effectiveness as a whole, and that of individual directors, including the chief executive officer; and
- ensure that the Group/Bank has developed a succession plan for its executive directors and senior management.

The board will strive to focus on performance in directing the commercial and economic fortunes of the Group/Bank, and not only concentrate on issues of conformance. The board recognises that enterprise is the disposition to engage in undertakings of risk and will be constituted in a manner that provides a balance between enterprise and control. All directors recognise that absolute integrity is necessary to meet their onerous obligations and responsibilities.

The board will comprise a balance of executive and non-executive directors, with a majority of non-executive directors, of whom, sufficient will be independent of management for minority interests to be protected, and will conform to the "four-eyes" principle as required by the South African Reserve Bank. The board will also take cognisance of gender and racial mix, where this is practical.

The board will be composed of individuals of integrity, who can bring a blend of knowledge, skills, objectivity, experience and commitment to the board under the firm and objective leadership of a chairperson (preferably an independent non-executive director), and who accept

the responsibilities and duties that the post entails and who provides the direction necessary for an effective board. Non-executive directors will be appointed for a three-year period and will not be automatically reappointed.

The board will strive to exercise objective judgement on the corporate affairs of the business enterprise, independent from management and will insist on sufficient management information to enable a proper and objective assessment to be made by the directors collectively. The board will guide and set the pace of the Group's/Bank's operations and future developments. In so doing, the board will regularly review and evaluate the present and future strengths, weaknesses and opportunities of, and threats to, the Group/Bank. Comparisons with competitors, locally and internationally, and best practice will be major ingredients in this process – especially in the era of the global economy and the rapid transmission of information electronically.

The board recognises that transactions between the Group/Bank companies and its managers, directors or large/dominant shareowners are rife with potential conflicts of interest. The personal interests of directors or persons closely associated with the director, will not take precedence over those of the Group/Bank and its shareowners. All directors will avoid conflicts of interest, even where these can only be perceived to be as such. Full and timely disclosure of any conflict, or potential conflict, will be made known to the board. Where an actual or potential conflict does arise, on declaring their interest, a director may participate in the debate and/or vote on the matter, but must give careful consideration to his/her integrity in such circumstances and the potential consequences it may have for the board, Group/Bank and themselves personally, but in any major issue will be expected to recuse themselves. Any director with a substantial interest in the company, such as a major shareowner, should recognise the potential for a conflict of interest and accept that his/her primary duty and responsibility is to always act in the interests of the Group/Bank.

The board, in motivating management and employees effectively and productively, will promote a culture that supports enterprise and innovation with appropriate short- and long-term performance related rewards that are fair and achievable. The board will seek to drive the business enterprise proficiently through proper and considered decision making processes, and recognises entrepreneurial endeavour amongst its management without contravening laws and regulations. However, prudent risk management will be the essence of all decision making.

The board recognises that companies do not act independently from the societies in which they operate. Accordingly, corporate actions will be compatible with societal objectives concerning social cohesion, individual welfare and equal opportunities for all. At times, however, a trade-off will be considered between short-term social costs and decisions that will derive longer term benefits for the Group/Bank and thereby those having an interest in it.

The board will determine a policy for the frequency, purpose, conduct and duration of its meetings and those of its formally established committees. It will also adopt efficient and timely methods for informing and briefing board members before meetings. The information needs of the board must be well defined and regularly monitored. Each board member will be allowed to play a full and constructive role in its affairs and has a responsibility to be satisfied that the board has been furnished with all the relevant information before making a decision. The board will meet at least once a quarter, and more frequently if necessary, and will make use of board-appointed committees to assist the managing of the business on a more frequent basis. Minutes of these meetings will be circulated to all board members.

Board committees

The board will establish the following committees and ensure that each committee is chaired by a non-executive director and have a membership of a majority of non-executive directors, except for the Credit Review committee, as large exposures will be agreed by the board. These committees must

conform to statutory requirements, where applicable:

- Group/Bank Audit and Compliance
- Group/Bank Risk Management
- Directors' Affairs (corporate governance)
- Human Resources and Remuneration
- Directors Strategy and Review
- Asset and Liability
- Group/Bank Information Technology Steering
- Credit Review

Further management committees, as required, will be approved by the board.

The board will define its own levels of materiality, reserving specific powers to itself and delegating other matters to the committees and management with the necessary written authority. Any such delegations by the board will have due regard for the directors' statutory and fiduciary responsibilities to the Group/Bank, while taking into account strategic and operational effectiveness and efficiencies.

The strategies, policies, mutually-agreed management performance criteria and business plans of the Group /Bank will be clearly defined and reliable measurements will be put in place. The directors will implement a risk framework which ensures comprehensive assessments against accurate and relevant financial and non-financial information, as appropriate, and which are obtainable from the Group's/Bank's own internal reporting systems as well as from external sources, so that an informed assessment can be made of all issues facing the board and the Group/Bank. Accordingly, the board will ensure that internal control procedures provide reliable and valid information for monitoring and evaluation. The internal controls will include not only financial matters, but also operational and compliance controls and management of the business risks associated with the Group/Bank.

Non-Executive Directors

In addition to three executive Directors, the Group and Bank boards consist of a non-executive Chairman, with a further four independent non-executive directors. Non-executive directors offer independent judgement to management and, other than their fees, and in some cases shareholdings, there are no extraneous factors that might materially influence their judgement. If there is an actual or potential conflict of interest, the non-executive directors concerned are excused from the related decision-making process. Their fees are market related and reflect their committed time and levels of responsibility. Non-executive directors are selected through a formal process and when new non-executive directors are appointed by existing directors, such appointments require confirmation at the next Annual General Meeting. Non-executive directors are appointed for specific terms and their re-appointment is not automatic.

Executive Directors

There are three executive directors on the boards of Sasfin Holdings Limited and the Group's main subsidiary, Sasfin Bank Limited, namely the Chief Executive Officer, the Managing Director and a further executive director appointed after the financial year-end. A clear demarcation exists between the executive functions of these executive directors and the functions of the non-executive Chairman of the two main boards. The boards' Remuneration committee determines the emoluments and perquisites of executive directors.

The Group Audit and Compliance Committee

The Group Audit and Compliance committee is chaired by an independent non-executive director, and includes a further two independent non-executive directors.

The executive directors, the general managers : Compliance, Risk, Group Finance, and the Chief Operating Officer of Sasfin Investment and Asset Managers (Pty) Limited, the Internal Auditor, and the External Auditors attend the committee by invitation and have unrestricted access to the committee Chairman.

With the agreement of the South African Reserve Bank, the mandate of the committee has been expanded to cover compliance matters over and above the following responsibilities:

- ensuring the effectiveness of the systems of internal control;
- ensuring that appropriate systems exist to validate the integrity of the accounting and financial systems;
- assessing the effectiveness of the internal audit, risk and compliance functions; and
- reviewing the scope and quality of the external audit.

This committee will also review any internal matters raised in the key risk committees mentioned in the Risk Management section of this document. In addition, Sasfin Frankel Pollak Securities (Pty) Limited, Sasfin Investment and Asset Managers (Pty) Limited and Premier Freight (Pty) Limited also have Audit committees which report into the Group Audit and Compliance committee.

Internal Audit

The Chairman of the Internal Audit and Compliance committee meets separately with the Internal Auditor on a monthly basis, and with the External Auditors on a quarterly basis. In addition, the Internal Auditor has direct access to the Chairman of the Group Audit and Compliance committee should the need arise.

Group Risk Management Committee

The Group Risk Management committee is chaired by an independent non-executive director and includes a further independent non-executive director and the Chief Executive Officer.

Directors Affairs Committee (Corporate Governance Committee)

The Directors Affairs committee is chaired by a non-executive director and includes a further two independent non-executive directors. It is pertinent to note that boards and board committees all undertake a self-assessment annually in order to ensure high governance standards.

The record of attendance at board and board committee meetings for the Sasfin Group for 2005 is as follows:

RECORD OF ATTENDANCE AT MEETINGS	Sasfin Holdings Board	Sasfin Bank Board	Human Resources and Remuneration Committee	Audit and Compliance Committee	Risk Management Committee	Credit Review Committee	Asset and Liability Committee	Directors Affairs Committee	Directors Strategy and Review Committee
Meetings planned	4	4	4	4	4	11	11	3	11
Meetings held	4	4	4	4	4	11	11	3	11
DIRECTORS									
CN Axten	4	4	–	2	4	9	8	3	9
ETB Blight*	4	4	–	4	4	6	10	3	10
MB Glatt	4	4	3	–	–	–	–	1	7
AW Greenstein	4	4	4	4	3	10	10	3	11
D Paizes	4	4	4	4	–	–	–	–	–
RDEB Sassoon	4	4	4	4	4	11	11	3	11
ML Smith	4	4	–	–	–	–	–	–	–

**ETB Blight attends Credit Review meetings on a quarterly basis only.*

A further important meeting is the Group Executive committee, which consists of all executive directors and senior management, and by invitation, the board Chairman and two independent non-executive directors.

These meetings, which are most beneficial, enhance transparency and information sharing, and significantly enhance good corporate governance and understanding of the business.

In addition to the above, the board has appointed independent non-executive directors to the following boards/committees which meet at appropriate intervals:

Sasfin Frankel Pollak Securities (Pty) Limited
Sasfin Investment and Asset Managers (Pty) Limited
Subsidiary Audit committees
Information Technology Steering committee.

Group Human Resources and Remuneration Committee

Due to the size of the organization, the Group Remuneration and Human Resources (HR) committees are combined and function as a single committee of the Sasfin Holdings and Bank boards respectively:

- The Remuneration and HR committee assists the board in providing management with guidance on the adequacy and efficiency of remuneration and HR policies, procedures and practices which are applied within the Group.
- These policies, amongst others, cover the following aspects:
  - conditions and remuneration for appointment of both executive and non-executive directors (the directors affairs committee attends to appointments, performance and succession plans for positions in this category);
  - conditions and remuneration for appointment of senior management; and
  - guidelines for the appointment of other management and personnel;
- comprehensive HR policies, which include those matters of the Financial Services Charter related to Black empowerment;
- comprehensive procedures which ensure compliance with laws and regulatory requirements; and
- ensure structures are in place which enable agreed policies to be carried out effectively in:
  - Empowerment
  - Staff training and development
  - Promotions
  - Identification of key people
  - Succession planning of key posts below executive director level
  - Performance reviews, salary and commission payments
  - Disciplinary hearings and employment termination
  - Recruitment
  - Employment Equity.

The committee consists of two non-executive directors (one as Chairman) for a period concurrent to their term of appointment to the board of directors. In addition, the Group Chief Executive Officer also serves on the committee.

Directors' emoluments, interests and share options are shown elsewhere in this report on pages 28, 29 and 61.

Introduction

Sasfin has embraced the "triple bottom line" sustainability policies relating to the environment, society and the economy. As a corporate citizen, a regulated institution and a signatory to the Charter, Sasfin endorses the objectives of good governance and sustainability reporting and is committed to implementing the requisite policies and practices throughout the organisation in a meaningful and appropriate way for the long-term benefit of the Group, its various stakeholder groupings and the communities in which it exists.

As a banking and financial services group, Sasfin's scale is substantially smaller than that of most of its peers, and while Sasfin's achievements may seem trifling by comparison, it is proud of what it has achieved in the context of corporate social investment and sustainability. In many instances, Sasfin's involvement in these areas pre-dates by a long time the Charter or legislative requirements in terms of which this Sustainability Report is prepared and presented. While Sasfin is now giving heightened credence to these areas, they have been part of the Group's moral conscience for a long time.

Shareholders

Since the Bank's formation over 50 years ago, during Sasfin's tenure as a listed company since 1987, and as a bank-controlling company since 1999, Sasfin has adopted a policy of transparency in relation to its formal and informal shareholder communications, as well as to interfacing with potential shareholders, analysts, and the financial media. A review of Sasfin's past Annual Reports and associated announcements will testify to the Group's transparent approach and to its efforts to improve its communications each year. Sasfin has received acknowledgement from shareholders and others for the effort it has made in producing a more user-friendly and meaningful Annual Report.

For many years Sasfin has used the services of an external investor relations consultant, who assists the Group with its investor relations programme. Within the parameters of the applicable regulations, the Group's Chief Executive Officer regularly responds to approaches from shareholders, media, financial analysts and other interested parties for information about the Group and its operations. In addition, Sasfin has in place a regular programme of media intervention, where it seeks to develop closer relationships with media members and to assist them in understanding and appreciating the nuances and uniqueness of the Group.

The Group continues to work on improving its segmental reporting and in creating an accurate picture of its sources of business, capital and cost allocations amongst business units, and the viability of each business unit within the context of the overall Group. This should help to explain further the Group's performance to investors.

Clients

Sasfin, as a banking group, attracts a diverse range of clients across its business units. Sasfin services both companies and individuals through its specialist lending and wealth creation activities. Sasfin's core trade finance facilities have been offered to clients for more than a quarter of a century, and its stockbroking and portfolio management activities for more than a century. Sasfin recognizes the diversity of its target markets and the different requirements of its client bases, while at the same time employing strategies both to enhance its cross-sell ratio and to retain and attract new clients.

Historically, Sasfin has focused on the Small and Medium Enterprise ("SME") market in terms of its core lending activities and the High-Net-Worth Individual ("HNWI") market in respect of its wealth management activities, and sees a virtual circle between the two, with HNWI's providing a steady and reliable source of funding to the Bank, in return for competitive rates on their deposit funds, which the Bank on-lends in various ways to SME's on a profitable basis. In addition, through the Group's securitisation vehicle, Equipment Rentals Securitisation No. 1 (Pty) Limited, equipment rental contracts are converted into commercial paper which is taken up by institutional counterparties.

Sasfin considers itself a specialist in these markets, which are growth areas in which Sasfin will continue to actively participate. The future prosperity of the South African economy is firmly linked to the growth of the SME sector and Sasfin is proud to service this

vital sector at a time when it is generally being neglected by the big banks.

Sasfin believes that it has the expertise, skills and other resources necessary to service its target markets in terms of their requirements, and to deliver an innovative, entrepreneurial, personal and relevant offering to its clients, both current and potential. As more and more entrants join the ranks of SME's and HNWI's, Sasfin looks forward to broadening its range of products and services to embrace the wider needs of these markets. In this regard, Sasfin intends establishing a Private Equity division to take advantage of available opportunities, as well as extending its existing range of products and services to include property bridging finance and alternative investment and asset management products, amongst others still under consideration.

Sasfin has regular client interactions, including a monthly Asset Management Forum at which investment issues are profiled, a businessperson's networking club (held approximately every six weeks), a quarterly Sasfin Women's Business Forum, client lunches and cocktail functions, client visits undertaken by the Bank's senior management and regular client newsletters.

Sasfin sponsors a programme known as "The SME Scene" on Classic FM and Business Day in order to educate the SME sector on commercial and financial matters. Sasfin also works closely with many auditors and financial intermediaries in an Accredited Business Introducer programme to enable them to increase their product offering to include Sasfin's range of products.

Sasfin understands above all else, that its clients measure it in terms of its service levels. Its size, structure and approach allow it to offer a personal service – unique in many ways – and to develop a deep understanding of, and appreciation for, its clients' banking needs. Sasfin subscribes to the Code of Banking Practice and submits all significant client complaints to the auspices of the Ombudsman for Banking Services. Sasfin currently uses the services of an external market survey specialist to undertake client satisfaction surveys aimed at improving product and service quality. Results to date have been very encouraging.

Staff Productivity

Employee development, well-being and transformation are critical success factors for the Group. Sasfin recognizes that its human resources and intellectual capital are its most valuable resources and it has implemented policies and practices focused on enhancing the standard of its human resources, improving capacity and productivity and recognizing and rewarding achievement.

In the financial year under review, the Group's headcount reduced from 451 to 435 without negatively impacting productivity and performance, as evidenced by the substantial increase in the Group's profitability, as reported elsewhere in this Annual Report. Staff turnover for the year was 1,18%, well within the average for the banking sector. The Group boasts one of the highest returns on equity in the banking sector.

Various incentive and reward programmes, including the Group's Share Option Scheme, are in use at Sasfin aimed at rewarding excellent performance. Allocations in terms of this Scheme are dealt with elsewhere in this Annual Report.

Internal and external training is offered, both work function specific and focused on self-development. Training includes team-building, an annual SasFun Quiz, and other business unit focused initiatives. A training facility, equipped with the latest technology and training aids, was inaugurated in the previous financial year.

Sasfin currently has four staff members studying for an MBA or other post-graduate qualifications, and has embraced the concept of learnerships. Three mentored positions and two learnerships have been created in the Bank, and two learnerships have been created at Premier Freight. In addition, three Sasfin staff members were sent to Israel on the He'atid leadership programme during May / June 2005.

Sasfin acknowledges the huge impact that HIV/AIDS has had and will continue to have on the South African economy, on its social structure and on its workforce, and is committed to contributing towards

combating this scourge. Thankfully, Sasfin has had only very few HIV/AIDS cases amongst its staff. The Group has formulated and implemented an HIV/AIDS policy, under the auspices of its Human Resources department. It offers counseling to staff who are exposed to HIV/AIDS sufferers within their family units and supports many HIV/AIDS-related charitable and other concerns through its Corporate Social Investment programmes.

The Financial Sector Charter

Sasfin is committed to the Charter and its principles of transformation. A board sub-committee, comprising the Group's Chairman, Chief Executive Officer, Managing Director and the Head of Corporate Finance, has been tasked with identifying suitable black shareholders and directors. The General Manager: Risk and Compliance, together with the Human Resources Manager, are tasked, on behalf of the board and executive management, with ensuring compliance in terms of work-force re-structuring, procurement and other operational areas. The Group is aiming for an "A" rating from the Charter Secretariat when ratings become available. Regrettably, achievement of this objective has been delayed for several reasons, primarily as a result of the conflict between the Charter and the Code of Practice published by the Department of Trade & Industry. Progress towards the resolution of these conflicts, as announced in the media and elsewhere recently, has allowed Sasfin to step up its efforts in concluding acceptable BEE transactions in the near future.

39% of Group staff, and 26% of management staff, consist of previously disadvantaged employees. Females comprise 70% of the Group's total staff complement. The Group EXCO monitors the achievement of target objectives on a monthly basis, and the Group board reviews progress at its quarterly meetings.

Sasfin also recognizes the need to adapt its procurement practices in line with the requirements of the Charter. To this end, Sasfin has already assessed the BEE preparedness of its major IT suppliers and is informing other major service providers of its procurement policy. The Group has implemented Charter compliant procurement practices.

Sasfin is also facilitating empowerment within its own niche markets:

- in December 2003, the Bank, together with Royal Africa Gateway (a black-owned corporate finance and private equity concern) conceptualised, funded and invested in the creation of a black owned and controlled equipment and office automation rentals and equipment management company, InnoVent Rental and Asset Management Solutions (Pty) Limited. This company has produced pleasing results for its first full financial year;

- in September 2003, Sasfin's private client wealth management arm, SFPS, facilitated the creation of Legends Financial Services (Pty) Limited ("Legends"), a black owned and controlled investment management business, in which African Legends Limited (a company chaired by Mashudu Romanu) is the major shareholder and which is staffed by two former SFPS portfolio managers, one of whom is black. SFPS currently provides a complete trading and administration outsource service to Legends;

- with effect from 1 July 2004, the Bank's financial planning and advisory subsidiary, Sasfin Investment and Asset Managers (Pty) Limited, disposed of its controlling share in its employee benefits administration business to Pioneer Financial Planning (Pty) Limited, with 10% earmarked for a black consortium. With effect from 30 June 2005, a black partner, in the form of a company headed by well-known radio personality, Tim Modise, has taken a 10% interest in the company, with an opportunity to increase that by a further 15%;

- the Bank, on behalf of its private client wealth management subsidiary, SFPS, has created an asset management company, Faranani Asset Managers (Pty) Limited, together with Worlwide Capital Limited, a black-owned financial services and investment company, in which each will own 50%. Approval from the Financial Services Board for this operation is awaited; and

- the Bank intends launching a specialist unit to provide reverse trade and debtor financing to black entrepreneurs.

Sasfin will continue to identify and support appropriate black empowerment initiatives and opportunities in all areas of its business activities.

Government and Regulators

Sasfin is a moral and law-abiding corporate citizen. It supports democracy but does not contribute to any political party. Sasfin's personnel are free to determine for themselves their political party affiliations.

Sasfin puts considerable effort into building constructive and transparent relationships with its regulators, the primary relationship being with the Registrar of Banks and his Department of Banking Supervision at the South African Reserve Bank. In addition, Sasfin is regulated by the JSE Limited ("the JSE") and the Financial Services Board of South Africa.

Sasfin complies with all the Listings Requirements of the JSE and ensures compliance on an ongoing basis as required from time to time by changes to those requirements.

Social Responsibility

For South Africa to succeed as a winning nation, it must foster the development of entrepreneurial businesses. This has become a neglected market segment following the demise of most small- to medium-sized banks and the big banks' focus on the mass and mature business markets. Sasfin is one of the few South African banks geared to providing the personalised service that this market needs, and in so doing, plays a meaningful role in the development of the South African economy.

The Group gives back to the community by supporting institutions that are efficiently controlled and ensuring that the funds reach those in need of them.

Sasfin supports a number of programmes aimed at the upliftment of the disadvantaged, as well as other worthwhile causes, including:

- Phambili Educational Project
- Captain Crime Stop
- Reach for a Dream Foundation
- Muscular Dystrophy Foundation
- Association for the Physically Disabled
- Dynamo Learning
- SOS Children Villages
- Johannesburg Children's Home
- The Hillbrow/Tikkun Inner City Community Centre Project
- Business Against Crime
- He'atid Educational Programmes
- The Educational Alive Progam
- READ
- ORT
- The Sasfin Women's Business Forum
- Sasfin/MaAfrika Tikkun Child Headed Household Centre for AIDS orphans (this is part of the Nelson Mandela Children's Fund).

The Environment

Sasfin has a policy to withhold financial assistance from any organisation that it considers to be engaged in socially, morally or environmentally offensive activities.

Directors' Responsibility Statement

The directors are responsible for the preparation, integrity and objectivity of the annual financial statements and the related financial information included in this Annual Report, which fairly represent the state of affairs of the Company and the Group, at the end of the financial year. In meeting this obligation, they are assisted by the management and the internal and external auditors of the Group. The external auditors are responsible for reporting on the annual financial statements.

Internal control and administrative systems, designed to provide reasonable assurance as to the integrity and reliability of the financial statements, that assets are adequately safeguarded and that transactions are executed in terms of the Group's policies and procedures, are in place and duly maintained in a cost-effective manner. The Group Audit and Compliance committee together with the internal and external auditors play an integral role in all matters relating to financial and internal control, accounting policies, reporting and disclosure.

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the provisions of the Companies Act, Banks Act and the JSE Limited Listing Requirements which include complete and responsible disclosure in accordance with the Group's accounting policies. The accounting policies are in compliance with South African Statements of Generally Accepted Accounting Practice and are furthermore supported by reasonable and prudent judgments and estimates.

The directors have no reason to believe that the Group or any company within the Group will not be going concerns in the year ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on that basis.

The board of directors approved the annual financial statements as set out on pages 28 to 61 on 7 September 2005, which have been signed on their behalf by:

MB GLATT
Non-Executive Chairman

RDEB SASSOON
Chief Executive Officer

7 September 2005

Company Secretary's Certificate

In terms of Section 268G(9)(d) of the Companies Act, 1973, as amended, I hereby certify that to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies, for the financial year ended 30 June 2005, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

SK ERASMUS
Group Secretary

7 September 2005

Report of the Independent Auditors

To the members of Sasfin Holdings Limited

We have audited the annual financial statements of Sasfin Holdings Limited ("the Company") and the Group annual financial statements of Sasfin Holdings Limited ("the Group") set out on pages 28 to 61 for the year ended 30 June 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Audit opinion

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2005 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

PKF

PKF (Jhb) Inc.
Registration number 1994/001166/21
Chartered Accountants (S.A.)

Johannesburg
7 September 2005

KPMG Inc

KPMG Inc.
Registration number 1999/021543/21
Chartered Accountants (S.A.)

Johannesburg
7 September 2005

Directors' Report

Nature of business

The Company is a bank-controlling company listed under the "Financials: Speciality and Other Finance sector" of the JSE Limited, whose subsidiaries provide a wide range of complementary banking, financial and related services to its target market of entrepreneurial commercial, corporate and private clients.

Financial results

The results of the Company and the Group are set out in the annual financial statements and accompanying notes.

Directors and Company Secretary

The directors of the Company did not change during the financial year and are:

CN Axten, ETB Blight, MB Glatt, AW Greenstein, D Paizes, RDEB Sassoon and ML Smith.

Effective 6 September 2005, M Segal has been appointed an executive director of the Company and Sasfin Bank Limited.

SK Erasmus is the Company Secretary at the date of this report. Her business and postal address are shown on page 68.

Directors' interests

At the financial year end the directors held, directly and indirectly, interests in the Company's issued ordinary share capital as reflected below:

	2005			2004		
	Direct beneficial Number	Indirect non-beneficial Number	Total Number	Direct beneficial Number	Indirect non-beneficial Number	Total Number
CN Axten	–	–	–	–	–	–
ETB Blight	–	–	–	–	–	–
MB Glatt	–	2 763 902	2 763 902	–	2 763 902	2 763 902
AW Greenstein	–	–	–	–	–	–
D Paizes	25 000	–	25 000	25 000	–	25 000
RDEB Sassoon	–	11 983 439	11 983 439	–	11 983 439	11 983 439
ML Smith	–	–	–	–	–	–
	25 000	14 747 341	14 772 341	25 000	14 747 341	14 772 341

Details of share options held by executive directors are given on page 61.

At the financial year-end, D Paizes held 2 000 non-redeemable, non-cumulative, non-participating preference shares in the Company.

There have been no changes to the above holdings since the year-end to the date of this report.

Directors' emoluments

The emoluments of the directors of the Company for the year ended 30 June 2005 were as follows:

	Services as directors R	Cash package* R	Other benefits** R	Incentive bonus R	Total 2005 R	Total 2004 R
Executive Directors						
RDEB Sassoon	–	1 124 206	258 035	461 190	**1 843 431**	1 213 948
AW Greenstein	–	1 472 562	117 438	346 085	**1 936 085**	1 500 000
Non-Executive Director						
MB Glatt	300 000	–	–	–	**300 000**	300 000
Independent Non-Executive Directors						
CN Axten	140 000	–	–	–	**140 000**	139 998
ETB Blight	241 000	–	–	–	**241 000**	237 746
D Paizes	97 500	–	–	–	**97 500**	105 000
ML Smith	60 000	–	–	–	**60 000**	60 000
	838 500	2 596 768	375 473	807 275	**4 618 016**	3 556 692

* The emoluments to the executive directors are paid by subsidiaries of the Company.
** Other benefits comprise: provident fund, medical aid, group life and company car.

Group Share Incentive Scheme

Information on options granted to employees and executive directors under the Group Share Incentive Scheme is given on page 61.

Analysis of shareholders

The analysis of ordinary and preference shareholders is given on pages 62 and 63 respectively.

Acquisitions

The following interests were acquired since the date of the last directors' report:

– 50% in SasCred Financial Services Limited (incorporated in Jersey)

– 50% in Faranani Asset Managers (Pty) Limited

– 40% in Pioneer Employee Benefits (Pty) Limited.

Disposals

The following interests were disposed of since the date of the last directors' report:

– Deregistration of Harthom Trade Finance (Pty) Limited

– Deregistration of MCN Rentals (Pty) Limited.

Subsidiaries, special purpose entities, associated and joint venture companies

The interests in subsidiaries, special purpose entities, associated and joint venture companies, where considered material to the Group's financial position and results, are set out in note 37 on page 60.

The interest of the Company in the aggregate net income and losses after taxation (before inter-Group dividends) of subsidiaries, special purpose entities, associated and joint venture companies is:

	2005 R'000	2004 R'000
Net income	86 558	62 735
Net losses	715	2 498

Events subsequent to balance sheet date

The interest of 13,6% in NIB-MDM Private Equity Fund 1 was increased to 49,1% in July 2005, for an additional investment consideration of R34,8 million. Simultaneously, the interest in NIB-MDM Private Equity Fund Managers (Pty) Limited was increased from 9,9% to 54,5%.

Dividends

Ordinary share dividends

On 15 November 2004, a final dividend of 94 cents per share was paid to ordinary shareholders registered on 12 November 2004.

On 18 April 2005, an interim dividend of 41 cents per share was paid to ordinary shareholders registered on 15 April 2005.

On 10 October 2005, a final dividend of 89 cents per share will be paid to ordinary shareholders registered on 7 October 2005.

Preference share dividends

On 4 April 2005, a dividend of 101,72 cents per share was paid to preference shareholders registered on 1 April 2005.

On 3 October 2005, a dividend of 401,51 cents per share will be paid to preference shareholders registered on 30 September 2005.

Share capital

Ordinary share capital

There were no changes in the authorised share capital. On 3 November 2004, 191 196 shares were issued to the Sasfin Share Incentive Trust.

Preference share capital

Authorised share capital of 5 000 000 shares of 1 cent each was created on 25 October 2004 per special resolution. 1 000 000 shares were issued at a premium of R99,99 per share on 17 November 2004.

Balance Sheets

at 30 June

		Group		Company	
	Note	2005 R'000	2004 R'000	2005 R'000	2004 R'000
ASSETS					
Short-term interbank funds	2	296 553	188 535	–	–
Short-term negotiable securities	3	19 377	14 320	–	–
Accounts receivable	4	262 703	159 507	–	47
Advances	5	1 089 708	958 453	–	–
Investments	6	53 157	19 497	33 772	–
Investments in associated and joint venture companies	7.1	4 301	1 049	–	–
Deferred taxation	8	2 966	520	–	–
Subsidiary companies	9	–	–	94 162	25 263
Property, plant and equipment	10	41 681	40 547	–	–
Total assets		1 770 446	1 382 428	127 934	25 310
LIABILITIES AND EQUITY					
Liabilities					
Interbank funding	11	35 801	36 014	–	–
Deposits	12	402 020	268 568	–	–
Accounts payable	13	213 015	135 563	94	13
Provisions	14	10 372	7 277	120	120
Notes	15	668 223	666 679	–	–
Deferred taxation	8	45 465	31 065	–	–
Total liabilities		1 374 896	1 145 166	214	133
Minority interest		16 639	12 378	–	–
Equity					
Ordinary share capital	16	260	258	261	259
Ordinary share premium	17	19 554	16 718	20 462	18 399
Distributable reserves		255 051	206 908	7 351	6 519
Regulatory general credit-risk reserve		4 400	1 000	–	–
Ordinary shareholders' equity		279 265	224 884	28 074	25 177
Preference share capital	18	10	–	10	–
Preference share premium	19	99 636	–	99 636	–
Total equity		378 911	224 884	127 720	25 177
Total liabilities and equity		1 770 446	1 382 428	127 934	25 310
Commitments and contingencies	20	55 429	35 716	–	–

Income Statements

for the year ended 30 June

		Group		Company	
	Note	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Interest income	21	196 115	192 103	13	–
Interest expense	22	84 960	96 318	2	–
Net interest income		111 155	95 785	11	–
Other income	23	211 602	174 708	38 070	8 865
Total income		322 757	270 493	38 081	8 865
Impairment of advances	5	7 154	760	–	–
Operating income		315 603	269 733	38 081	8 865
Operating expenses		196 875	184 383	993	905
Net income from operations	24	118 728	85 350	37 088	7 960
Share of associated and joint venture companies' income		1 321	–	–	–
Net income before taxation		120 049	85 350	37 088	7 960
Taxation	25	28 665	23 261	–	–
Net income after taxation		91 384	62 089	37 088	7 960
Minority interest		4 874	1 852	–	–
Earnings attributable to ordinary shareholders		86 510	60 237	37 088	7 960
Headline earnings	26.1	85 005	60 237	36 071	7 960
Weighted average number of ordinary shares in issue ('000)		25 923	25 472		
Headline earnings per ordinary share (cents)	26.2	327,9	236,5		
Earnings per ordinary share (cents)	26.3	333,7	236,5		
Diluted headline earnings per ordinary share (cents)	26.4	322,5	232,5		
Diluted earnings per ordinary share (cents)	26.5	328,2	232,5		
Dividends per ordinary share relating to income for the year (cents)		130,0	94,0		
Of which interim		41,0	–		
Of which final		89,0	94,0		
Dividends per preference share relating to income for the year (cents)		503,23	–		
Of which dividend number 1		101,72	–		
Of which dividend number 2		401,51	–		

Statements of Changes in Equity

for the year ended 30 June

	Ordinary share capital and premium R'000	Preference share capital and premium R'000	Distributable reserves R'000	Regulatory general credit-risk reserve R'000	Total R'000
GROUP					
Balance at 1 July 2003	16 732	–	148 862	2 815	168 409
Issue of shares	1 926	–	–	–	1 926
Earnings attributable to ordinary shareholders	–	–	60 237	–	60 237
Available-for-sale portfolio fair value adjustment	–	–	(1 404)	–	(1 404)
Transfer from regulatory general credit-risk reserve	–	–	1 815	(1 815)	–
Consolidation of the Sasfin Share Incentive Trust	(1 682)	–	696	–	(986)
Ordinary share dividend	–	–	(3 298)	–	(3 298)
Balance at 30 June 2004	16 976	–	206 908	1 000	**224 884**
Issue of shares	2 838	100 000	–	–	**102 838**
Set off of costs relating to issue of shares	–	(354)	–	–	**(354)**
Earnings attributable to ordinary shareholders	–	–	86 510	–	**86 510**
Available-for-sale portfolio fair value adjustment	–	–	1 121	–	**1 121**
Transfer to regulatory general credit-risk reserve	–	–	(3 400)	3 400	**–**
Preference share dividend	–	–	(1 017)	–	**(1 017)**
Ordinary share dividends	–	–	(35 071)	–	**(35 071)**
Balance at 30 June 2005	**19 814**	**99 646**	**255 051**	**4 400**	**378 911**
COMPANY					
Balance at 1 July 2003	16 732	–	1 914	–	18 646
Issue of shares	1 926	–	–	–	1 926
Earnings attributable to ordinary shareholders	–	–	7 960	–	7 960
Ordinary share dividend	–	–	(3 355)	–	(3 355)
Balance at 30 June 2004	18 658	–	6 519	–	**25 177**
Issue of shares	2 065	100 000	–	–	**102 065**
Set off of costs relating to issue of shares	–	(354)	–	–	**(354)**
Earnings attributable to ordinary shareholders	–	–	37 088	–	**37 088**
Preference share dividend	–	–	(1 017)	–	**(1 017)**
Ordinary share dividends	–	–	(35 239)	–	**(35 239)**
Balance at 30 June 2005	**20 723**	**99 646**	**7 351**	**–**	**127 720**

Cash Flow Statements

for the year ended 30 June

	Note	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
Cash flows from operating activities					
Cash receipts from customers	27	407 229	366 554	38 083	8 865
Cash paid to customers, employees and suppliers	27	(273 553)	(270 075)	(995)	(905)
Cash inflow from operating activities	27	133 676	96 479	37 088	7 960
Taxation paid	28	(14 562)	(4 096)	–	–
Dividend paid	29	(36 088)	(3 298)	(36 256)	(3 355)
Cash flows from operating activities before changes in operating assets and liabilities		83 026	89 085	832	4 605
Changes in operating assets and liabilities		(29 755)	(92 765)	128	(48)
Net increase in advances		(138 409)	(106 645)	–	–
Net (increase)/decrease in accounts receivable		(103 196)	(17 777)	47	(47)
Net increase in deposits		133 452	20 264	–	–
Net increase/(decrease) in accounts payable and provisions		78 398	11 393	81	(1)
Net cash from operating activities		53 271	(3 680)	960	4 557
Cash flows from investing activities		(43 398)	(12 755)	(102 671)	(6 483)
Proceeds from the disposal of property, plant and equipment		811	734	–	–
Acquisition of property, plant and equipment		(9 739)	(11 581)	–	–
Increase in investments		(31 218)	(859)	(33 772)	(452)
Increase in investments in associated and joint venture companies		(3 252)	(1 049)	–	–
Increase in subsidiary companies		–	–	(68 899)	(6 031)
Net cash flows from financing activities		103 415	60 998	101 711	1 926
Issue of shares		102 484	244	101 711	1 926
Increase in minority interest		(613)	(925)	–	–
Increase in notes		1 544	60 983	–	–
Consolidation of the Sasfin Share Incentive Trust		–	696	–	–
Net increase in cash and cash equivalents		113 288	44 563	–	–
Cash and cash equivalents at beginning of the year		166 841	122 278	–	–
Cash and cash equivalents at end of the year	30	280 129	166 841	–	–

Accounting Policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

The accounting policies are, in all material respects, consistent with those adopted in the previous year, except as indicated in accounting policy note 5 - Goodwill.

1. STATEMENT OF COMPLIANCE

The annual financial statements are prepared in accordance and comply with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act and Banks Act.

2. BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis, except for certain classes of financial instruments, which are dealt with in accounting policy note 6.

3. BASIS OF CONSOLIDATION

3.1 Subsidiary companies

Subsidiaries are those entities controlled by the Group so as to obtain benefits from their activities.

The Group financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition. Intra-group transactions and balances, and any unrealised gains are eliminated on consolidation.

3.2 Special purpose entities

Where the Group, in substance, has rights to obtain the majority of the benefits of an entity, such entity is consolidated in the same manner as subsidiary companies.

Accordingly, the Group's securitisation vehicle, Equipment Rentals Securitisation No. 1 (Pty) Limited, the warehouse vehicle, Sasfin Warehouse No.1 (Pty) Limited, and the Sasfin Share Incentive Trust have been consolidated.

4. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES

4.1 Associated companies

An associate is an entity over which the Group exercises significant influence but which it does not control. Investments in associated companies are equity accounted in the Group financial statements, based on their most recent audited financial statements. If the most recent audited financial statements are for an accounting period that ended six months prior to the Group's year-end, then the most recently available management results have been brought into account. Equity accounted income represents the Group's proportionate share of profits of these entities. All unrealised profits and losses are eliminated. The Group's investment in an associated company is written down when it is considered to be impaired.

4.2 Joint venture companies

A joint venture is an entity controlled jointly by the Group and one or more other venturers in terms of a contractual arrangement. Investments in joint ventures are proportionately consolidated in the Group financial statements, based on their most recent audited financial statements. If the most recent audited financial statements are for an accounting period that ended six months prior to the Group's year-end, then the most recently available management results have been brought into account. All unrealised profits and losses are eliminated.

5. GOODWILL

Goodwill represents the cost of acquisition over the fair value of the Group's share of net assets, on the acquisition date, of the subsidiary or associated company. Negative goodwill is any excess of the fair value of the Group's share of net assets of the entity acquired, on the acquisition dated, over the cost of acquisition.

In accordance with AC140, the amortisation of goodwill ceased with effect from 1 April 2004. Previously, goodwill was amortised using the straight-line method over the estimated useful life, not exceeding twenty years. The estimated useful life was determined by the underlying business acquired. That portion of negative goodwill attributable to expected, identifiable future losses and expenses is recognised in the income statement when such losses and expenses are recognised. Any negative goodwill not attributable to such future losses and expenses is recognised as income on acquisition.

The carrying amount of goodwill is reviewed annually for indications of impairment or changes in estimated future benefits.

6. FINANCIAL INSTRUMENTS

Financial assets or financial liabilities are initially measured at cost, which is the fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement of all financial assets and liabilities.

For measurement subsequent to initial recognition, AC133 requires financial instruments to be classified in various categories, which are dealt with below.

6.1 Financial assets

General

After initial recognition, certain financial assets, including derivative assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal. The following financial assets are carried at cost or amortised cost:

- originated loans and receivables not held-for-trading,
- held-to-maturity assets, and
- financial assets, which would otherwise be carried at fair value but do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Investments are classified into held-for-trading and available-for-sale portfolios. Fair value adjustments to the held-for-trading portfolio are recognised in the income statement whereas adjustments to the available-for-sale portfolio are deferred in equity. When the available-for-sale assets are disposed of, the cumulative gain or loss recognised in equity is recycled through the income statement but is excluded from headline earnings.

Revaluations are performed at each reporting date based on open market value determined in accordance]with generally accepted valuation techniques.

Cash and cash equivalents are measured at fair value based on relevant exchange rates at the balance sheet date.

All financial assets are subject to review for impairment as set out below.

Originated loans and receivables (including advances)

Originated loans and receivables are measured at amortised cost using the effective interest rate method. Those that do not have a fixed maturity are measured at cost.

The effective interest rate is the rate that exactly discounts the expected stream of future cash payments through maturity or the next market-based repricing date to the net carrying amount of the financial asset.

Held-to-maturity assets

Held-to-maturity assets are measured at amortised cost using the effective interest rate method.

Financial assets which would otherwise be carried at fair value but do not have a quoted market price in an active market and whose fair value cannot be reliably measured

Financial assets required to be carried at fair value, which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at amortised cost using the effective interest rate method. Those that do not have a fixed maturity are measured at cost.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. At each balance sheet date, an assessment is made whether there is any objective evidence that a financial asset (specific) or group of assets (portfolio) may be impaired. If any such evidence exists, the recoverable amount of that specific asset or portfolio of assets is estimated and any impairment loss is recognised. The amount of the loss is the difference between the specific asset's or portfolio of assets' carrying amount and the recoverable amount. The latter is calculated as the present value of expected future cash flows discounted at the specific asset's or portfolio of assets' original effective interest rate. The carrying amount of the specific asset or portfolio of assets is reduced to the estimated recoverable amount through use of allowance accounts (specific or portfolio impairment). The amount of the loss is included in net profit or loss for the period.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the write-down, the impairment is reversed by adjusting the specific - or portfolio impairment. The reversal is not recognised to the extent that the carrying amount of a specific asset or portfolio of assets will exceed what the amortised cost would have been, had the impairment not been recognised, at the date the write-down of the financial asset is reversed. The amount of the reversal is included in net profit or loss for the period.

Once a financial asset has been written down to its estimated recoverable amount, interest income is recognised by applying the original effective interest rate to the recoverable amount.

6.2 Financial liabilities

General

All financial liabilities are measured at amortised cost, except for the following liabilities, which are dealt with below:

- liabilities that are designated as held-for-trading, and
- derivatives that are liabilities.

Liabilities that are designated as held-for-trading
Financial liabilities held-for-trading are measured at fair value.

Derivative liabilities
Derivative liabilities are measured at fair value. However, derivative liabilities that are linked to, and that must be settled by delivery of, an unquoted equity instrument whose fair value cannot be reliably measured, are measured at cost.

6.3 Hedging

Fair value hedging instruments

Fair value hedging instruments are measured at fair value. The resulting gain or loss is recognised immediately in net profit or loss.

Fair value hedged items

Fair value hedged items are measured at fair value in respect of the hedged risk. The resulting gain or loss is recognised immediately in net profit or loss.

7. PROPERTY, PLANT AND EQUIPMENT

Property and equipment is stated at cost less depreciation. Depreciation is calculated on the straight-line basis, at rates which are estimated to amortise the assets to their anticipated residual values over their useful lives.

Buildings	50 years
Computer equipment	3 years
Computer software	2 years
Furniture, fittings and office equipment	6-10 years
Motor vehicles	5 years
Plant and equipment	5 years

Land is regarded as having an infinite useful life and is not depreciated.

8. LESSEE ACCOUNTING

Assets which are leased in terms of financial lease agreements are capitalised at the lower of fair value and the present value of minimum lease payments at inception of the lease. The capital element of future obligations under the leases is included as a liability in the balance sheet.

Capitalised leased assets are depreciated on a straight line basis at rates which are estimated to amortise the assets to their anticipated residual values over their useful lives. The rates are consistent with the accounting policy for equipment. Lease payments are allocated between finance charges and capital repayments using the effective interest rate method.

Leases of assets are classified as operating leases if the lessor effectively retains all the risks and returns. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

9. FOREIGN CURRENCIES

9.1 Foreign currency transactions

Transactions in foreign currencies are accounted for at the rate of exchange ruling on the date of the transaction. Gains and losses arising on translation to South African rands are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date.

9.2 Foreign operations

The foreign subsidiary is an integral part of the Group and is classified as a foreign operation. The translation difference arising on consolidation of foreign operations is recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into South African rand at the rates of exchange ruling at balance sheet date. Non-monetary assets and liabilities are translated into South African rands at rates of exchange approximating those ruling at the date the asset was acquired or the liability entered into.

Income and expenditure are translated into South African rands at the average rate of exchange during the year.

10. TAXATION

Current tax comprises income tax payable, calculated on the basis of expected taxable income for the year using the tax rates enacted at the balance sheet date, and any adjustment of tax payable for prior years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected realisation of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax is charged to the income statement, except to the extent that it relates to a transaction that is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

11. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

12. INSTALMENT FINANCE

Rental, lease and instalment sale contracts are regarded as financing transactions, and rentals and instalments receivable thereunder, less unearned finance charges, are included in advances on the balance sheet. In addition, accounting policies applicable to financial instruments are applied to these items.

13. EMPLOYEE RETIREMENT BENEFITS

Payments to defined contribution plans are charged as an expense as they fall due, and all employees are required to be members of the defined contribution provident fund.

14. REVENUE

Revenue is derived substantially from the business of banking and related activities and comprises net interest income, fee and commission income and other income.

Interest is recognised on a time proportion basis, taking into account the carrying amount and the effective interest rate.

Fee and commission income is recognised when costs can be measured reliably and the receipt of the future economic benefits is probable.

15. COMMITMENTS AND CONTINGENCIES

Items are classified as commitments where the Group commits itself to future transactions or if the items will result in the acquisition of assets.

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events and principally consist of third-party obligations underwritten by banking subsidiaries.

16. FUNDS UNDER ADMINISTRATION

Where Group companies hold and invest funds on behalf of clients and act as trustees in any fiduciary capacity, the assets and liabilities representing these activities are not reflected on the balance sheet. Income relating to these activities is recognised in the income statement in the period in which the services are rendered.

17. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, short-term negotiable securities and short-term interbank funds net of interbank funding, all of which are available for use by the Group unless otherwise stated.

18. IMPAIRMENT (Assets other than financial instruments)

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is an indication of impairment an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its net selling price and its value in use.

Any previously recognised impairment losses are reversed, if the recoverable amount increases as a result of changes in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount would have been had no impairment loss been recognised in prior years.

19. SEGMENT REPORTING

Segment results include revenue, impairments, expenses and taxes directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from internal transactions or from transactions with other group segments. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to a segment or can be allocated to the segment on a reasonable basis.

20. COMPARATIVE FIGURES

Where necessary, comparative figures are restated to be consistent with the disclosure in the current year. Comparative information for notes 5, 6, 7, 9 and 13 has been restated accordingly.

Details of restatements are provided in note 32.

	Banking operations R'000	Corporate finance and private equity R'000	Investment and asset management R'000	Freight R'000	Elimination of inter-group items & other R'000	Total R'000
1. SEGMENT REPORTING						
2005						
Interest income	192 742	–	3 171	964	(762)	196 115
Interest expense	84 788	–	32	902	(762)	84 960
Net interest income	107 954	–	3 139	62	–	111 155
Other income	73 683	2 475	91 487	45 128	(1 171)	211 602
Total income	181 637	2 475	94 626	45 190	(1 171)	322 757
Impairment of advances	7 154	–	–	–	–	7 154
Operating income	174 483	2 475	94 626	45 190	(1 171)	315 603
Operating expenses	85 827	5 188	77 618	29 413	(1 171)	196 875
Net income from operations	88 656	(2 713)	17 008	15 777	–	118 728
Share of associated and joint venture companies' income	430	–	891	–	–	1 321
Net income before taxation	89 086	(2 713)	17 899	15 777	–	120 049
Taxation	26 202	(73)	(2 395)	4 931	–	28 665
Net income after taxation	62 884	(2 640)	20 294	10 846	–	91 384
Minority interest	–	–	–	4 874	–	4 874
Earnings attributable to ordinary shareholders	62 884	(2 640)	20 294	5 972	–	86 510
Headline earnings	61 665	(2 640)	20 261	5 719	–	85 005
Total assets	1 545 635	12 625	155 655	77 221	(20 690)	1 770 446
Total liabilities	1 196 899	–	148 306	50 381	(20 690)	1 374 896
Capital expenditure	7 989	24	621	1 105	–	9 739
Depreciation	5 354	28	1 548	1 352	–	8 282
2004						
Interest income	191 400	–	2 607	1 109	(3 013)	192 103
Interest expense	96 435	–	117	322	(556)	96 318
Net interest income	94 965	–	2 490	787	(2 457)	95 785
Other income	52 367	10 815	72 183	39 873	(530)	174 708
Total income	147 332	10 815	74 673	40 660	(2 987)	270 493
Impairment of advances	760	–	–	–	–	760
Operating income	146 572	10 815	74 673	40 660	(2 987)	269 733
Operating expenses	77 107	6 323	71 842	31 596	(2 485)	184 383
Net income from operations	69 465	4 492	2 831	9 064	(502)	85 350
Share of associated and joint venture companies' income	–	–	–	–	–	–
Net income before taxation	69 465	4 492	2 831	9 064	(502)	85 350
Taxation	17 195	1 054	–	4 434	578	23 261
Net income after taxation	52 270	3 438	2 831	4 630	(1 080)	62 089
Minority interest	–	–	–	1 852	–	1 852
Earnings attributable to ordinary shareholders	52 270	3 438	2 831	2 778	(1 080)	60 237
Headline earnings	52 270	3 438	2 831	2 778	(1 080)	60 237
Total assets	1 234 118	16 275	78 111	66 016	(12 092)	1 382 428
Total liabilities	1 050 319	–	74 518	32 393	(12 064)	1 145 166
Capital expenditure	5 293	19	1 293	1 935	3 041	11 581
Depreciation	6 347	50	2 462	1 349	418	10 626

	Group		Company	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
2. SHORT-TERM INTERBANK FUNDS				
Money on call	**130 715**	91 357	**–**	–
Fixed deposits maturing within three months	**157 062**	89 964	**–**	–
Balance with the South African Reserve Bank	**8 776**	7 214	**–**	–
	296 553	188 535	**–**	–
The maturity analysis is based on the remaining period to contractual maturity from year-end.				
Interbank deposits of Equipment Rentals Securitisation No.1 (Pty) Limited ceded as security for the notes as per note 15	**111 382**	93 005	**–**	–
Interbank deposits of Sasfin Asia Limited and Sasfin Warehouse No.1 (Pty) Limited pledged as security for interbank funding received as per note 11	**–**	28 284	**–**	–
Interbank deposits of Sasfin Asia Limited pledged as security for trade finance related facilities	**32 500**	17 576	**–**	–
3. SHORT-TERM NEGOTIABLE SECURITIES				
Held-to-maturity assets				
Land Bank bills maturing within three months	**8 954**	10 403	**–**	–
Treasury bills maturing within three months	**10 423**	1 974	**–**	–
Treasury bills maturing within six months	**–**	1 943	**–**	–
	19 377	14 320	**–**	–
The maturity analysis is based on the remaining period to contractual maturity from year-end.				
4. ACCOUNTS RECEIVABLE				
Fair value of derivatives	**461**	303	**–**	–
Freight forwarding and customs clearing	**77 221**	43 116	**–**	–
Stockbroking clients	**149 808**	73 801	**–**	–
Other receivables	**33 328**	42 287	**–**	47
Taxation	**1 885**	–	**–**	–
	262 703	159 507	**–**	47
Accounts receivable of Premier Freight (Pty) Limited ceded as security for external banking facilities.				

	Group		Company	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
5. ADVANCES				
Originated loans				
Category analysis				
Instalment finance	**858 187**	788 529	**–**	–
Debtor finance	**83 680**	105 233	**–**	–
Trade finance	**172 354**	95 398	**–**	–
Other loans	**1 118**	1 603	**–**	–
Gross advances	**1 115 339**	990 763	**–**	–
Less specific impairment	**19 811**	24 258	**–**	–
Less portfolio impairment	**5 820**	8 052	**–**	–
	1 089 708	958 453	**–**	–
Advances of Sasfin Asia Limited ceded as security for trade finance related facilities	**32 458**	72 456	**–**	–
Advances of Equipment Rentals Securitisation No.1 (Pty) Limited ceded as security for notes issued as per note 15	**682 888**	668 168	**–**	–
Sectoral analysis				
Agriculture	**11 101**	10 551	**–**	–
Community, social and personal services	**217 299**	150 781		
Construction	**19 928**	6 539	**–**	–
Electricity and water	**8 128**	19 883	**–**	–
Finance, real estate and business services	**200 576**	207 291	**–**	–
Manufacturing	**243 300**	243 212	**–**	–
Mining	**17 633**	16 529	**–**	–
Trade and accommodation	**326 552**	263 186	**–**	–
Transport and communication	**70 822**	67 717	**–**	–
Other services	**–**	5 074	**–**	–
	1 115 339	990 763	**–**	–
Geographic analysis				
South Africa	**1 115 339**	990 763	**–**	–
	1 115 339	990 763	**–**	–
Maturity analysis				
Maturing within one year	**301 851**	217 457	**–**	–
Maturing after one year but within five years	**813 488**	772 626	**–**	–
Maturing after five years	**–**	680	**–**	–
	1 115 339	990 763	**–**	–
The maturity analysis is based on the remaining periods to contractual maturity from year-end.				

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
5. ADVANCES (continued)				
IMPAIRMENTS				
Balance at the beginning of the year	32 310	35 172	–	–
Net write offs	(13 833)	(3 622)	–	–
Charge to the income statement	7 154	760	–	–
Specific impairments raised	9 386	413	–	–
Portfolio impairments (reversed)/raised	(2 232)	8 052	–	–
AC133 remeasurement	–	(7 705)	–	–
Balance at the end of the year	25 631	32 310	–	–

Group 2004					Group 2005			
Outstanding balance R'000	Estimated recoverable amount R'000	Net exposure R'000	Specific impairment R'000		Outstanding balance R'000	Estimated recoverable amount R'000	Net exposure R'000	Specific impairment R'000
				NON-PERFORMING ADVANCES				
23 427	4 440	18 987	18 987	Instalment finance	17 275	4 659	12 616	12 616
4 655	1 585	3 070	3 070	Debtor finance	6 210	1 601	4 609	4 609
2 757	1 099	1 658	1 658	Trade finance	2 488	619	1 869	1 869
974	431	543	543	Other loans	1 108	391	717	717
31 813	7 555	24 258	24 258		27 081	7 270	19 811	19 811
				Sectoral analysis				
196	–	196	196	Agriculture	241	5	236	236
5 400	1 475	3 925	3 925	Community, social and personal services	4 325	940	3 385	3 385
188	–	188	188	Construction	694	118	576	576
10 486	1 364	9 122	9 122	Finance, real estate and business services	5 030	1 872	3 158	3 158
6 941	2 563	4 378	4 378	Manufacturing	2 818	751	2 067	2 067
54	24	30	30	Mining	479	82	397	397
7 882	1 912	5 970	5 970	Trade and accommodation	11 892	2 702	9 190	9 190
666	217	449	449	Transport and communication	1 602	800	802	802
31 813	7 555	24 258	24 258		27 081	7 270	19 811	19 811

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
6. INVESTMENTS				
Listed				
Available-for-sale portfolio	5 635	3 451	–	–
Held-for-trading portfolio	33 772	–	33 772	–
Unlisted				
Available-for-sale portfolio	1 686	1 668	–	–
Held-for-trading portfolio	12 064	14 378	–	–
	53 157	19 497	33 772	–
Detailed information of all investments is obtainable from the Company Secretary.				
7. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES				
7.1 Investments in associated and joint venture companies				
Shares at book value	298	–	–	–
Equity accounted earnings	1 078	(243)	–	–
Loans	2 925	1 292	–	–
	4 301	1 049	–	–
Summarised financial information of associated companies equity accounted:				
Innovent Rental and Asset Management Solutions (Pty) Limited				
Carrying value	2 585	1 049		
Balance Sheet				
Non-current assets	231	216		
Current assets	28 660	373		
Non-current liabilities	2 464	1 292		
Current liabilities	26 133	20		
Equity	294	(723)		
Share of income/(loss)	430	(243)		
Loan to the company	2 398	1 292		
The loan is unsecured, interest-free and is repayable by no later than 30 November 2008.				
Pioneer Employee Benefits (Pty) Limited				
Carrying value	950	–		
Balance Sheet				
Non-current assets	98	–		
Current assets	2 815	–		
Non-current liabilities	1 005	–		
Current liabilities	1 186	–		
Equity	722	–		
Share of income	125	–		
Loan to the company	825	–		
The loan is unsecured, bears interest at prime overdraft rates and has no fixed terms of repayment.				

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
7. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES (continued)				
Summarised financial information of joint ventures equity accounted:				
SasCred Financial Services Limited				
Carrying value	766	–		
Balance Sheet				
Current assets	2 308	–		
Current liabilities	150	–		
Equity	2 158	–		
Share of income	766	–		
Loan (from) the company	(298)	–		
The loan is unsecured, interest-free and is repayable within three months.				
7.2 Investments in joint ventures proportionately consolidated				
Hecny Transportation South Africa (Pty) Limited				
Group's proportionate share of assets and liabilities which is included in the figures of the consolidated financial statements:				
Property, plant and equipment	68	60		
Accounts receivable	6 344	3 757		
Accounts payable	(2 942)	(1 755)		
Net assets	3 470	2 062		
Group's proportionate share of income and expenses which is included in the figures of the consolidated financial statements:				
Net interest income	69	80		
Other income	4 458	3 254		
Operating expenses	(2 544)	(2 329)		
Net income before taxation and minority interest	1 983	1 005		
A schedule of associated and joint venture companies appears in note 37.				
8. DEFERRED TAXATION				
Deferred tax on temporary differences arising from:				
Instalment finance	(33 544)	(23 928)	–	–
Tax losses	2 180	986	–	–
Fair value adjustments	(6 797)	(6 108)	–	–
Impairments	–	4 471	–	–
Notes	(2 323)	(3 106)	–	–
Provisions	5 568	881	–	–
Other	(7 583)	(3 741)	–	–
	(42 499)	(30 545)	–	–
Deferred taxation asset	2 966	520	–	–
Deferred taxation liability	(45 465)	(31 065)	–	–
	(42 499)	(30 545)	–	–
9. SUBSIDIARY COMPANIES				
Unlisted investments				
Shares at carrying value – ordinary shares	–	–	21 812	21 812
Loans	–	–	72 350	3 451
	–	–	94 162	25 263
The loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.				
A detailed schedule of subsidiary companies appears in note 37.				

Group 2004				Group 2005		
Cost R'000	Accumulated depreciation R'000	Net book value R'000		Cost R'000	Accumulated depreciation R'000	Net book value R'000
			10. PROPERTY, PLANT AND EQUIPMENT			
			Land and buildings			
26 770	1 687	25 083	Offices – Sasfin Place, 13-15 Scott Street Waverley, Johannesburg	**27 865**	**2 155**	**25 710**
			Equipment			
			Plant and equipment			
3 278	1 985	1 293	Owned	**4 744**	**3 361**	**1 383**
523	321	202	Leased	**507**	**357**	**150**
33 095	26 093	7 002	Computer equipment	**35 144**	**29 305**	**5 839**
10 396	8 920	1 476	Computer software	**11 206**	**8 449**	**2 757**
10 506	7 435	3 071	Furniture, fittings and office equipment	**9 491**	**6 119**	**3 372**
			Motor vehicles			
2 098	1 210	888	Owned	**1 581**	**636**	**945**
4 561	3 029	1 532	Leased	**4 945**	**3 420**	**1 525**
91 227	50 680	40 547	**Total**	**95 483**	**53 802**	**41 681**

Land and buildings R'000	Equipment R'000	Total R'000		Land and buildings R'000	Equipment R'000	Total R'000
			Movement			
23 729	57 353	81 082	Cost at the beginning of the year	**26 770**	**64 457**	**91 227**
3 041	8 540	11 581	Additions	**1 095**	**8 644**	**9 739**
–	(1 436)	(1 436)	Disposals	**–**	**(5 483)**	**(5 483)**
26 770	64 457	91 227	Cost at the end of the year	**27 865**	**67 618**	**95 483**
1 269	39 742	41 011	Accumulated depreciation at the beginning of the year	**1 687**	**48 993**	**50 680**
418	10 208	10 626	Depreciation charge for the year	**468**	**7 814**	**8 282**
–	(957)	(957)	Disposals	**–**	**(5 160)**	**(5 160)**
1 687	48 993	50 680	Accumulated depreciation at the end of the year	**2 155**	**51 647**	**53 802**
25 083	15 464	40 547	**Net book value at the end of the year**	**25 710**	**15 971**	**41 681**

Summary of land and buildings:

		Cost R'000
13 Scott Street, Waverley, Johannesburg		
Cost - 1997		7 143
Additions at cost -	1998	319
	1999	47
	2000	1 133
	2001	164
	2002	1 913
	2003	230
	2004	987
	2005	668
Total		**12 604**

		Cost R'000
15 Scott Street, Waverley, Johannesburg		
Cost - 2001		11 910
Additions at cost -		
	2002	499
	2003	371
	2004	2 054
	2005	427
Total		**15 261**

Land and buildings are encumbered for unutilised interbank facilities provided to Sasfin Bank Limited.

	Group		Company	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
11. INTERBANK FUNDING				
Call funding	**35 801**	7 730	**–**	–
Maturing within one month	**–**	18 567	**–**	–
Maturing after six months but within 12 months	**–**	9 717	**–**	–
	35 801	36 014	**–**	–
The maturity analysis is based on the remaining period to contractual maturity from year-end.				
12. DEPOSITS				
Category analysis				
Demand deposits	**261 579**	158 710	**–**	–
Notice deposits	**10 041**	5 367	**–**	–
Fixed deposits	**126 995**	102 775	**–**	–
Negotiable certificates of deposit	**3 405**	1 716	**–**	–
	402 020	268 568	**–**	–
Geographic analysis				
South Africa	**397 323**	263 726	**–**	–
North America	**581**	697	**–**	–
Australia and New Zealand	**4 116**	4 145	**–**	–
	402 020	268 568	**–**	–
Maturity analysis				
Withdrawable on demand	**261 579**	158 710	**–**	–
Maturing within one month	**75 162**	60 230	**–**	–
Maturing after one month but within six months	**44 274**	39 044	**–**	–
Maturing after six months but within 12 months	**2 778**	2 991	**–**	–
Maturing after one year but within five years	**18 227**	7 593		
	402 020	268 568	**–**	–
The maturity analysis is based on the remaining period to contractual maturity from year-end.				
13. ACCOUNTS PAYABLE				
Capitalised finance leases	**2 097**	2 174	**–**	–
Fair value of derivatives	**985**	888	**–**	–
Accounts payable	**58 858**	56 965	**94**	13
Stockbroking clients	**135 741**	62 351	**–**	–
Taxation	**15 334**	13 185	**–**	–
	213 015	135 563	**94**	13

	Group		Company	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
14. PROVISIONS				
Leave pay	**4 063**	3 244	**–**	–
Opening balance	**3 244**	2 579	**–**	–
Charge to the income statement	**1 271**	1 029	**–**	–
Utilised during the year	**(452)**	(364)	**–**	–
Staff incentives	**4 176**	2 011	**–**	–
Opening balance	**2 011**	–	**–**	–
Charge to the income statement	**4 462**	2 216	**–**	–
Utilised during the year	**(2 297)**	(205)	**–**	–
Audit fees and other services	**2 133**	2 022	**120**	120
Opening balance	**2 022**	1 676	**120**	105
Charge to the income statement	**3 060**	2 861	**122**	123
Utilised during the year	**(2 949)**	(2 515)	**(122)**	(108)
	10 372	7 277	**120**	120
15. NOTES				
Amortised cost				
Category analysis				
Class A notes				
Unsubordinated, secured, compulsory redeemable, asset-backed notes of R1 000 000 each	**611 307**	609 895	**–**	–
Class B notes				
Subordinated, secured, compulsory redeemable, asset-backed notes of R1 000 000 each	**43 925**	43 823	**–**	–
Class C notes				
Subordinated, secured, compulsory redeemable, asset-backed notes of R1 000 000 each	**12 991**	12 961	**–**	–
	668 223	666 679	**–**	–
The notes are secured by a cession of rentals and equipment underlying the instalment finance assets as well as the bank accounts owned by Equipment Rentals Securitisation No. 1 (Pty) Ltd – refer to notes 2 and 5. The A notes bear interest at 3 month JIBAR plus 0,52%, the B notes at 3 month JIBAR plus 1,39% and the C notes at 3 month JIBAR plus 2,25%. The B and C notes are subordinated in favour of the A notes and the C notes are subordinated in favour of the B notes.				
Geographic analysis				
South Africa	**668 223**	666 679	**–**	–
	668 223	666 679	**–**	–
Maturity analysis				
Maturing after one year but within five years	**668 223**	666 679	**–**	–
	668 223	666 679	**–**	–
The maturity analysis is based on the remaining period to contractual maturity from year-end.				

	Group		Company	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
16. ORDINARY SHARE CAPITAL				
Authorised				
Group and Company: 40 000 000 (2004 : 40 000 000) ordinary shares of 1c each	**400**	400	**400**	400
Issued				
Group: 26 034 785 (2004 : 25 758 776) ordinary shares of 1c each				
Company: 26 102 987 (2004 : 25 911 791) ordinary shares of 1c each				
Balance at beginning of the year	**258**	248	**259**	248
Issued during the year	**2**	11	**2**	11
Consolidation of the Sasfin Share Incentive Trust	**–**	(1)	**–**	–
Balance at the end of the year	**260**	258	**261**	259
The Company issued 191 196 shares to the Sasfin Share Incentive Trust in November 2004.				
The unissued shares are under the control of the directors until the next Annual General Meeting.				
17. ORDINARY SHARE PREMIUM				
Balance at beginning of the year	**16 718**	16 484	**18 399**	16 484
Issued during the year	**2 836**	1 915	**2 063**	1 915
Consolidation of the Sasfin Share Incentive Trust	**–**	(1 681)	**–**	–
Balance at the end of the year	**19 554**	16 718	**20 462**	18 399
18. PREFERENCE SHARE CAPITAL				
Authorised				
Group and Company: 5 000 000 (2004 : Nil) non-redeemable, non-cumulative, non-participating preference shares of 1c each	**50**	–	**50**	–
Issued				
Group and Company: 1 000 000 (2004 : Nil) preference shares of 1c each				
Balance at beginning of the year	**–**	–	**–**	–
Issued during the year	**10**	–	**10**	–
Balance at the end of the year	**10**	–	**10**	–
The preference shares were listed under the Specialist Securities – Preference Shares sector of the JSE Limited on 17 November 2004. Dividends are paid semi-annually at 75% of the prime rate.				

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
19. PREFERENCE SHARE PREMIUM				
Balance at beginning of the year	–	–	–	–
Issued during the year	99 990	–	99 990	–
Set off of costs relating to issue of shares	(354)	–	(354)	–
Balance at the end of the year	99 636	–	99 636	–
20. COMMITMENTS AND CONTINGENCIES				
Commitments				
Capital expenditure authorised and contracted for	4 351	–	–	–
Operating lease commitments	6 961	8 776	–	–
Funds to meet these commitments will be provided from internal Group resources.				
Contingencies				
Unutilised letters of credit established and confirmed orders placed on behalf of clients	29 064	18 772	–	–
Guarantees	15 053	–	–	–
Other	–	8 168	–	–
	55 429	35 716	–	–
21. INTEREST INCOME				
Interbank	20 376	16 558	–	–
Short-term negotiable securities	1 286	1 168	–	–
Instalment finance	144 806	148 285	–	–
Debtor finance	14 677	14 423	–	–
Trade finance	14 870	10 580	–	–
Other	100	1 089	13	–
	196 115	192 103	13	–
22. INTEREST EXPENSE				
Interbank funding	2 231	6 591	–	–
Demand deposits	15 303	10 948	–	–
Notice deposits	643	500	–	–
Fixed deposits	9 542	9 834	–	–
Negotiable certificates of deposit	228	331	–	–
Notes	56 447	66 638	–	–
Other	566	1 476	2	–
	84 960	96 318	2	–

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
23. OTHER INCOME				
Fee and commission income	211 892	172 727	967	905
Dividend income	1 494	606	37 025	7 960
Revaluation of held-for-trading portfolio	(2 387)	1 025	78	–
Foreign exchange gains	603	350	–	–
	211 602	174 708	38 070	8 865
24. NET INCOME FROM OPERATIONS				
Net income from operations is stated after charging:				
Auditors' remuneration	3 060	2 861	122	123
Audit fees – Current year	2 085	1 802	120	111
Other services	975	1 059	2	12
Consulting fees	1 904	1 396	–	–
Depreciation	8 282	10 626	–	–
Directors' emoluments	4 618	3 557	419	422
Executive directors				
– For other services rendered to the Bank	3 780	2 713	–	–
Non-executive directors				
– Directors' fees paid by the Company	419	422	419	422
– Directors' fees paid by the Bank	419	422	–	–
Operating lease charges	2 200	1 996	–	–
– Premises	2 029	1 832	–	–
– Plant and equipment	171	164	–	–
And after crediting:				
Profit on disposal of property, plant and equipment	488	257	–	–
Administration fees	–	–	972	905
Number of employees at year end	435	451	–	–

	Group		Company	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
25. TAXATION				
South African normal tax	**27 737**	23 016	**–**	–
Income tax – current year	**17 748**	11 573	**–**	–
Income tax – under provision in prior years	**(1 965)**	502	**–**	–
Deferred tax – current year	**10 726**	12 233	**–**	–
Deferred tax – over provision in prior years	**1 228**	(1 292)	**–**	–
Secondary tax on companies	**928**	245	**–**	–
	28 665	23 261	**–**	–
Reconciliation of rate of taxation				
	%	%	**%**	%
South African normal tax rate	**29,0**	30,0	**29,0**	30,0
Adjusted for:	**(5,1)**	(2,7)	**(29,0)**	(30,0)
Revaluation of investments	**–**	(0,3)	**(0,1)**	–
Exempt income	**(0,4)**	–	**(28,9)**	(30,0)
Non-deductible expenses	**0,5**	1,6	**–**	–
Capital gains	**(0,4)**	(1,9)	**–**	–
Tax losses utilised	**(4,7)**	(1,5)	**–**	–
Over provision in prior years	**(0,6)**	(0,9)	**–**	–
Secondary tax on companies	**0,8**	0,3	**–**	–
Change in tax rate	**(0,8)**	–	**–**	–
Other	**0,5**	–	**–**	–
Effective rate	**23,9**	27,3	**–**	–
Losses, balance of allowances and credits for which no deferred tax asset has been raised:				
– Estimated tax losses available to offset future taxable income	**15 238**	39 500	**–**	–
– Accumulated STC credits which have arisen as a result of dividends received exceeding dividends declared	**50 349**	80 813	**–**	–

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
26. HEADLINE EARNINGS, HEADLINE EARNINGS PER ORDINARY SHARE, EARNINGS PER ORDINARY SHARE, DILUTED HEADLINE EARNINGS PER ORDINARY SHARE AND DILUTED EARNINGS PER ORDINARY SHARE				
26.1 Headline earnings				
Headline earnings is determined as follows:				
Earnings attributable to ordinary shareholders	86 510	60 237	37 088	7 960
Net profit on disposal of property, plant and equipment	(488)	–	–	–
Preference share dividend	(1 017)	–	(1 017)	–
	85 005	60 237	36 071	7 960
26.2 Headline earnings per ordinary share				
The calculation of headline earnings per ordinary share is based on headline earnings of R85,0 million (2004 : R60,2 million) and the weighted average of 25 923 090 (2004 : 25 472 202) ordinary shares in issue for the year.				
26.3 Earnings per ordinary share				
The calculation of earnings per ordinary share is based on earnings of R86,5 million (2004 : R60,2 million) and the weighted average of 25 923 090 (2004 : 25 472 202) ordinary shares in issue for the year.				
26.4 Diluted headline earnings per ordinary share				
The calculation of diluted headline earnings per ordinary share is based on headline earnings of R85,0 million (2004 : R60,2 million) and the weighted average of 26 358 140 (2004 : 25 907 404) ordinary shares in issue for the year.				
26.5 Diluted earnings per ordinary share				
The calculation of diluted earnings per ordinary share is based on earnings of R86,5 million (2004 : R60,2 million) and the weighted average of 26 358 140 (2004 : 25 907 404) ordinary shares in issue for the year.				
27. CASH RECEIPTS FROM CUSTOMERS				
Interest Income	196 115	192 103	13	–
Other income	211 114	174 451	38 070	8 865
	407 229	366 554	38 083	8 865
CASH PAID TO CUSTOMERS, EMPLOYEES AND SUPPLIERS				
Interest expense	84 960	96 318	2	–
Total operating expenses	188 593	173 757	993	905
	273 553	270 075	995	905
Cash inflow from operating activities	133 676	96 479	37 088	7 960
RECONCILIATION OF OPERATING PROFIT TO CASH FLOWS FROM OPERATING ACTIVITIES				
Net income before taxation	120 049	85 350	37 088	7 960
Share of associated and joint venture companies' income	(1 321)	–	–	–
Profit on disposal of property, plant and equipment	(488)	(257)	–	–
Impairment of advances	7 154	760	–	–
Depreciation	8 282	10 626	–	–
	133 676	96 479	37 088	7 960

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
28. TAXATION PAID				
Unpaid at beginning of the year	43 730	24 565	–	–
Charge to income statement	28 665	23 261	–	–
Unpaid at end of the year	(57 833)	(43 730)	–	–
	14 562	4 096	–	–
29. DIVIDEND PAID				
Unpaid at beginning of the year	–	–	–	–
Charge to distributable reserves	36 088	3 298	36 256	3 355
	36 088	3 298	36 256	3 355
30. CASH AND CASH EQUIVALENTS AT END OF THE YEAR				
Short-term interbank funds	296 553	188 535	–	–
Short-term negotiable securities	19 377	14 320	–	–
Interbank funding	(35 801)	(36 014)	–	–
	280 129	166 841	–	–
31. FUNDS UNDER ADMINISTRATION				
Sasfin Frankel Pollak Securities (Pty) Limited, in a fiduciary capacity on behalf of clients, administers client funds in respect of the following:				
On a discretionary basis				
Unlisted equities	26	3 333	–	–
Listed equities	14 564 580	8 849 099	–	–
Gilts	167 142	179 215	–	–
Unit trusts	106	312	–	–
Funds held in money market accounts	733 878	564 219	–	–
	15 465 732	9 596 178	–	–

32. PRIOR YEAR RESTATEMENT	Balance previously disclosed R'000	Restatement amount R'000	Balance restated R'000
GROUP			
Effect on assets			
Advances	959 745	(1 292)	958 453
Investments in associated and joint venture companies	–	1 049	1 049
Effect on liabilities			
Accounts payable	135 806	(243)	135 563
COMPANY			
Effect on assets			
Investments	929	(929)	–
Subsidiary companies	24 334	929	25 263

33. RELATED PARTY TRANSACTIONS

Sasfin Holdings Limited has advanced loans to related parties as set out in notes 9 and 37.

The Group advanced loans to associates as set out in note 7.

Details of directors emoluments and shareholding are disclosed in the Directors' Report on page 28.

The analysis of major ordinary shareholders of the Company are disclosed on page 62.

34. DIRECTORS' SERVICE CONTRACTS

None of the directors retiring at the forthcoming Annual General Meeting has service contracts with notice periods in excess of one year.

35. HOLDING COMPANY GUARANTEES

Sasfin Holdings Limited has provided guarantees for the obligations of interbank facilities for the trade finance related business in Sasfin Asia Limited.

	Up to 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	Non-liquid R'000	Group Total R'000
36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT						
36.1 LIQUIDITY RISK						
2005						
Assets						
Short-term interbank funds	243 991	52 562	–	–	–	296 553
Short-term negotiable securities	6 966	12 411		–	–	19 377
Accounts receivable	262 703	–	–	–	–	262 703
Advances	86 710	221 888	309 310	471 800	–	1 089 708
Investments	–	–	–	–	53 157	53 157
Investments in associated and joint venture companies	–	–	–	–	4 301	4 301
Deferred taxation	–	–	–	–	2 966	2 966
Property plant and equipment	–	–	–	–	41 681	41 681
Total Assets	600 370	286 861	309 310	471 800	102 105	1 770 446
Liabilities						
Interbank funding	35 801	–	–	–	–	35 801
Deposits	336 741	41 935	5 117	18 227	–	402 020
Accounts payable	213 015	–	–	–	–	213 015
Provisions	10 372	–	–	–	–	10 372
Notes	–	–	–	668 223	–	668 223
Deferred taxation	–	–	–	–	45 465	45 465
Total Liabilities	595 929	41 935	5 117	686 450	45 465	1 374 896
Maturity mismatch	4 441	244 926	304 193	(214 650)	56 640	395 550
Unutilised committed interbank facilities	99 213	–	–	–	–	99 213
Net maturity mismatch	103 654	244 926	304 193	(214 650)	56 640	494 763

	Up to 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	Non-liquid R'000	Group Total R'000
36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)						
36.1 LIQUIDITY RISK (continued)						
2004						
Assets						
Short-term interbank funds	161 535	27 000	–	–	–	188 535
Short-term negotiable securities	–	12 320	2 000	–	–	14 320
Accounts receivable	159 204	–	303	–	–	159 507
Advances	64 667	168 316	293 242	432 228	–	958 453
Investments	–	–	–	–	19 497	19 497
Investments in associated and joint venture companies	–	–	–	–	1 049	1 049
Deferred taxation	–	–	–	–	520	520
Property, plant and equipment	–	–	–	–	40 547	40 547
Total Assets	385 406	207 636	295 545	432 228	61 613	1 382 428
Liabilities						
Interbank funding	26 297	–	9 717	–	–	36 014
Deposits	218 940	37 491	4 544	7 593	–	268 568
Accounts payable	135 563	–	–	–	–	135 563
Provisions	7 277	–	–	–	–	7 277
Notes	–	–	–	666 679	–	666 679
Deferred taxation	–	–	–	–	31 065	31 065
Total Liabilities	388 077	37 491	14 261	674 272	31 065	1 145 166
Maturity mismatch	(2 671)	170 145	281 284	(242 044)	30 548	237 262
Unutilised committed interbank facilities	67 500	–	–	–	–	67 500
Net maturity mismatch	64 829	170 145	281 284	(242 044)	30 548	304 762

The matching of the maturities of assets and liabilities is inherent in the activities of all banks, and it is unusual for banks ever to be perfectly matched. The table reflects on balance sheet maturity categories of the assets and liabilities of the Group according to their contractual repayment terms.

	Up to 1 month R'000	1 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	Non-interest sensitive R'000	Group Total R'000
36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)						
36.2 INTEREST RATE RISK						
2005						
Assets						
Short-term interbank funds	235 215	52 562	–	–	8 776	296 553
Short-term negotiable securities	6 966	12 411	–	–	–	19 377
Accounts receivable	–	–	–	–	262 703	262 703
Advances*	994 632	104 748	15 959	–	(25 631)	1 089 708
Investments	–	–	–	–	53 157	53 157
Investments in associated and joint venture companies	–	–	–	–	4 301	4 301
Deferred taxation	–	–	–	–	2 966	2 966
Property, plant and equipment	–	–	–	–	41 681	41 681
Total assets	1 236 813	169 721	15 959	–	347 953	1 770 446
Liabilities						
Interbank funding	35 801	–	–	–	–	35 801
Deposits	336 741	41 935	5 117	18 227	–	402 020
Accounts payable	–	–	–	–	213 015	213 015
Provisions	–	–	–	–	10 372	10 372
Notes	–	668 223	–	–	–	668 223
Deferred taxation	–	–	–	–	45 465	45 465
Total liabilities	372 542	710 158	5 117	18 227	268 852	1 374 896
Net interest rate risk mismatch	864 271	(540 437)	10 842	(18 227)	79 101	395 550
2004						
Assets						
Short-term interbank funds	154 321	27 000	–	–	7 214	188 535
Short-term negotiable securities	–	12 320	2 000	–	–	14 320
Accounts receivable	–	6 556	3 907	–	149 044	159 507
Advances*	933 425	45 326	12 012	–	(32 310)	958 453
Investments	–	–	–	–	19 497	19 497
Investments in associated and joint venture companies	–	–	–	–	1 049	1 049
Deferred taxation	–	–	–	–	520	520
Property, plant and equipment	–	–	–	–	40 547	40 547
Total assets	1 087 746	91 202	17 919	–	185 561	1 382 428
Liabilities						
Interbank funding	26 297	–	9 717	–	–	36 014
Deposits	218 940	37 491	4 544	7 593	–	268 568
Accounts payable	–	–	–	–	135 563	135 563
Provisions	–	–	–	–	7 277	7 277
Notes	–	666 679	–	–	–	666 679
Deferred taxation	–	–	–	–	31 065	31 065
Total liabilities	245 237	704 170	14 261	7 593	173 905	1 145 166
Net interest rate risk mismatch	842 509	(612 968)	3 658	(7 593)	11 656	237 262

The Group is exposed to interest rate risks associated with fluctuations in the market prices of assets and liabilities. These fluctuations in market prices impact on the value of instruments stated at fair value and interest income or the cost of instruments stated at original cost and future cash flows of all interest rate sensitive items. The tables summarise the Group's exposure to interest rate risk through categorisation of assets and liabilities into maturity categories, determined as being the earlier of the contractual re-pricing date or maturity. Assets and liabilities not directly affected by changes in interest rates are reflected separately as non-interest sensitive items.

* A substantial portion of the instalment finance advances reprice as interest rates increase but are not linked to any downward interest rate movements.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
(continued)

36.3 CURRENCY RISK

The Group has no material open foreign currency exposures.

	Notional principal R'000	Positive fair value R'000	Negative fair value R'000	Net fair value R'000
36.4 DERIVATIVE FINANCIAL INSTRUMENTS				
2005				
Hedging				
Exchange rate contracts				
Forwards maturing within one year	**15 819**	**461**	**(985)**	**(524)**
Total derivatives	**15 819**	**461**	**(985)**	**(524)**
2004				
Hedging				
Exchange rate contracts				
Forwards maturing within one year	14 358	303	(888)	(585)
Total derivatives	14 358	303	(888)	(585)

Hedging

Forward exchange contracts are entered into as fair value hedges for foreign currency liabilities.

Derivative instruments

These transactions have been entered into in the normal course of business and no material losses are anticipated other than those for which provision has been made in the income statement. There are no commitments or contingent commitments under derivative financial instruments that are settled other than with cash.

Notional principal

Represents the gross notional value of all outstanding contracts as at year-end. The gross notional value is the sum of the absolute value of all purchases and sales of derivative instruments. This value will not affect the amount receivable or payable under a derivative contract due to the cash-settled nature of the various contracts. The gross notional value represents only the measure of involvement by the Group in derivative contracts and not its exposure to market or credit risks arising from such contracts.

Fair value of assets and liabilities

The amounts disclosed represent the fair value of all derivative instruments held at year-end. The fair value of a derivative financial instrument represents the market value if the rights and obligations arising from that instrument were closed out by the Group in normal trading conditions as at year-end. Fair values are obtained from quoted market prices and discounted cash flow models.

	Nature of business	Issued capital	Effective holding		Shares at book value		Indebtedness	
			2005 %	2004 %	2005 R'000	2004 R'000	2005 R'000	2004 R'000
37. SUBSIDIARY COMPANIES, SPECIAL PURPOSE ENTITIES, ASSOCIATED AND JOINT VENTURE COMPANIES								
Of Sasfin Holdings Limited								
Subsidiaries								
Sasfin Bank Limited	Bank	R1 034 438	100	100	8 246	8 246	71 771	2 522
Premier Freight (Pty) Limited	Freight forwarding and customs clearing	R333	60	60	13 566	13 566	–	–
Sasfin Properties (Pty) Limited	Property holding company	R100	100	100	–	–	–	–
Sasfin Properties II (Pty) Limited	Property holding company	R1	100	100	–	–	–	–
Other								
The Sasfin Share Incentive Trust	Group share incentive scheme				–	–	579	929
					21 812	21 812	72 350	3 451
Of Sasfin Bank Limited	.							
Quorum Leasing Services (Pty) Limited	Instalment sale finance	R100	100	100				
Sasfin Rentals (Pty) Limited	Instalment sale finance	R100	50	50				
Sasfin Asia Limited (incorporated in Hong Kong)	Overseas trade finance	HK$1 500 000	100	100				
Sasfin Frankel Pollak Securities (Pty) Limited	Member of the JSE	R100	100	100				
Sasfin Investment and Asset Managers (Pty) Limited	Financial advisory services	R200	100	100				
SPECIAL PURPOSE ENTITIES								
Of Sasfin Bank Limited								
Equipment Rentals Securitisation No. 1 (Pty) Limited	Securitisation vehicle	R100 000	100	100				
Sasfin Warehouse No 1. (Pty) Limited	Warehouse funding	R100	100	100				
ASSOCIATED COMPANIES								
Of Sasfin Bank Limited								
Innovent Rental and Asset Management Solutions (Pty) Limited	Asset based finance	R1 000	33,6	33,6				
Of Sasfin Investment and Asset Managers (Pty) Limited								
Pioneer Employee Benefits (Pty) Limited	Pension fund administrators	R100	40	–				
JOINT VENTURE COMPANIES								
Of Premier Freight (Pty) Limited								
Hecny Transportation South Africa (Pty) Limited	International freight forwarder	R 3 750	30	30				
Of Sasfin Asia Limited								
SasCred Financial Services Limited (incorporated in Jersey)	International trade finance and wealth management	GBP 50 000	50	–				

The financial position of the companies listed above is material for a proper appreciation of the affairs of the Group. Detailed information in respect of all non-material subsidiaries is obtainable from the Group Secretary.

All subsidiaries, special purpose entities, associated and joint venture companies have co-terminous year-ends except for Pioneer Employee Benefits (Pty) Limited which has a 31 December year-end.

Sasfin Share Incentive Trust

at 30 June

GROUP SHARE INCENTIVE SCHEME RECONCILIATION	2005 Number	2004 Number
Options outstanding at beginning of the year	1 982 188	1 867 951
Granted	73 382	413 100
Exercised	(440 557)	(264 163)
Lapsed	(80 233)	(34 700)
Options outstanding at end of the year	1 534 780	1 982 188

The following options granted to employees had not been exercised at 30 June 2005:

Number of ordinary shares	Option price rance (cents)	Weighted average price (cents)	Option expiry period
556 460	415 – 1 400	1 187	Year to 30 June 2006
411 701	415 – 825	510	Year to 30 June 2007
422 211	415 – 1 470	562	Year to 30 June 2008
133 660	540 – 1 470	777	Year to 30 June 2009
10 048	600 – 1 470	600	Year to 30 June 2010
700	600	600	Year to 30 June 2011
1 534 780*			

* Includes 500 000 options at a strike price of 490 cents to an executive director, AW Greenstein, which vests one third on 23 January 2006, a further third on 23 January 2007, and the last third on 23 January 2008.

	2005 R'000	2004 R'000
BALANCE SHEET		
Assets	974	1 755
Liabilities	6	69
Loan from Sasfin Holdings Limited	579	929
Equity	389	757
	974	1 755
INCOME STATEMENT		
Income	(347)	142
Operating expenses	21	10
Net profit for the year	(368)	132
At year-end, the trust held 68 202 (2004 : 153 015) shares in Sasfin Holdings Limited.		

Shareholder and Administrative Information

at 30 June

ANALYSIS OF ORDINARY SHAREHOLDERS	Shareholders		Shares held	
	Number	%	Number	%
ANALYSIS OF HOLDING				
Trusts (including 68 202 shares in the Sasfin Share Incentive Trust)	135	9,2	7 758 043	29,7
Limited companies	14	1,0	8 905 833	34,1
Individuals	1 129	77,2	4 876 135	18,7
Private companies	136	9,3	4 045 937	15,5
Other	49	3,3	517 039	2,0
	1 463	**100,0**	**26 102 987**	**100,0**
SHAREHOLDER SPREAD				
Public shareholders	1 460	99,8	11 330 646	43,4
Non-public shareholders				
– Directors	3	0,2	14 772 341	56,6
	1 463	**100,0**	**26 102 987**	**100,0**

ANALYSIS OF MAJOR ORDINARY SHAREHOLDERS	Number of shares	% of issued shares
Unitas Enterprises Limited	7 315 062	28,0
The Sassoon Children's Trust	4 668 377	17,9
Marsas Holdings (Pty) Limited	1 926 902	7,4
Saprop Investments Limited	1 180 803	4,5
The Sydney Sassoon Trust	922 808	3,5
The Glattfin Trust	837 000	3,2
Pocot Trust	685 000	2,6

PERFORMANCE OF ORDINARY SHARES ON THE JSE LIMITED	2005	2004
Shares traded (number)	**3 597 448**	3 640 294
Price (cents)		
Highest	**2 300**	1 110
Lowest	**1 019**	378
Year-end	**2 000**	1 070
Market capitilisation (R'000)	**522 060**	277 256

ANALYSIS OF PREFERENCE SHAREHOLDERS	Shareholders		Shares held	
	Number	%	Number	%
ANALYSIS OF HOLDING				
Trusts	118	15,1	241 870	24,2
Limited companies	4	0,5	9 500	1,0
Individuals	528	67,3	572 052	57,2
Private companies	19	2,4	28 150	2,8
Other	115	14,7	148 428	14,8
	784	**100,0**	**1 000 000**	**100,0**
SHAREHOLDER SPREAD				
Public shareholders	783	99,9	998 000	99,8
Non-public shareholders				
– Directors	1	0,1	2 000	0,2
	784	**100,0**	**1 000 000**	**100,0**

SHAREHOLDERS' DIARY	
Year-end	30 June
Reports published:	
• Interim for six months to December 2004	2 March 2005
• Preliminary announcement of annual results	7 September 2005
• Annual financial statements	12 October 2005
Interim ordinary share dividend paid	18 April 2005
Final ordinary share dividend paid	10 October 2005
Preference share dividend number 1 paid	4 April 2005
Preference share dividend number 2 paid	3 October 2005
Annual General Meeting	29 November 2005

Notice of Annual General Meeting

Sasfin Holdings Limited

(Incorporated in the Republic of South Africa)
Registration number 1987/002097/06
Ordinary Share Code: SFN ISIN: ZAE000006565
Preference Share Code: SFNP ISIN: ZAE000060273
("Sasfin" OR "the Company")

Notice is hereby given that the 18th Annual General Meeting of shareholders of the Company will be held at Sasfin Place, 13-15 Scott Street, Waverley, Johannesburg on Tuesday, 29 November 2005 at 14H00, and if deemed fit, to pass, with or without modification, the following ordinary resolutions:

1. Ordinary resolution number 1

"Resolved to receive, consider and adopt the Annual Financial Statements and the Group Annual Financial Statements for the year ended 30 June 2005, including the reports of the directors and the auditors."

2. Ordinary resolution number 2

"Resolved that Mr R D E B Sassoon be re-elected as an executive director of the Company."

Mr Sassoon retires by rotation as a director of the Company in accordance with the Company's articles of association and is eligible and has offered himself for re-election. He started his career with Sassoon Textiles (Africa) (Pty) Limited and thereafter held managerial positions at Metropolitan Industrial Corporation, Factors and Leasing division of Barclays National Bank, Federated Shippers and Trade and Industry Acceptances. Mr Sassoon was appointed as Managing Director of the Company in 1979 and as Group CEO in January 2003. He holds several directorships within the Sasfin Group and chairs the Group EXCO. He is a member, amongst others, of the Risk Management, ALCO, Human Resources and IT Steering committees. Mr Sassoon holds a CIS Diploma and is 59 years old.

3. Ordinary resolution number 3

"Resolved that Mr A W Greenstein be re-elected as an executive director of the Company."

Mr Greenstein retires by rotation as a director of the Company in accordance with the Company's articles of association and is eligible and has offered himself for re-election. Mr Greenstein joined the Company on 8 January 2001 and was appointed to the board on 31 July 2001. He was appointed Group Managing Director in January 2003. Mr Greenstein holds several directorships within the Sasfin Group and is a member of the Group EXCO, Risk Management, ALCO, Human Resources and IT Steering Committees as well as an invitee of many others. He is the CEO of Sasfin Frankel Pollak Securities (Pty) Limited and Sasfin Investment and Asset Managers (Pty) Limited and the director responsible for Group IT and Group Marketing. Mr Greenstein is an admitted attorney who was previously a partner at law firm, Moss-Morris Mendelow Browde. He has worked in the banking and financial services sector since 1987. He is 45 years old.

4. Ordinary resolution number 4

"Resolved that the directors be authorised to determine the remuneration of the Company's auditors."

5. Ordinary resolution number 5

"Resolved that KPMG Inc. and PKF (Jhb) Inc. be re-appointed as joint auditors of the Company for the next financial year."

6. Ordinary resolution number 6

"Resolved that the aggregate executive and non executive directors' fees for the past financial year of R 4 618 016 be approved."

7. Ordinary resolution number 7

"Resolved that the unissued ordinary shares in the authorised ordinary share capital of the Company be and are hereby placed under the control of the directors of the Company who are authorised to allot and issue the ordinary shares at their discretion, and on such terms and conditions and at such times as they deem fit until the next Annual General Meeting of the Company, subject to the provisions of the Companies Act, 61 of 1973, as amended ("the Companies Act"), the Banks Act, 94 of 1990, as amended ("the Banks Act") and the Listings Requirements of JSE Limited ("JSE Listings Requirements")."

8. Ordinary resolution number 8

"Resolved that the directors have the powers to allot and issue ordinary shares for cash as and when the directors consider it appropriate in the circumstances, subject to the Companies Act, any share incentive trust deed entered into by the Company, the articles of association of the Company, the Banks Act and the JSE Listings Requirements, when applicable, and the following limitations, namely that:

8.1 this authority shall not endure beyond the earlier of the next Annual General Meeting of the Company or beyond 15 (fifteen) months from the date of this meeting;

8.2 there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) but not to related parties;

8.3 upon any issue of ordinary shares representing on a cumulative basis within a financial year, 5% (five percent) or more of the number of ordinary shares in issue, the Company shall, by way of a paid press announcement in terms of 11.22 of the JSE Listings Requirements, give full details thereof, including the effect on the net asset value of the Company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed by the Company's directors;

8.4 that issues in the aggregate in any one financial year shall not exceed 15% (fifteen percent) of the number of issued ordinary shares of the Company (including instruments which are compulsorily convertible into ordinary shares) at the date of application less any ordinary shares issued, or to be issued in the future arising from options/convertible securities issued during the current financial year, plus any ordinary shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced;

8.5 the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors, and

8.6 under the JSE Listings Requirements, a 75% (seventy-five percent) majority of votes cast by the shareholders present or represented by proxy at the general meeting is required to approve the resolution."

9. Ordinary resolution number 9

"Resolved that, subject to the approval of the JSE, the Sasfin Share Incentive Trust be and is hereby amended on and with effect from 29 November 2005, by:

9.1 the deletion of clause 14.1 thereof and the substitution therefore with the following new clause 14.1:.

"14.1 The Trustees will offer to the employees reflected in the director's instruction to the Trustees referred to in 13.1 above, an option to acquire that number of shares indicated by the directors, at a price equal to the closing price of the shares on the JSE (as evidenced by a certificate issued by the Company's then broker) on a trading day determined by the directors, which day shall not be more than 60 (sixty) days prior to the date of the grant of the option, and on the terms and subject to the conditions set out in this 14";

9.2 the deletion of clause 17.1 thereof and the substitution therefore with the following new clause 17.1:.

"17.1 If the employee shall leave the employ of the Company for any reason other than death, permanent disability or retirement at or after the normal retirement age (as laid down in the Company's Pension or Provident Fund Regulations from time to time) or, with the approval of the directors, prior to the normal retirement age, then notwithstanding anything to the contrary contained or implied in this Deed."; and

9.3 the deletion of clause 18 thereof and the substitution therefore with the following new clause 18:

"18 DEATH, PERMANENT DISABLEMENT OR RETIREMENT

18.1 If an employee dies or becomes permanently disabled, or retires at or after the normal retirement age (as laid down in the Company's Pension or Provident Fund Regulations from time to time) or, with the approval of the directors, prior to the normal retirement age, then if he shall have retired or become permanently disabled, the employee shall himself, or if he shall have died, the executors or administrators of his estate or his heirs, whichever shall have the requisite authority (collectively "the Estate") shall:

18.1.1 where an option has been exercised, be entitled:

(a) but not obliged, to pay to the Trustees the purchase price in respect of those Company shares in respect of which the relevant effective date shall not yet have arrived and upon such payment, shall be entitled to receive the share certificates relating to such Company shares; or

(b) to cancel the sale of those Company shares in respect of which payment has not yet been made and thereby be relieved of the obligation to make payment to the Trustees of the purchase price in respect of such Company shares, provided that if a beneficiary or group of beneficiaries to whom they will be allocated upon such as soon as practicable in the circumstances, dispose of the shares in question on the open market; or

18.1.2 in respect of those Company shares which have been paid for by the employee prior to or upon the date of death or retirement or permanent disability, be entitle to the release to him of such Company shares; or

18.1.3 notwithstanding anything to the contrary contained or implied in this Deed, where an option has not been exercised, be entitled:

(a) in the case of retirement, to exercise the unexercised options in full within 3 (three) years of the date of the employee's retirement; or

(b) in the case of death or permanent disability, to exercise the unexercised options in respect of that tranche that the employee would have been entitled to exercise at the date of his death or permanent disability, as the case may be, within 6 (six) months of the date of the employee's death or permanent disability or until the end of the financial year in which the employee's death or permanent disability takes place, whichever period is longer,

provided that the exercise of the option is accompanied by payment in full.

18.2 The directors may instruct the trustees in writing to reach alternative arrangements with the employee or the Estate in regard to all matters provided for in clauses 17 and 18.

For the purpose hereof, an employee shall be deemed to be permanently disabled if he shall be unable to resume his duties in terms of his then current employment with the Company for a period in excess of one hundred and eighty (180) continuous days."

Reason for ordinary resolution number 9

The reason for ordinary resolution number 9 is to amend the Sasfin Share Incentive Trust so as to –

– change the method of determining the price at which an option will be granted;

– render clause 17 conformable with clause 18 by excluding "permanent disability" from the application of clause 17 as well as by broadening on the concept of retirement; and

– provide for the consequences for the employee who has not exercised his options in circumstances where he dies or becomes permanently disabled, or retires at or after the normal retirement age (as laid down in the Company's Pension or Provident Fund Regulations from time to time) or, with the approval of the directors, prior to the normal retirement age.

Voting and proxies

All shareholders are entitled to attend and vote at the Annual General Meeting.

Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the Annual General Meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received at the registered office of the Company by not later than 14h00 on Monday, 28 November 2005. Shareholders who have dematerialised their shares through a Central Securities Depository participant (CSDP) or broker, other than by own name registration who wish to attend the Annual General Meeting must instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to vote by way of proxy, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

By order of the board

SK Erasmus
Company Secretary

30 September 2005

Registered office

Sasfin Place
13-15 Scott Street
Waverley
2090

PO Box 95104
Grant Park
2051

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
PO Box 61051
Marshalltown
2107

Contact Details

Sasfin Holdings Limited

("Sasfin" and/or "the Company" and/or "the Group"
Registration No. 1987/002097/06
ISIN No. ZAE000006565
Share Code: SFN

Registered Office

Sasfin Place, 13-15 Scott Street
Waverley 2090, Johannesburg
PO Box 95104, Grant Park 2051
Tel: +27 11 809 7500
Fax: +27 11 887 2489/6167
e-mail: info@sasfin.com
website: www.sasfin.com

Company Secretary

SK Erasmus
Sasfin Place, 13-15 Scott Street
Waverley 2090, Johannesburg
PO Box 95104, Grant Park 2051
Tel: +27 11 809 7500
Fax: +27 11 887 2489/6167

Corporate Law Advisors & Consultants

Edward Nathan Corporate Law Advisors
150 West Street
Sandton 2196

Joint Auditors

PFK (Jhb) Inc.
Registration No. 1994/001166/21
FHS House, 15 Girton Road, Parktown 2193
Suite 200, Private Bag X30500, Houghton 2041

KPMG Inc.
Registration No. 1999/021543/21
85 Empire Road, Parktown 2193
Private Bag 9, Parkview 2122

Transfer Secretaries

Computershare Investor Services 2004 (Pty) Limited
PO Box 61051, Marshalltown 2107

Lead Sponsor

KPMG Services (Pty) Limited
85 Empire Road, Parktown 2193
Private Bag 9, Parkview 2122

Joint Sponsor

Sasfin Corporate Finance
a division of Sasfin Bank Limited
Sasfin Place, 13-15 Scott Street
Waverley 2090, Johannesburg
PO Box 95104, Grant Park 2051

Form of Proxy

SASFIN HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1987/002097/06
Ordinary Share Code: SFN ISIN: ZAE000006565
Preference Share Code: SFNP ISIN: ZAE000060273
("Sasfin" OR "the Company")

FOR USE ONLY BY CERTIFICATED SHAREHOLDERS AND OWN NAME REGISTERED DEMATERIALISED SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF SASFIN SHAREHOLDERS TO BE HELD AT SASFIN PLACE, SOUTH BLOCK, 13-15 SCOTT STREET, WAVERLEY, JOHANNESBURG ON TUESDAY, 29 NOVEMBER 2005 AT 14H00 OR SUCH LATER TIME THAT MAY BE APPLICABLE ("THE ANNUAL GENERAL MEETING").

I/We (Names in capital letters) _____

of (address) _____

_____

being a member(s) of Sasfin and entitled, on a poll, to _____ votes hereby appoint

_____ of _____ or failing him / her

_____ of _____ or failing them,

the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 29 November 2005 and at any adjournment thereof.

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

	In favour	Against	Abstain
1. To receive and consider the Annual Financial Statements			
2. To re-elect as an executive director Mr RDEB Sassoon			
3. To re-elect as an executive director Mr AW Greenstein			
4. To authorise the directors to determine the auditors' remuneration			
5. To re-appoint the auditors for the next financial year			
6. To approve the directors' fees for the past year			
7. To place the unissued ordinary shares under the control of the directors			
8. To grant the directors a general authority to issue shares for cash			
9. To amend the Sasfin Share Incentive Trust			

Signature _____ Date _____

Please read the notes on the reverse side hereof.

sasfin

Notes to Form of Proxy

1. A Sasfin shareholder may insert the name of a proxy or the names of two alternative proxies of the Sasfin shareholder's choice in the space/s provided, with or without deleting “the Chairperson of the Annual General Meeting”, but any such deletion must be initialled by the Sasfin shareholder concerned. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an “X” in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Sasfin, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Sasfin shareholder or his/her proxy is not obliged to use all the votes exercisable by the Sasfin shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. The date must be filled in on this proxy form when it is signed.

4. The completion and lodging of this form of proxy will not preclude the relevant Sasfin shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of Sasfin or waived by the Chairperson of the Annual General Meeting of Sasfin shareholders.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Sasfin.

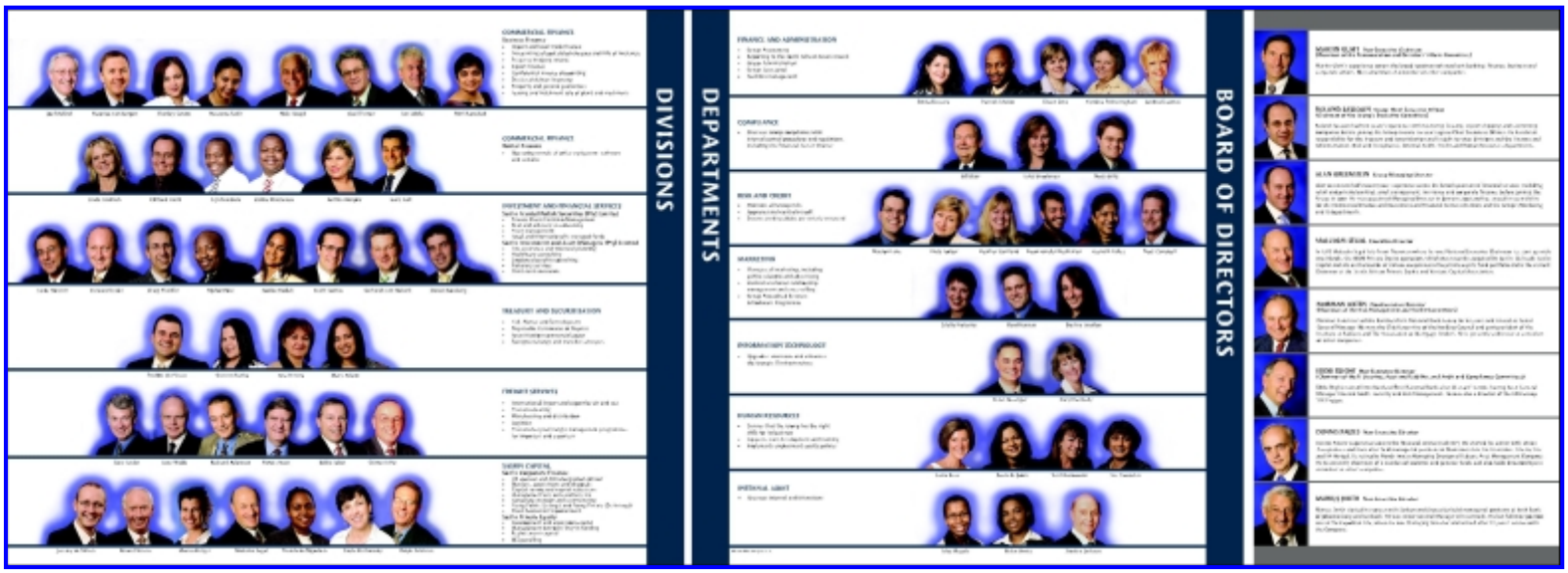
8. Forms of proxy must be received by the Company, Sasfin Holdings Limited at 13 - 15 Scott Street Waverley, 2090 (PO Box 95104, Grant Park, 2051) by not later than 14h00 on Monday, 28 November 2005.

9. The Chairperson of the Annual General Meeting may accept or reject any form of proxy, in his absolute discretion, which is completed other than in accordance with these notes.

10. If required, additional forms of proxy are available from the transfer secretaries of Sasfin.

11. Dematerialised shareholders, other than by own name registration, must NOT complete this form of proxy but must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

FINANCIAL HIGHLIGHTS
GROUP STRUCTURE
SASFIN HOLDINGS LIMITED
sasfin
UNLIMITED FINANCIAL HORIZONS
GROUP AT A GLANCE 2005/6
VISION, MISSION AND VALUES


DIVISIONS
DEPARTMENTS
BOARD OF DIRECTORS