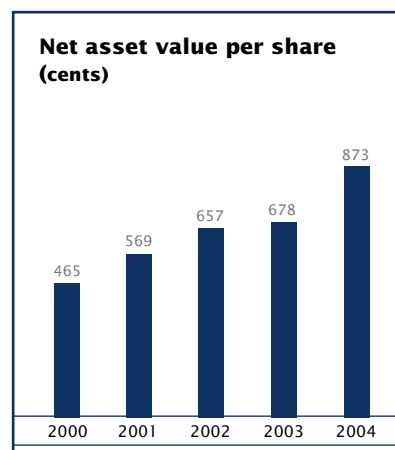
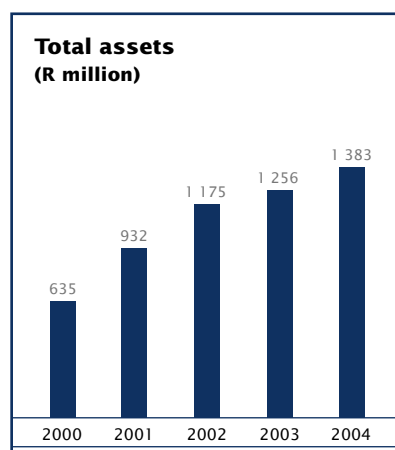
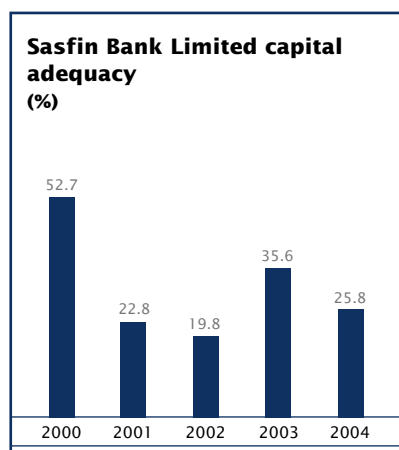
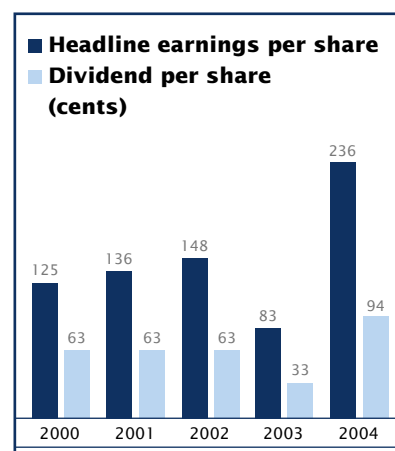
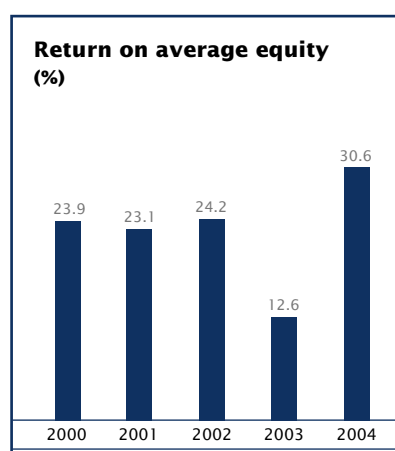
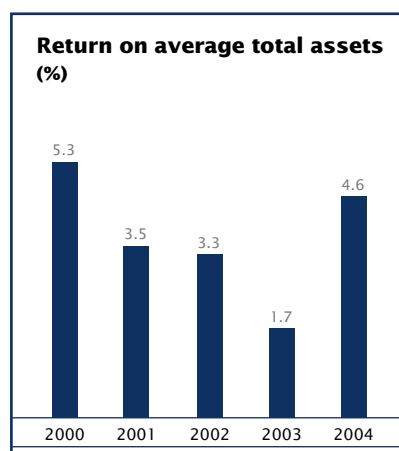


group salient features

for the years ended 30 June

	2004	2003	2002	2001	2000
Balance sheet					
Total assets (Rm's)	1 383	1 256	1 175	932	635
Total gross advances (Rm's)	992	888	816	589	374
Gross advances growth (%)	11.7	8.8	38.5	57.5	34.5
Income statement					
Headline earnings (Rm's)	60	20	34	30	28
Earnings attributable to shareholders (Rm's)	60	20	34	27	28
Financial performance					
Return on average equity (%)	30.6	12.6	24.2	23.1	23.9
Return on average total assets (%)	4.6	1.7	3.3	3.5	5.3
Operating performance					
Net interest margin on interest bearing assets (%)	8.5	6.2	6.0	6.2	9.6
Non-interest income to total income (%)	64.6	67.9	77.9	74.1	64.3
Operating expenses to total income (%)	68.2	87.6	76.5	80.9	73.5
Share statistics					
Headline earnings per share (cents)	236	83	148	136	125
Earnings per share (cents)	236	83	148	122	125
Diluted earnings per share (cents)	233	83	148	122	125
Dividend per share (cents)	94	33	63	63	63
Net asset value per share (cents)	873	678	657	569	465
Capital adequacy					
Group capital to risk weighted assets (%)	24.9	30.6	15.7	26.7	34.1
Sasfin Bank Limited capital to risk weighted assets (%)	25.8	35.6	19.8	22.8	52.7
Employees					
Permanent staff complement	451	467	499	504	472





MARTIN GLATT Chairman

It gives me great pleasure to present the seventeenth Annual Report of Sasfin Holdings since it was listed on the JSE Securities Exchange South Africa in 1987.

This has been a very successful year for Sasfin, which not only survived the worst banking crisis in South Africa's history, resulting in more than 30 small and medium-sized banks either failing or handing back their licences, but has emerged stronger than ever. This set of financial results bears testimony to Sasfin's resilience. The Group virtually trebled its earnings year on year, maintained a robust capital adequacy ratio and achieved a return on equity that is the envy of the banking sector.

Based on its 1987 listing price of 60 cents per share and closing share price at year end of 1 070 cents and dividends paid during the period, Sasfin has achieved an average annual return on equity of 26%, a compound growth rate in earnings per share of 24% and a compound annual return to shareholders of 27%.

INTERNATIONAL AND LOCAL ECONOMY

It is clear that the South African economy has entered a new phase in its development. After nearly two decades of debilitating currency weakness accompanied by capital flight, low growth and double-digit inflation, the reversal in the country's fortunes could not be more marked.

Inflation has settled within the Reserve Bank's 3 – 6% target range, helped by the Rand's remarkable resilience since reaching a low of R13,71 to the US Dollar in December 2001. This allowed the South African Reserve Bank to drop interest rates by 600 basis points since June 2003, triggering the strongest consumer boom South Africa has seen in 16 years. Escalating housing prices are enriching home owners and vehicle sales are at their best levels in two decades. The economy has now enjoyed uninterrupted growth for 23 consecutive quarters and economists are projecting domestic growth of the order of 3% for the current calendar year, rising to 3.5% or better in 2005.

The reduction in inflation and hence interest rates has created a benign environment for South African banking groups. Sasfin benefited handsomely from the falling interest rate cycle as, unlike the bulk of its lending, most of its funding is linked to prevailing interest rates.

There is much to celebrate about the improving fortunes of the South African economy, but we should temper our euphoria with a note of caution. Fixed and foreign direct investment, the key to substantial economic growth, is inhibited by:

- the persistently high crime rate, both violent and white collar, and the perceived acceptance of the abuse of law and human rights in Zimbabwe.

- extremely high tax rates by world standards, when account is taken of all taxes, including Income Tax, Capital Gains Tax and Value Added tax in relation to the level of government services to the taxpayer.
- inflexible labour and the risk of over-zealous Black Economic Empowerment charters.
- the dominance of government and monopolistic companies in the economy and the slow rate of privatisation.

Unless aggressive steps are taken to address these issues, investment will be insufficient to achieve the growth rates of some Asian countries, which is necessary to reduce the country's unemployment and meet the expectations of the larger sector of its population.

The Aids epidemic is now beginning to impact many larger organisations, and the economic cost of this tragedy is certain to rise in the coming years. While there is evidence of containment on the crime front, South Africans appear to have come to accept a high crime rate as a fact of life. Extra policing and more effective law enforcement can go some way to reducing crime rates, but the longer-term solution must be economic. It is not surprising that the national crime rate is as high as it is, given an unemployment rate of 32% or more. If South Africa is to tackle crime effectively, job opportunities must be created in volume, and that requires pro-growth policies from government.

On the international front, the escalation of world terrorism and the upsurge in oil prices threaten to destabilise both the international and the South African economies. The global interest rate cycle has bottomed and is now trending firmer. Despite the drop in domestic interest rates, they remain high in real terms relative to South Africa's trading

partners, reflecting the South African Reserve Bank's fear that inflationary pressures could resurface should it relax monetary policy much further.

COMPLIANCE

Despite being a small banking group, Sasfin has developed the infrastructure to meet its obligations in terms of increasingly onerous corporate governance and accounting standards, the cost of which has been high. On the positive side, this is necessary for a healthy globalised banking industry and it represents an enormous barrier to entry for any other aspirant small banks. Some of the new compliance issues that Sasfin is dealing with are:

- Financial Intelligence Centre Act (FICA)
- Financial Advisory and Intermediary Services Act (FAIS)
- The Prevention of Organised Crime Act (POCA)
- Basel II Capital Accord
- Financial Sector Charter
- Banking Council's Code of Banking Practice
- AC133 accounting standard
- King Committee: King II Report

SECURITISATION

During the year under review Sasfin successfully completed the re-engineering of its securitisation structure to bring it in line with international best practice. The commercial paper which is now listed on the Bond Exchange is rated by Fitch IBCA as follows:

91.6% – AAA (ZAF)

6.6% – A (ZAF)

1.8% – BBB (ZAF)

This new structure will enable Sasfin's equipment finance division to be more competitive.

FINANCIAL PERFORMANCE

I am pleased to report that Sasfin has significantly increased its earnings from 83 to 236 cents per share. This is the result of improved margins, reduced cost of money and overheads and better quality receivables. Each division has contributed to the improvement in the bottom line, with the exception of Sasfin Investment and Asset Managers (Pty) Limited, which reported losses following a change in its management team, coupled with more difficult conditions in the health care, pensions and life assurance industries. Losses in this subsidiary have now been curtailed and a return to profitability is expected in the current financial year.

In the year under review Sasfin's attributable income was R60,2 million (2003: R20,4 million) with a return on average equity at 30.6% (2003: 12.6%) and return on average assets at 4.6% (2003: 1.7%).

GLOBALISATION

Sasfin Asia Limited has entered into an agreement with an international, UK-based financial services group, subject to regulatory approval, to form a joint-venture company to be known as SasCred Financial Services Limited, which will be the springboard for Sasfin's cautious international expansion, initially in trade finance and financial services.

NEW BUSINESS AREAS

Sasfin has started to provide instalment sale, leasing and rental finance for plant, machinery and vehicles, and is investigating the provision of finance for fixed property.

BLACK ECONOMIC EMPOWERMENT

Sasfin has embraced the principles of the Financial Sector Charter for Black Economic Empowerment,

with which it is determined to achieve a high level of compliance. To this end Sasfin has:

- a 7.3% interest in NIB-MDM Private Equity Fund Managers (Pty) Limited, a black-empowered private equity company,
- acquired a 33.6% interest in InnoVent Rental and Asset Management Solutions (Pty) Limited, a black-controlled residual rental company,
- increased black representation at each level of management,
- embarked on discussions with potential black investors in Sasfin,
- taken steps to increase its procurement from black suppliers of goods and services,
- stepped up its already generous social responsibility programme,
- financed the formation of Commonwealth Trust (Pty) Limited, a black-owned insolvency practising company, and
- facilitated the creation of Legends Financial Services (Pty) Limited ("Legends") through its private client wealth management arm, Sasfin Frankel Pollak Securities (Pty) Limited, a black-owned investment management business, in which African Legends Limited is the major shareholder. Sasfin has an option to acquire a 10% interest in Legends before 31 December 2004.

Once Sasfin has identified suitable black shareholders, its board composition will be changed to reflect the new shareholding and conform with the requirements of the Charter.

PROSPECTS

With an excellent team, a wide and balanced suite of products and high capital adequacy, Sasfin is well

positioned to increase its footprint in its chosen niche – servicing the banking and financial services needs of the entrepreneurial market. I see very exciting times ahead for Sasfin.

APPRECIATION

South Africa enjoys a deserved reputation as a well-governed developing country with vast potential. I commend both the Minister of Finance and the Governor of the South African Reserve Bank for their able stewardship of the country's finances, and extend my appreciation to all the Group's directors, executives and staff for their dedication and focused efforts. I thank all Sasfin's clients and its credit insurers and professional advisors for their loyalty and support and take this opportunity to congratulate the new Registrar of Banks, Mr Errol Kruger, on his appointment and thank him and his office for their sound guidance.

**MARTIN GLATT***Chairman*

6 September 2004

chief executive officer's report



ROLAND SASSOON | Chief Executive Officer

YEAR UNDER REVIEW

With the returns of the total banking sector in 2003 having increased from 5.6% to 10.9% on equity and from 0.5% to 0.7% on assets, the South African banking industry is in far better shape than it has been at any time in the past four years. This is primarily due to:

- improving economic fundamentals, both in South Africa and abroad, resulting in stronger demand for banking products and reduced banking risks. The reduction in South African inflation and interest rates and recovery in financial markets have benefited the banking industry. It is noteworthy that the South African prime interest rate has dropped by 600 basis points since June 2003 and that annual growth in Gross Domestic Product in the second quarter of 2004 was 3.9%.
 - reduced cost to revenue ratios of the large banks, achieved by de-layering of management and focusing on their core competencies of sophisticated infrastructure for the mass retail market and strong financial and intellectual capital for the large corporate market.
 - the thinning out of the small- and medium-sized banking sector due to a failure of banks that adopted unsustainable lending and other practices.
 - elevated Corporate Governance requirements, as prescribed by the Registrar of Banks and other authorities, though costly to administer, has resulted in improved discipline and transparency, thereby enhancing the international credit rating of local banks.
- Against this background, Sasfin has benefited by:
- focusing on its core competency of relationship banking and investment solutions for the high-net-worth individual and entrepreneurial corporate and commercial finance markets.
 - reducing costs and improving efficiency and productivity across the board.
 - maintaining sound Corporate Governance and conservative Risk Management policies.
 - curtailing the foreign exchange losses of the previous year by eliminating the foreign currency exposures of its offshore subsidiary.
 - increasing interest margins by:
 - switching offshore interest earnings to higher-yielding Rand-based investments and receivables, and
 - benefiting from the reduction in domestic interest rates on borrowings.
 - completing the re-engineering of its securitisation structure, which was first floated in 1991, in line with international best practice. This not only reduces cost of funds, but also allows for more flexibility, thereby enhancing Sasfin's competitive position.

RESULTS

It is pleasing to report that earnings for the year under review have increased by 195% to R60,2 million, representing returns on equity of 30.6% (2003: 12.6%) and on assets of 4.6% (2003: 1.7%).

PROSPECTS

With a strong and growing entrepreneurial client base, Sasfin is now well positioned to be the banker of choice for this target market.

While an increase in interest rates would impair profitability, the consensus view is that interest rates will remain relatively steady for the foreseeable future. Under this scenario and given the cost saving measures that have been achieved, earnings growth is likely to return to normal levels in the year ahead.

On balance I remain optimistic of Sasfin's prospects for the 2005 financial year.

New market opportunities are continually explored and to this end some exciting developments are planned for the current financial year, including:

- the pending formation, subject to regulatory approval, of an offshore financial services joint venture, to be known as SasCred Financial Services Limited (SasCred), and
- re-entry into the vehicle rental and plant and machinery leasing markets.

CAPITAL ADEQUACY

At 30 June 2004, the capital adequacy ratio of Sasfin Bank Limited is 25.8% (2003: 35.6%), comfortably above the required minimum of 10%. In view of the expected growth in Sasfin Bank Limited's lending

activities on the one hand and the improved economic outlook and current market appetite for bank preference shares on the other, it has been decided to consider issuing by way of a private placing, up to R100 million of non-redeemable, non-cumulative, non-participating preference shares in Sasfin Holdings Limited, to be listed on the JSE Securities Exchange South Africa. This will enable Sasfin Holdings Limited to subscribe for shares in Sasfin Bank Limited, thereby increasing its qualifying capital and liquidity.

INFRASTRUCTURE

The Group comprises the following operating divisions and support departments:

OPERATING DIVISIONS:

■ Commercial Finance Division – Sasfin Bank Limited

This division provides financing facilities for equipment, trade and debtors. During the year under review the infrastructure of this division was expanded in order to grow its receivables.

Equipment Finance Unit

This business unit had an excellent year with profit up 82.8% to R31,4 million and has entrenched itself as a pre-eminent provider of office equipment rental finance. Margins grew as interest rates declined since, unlike borrowings, rental income is to a large extent not linked to downward movements in rates.

Sasfin's securitisation structure, which was first introduced in 1991, was successfully re-engineered in order to reduce cost of funds and enable Sasfin to re-enter the leasing, instalment sale and rental financing markets for plant, machinery and motor vehicles.

During the year under review Sasfin Bank acquired a 33.6% shareholding in InnoVent Rental and Asset Management Solutions (Pty) Limited ("InnoVent"), a new black-owned company focusing on the rental of technology assets to the medium to large corporate sector. InnoVent complements Sasfin's equipment rental unit, as it is well positioned to cater for the corporate market's growing need for residual-based rentals for the procurement of technology.

Trade and Debtor Finance Unit

Trade Finance performed satisfactorily and Debtor Finance returned to profitability. However, at least partly due to the strong Rand, the anticipated growth in profitability of this unit fell somewhat short of expectations, as:

- the cost of imports was reduced, which lowered client needs for trade finance, and
- the competitive advantage of those of Sasfin's clients involved in local manufacture was impaired.

With a more positive outlook for economic growth, this unit is well positioned to take advantage of the current increase in imports which should translate into stronger demand for Trade Finance.

The formation of SasCred bodes well for the Trade Finance business, which will be exposed to new markets as well as new sources of funding.

■ Corporate Finance Division – Sasfin Bank Limited

This division provides corporate advisory services to listed and unlisted companies on mergers, acquisitions and disposals, corporate strategy and restructuring, management and

leveraged buy-outs and buy-ins, capital raising and reductions, listings and de-listings, JSE sponsorship and designated advisory, empowerment and securitisation.

The division acts as sponsor to approximately 10% of all companies listed on the JSE Securities Exchange South Africa and enjoys a deserved reputation for professionalism and integrity. Sasfin's status as a leading sponsor of listed companies was reinforced when it was ranked fifth in the March 2004 annual Ernst & Young Mergers & Acquisitions survey. Sasfin Corporate Finance intends to also act as an approved Designated Advisor to companies aiming to list on AltX, the alternative exchange for small- to medium-sized companies.

During 2004, the division increased its contribution to Group profitability from R0,3 million to R2,2 million, helped by a noticeable improvement in the level of corporate finance activity in its target market of companies with a market capitalisation of R5 billion or less.

■ Investment and Asset Management Division

This division comprises stock broking, portfolio management and asset management activities housed in Sasfin Frankel Pollak Securities (Pty) Limited ("SFPS"), which is now 115 years old; life assurance, investment and financial planning, healthcare consulting and employee benefits activities falling under Sasfin Investment and Asset Managers (Pty) Limited ("SIAM"); and short-term insurance broking in Sasfin Insurance Brokers (Pty) Limited ("SIB"). The division's contribution to Group profits during the year under review is R2,8 million (2003: loss of R0,6 million) after incurring a loss of R2,1 million

(2003: R2,3 million) in SIAM, which was only turned around towards year end through substantial right-sizing.

Asset Management Unit – SFPS

Despite a slow start to the year, SFPS produced a strong performance on the back of improved stock market conditions in the second half of the financial year. Assets under administration grew by 37% to R9,6 billion and administration fees are now close to target of 25% of total income. All branches reported improved performance over the previous year. The Sandton branch was relocated to the Waverley head office and the Plettenberg Bay branch was converted to an agency.

Despite initial delays, the Sasfin International Fund was successfully launched in association with Edmond de Rothschild Asset Managers, Paris, a member of Groupe LCF Rothschild. It is intended to develop an asset management focus in the new financial year and some ambitious growth targets for new assets under administration have been set.

Financial Planning Unit – SIAM

Following the introduction of the Financial Advisory and Intermediary Services Act and the departure of most of its financial advisors in the previous year, losses in this unit persisted for most of the year under review until costs were reduced. This unit is currently operating with a much-reduced team, and intends to rebuild itself as revenue generation and profitability is restored.

Healthcare Consulting Unit – SIAM

This business unit was negatively impacted by changes in legislation covering commissions

payable on Healthcare business. The unit is back on track after a period of intense restructuring and down-sizing, including the departure of the business unit head in December 2003. Although it incurred losses for the year under review, it is expected that this unit will make a positive contribution in the 2005 financial year.

Employee Benefits Administration and Consulting Unit – SIAM

This is the only business unit of SIAM which is not a broker. Following a strategic review of SIAM's activities, it was decided to exit the administration business and to focus on its core competencies. This decision was influenced by the introduction of increasingly onerous fiduciary and regulatory obligations on administrators and the loss of potential asset management business through perceived conflicts of interest between the asset management and administration functions. With effect from 1 July 2004, this unit was sold to a company in which SIAM will retain a 30% share with 10% earmarked for Black Economic Empowerment and the remaining 60% share owned by Pioneer Financial Planning Services (Pty) Limited, with whom SIAM has a close working relationship and who will assume management control.

Fiduciary Services Unit – SIAM

SIAM's fiduciary services business unit was discontinued during the year under review, with a view to resurrecting it on an international basis in the new financial year through SasCred.

Short-term Insurance Unit – SIB

Sasfin's short-term insurance broking business, SIB, was resurrected during the year as a subsidiary of SIAM and with a new outsource

service provider. It will cover the short-term insurance requirements of the Sasfin Group and its clients.

SIAM and SIB should contribute positively and add value to the Group during the current year and into the future.

■ **Treasury and Securitisation Division – Sasfin Bank Limited**

This division has performed well in raising the required funding for Sasfin's lending businesses. Sasfin Bank's funding has proved to be very stable due to the Group's long-standing personal relationships with high-net-worth individual clients, and the fact that Sasfin Bank's main source of funding is securitisation notes placed with institutions, which match the term of the rental assets they finance. Deposits increased by 8.2% to R269 million (2003: R248 million) and the value of securitisation notes increased by 14.5% to R670 million (2003: R585 million).

■ **Insolvency Practitioning Division – Commonwealth Trust (Pty) Limited**

This newly-formed Insolvency Practitioning subsidiary reached the critical mass necessary to become profitable. It was, however, decided to dispose of Sasfin's interest in this company to its previously disadvantaged co-shareholders, with effect from 31 May 2004, as it has become clear that insolvency practitioners should preferably operate independently of banks.

■ **Freight Services Division – Premier Freight (Pty) Limited ("PF")**

PF, in which Sasfin has a 60% interest, performed well, with a taxed profit contribution to the Group of R2,8 million (2003: R2,7 million), considering

the deleterious impact of the strong Rand on the business. PF managed to exceed its budget by careful cost containment and by maintaining its focus on identifying and meeting its customers' needs. Hecny Transportation S.A. (Pty) Limited, which is a freight-forwarding joint venture between PF and the Hecny Group headquartered in Hong Kong, also performed well. The spread of Hecny's offices around the world enables PF to compete on equal terms with the big international freight forwarding companies with operations in South Africa.

The association between Sasfin's Commercial Finance Division and PF creates good opportunities for cross-selling.

■ **Private Equity Division – NIB-MDM Private Equity Fund Managers (Pty) Limited**

This division's activities are housed in NIB-MDM Private Equity, in which Sasfin Bank Limited has an indirect 7.3% interest, with the remaining share being owned by Nedbank Capital-Private Equity, a black economic empowerment group headed by Dr Mathews Phosa, certain high-net-worth individuals and management. It currently manages the following two funds, in each of which Sasfin has a minority share, and is actively pursuing the establishment of further funds:

- NIB-MDM Private Equity Fund 1 (Fund 1)
- Empowergro Investments (Proprietary) Limited (E-Gro)

The value of Fund 1 increased by 10.1% during the financial year under review. With its capital now substantially invested, its remaining capital is being retained mainly to meet follow-on investment and funding.

E-Gro, a black economic empowerment investment company, which was established in March 2004 under the leadership of Dr Phosa, has facilities for equity risk capital to fund transactions in the range of R20 million to R200 million.

SUPPORT DEPARTMENTS:

■ Finance and Administration Department

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.

■ Risk and Compliance Department

This department is staffed by experienced senior officials, who are responsible for ensuring that Sasfin manages its risks, other than credit, within the parameters of the Risk Management framework of the organisation. A key component of the framework is the Internal Audit function, which reports directly to the Chairman of the Audit Committee and for administrative purposes to the General Manager, Risk and Compliance. In addition, the department is responsible for ensuring organisational compliance with statutory and regulatory requirements, as well as internal control procedures.

■ Credit Department

Sasfin has an efficient and effective credit risk control process, which is aligned to a risk framework based on conservative policies and procedures.

This key responsibility is managed by an experienced and loyal team of specialists, who have an outstanding track record in maintaining the delicate balance between supporting growth and minimising risk.

■ Marketing Department

This department handles all marketing, public relations, promotional and advertising requirements for the Group, including its relationships with its external advertising agency and PR consultant. During the year under review, the Group's corporate identity and brand strategy were reviewed and refreshed and a number of new advertising and cross-selling initiatives developed. More focused relationship marketing and "one-on-one" initiatives were developed and implemented. Sasfin is introducing dedicated Customer Relationship Management ("CRM") and is increasingly cross-selling its products and services to clients throughout the group. An Accredited Business Introducer scheme is being launched for accountants and financial intermediaries.

■ Information Technology Department

The Group's IT infrastructure is now entering the final phase of a three-year upgrade programme, to be completed in 2005, aimed at enhancing the Group's IT platform to support the next phase of Sasfin's growth. With a highly effective Disaster Recovery capability in place and cutting edge technology deployed across the Group, the extensive investment in IT is now returning reduced operating costs and improved service.

Sasfin's CRM system has been extensively tested and roll-out has commenced. Sasfin's new Debtor Finance system should be fully functional by the

second quarter of the new financial year and the projects to replace the Trade Finance and Equipment Finance systems are both entering the development phase and should be commissioned towards the end of the current financial year.

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

■ Human Resources Department

Sasfin is committed to the development and upskilling of all staff, with particular emphasis on previously disadvantaged staff members, which is in accordance with the Financial Sector Charter. The Charter requirements dovetail with Sasfin's strategic goal of developing work teams that deliver consistently high service levels. To this end, training facilities have been established with sophisticated IT equipment. Sasfin has embarked on a major staff training programme, which will include sending two middle-management staff members to Israel on an entrepreneurial development programme.

Staff vacancies were filled internally for the most part, allowing staff members to develop within the Group and resulting in a number of internal staff promotions. As a result of increased efficiency, staff numbers were reduced during the year under review by 3.4%.

Sasfin's employment equity plan is now in its fifth and final year in terms of the Employment Equity Act and the targets set have been exceeded. The Executive Committee now comprises 25% female and 25% non-white executives and the female

and non-white representation is continuing to increase at all levels of the Group, without compromising standards.

THE FINANCIAL SECTOR CHARTER

Sasfin has subscribed to the Financial Sector Charter in order to fast-track the development of the previously-disadvantaged people of South Africa. A task force has been put in place with the objective of optimal compliance with the Charter, the first reporting date for which will be 31 March 2005. Although publishing of an interim scorecard is prohibited, some success can already be reported in achieving the employment, investment, procurement and corporate social investment targets set. Sasfin is still in the process of identifying suitable Black shareholders and directors.

TRIBUTE TO SYDNEY SASSOON

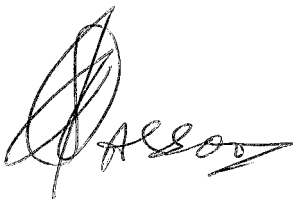
On 23 May 2004 my father, Sydney Ezra Sassoon, who was the Founder and Life President of Sasfin, passed away at 91 years of age. He was a remarkable and inspirational man who will be sorely missed by all those who knew him. He graduated with an MA degree at Cambridge University and served in Burma as a Captain in the British Indian Army in World War II, before immigrating to South Africa in 1947 to set up a branch of the family textile converting and wholesaling business. I first joined my father in business 41 years ago, and together we transformed the company into a trade and equipment finance house. It was my privilege to have had such a wonderful father who taught me so much, including how to courageously and honestly assess and deal with difficult situations. He enriched our lives and our Group, and we are the poorer for his passing.

APPRECIATION

I am extremely grateful to each of the dedicated and exceedingly competent directors, general managers and staff in our Group for their sterling contribution during the year under review. In particular, my thanks go to our Group Managing Director, Alan Greenstein, with whom I work closely, for his enormous commitment.

The support of all our clients and professional advisors, as well as the sound guidance of the Registrar of Banks and his office, is much appreciated.

I look forward to the continued commitment of our outstanding team in the years ahead.

A handwritten signature in black ink, appearing to read 'Roland Sassoon', with a stylized flourish at the end.**ROLAND SASSOON***Chief Executive Officer*

6 September 2004

risk management report

RISK MANAGEMENT

Risks can be described as being uncertain future events which could influence the achievement of a company's objectives, including strategic, operational, financial and compliance objectives. Some risks must be taken in pursuing opportunity, however there must be a strategy in place to mitigate avoidable losses.

Risk Management can be defined as 'the identification and evaluation of actual and potential risk areas, as they pertain to the organisation, followed by a process of termination, transfer, tolerance or mitigation of each risk'.

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, compliance with regulatory and statutory requirements.

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
- Directors' Review
- Asset and Liability
- Risk Management
- Credit Review
- Audit and Compliance
- IT Steering
- Remuneration
- SIAM Audit
- Premier Freight Audit

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.

Large facilities have to be approved by the Credit Review Committee, with facilities above R10 million requiring approval by the relevant Board of Directors.

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

Liquidity 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.

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 not to have any material uncovered foreign exchange transactions.

Operational risk – 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, 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.

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 (Information Technology) component of our plan. Full disaster recovery testing was successfully carried out in January 2004.

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

COMPLIANCE

Our independent compliance function has been established in terms of Regulation 47 (now 60A) 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 two 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 has been forced to extend the 30 June 2004 deadline. At this stage Sasfin has managed to achieve an 80% compliance level and we are redoubling our efforts to reach 100% in line with the new target dates set by the Minister.

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

BASEL 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.

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. The target date for South African Banks implementation is 31 December 2006.

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.

We utilise a risk based audit methodology and standards which are consistent with the Standards for the Professional Practice of Internal Auditing as advocated by the Institute of Internal Auditors.

In 2003 the Internal Audit function in Sasfin was taken in-house, with a view to improving the cost effectiveness and efficiency of the function. The

function has performed effectively over the past 12 months and we are satisfied that our 'in-house' strategy is adding 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.

The directors are of the opinion that there are no indications of any material breakdown in the functioning of these controls, procedures and systems, during the period under review.

The Group endorses the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King II Report, the JSE Securities Exchange requirements and the Bank 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 Sasfin Bank Limited ("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 the General Manager: Risk and Compliance, who reports to the Chief Executive Officer and has unrestricted access to the Chairman of the Audit and Compliance Committee. The JSE Securities Exchange South Africa, 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. While still some years away from implementation, the Group is preparing for Basel II as enlarged 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 Chairmen of Sasfin Holdings Limited, Sasfin Bank Limited and its main subsidiaries, Sasfin Frankel Pollak Securities (Pty) Limited, Sasfin Investment and Asset Managers (Pty) Limited and of Premier Freight (Pty) Limited are

all non-executive directors. These Boards comprise 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.

BOARD CHARTER OF SASFIN HOLDINGS LIMITED AND SASFIN BANK LIMITED

The boards of Sasfin Holdings Limited and Sasfin Bank Limited subscribe to good corporate governance and strive to be effective boards, which can both lead and control the Group/Bank. They recognise that they are 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 services 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 boards accept they have a collective responsibility to provide effective corporate governance that involves a set of relationships between the management of the Group/Bank, its boards, its shareowners and other relevant stakeholders, in a manner whereby the boards will:

- determine the Group's/Bank's purpose and values,
- determine the strategies to achieve their purpose (that is, strategic intent and objectives as a business enterprise) and to implement their values (that is, organisational behaviour and norms to achieve their purpose) in order to ensure that they survive and thrive,
- 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 (the wider interests of society will also be recognised),
- 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 boards 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 boards recognise 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 boards 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 boards will also take cognisance of gender and racial mix, where this is practical.

The boards will be composed of individuals of integrity, who can bring a blend of knowledge, skills, objectivity, experience and commitment to the boards under the firm and objective leadership of a chairperson (preferably an independent non-executive director) who accepts 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, which will not be an automatic re-appointment.

The boards 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 boards will guide and set the pace of the Group's/Bank's

operations and future developments. In so doing, the boards 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 boards recognise that transactions between the Group/Bank companies and their 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 their 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 boards. 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 boards, Group/Bank and themselves personally, but in any major issue will be expected to recuse themselves. Any director who, with a substantial interest in the Group/Bank, 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 boards, 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 boards will seek to drive the business enterprise proficiently through proper and considered decision-making processes, and recognise entrepreneurial endeavour amongst its management without contravening laws and regulations. However, prudent risk management will be the essence of all decision making.

The boards recognise 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 boards will determine a policy for the frequency, purpose, conduct and duration of their meetings and those of their formally established committees. They will also adopt efficient and timely methods for informing and briefing board members before meetings. The information needs of the boards must be well defined and regularly monitored. Each board member will be allowed to play a full and constructive role in their affairs and has a responsibility to be satisfied that the boards have been furnished with all the relevant information before making a decision. The boards 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 boards 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 boards. These committees must conform to statutory requirements, where applicable:

- Internal Audit and Compliance Committee
- Risk Management Committee
- Directors' Affairs Committee
- Remuneration Committee (which may also double as a Human Resource Committee)
- Directors' Review Committee
- Asset and Liability Committee
- Information Technology Committee
- Credit Review Committee

Further management Committees, as required, will be approved by the boards.

The boards will define their own levels of materiality, reserving specific powers to themselves and delegating other matters to the committees and management with the necessary written authority. Any such delegations by the boards 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 will be clearly defined and reliable measurements will be put into 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 boards and the Group/Bank. Accordingly, the boards 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 two 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 two executive directors on the boards of Sasfin Holdings Limited and the Group's main subsidiary, Sasfin Bank Limited, namely the Chief Executive Officer and the Managing Director. 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 and two executive directors. The General Manager: Risk and Compliance, the General Manager: Group Finance and the Chief Operating Officer of the Investment and Asset Management Division, the Internal Auditor and the External Auditors attend the Committee by invitation and have unrestricted access to the Committee Chairman.

The Chairman of the Group Audit and Compliance Committee also meets independently with the Internal Auditor on a monthly basis and with the External Auditors when appropriate.

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,
- reviewing the scope and quality of the external audit, and
- reviewing any internal matters raised in the key risk Committees mentioned in the Risk Management report.

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 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.

This Committee has been in existence for several years and it is pleasing to note that a similar Committee with an almost identical Charter is now a requirement under the Banks Act.

DIRECTORS' AFFAIRS COMMITTEE

The Directors' Affairs Committee is chaired by a non-executive director and includes a further two independent non-executive directors. While Sasfin had established this committee some year ago, the recent changes in the Banks Act have also now made this a requirement for all banks. 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 2004 is as follows:

Record of attendance at meetings	Sasfin Holdings Board	Sasfin Bank Board	Remuneration Committee	Group Audit and Compliance Committee	Group Risk Committee	Credit Review Committee	Asset and Liability Committee	Directors' Affairs Committee	Directors' Review Committee
Meetings planned	4	4	4	4	4	11	11	3	11
Meetings held	4	4	4	4	4	11	11	3	10
DIRECTORS									
CN Axten	4	4	-	2	4	10	10	3	9
*ETB Blight	4	4	-	4	3	2	11	3	9
MB Glatt	4	4	4	-	-	-	-	3	9
AW Greenstein	4	4	4	4	4	9	10	3	10
D Paizes	4	4	3	4	-	-	-	-	-
RDEB Sassoon	3	3	4	3	3	9	10	3	9
ML Smith	4	4	-	-	-	-	-	-	-

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

A monthly meeting is held by the 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 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:

Subsidiary boards:

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

GROUP REMUNERATION AND HUMAN RESOURCES COMMITTEE

Due to the size of the organisation, the Group Remuneration and Human Resources (HR) Committees are combined and function as a single Committee of the Holdings and Bank boards respectively ("the boards"). The Remuneration and HR Committee assists the boards 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.
- Guidelines for the appointment of other management and personnel.
- Comprehensive HR policies, which includes the Financial Sector Charter for Black Economic Empowerment.
- Comprehensive procedures which ensure compliance with laws and regulatory requirements.
- Ensuring 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, and
 - equity employment.

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 Annual Report.

INTRODUCTION

Sasfin is committed to the principles of the "triple bottom line" – environmental, social and economic sustainability policies. As a corporate citizen, a regulated institution and a signatory to the Financial Sector 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 Sasfin 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 recent 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 its formation over fifty years ago, Sasfin has seen many of its peers come and go. During its 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 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 efforts 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. The Group's Chief Executive Officer regularly responds (within the parameters of the applicable regulations) 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 interventions, 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 lending activities have been offered to clients for more than a quarter of a century, and its stock broking and portfolio management activities for more than a century. Sasfin recognises 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 forms to SMEs on a profitable basis. In addition, the Group's securitisation vehicle, Equipment Rentals Securitisation No. 1 (Pty) Limited, converts Sasfin's equipment rentals contracts into commercial paper which is taken up by institutional counterparties.

Sasfin considers itself a specialist in these markets, both of 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 traditional 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 SMEs and HNWI's, Sasfin looks forward to broadening its range of products and services to embrace the wider needs of these markets.

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), the 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 that above all else, 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 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.

STAFF PRODUCTIVITY

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

In the financial year under review, the Group's headcount reduced by 3.4% from 467 to 451, as part of a specific programme of cost reductions and right-sizing the organisation. The improvement in

productivity and performance is evidenced by the substantial improvement in the Group's profitability, as reported elsewhere in this Annual Report. The Group can boast, if not the highest, certainly one of the highest returns on capital 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. The Group's Share Option Scheme is also used to reward performance and achievement across the Group's human resource complement. 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 specific initiatives. A new training facility, equipped with the latest technology and training aids, was recently inaugurated.

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 at Sasfin Bank, and two learnerships have been created at Premier Freight.

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 counselling 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 CSI programmes.

THE FINANCIAL SECTOR CHARTER

Sasfin is committed to the Financial Sector Charter for black economic empowerment 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 in 2005.

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's Executive Committee monitors the achievement of target objectives on a monthly basis, and the Group Board reviews progress at its quarterly meetings.

Sasfin also recognises the need to adapt its procurement practices in line with the requirements of the Charter. To this end, Sasfin has already assessed the BE preparedness of its major IT suppliers and is informing other major service providers of its procurement policy. The Group has undertaken, for Charter purposes, to have implemented Charter compliant procurement practices by the end of the current calendar year.

Sasfin is also facilitating empowerment within its own niche markets:

- in August 2002, Sasfin founded a black-owned insolvency practising company, Commonwealth Trust (Pty) Limited ("Commonwealth"), together with previously disadvantaged shareholders. A review of business practices within the liquidations industry generally, and a trend amongst banks to divest their investments in liquidations companies to avoid possible conflicts of interest, resulted in Sasfin transferring its interest in the company in June 2004 to its co-owners, who now own 100% of Commonwealth,
- in December 2003, Sasfin, together with Royal Africa Gateway (a BE 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,
- in September 2003, Sasfin's private client wealth management arm, SFPS, facilitated the creation of Legends Financial Services (Pty) Limited ("Legends"), a black-owned 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. Sasfin has an option to acquire a 10% interest in this company before 31 December 2004,
- Sasfin has a 7.3% interest in NIB-MDM Private Equity Fund Managers (Pty) Limited, a black-empowered private equity company,

- with effect from 1 July 2004, Sasfin 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 BE consortium, and
- Sasfin Bank's private client wealth management subsidiary, Sasfin Frankel Pollak Securities (Pty) Limited, is engaged in discussion with a black-controlled asset management company to create a joint asset management company in which each will own 50%. Discussions are at an advanced stage although implementation could take many months to complete.

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

GOVERNMENT AND REGULATORS

Sasfin considers itself a moral and law-abiding corporate citizen. Sasfin 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 Securities Exchange South Africa ("the JSE") and the Financial Services Board of South Africa.

Sasfin Holdings Limited 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 strives to be a good corporate citizen, giving 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:

- The Phakmani/Tikkun/Rietfontein Agricultural Project
- The Tsohang Primary School Project
- SA Brain Research Institute
- Association for the Physically Disabled
- SOS Children's Villages
- Cotlands Baby Sanctuary
- Soweto Home for the Aged
- The Hillbrow/Tikkun Inner City Community Centre Project
- Business Against Crime
- He'atid Educational Programmes
- Sasfin Bank Resource Centre at the JNF Walter Sisulu Environmental Centre, Mamelodi

- Rhodes University
- READ and ORT
- The Sasfin Women's Business Forum
- P.E.A.C.E.
- Love is Children
- 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, the Group and the Bank 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 Securities Exchange South Africa 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 32 to 67 on 6 September 2004, which have been signed on their behalf by:



MB GLATT
Non-Executive Chairman

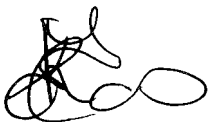


RDEB SASSOON
Chief Executive Officer

6 September 2004

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 2004, 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
Company Secretary

6 September 2004

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') and the Group annual financial statements of Sasfin Bank Limited ('the Bank') set out on pages 32 to 67 for the year ended 30 June 2004. 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.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the Company, the Group and the Bank at 30 June 2004 and 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.



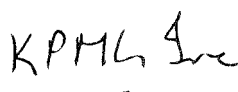
Fisher Hoffman PKF (Jhb) Inc.

Registration number 1994/001166/21

Chartered Accountants (S.A.)

Johannesburg

6 September 2004



KPMG Inc.

Registration number 1999/021543/21

Chartered Accountants (S.A.)

Johannesburg

6 September 2004

directors' report

NATURE OF BUSINESS

The Company is a bank-controlling company listed under the "Financials: Speciality and Other Finance sector" of the JSE Securities Exchange South Africa, 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, the Group and the Bank are set out in the annual financial statements and accompanying notes.

DIRECTORS AND SECRETARY

The directors of your 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.

SK Erasmus is the secretary at the date of this report. Her business and postal addresses are shown on page 74.

DIRECTORS' INTERESTS

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

	2004			2003		
	Direct beneficial Number	Indirect non-beneficial Number	Total Number	Direct beneficial Number	Indirect non-beneficial Number	Total Number
RDEB Sassoon	–	11 983 439*	11 983 439	–	5 237 923	5 237 923
MB Glatt	–	2 763 902	2 763 902	–	2 763 902	2 763 902
D Paizes	25 000	–	25 000	25 000	–	25 000
	25 000	14 747 341	14 772 341	25 000	8 001 825	8 026 825

*RDEB Sassoon has disclosed to the Company that he is one of the discretionary beneficiaries of a trust which holds shares in Unitas Enterprises Limited, hence the increase in his indirect non-beneficial shareholding.

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

DIRECTORS' EMOLUMENTS

The emoluments of the directors of Sasfin Holdings Limited for the year ended 30 June 2004 were as follows:

	Services as directors R	Cash package* R	Other benefits** R	Total 2004 R	Total 2003 R
Executive Directors					
RDEB Sassoon	–	1 006 830	207 118	1 213 948	1 034 181
AW Greenstein	–	1 353 119	146 881	1 500 000	1 129 630
JJ van der Watt (resigned 31 January 2003)	–	–	–	–	741 928
Non-Executive Director					
MB Glatt	300 000	–	–	300 000	300 000
Independent Non-Executive Directors					
CN Axten	139 998	–	–	139 998	128 750
ETB Blight	237 746	–	–	237 746	183 250
D Paizes	105 000	–	–	105 000	78 750
ML Smith	60 000	–	–	60 000	48 750
	842 744	2 359 949	353 999	3 556 692	3 645 239

*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 66.

ANALYSIS OF ORDINARY SHAREHOLDERS

The analysis of ordinary shareholders is given on page 67.

ACQUISITION

The following interest was acquired since the date of the last directors' report:

- 33.6% in Innovent Rental and Asset Management Solutions (Pty) Limited

DISPOSALS

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

- Cam Era Rentals (Pty) Limited
- Commonwealth Trust (Pty) Limited
- Datadeal Rentals (Pty) Limited
- Du Voice Rentals (Pty) Limited
- Fingro Management and Financial Services (Pty) Limited
- Fuchsware Appliances (Pty) Limited
- Golf Connection (Pty) Limited
- PC Minolta Projects (Pty) Limited
- Riso-Fin (Pty) Limited
- Stanrent (Pty) Limited
- Sanutech Finance (Pty) Limited
- Sunlyn Investments (Pty) Limited
- Tacholog Finance (Pty) Limited
- Tech 1 Finance (Pty) Limited
- XBC Finance (Pty) Limited

SUBSIDIARIES

The interests in subsidiaries, where considered material to the Group's financial position and results, are set out on pages 64 and 65.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The board of directors is considering an issue of non-redeemable, non-participating, non-cumulative, variable rate preference shares of a value of up to R100 million, in order to increase the qualifying capital of Sasfin Bank Limited for further growth. There is no other material fact or circumstance that has occurred between the accounting date and the date of this report.

DIVIDEND

The directors resolved to pay a final cash dividend of 94 cents per share (2003: cash dividend of 33 cents per share with a scrip dividend alternative) to ordinary shareholders.

SHARE CAPITAL

There were no changes in the authorised share capital. On 15 October 2003, 883 907 shares were issued in terms of a capitalisation award to shareholders in lieu of the payment of a cash dividend for the final dividend declared for the year ended 30 June 2003. On 18 May 2004, 190 401 shares were issued to the Sasfin Share Incentive Trust.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF SASFIN BANK LIMITED

Included on pages 36 to 65 of these annual financial statements are the consolidated results, financial position and cash flow of Sasfin Bank Limited ("the Bank"), a subsidiary company of Sasfin Holdings Limited. This information is presented in order to provide investors and depositors with information regarding the financial position of the Bank and its subsidiaries. The information is not intended to constitute the statutory annual financial statements as required by Section 286 of the Companies Act. Accordingly, all the information required by the Companies Act has not been presented.

balance sheets

at 30 June

Bank				Group		Company	
2004 R'000	2003 R'000		Note	2004 R'000	2003 R'000	2004 R'000	2003 R'000
		ASSETS					
179 978	174 918	Short-term interbank funds	2	188 535	185 848	-	-
14 320	10 343	Short-term negotiable securities	3	14 320	10 343	-	-
109 014	97 267	Accounts receivable	4	159 507	141 730	47	-
986 777	880 261	Advances	5	959 745	852 811	-	-
16 047	16 001	Investments	6	19 497	20 042	929	477
-	4 769	Deferred taxation	7	520	5 202	-	-
		Subsidiary companies	8			24 334	18 303
12 236	14 806	Property, plant and equipment	9	40 547	40 071	-	-
1 318 372	1 198 365	Total assets		1 382 671	1 256 047	25 310	18 780
		LIABILITIES AND EQUITY					
		Liabilities					
36 014	73 913	Interbank funding	10	36 014	73 913	-	-
268 568	250 014	Deposits	11	268 568	248 304	-	-
109 098	83 653	Accounts payable	12	135 806	115 294	13	29
5 708	3 143	Provisions	13	7 277	4 255	120	105
666 679	605 696	Commercial paper	14	666 679	605 696	-	-
28 516	28 723	Deferred taxation	7	31 065	28 723	-	-
1 114 583	1 045 142	Total liabilities		1 145 409	1 076 185	133	134
-	-	Minority interest		12 378	11 453	-	-
		Equity					
1 034	1 034	Share capital	15	258	248	259	248
73 775	73 775	Share premium		16 718	16 484	18 399	16 484
127 980	75 599	Distributable reserves		206 908	148 862	6 519	1 914
1 000	2 815	Non-distributable reserves	16	1 000	2 815	-	-
203 789	153 223	Total equity		224 884	168 409	25 177	18 646
1 318 372	1 198 365	Total liabilities and equity		1 382 671	1 256 047	25 310	18 780
30 175	23 468	Commitments and contingencies	17	35 716	28 782	-	-
		Number of shares in issue at end of the year ('000)		25 759	24 837		
		Net asset value per share (cents)		873	678		

income statements

for the year ended 30 June

Bank				Group		Company	
2004 R'000	2003 R'000		Note	2004 R'000	2003 R'000	2004 R'000	2003 R'000
193 446	195 036	Interest income	18	192 103	192 425	-	6 858
95 991	127 365	Interest expense	19	96 318	127 666	-	6 858
97 455	67 671	Net interest income		95 785	64 759	-	-
134 875	99 005	Other income	20	174 708	136 967	8 865	8 248
232 330	166 676	Total income		270 493	201 726	8 865	8 248
760	(6 485)	Credit losses/(reversals)	5	760	(6 485)	-	-
231 570	173 161	Total income after credit losses		269 733	208 211	8 865	8 248
154 782	147 828	Operating expenses		184 383	176 811	905	1 486
76 788	25 333	Income before taxation	21	85 350	31 400	7 960	6 762
18 249	7 062	Taxation	22	23 261	9 141	-	-
58 539	18 271	Income after taxation		62 089	22 259	7 960	6 762
-	47	Minority interest		1 852	1 876	-	-
58 539	18 224	Earnings attributable to shareholders		60 237	20 383	7 960	6 762
		Weighted average number of shares in issue ('000)		25 472	24 569		
		Headline earnings per share (cents)	23	236,5	83,0		
		Earnings per share (cents)	23	236,5	83,0		
		Diluted earnings per share (cents)	23	232,5	83,0		
		Dividend per share (cents)		94	33		

statements of changes in equity

for the year ended 30 June

Note	Share capital R'000	Share premium R'000	Distributable reserves R'000	Non-distributable reserves R'000	Total R'000
GROUP					
Balance at 1 July 2002	237	16 495	139 064	–	155 796
AC133 transitional adjustment at 1 July 2002	–	–	2 046	–	2 046
Restated balance	237	16 495	141 110	–	157 842
Earnings attributable to shareholders	–	–	20 383	–	20 383
Available-for-sale portfolio fair value adjustment	–	–	(1 399)	–	(1 399)
Transfer to non-distributable reserves	16	–	(2 815)	2 815	–
Dividend	–	–	(8 417)	–	(8 417)
Issue of shares	11	(11)	–	–	–
Balance at 30 June 2003	248	16 484	148 862	2 815	168 409
Earnings attributable to shareholders	–	–	60 237	–	60 237
Available-for-sale portfolio fair value adjustment	–	–	(1 404)	–	(1 404)
Transfer from non-distributable reserves	16	–	1 815	(1 815)	–
Consolidation of the Sasfin Share Incentive Trust	(1)	(1 681)	696	–	(986)
Dividend	–	–	(3 298)	–	(3 298)
Issue of shares	11	1 915	–	–	1 926
Balance at 30 June 2004	258	16 718	206 908	1 000	224 884
COMPANY					
Balance at 1 July 2002	237	16 495	3 569	–	20 301
Earnings attributable to shareholders	–	–	6 762	–	6 762
Dividend	–	–	(8 417)	–	(8 417)
Issue of shares	11	(11)	–	–	–
Balance at 30 June 2003	248	16 484	1 914	–	18 646
Earnings attributable to shareholders	–	–	7 960	–	7 960
Dividend	–	–	(3 355)	–	(3 355)
Issue of shares	11	1 915	–	–	1 926
Balance at 30 June 2004	259	18 399	6 519	–	25 177
BANK					
Balance at 1 July 2002	1 033	71 163	70 258	–	142 454
AC133 transitional adjustment at 1 July 2002	–	–	(4 186)	–	(4 186)
Restated balance	1 033	71 163	66 072	–	138 268
Earnings attributable to shareholder	–	–	18 224	–	18 224
Available-for-sale portfolio fair value adjustment	–	–	(1 882)	–	(1 882)
Transfer to non-distributable reserves	16	–	(2 815)	2 815	–
Dividend	–	–	(4 000)	–	(4 000)
Issue of shares	1	2 612	–	–	2 613
Balance at 30 June 2003	1 034	73 775	75 599	2 815	153 223
Earnings attributable to ordinary shareholder	–	–	58 539	–	58 539
Available-for-sale portfolio fair value adjustment	–	–	(1 273)	–	(1 273)
Transfer from non-distributable reserves	16	–	1 815	(1 815)	–
Dividend	–	–	(6 700)	–	(6 700)
Balance at 30 June 2004	1 034	73 775	127 980	1 000	203 789

cash flow statements

for the year ended 30 June

Bank			Group		Company	
2004 R'000	2003 R'000	Note	2004 R'000	2003 R'000	2004 R'000	2003 R'000
		Cash flows from operating activities				
328 288	293 948	Cash receipts from customers 24	366 554	329 265	8 865	14 125
(241 914)	(264 114)	Cash paid to customers, employees and suppliers 24	(270 075)	(291 903)	(905)	(8 344)
86 374	29 834	Net cash receipts 24	96 479	37 362	7 960	5 781
(966)	(3 541)	Taxation paid 25	(4 096)	(5 747)	–	–
(6 700)	(4 000)	Dividend paid 26	(3 298)	(8 417)	(3 355)	(8 417)
78 708	22 293	Changes in operating assets and liabilities	89 085	23 198	4 605	(2 636)
(85 180)	(100 436)		(93 814)	(94 343)	(48)	53
(107 276)	(73 580)	Net increase in advances	(107 694)	(77 759)	–	–
(11 747)	(15 705)	Net increase in accounts receivable	(17 777)	(16 179)	(47)	–
18 554	(23 079)	Net increase/(decrease) in deposits	20 264	(20 519)	–	–
15 289	11 928	Net increase/(decrease) in accounts payable and provisions	11 393	20 114	(1)	53
(6 472)	(78 143)	Net cash from operating activities	(4 729)	(71 145)	4 557	(2 583)
(7 575)	(979)	Cash flows from investing activities	(11 706)	(8 728)	(6 483)	52 813
349	–	Proceeds from the disposal of property, plant and equipment	734	2 308	–	–
(6 605)	(6 444)	Acquisition of property, plant and equipment	(11 581)	(9 113)	–	–
–	2 903	Acquisition of subsidiary 27	–	–	–	–
(1 319)	2 562	(Increase)/decrease in investments	(859)	(1 923)	(452)	1 615
–	–	(Increase)/decrease in subsidiary companies	–	–	(6 031)	51 198
60 983	32 763	Net cash from financing activities	60 998	83 964	1 926	–
–	–	Issue of shares	244	–	1 926	–
–	–	(Increase)/decrease in minority interest	(925)	971	–	–
60 983	82 993	Increase in debentures	60 983	82 993	–	–
–	–	Consolidation of the Sasfin Share Incentive Trust	696	–	–	–
–	(50 230)	Decrease in secondary capital	–	–	–	–
46 936	(46 359)	Net increase/(decrease) in cash and cash equivalents	44 563	4 091	–	50 230
111 348	157 707	Cash and cash equivalents at beginning of year	122 278	118 187	–	(50 230)
158 284	111 348	Cash and cash equivalents at end of year	166 841	122 278	–	–

accounting policies

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

The accounting policies are consistent with those adopted in the previous year. The methodology adopted in the previous financial year for Accounting Statement AC133 'Financial instruments: Recognition and Measurement' has changed during the current year.

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 4.

3. BASIS OF CONSOLIDATION

3.1 Subsidiary companies

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, 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.

Differences between the consideration paid for subsidiaries acquired and the fair value of their net assets at dates of acquisition are expressed as goodwill or negative goodwill on acquisition of subsidiaries. Goodwill arising on the acquisition of subsidiaries is reported on the balance sheet as an intangible asset and is amortised on a straight-line basis over its estimated useful life, not exceeding 20 years.

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. 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.

4.1 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 do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

4. FINANCIAL INSTRUMENTS (continued)

4.1 Financial assets (continued)

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, the cumulative loss or gain recognised in equity is recycled through the income statement but is excluded from headline earnings.

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 not held-for-trading (including advances)

Originated loans and receivables not held-for-trading 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 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

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 based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

4. FINANCIAL INSTRUMENTS (continued)

4.2 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.

4.3 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.

5. 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. Assets are depreciated from date of acquisition.

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.

6. FINANCE LEASES

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.

7. FOREIGN CURRENCIES**7.1 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.

7.2 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.

8. 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.

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.

9. 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.

10. INSTALMENT FINANCE

Rental, lease and instalment sale contracts are regarded as financing transactions, and rentals and instalments receivable there under, 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.

11. EMPLOYEE RETIREMENT BENEFITS

Payments to defined contribution plans are charged as an expense as they fall due. All Group employees are required to be members of either the defined contribution provident fund or defined contribution pension fund relevant to the particular Group company.

12. 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.

13. COMMITMENTS AND CONTINGENCIES

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.

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

14. 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.

15. 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.

16. 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.

17. 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.

18. COMPARATIVE FIGURES

Where necessary, comparative figures are restated to be consistent with the disclosure in the current year. Comparative information for notes 7, 12, 13 and 22 has been restated accordingly.

notes to the financial statements

for the year ended 30 June

	Banking operations R'000	Freight R'000	Investment advisory and asset management R'000	Other* R'000	Total R'000
1. SEGMENT REPORTING					
2004					
Interest income	191 400	1 109	2 607	(3 013)	192 103
Interest expense	96 435	322	117	(556)	96 318
Net interest income	94 965	787	2 490	(2 457)	95 785
Other income	63 182	39 873	72 183	(530)	174 708
Total income	158 147	40 660	74 673	(2 987)	270 493
Credit losses/(reversals)	760	–	–	–	760
Total income after credit losses	157 387	40 660	74 673	(2 987)	269 733
Operating expenses	83 430	31 596	71 842	(2 485)	184 383
Income before taxation	73 957	9 064	2 831	(502)	85 350
Taxation	18 249	4 434	–	578	23 261
Income after taxation	55 708	4 630	2 831	(1 080)	62 089
Minority interest	–	1 852	–	–	1 852
Earnings attributable to shareholders	55 708	2 778	2 831	(1 080)	60 237
Total assets	1 250 636	66 016	78 111	(12 092)	1 382 671
Total liabilities	1 050 562	32 393	74 518	(12 064)	1 145 409
Capital expenditure	5 312	1 935	1 293	3 041	11 581
Depreciation	6 397	1 349	2 462	418	10 626
2003					
Interest income	191 822	1 003	3 360	(3 760)	192 425
Interest expense	127 490	723	20	(567)	127 666
Net interest income	64 332	280	3 340	(3 193)	64 759
Other income	32 885	38 006	66 677	(601)	136 967
Total income	97 217	38 286	70 017	(3 794)	201 726
Credit losses/(reversals)	(6 485)	–	–	–	(6 485)
Total income after credit losses	103 702	38 286	70 017	(3 794)	208 211
Operating expenses	77 898	31 635	70 438	(3 160)	176 811
Income before taxation	25 804	6 651	(421)	(634)	31 400
Taxation	7 001	2 079	61	–	9 141
Income after taxation	18 803	4 572	(482)	(634)	22 259
Minority interest	–	1 829	47	–	1 876
Earnings attributable to shareholders	18 803	2 743	(529)	(634)	20 383
Total assets	1 127 175	63 889	81 565	(16 582)	1 256 047
Total liabilities	985 780	32 579	59 362	(1 536)	1 076 185
Capital expenditure	5 313	2 068	1 131	601	9 113
Depreciation	7 721	1 109	3 358	386	12 574
*Includes other operations and inter-divisional transactions that have been eliminated for consolidation purposes.					

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		2. SHORT-TERM INTERBANK FUNDS				
82 800	43 505	Money on call	91 357	54 435	-	-
89 964	126 237	Fixed deposits maturing within three months	89 964	126 237	-	-
7 214	5 176	Balance with the South African Reserve Bank	7 214	5 176	-	-
179 978	174 918		188 535	185 848	-	-
		The maturity analysis is based on the remaining period to contractual maturity from year-end.				
93 005	22 112	Interbank deposits of the special purpose entity ceded as security for the commercial paper as per note 14	93 005	22 112	-	-
28 284	81 233	Interbank deposits pledged as security for interbank funding received as per note 10	28 284	81 233	-	-
17 576	-	Interbank deposits pledged as security for trade finance related facilities	17 576	-	-	-
		3. SHORT-TERM NEGOTIABLE SECURITIES				
		<i>Held-to-maturity asset</i>				
10 403	10 343	Land Bank bills maturing within three months	10 403	10 343	-	-
1 974	-	Treasury bills maturing within three months	1 974	-	-	-
1 943	-	Treasury bills maturing within six months	1 943	-	-	-
14 320	10 343		14 320	10 343	-	-
		The maturity analysis is based on the remaining period to contractual maturity from year-end.				
		4. ACCOUNTS RECEIVABLE				
303	10 628	Fair value of derivatives	303	10 628	-	-
-	-	Freight forwarding and customs clearing	43 116	39 593	-	-
73 801	51 503	Stockbroking clients	73 801	51 503	-	-
34 910	35 136	Other receivables	42 287	40 006	47	-
109 014	97 267		159 507	141 730	47	-
		Accounts receivable for Premier Freight (Pty) Limited have been ceded to secure external banking facilities.				

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		5. ADVANCES				
		<i>Originated loans</i>				
		Category analysis				
788 529	721 675	Instalment finance	788 529	721 675	-	-
105 233	86 789	Debtor finance	105 233	86 789	-	-
95 398	76 099	Trade finance	95 398	76 099	-	-
29 927	30 870	Other loans	2 895	3 420	-	-
1 019 087	915 433	<i>Gross advances</i>	992 055	887 983	-	-
24 258	35 172	Less specific impairment	24 258	35 172	-	-
8 052	-	Less portfolio impairment	8 052	-	-	-
986 777	880 261		959 745	852 811	-	-
		Advances of subsidiaries, other than Sasfin Bank Limited, ceded as security for facilities granted	740 624	712 399	-	-
		Sectoral analysis				
10 551	10 272	Agriculture	10 551	10 272	-	-
6 539	13 447	Construction	6 539	13 447	-	-
19 883	5 229	Electricity and water	19 883	5 229	-	-
386 396	207 043	Finance, real estate and business services	359 364	179 593	-	-
243 212	206 360	Manufacturing	243 212	206 360	-	-
16 529	13 520	Mining	16 529	13 520	-	-
263 186	220 868	Trade and accommodation	263 186	220 868	-	-
67 717	32 014	Transport and communication	67 717	32 014	-	-
5 074	206 680	Other services	5 074	206 680	-	-
1 019 087	915 433		992 055	887 983	-	-
		Geographic analysis				
		The geographic risk concentration is mainly to South African clients.				
		Maturity analysis				
245 781	226 712	Maturing within one year	218 749	199 262	-	-
772 626	688 062	Maturing after one year but within five years	772 626	688 062	-	-
680	659	Maturing after five years	680	659	-	-
1 019 087	915 433		992 055	887 983	-	-
		The maturity analysis is based on the remaining periods to contractual maturity from year-end.				

notes to the financial statements

for the year ended 30 June (continued)

Bank				Group		Company		
2004 R'000	2003 R'000			2004 R'000	2003 R'000	2004 R'000	2003 R'000	
		5. ADVANCES (continued)						
		IMPAIRMENTS						
35 172	38 247	Balance at the beginning of the year		35 172	38 247	-	-	
-	3 318	Transitional adjustment to specific impairment at 1 July 2002		-	3 318	-	-	
35 172	41 565	Restated balance		35 172	41 565	-	-	
(3 622)	92	Net (write offs)/recoveries		(3 622)	92	-	-	
760	(6 485)	Charge to the income statement		760	(6 485)	-	-	
-	(14 419)	Release of general provision at 1 July 2002		-	(14 419)	-	-	
-	3 178	Utilisation of general provision during the year		-	3 178	-	-	
413	3 051	Specific impairment		413	3 051	-	-	
(7 705)	1 705	AC133 remeasurement		(7 705)	1 705	-	-	
8 052	-	Portfolio impairment		8 052	-	-	-	
32 310	35 172	Balance at the end of the year		32 310	35 172	-	-	
Group/Bank 2003				Group/Bank 2004				
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				
34 648	8 932	25 716	25 682	Instalment finance	23 427	4 440	18 987	18 987
8 234	615	7 619	7 653	Debtor finance	4 655	1 585	3 070	3 070
2 397	560	1 837	1 837	Trade finance	2 757	1 099	1 658	1 658
-	-	-	-	Other loans	974	431	543	543
45 279	10 107	35 172	35 172		31 813	7 555	24 258	24 258
				Sectoral analysis				
85	27	58	58	Agriculture	196	-	196	196
741	159	582	582	Construction	188	-	188	188
17 614	1 306	16 308	16 308	Finance, real estate and business services	10 486	1 364	9 122	9 122
10 171	1 079	9 092	9 092	Manufacturing	6 941	2 563	4 378	4 378
449	166	283	283	Mining	54	24	30	30
11 919	6 444	5 475	5 475	Trade and accommodation	7 882	1 912	5 970	5 970
1 172	202	970	970	Transport and communication	666	217	449	449
3 128	724	2 404	2 404	Other services	5 400	1 475	3 925	3 925
45 279	10 107	35 172	35 172		31 813	7 555	24 258	24 258

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		6. INVESTMENTS				
		<i>Listed</i>				
-	-	Available-for-sale portfolio	3 451	3 565	-	-
		<i>Unlisted</i>				
1 669	2 824	Available-for-sale portfolio	1 668	3 300	929	477
14 378	13 177	Held-for-trading portfolio	14 378	13 177	-	-
16 047	16 001		19 497	20 042	929	477
		Detailed information of all investments is obtainable from the Company Secretary.				
		7. DEFERRED TAXATION				
		<i>Deferred tax on temporary differences arising from:</i>				
(23 928)	(25 487)	Instalment finance	(23 928)	(25 487)	-	-
986	6 284	Tax losses	986	6 284	-	-
(6 108)	(5 598)	Fair value adjustments	(6 108)	(5 598)	-	-
4 471	4 162	Impairments	4 471	4 162	-	-
(3 106)	-	Commercial paper	(3 106)	-	-	-
881	300	Provisions	881	300	-	-
(1 712)	(3 615)	Other	(3 741)	(3 182)	-	-
(28 516)	(23 954)		(30 545)	(23 521)	-	-
-	4 769	Deferred taxation asset	520	5 202	-	-
(28 516)	(28 723)	Deferred taxation liability	(31 065)	(28 723)	-	-
(28 516)	(23 954)		(30 545)	(23 521)	-	-
		8. SUBSIDIARY COMPANIES				
		<i>Unlisted investments</i>				
-	-	Shares at carrying value – ordinary shares	-	-	21 812	21 812
-	-	Loans	-	-	2 522	(3 509)
-	-		-	-	24 334	18 303
		The loans to/(from) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.				
		A detailed schedule of subsidiary companies appears in note 32.				

Bank			Group			
Cost R'000	Accumulated depreciation R'000	Net book value R'000		Cost R'000	Accumulated depreciation R'000	Net book value R'000
			9. PROPERTY, PLANT AND EQUIPMENT			
			2004			
			Land and buildings			
			Offices – Sasfin Place, 13-15 Scott Street, Waverley, Johannesburg	26 770	1 687	25 083
			Equipment			
			Plant and equipment			
			Owned	3 278	1 985	1 293
			Leased	523	321	202
33 096	26 094	7 002	Computer equipment	33 095	26 093	7 002
10 396	8 920	1 476	Computer software	10 396	8 920	1 476
10 506	7 435	3 071	Furniture, fittings and office equipment	10 506	7 435	3 071
			Motor vehicles			
			Owned	2 098	1 210	888
			Leased	4 561	3 029	1 532
55 729	43 493	12 236	Total	91 227	50 680	40 547
			Land and buildings are encumbered for unutilised interbank facilities provided to Sasfin Bank Limited.			
			2003			
			Land and buildings			
			Offices – Sasfin Place, 13-15 Scott Street, Waverley, Johannesburg	23 729	1 269	22 460
			Equipment			
			Plant and equipment			
			Owned	2 806	1 441	1 365
			Leased	523	270	253
28 586	21 611	6 975	Computer equipment	28 586	21 611	6 975
9 416	6 381	3 035	Computer software	9 416	6 381	3 035
10 135	5 886	4 249	Furniture, fittings and office equipment	10 135	5 886	4 249
			Motor vehicles			
			Owned	2 023	1 341	682
			Leased	3 864	2 812	1 052
49 870	35 064	14 806	Total	81 082	41 011	40 071

notes to the financial statements

for the year ended 30 June (continued)

Bank				Group		
Land and buildings R'000	Bank equipment R'000	Total R'000		Land and buildings R'000	Group equipment R'000	Total R'000
			9. PROPERTY, PLANT AND EQUIPMENT (continued)			
			2004			
			Movement			
-	49 870	49 870	Cost at the beginning of the year	23 729	57 353	81 082
-	6 605	6 605	Additions	3 041	8 540	11 581
-	(746)	(746)	Disposals	-	(1 436)	(1 436)
-	55 729	55 729	Cost at the end of the year	26 770	64 457	91 227
-	35 064	35 064	Accumulated depreciation at the beginning of the year	1 269	39 742	41 011
-	8 859	8 859	Depreciation charge for the year	418	10 208	10 626
-	(430)	(430)	Disposals	-	(957)	(957)
-	43 493	43 493	Accumulated depreciation at the end of the year	1 687	48 993	50 680
-	12 236	12 236	Net book value at the end of the year	25 083	15 464	40 547
			2003			
			Movement			
-	41 587	41 587	Cost at the beginning of the year	25 511	49 938	75 449
-	2 272	2 272	Fixed assets of subsidiary acquired	-	-	-
-	6 444	6 444	Additions	601	8 512	9 113
-	(433)	(433)	Disposals	(2 383)	(1 097)	(3 480)
-	49 870	49 870	Cost at the end of the year	23 729	57 353	81 082
-	23 268	23 268	Accumulated depreciation at the beginning of the year	1 243	28 493	29 736
-	1 057	1 057	Fixed assets of subsidiary acquired	-	-	-
-	11 079	11 079	Depreciation charge for the year	427	12 147	12 574
-	(340)	(340)	Disposals	(401)	(898)	(1 299)
-	35 064	35 064	Accumulated depreciation at the end of the year	1 269	39 742	41 011
-	14 806	14 806	Net book value at the end of the year	22 460	17 611	40 071

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		10. INTERBANK FUNDING				
7 730	43 913	Call funding	7 730	43 913	-	-
18 567	30 000	Maturing within one month	18 567	30 000	-	-
9 717	-	Maturing after six months but within 12 months	9 717	-	-	-
36 014	73 913		36 014	73 913	-	-
		The maturity analysis is based on the remaining period to contractual maturity from year-end.				
		11. DEPOSITS				
		<i>Category analysis</i>				
158 710	123 730	Demand deposits	158 710	122 020	-	-
5 367	5 645	Notice deposits	5 367	5 645	-	-
102 775	114 601	Fixed deposits	102 775	114 601	-	-
1 716	6 038	Negotiable certificates of deposit	1 716	6 038	-	-
268 568	250 014		268 568	248 304	-	-
		<i>Geographic analysis</i>				
263 726	244 527	South Africa	263 726	242 817	-	-
697	-	North America	697	-	-	-
4 145	5 487	Australia and New Zealand	4 145	5 487	-	-
268 568	250 014		268 568	248 304	-	-
		<i>Maturity analysis</i>				
158 710	123 730	Withdrawable on demand	158 710	122 020	-	-
60 230	78 707	Maturing within one month	60 230	78 707	-	-
39 044	28 434	Maturing after one month but within six months	39 044	28 434	-	-
2 991	4 143	Maturing after six months but within 12 months	2 991	4 143	-	-
7 593	-	Maturing after one year but within five years	7 593	-	-	-
-	15 000	Maturing after five years	-	15 000	-	-
268 568	250 014		268 568	248 304	-	-
		The maturity analysis is based on the remaining period to contractual maturity from year-end.				
		12. ACCOUNTS PAYABLE				
-	-	Capitalised finance leases	2 174	1 756	-	-
888	2 504	Fair value of derivatives	888	2 504	-	-
33 077	29 136	Accounts payable	57 208	58 038	13	29
62 351	51 952	Stockbroking clients	62 351	51 952	-	-
12 782	61	Taxation	13 185	1 044	-	-
109 098	83 653		135 806	115 294	13	29

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		13. PROVISIONS				
2 175	1 743	Leave pay	3 244	2 579	-	-
1 743	1 671	Opening balance	2 579	2 457	-	-
737	337	Charge to the income statement	1 029	439	-	-
(305)	(265)	Utilised during the year	(364)	(317)	-	-
2 011	-	Staff incentives	2 011	-	-	-
-	-	Opening balance	-	-	-	-
2 216	-	Charge to the income statement	2 216	-	-	-
(205)	-	Utilised during the year	(205)	-	-	-
1 522	1 400	Audit fees	2 022	1 676	120	105
1 400	978	Opening balance	1 676	1 179	105	76
1 544	1 364	Charge to the income statement	1 802	1 771	111	105
(1 422)	(942)	Utilised during the year	(1 456)	(1 274)	(96)	(76)
5 708	3 143		7 277	4 255	120	105
		14. COMMERCIAL PAPER				
		<i>Amortised cost</i>				
		<i>Junior debentures</i>				
-	88 711	Subordinated, secured, compulsory redeemable, asset-backed debentures of R1 000 000 each	-	88 711	-	-
		<i>Senior debentures</i>				
-	516 985	Unsubordinated, secured, compulsory redeemable, asset-backed debentures of R1 000 000 each	-	516 985	-	-
		<i>Class A notes</i>				
609 895	-	Unsubordinated, secured, compulsory redeemable, asset-backed notes of R1 000 000 each	609 895	-	-	-
		<i>Class B notes</i>				
43 823	-	Subordinated, secured, compulsory redeemable, asset-backed notes of R1 000 000 each	43 823	-	-	-
		<i>Class C notes</i>				
12 961	-	Subordinated, secured, compulsory redeemable, asset-backed notes of R1 000 000 each	12 961	-	-	-
666 679	605 696		666 679	605 696	-	-

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		<p>14. COMMERCIAL PAPER (continued)</p> <p>The notes/debentures are effectively secured by a cession of rentals and equipment underlying the rental assets as well as the bank accounts owned by Equipment Rentals Securitisation No. 1 (Pty) Limited – refer to notes 2 and 5.</p> <p>Notes/debentures amounting to R nil (2003: R179 million) bear interest at fixed rates and the remaining balance bear interest at variable rates linked to JIBAR. 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 (2003: the Junior debentures are subordinated in favour of the Senior debentures).</p>				
666 679	605 696	<p>Geographic analysis</p> <p>South Africa</p>	666 679	605 696	–	–
–	50 818	<p>Maturity analysis</p> <p>Maturing within six months</p>	–	50 818	–	–
–	81 287	<p>Maturing after six months but within 12 months</p>	–	81 287	–	–
666 679	473 591	<p>Maturing after one year but within five years</p>	666 679	473 591	–	–
666 679	605 696		666 679	605 696	–	–
		<p>The maturity analysis is based on the remaining period to contractual maturity from year-end.</p>				

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		15. SHARE CAPITAL				
		Authorised 40 000 000 ordinary shares of 1c each	400	400	400	400
		150 000 000 ordinary shares of 1c each	–	–	–	–
		Issued Group: 25 758 776 (2003: 24 837 483) ordinary shares of 1c each Company: 25 911 791 (2003: 24 837 483) ordinary shares of 1c each Bank: 103 443 802 (2003: 103 443 802) ordinary shares of 1c each				
1 034	1 033	At beginning of the year	248	237	248	237
–	1	Issued during the year	11	11	11	11
–	–	Consolidation of the Sasfin Share Incentive Trust	(1)	–	–	–
1 034	1 034		258	248	259	248
		The Group has a Share Incentive Scheme in terms of which shares are issued and options granted. As required by the JSE Securities Exchange South Africa, the Share Incentive Trust has been consolidated into the Group annual financial statements for the first time during the current financial year. Details of the Sasfin Share Incentive Trust are provided on page 66.				
		The Company issued 883 907 shares in terms of the dividend capitalisation issue and 190 401 shares to the Sasfin Share Incentive Trust.				
		The unissued shares are under the control of the directors until the next Annual General Meeting.				

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		16. NON-DISTRIBUTABLE RESERVES				
		Due to the Regulations to the Banks Act still requiring that minimum general and specific provision levels are held, a regulatory reserve has been created by reallocating distributable reserves to non-distributable reserves				
1 000	2 815		1 000	2 815	-	-
		17. COMMITMENTS AND CONTINGENCIES				
		Unutilised letters of credit established and confirmed orders placed on behalf of clients	18 772	8 426	-	-
-	10 000	Guarantees	-	10 000	-	-
3 235	-	Future capital commitments	8 776	5 314	-	-
8 168	5 042	Other	8 168	5 042	-	-
30 175	23 468		35 716	28 782	-	-
		18. INTEREST INCOME				
15 530	17 002	Interbank	16 558	17 780	-	-
1 168	1 377	Short-term negotiable securities	1 168	1 377	-	-
148 285	141 984	Instalment finance	148 285	141 984	-	-
14 423	17 855	Debtor finance	14 423	17 855	-	-
10 580	12 512	Trade finance	10 580	12 512	-	-
3 460	4 306	Other	1 089	917	-	6 858
193 446	195 036		192 103	192 425	-	6 858
		19. INTEREST EXPENSE				
6 269	3 852	Interbank funding	6 591	11 237	-	6 858
11 028	17 497	Demand deposits	10 948	17 271	-	-
500	631	Notice deposits	500	631	-	-
9 834	15 074	Fixed deposits	9 834	15 074	-	-
331	1 015	Negotiable certificates of deposit	331	1 015	-	-
66 638	82 134	Commercial paper	66 638	82 134	-	-
1 391	7 162	Other	1 476	304	-	-
95 991	127 365		96 318	127 666	-	6 858

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		20. OTHER INCOME				
133 032	121 118	Fee and commission income	172 727	159 078	905	1 465
–	–	Profit on disposal of investment	–	–	–	981
468	–	Dividend income	606	2	7 960	5 802
1 025	(2 358)	Revaluation of held-for-trading portfolio	1 025	(2 358)	–	–
350	(19 755)	Foreign exchange gains/(losses)	350	(19 755)	–	–
134 875	99 005		174 708	136 967	8 865	8 248
		21. INCOME BEFORE TAXATION				
		<i>Income before taxation is stated after charging:</i>				
905	1 465	Administration fees	–	–	–	–
2 591	2 325	Auditors' remuneration	2 861	2 732	123	105
1 544	1 196	Audit fees – Current year	1 802	1 449	111	105
–	168	Audit fees – Prior year	–	322	–	–
1 047	961	Other services	1 059	961	12	–
1 396	1 545	Consulting fees	1 396	1 545	–	–
8 859	11 079	Depreciation	10 626	12 574	–	–
3 135	3 275	Directors' emoluments	3 557	3 645	422	370
2 713	2 905	Executive directors	2 713	2 905	–	–
–	–	– For other services rendered to the Bank	–	–	–	–
422	370	Non-executive directors	422	370	422	370
–	–	– Directors' fees paid by the Company	–	–	–	–
–	–	– Directors' fees paid by the Bank	–	–	–	–
–	–	Operating lease charges	1 996	1 738	–	–
33	93	<i>And after crediting:</i>				
–	–	Profit on disposal of equipment	257	127	–	–
–	–	Administration fees	–	–	905	1 465

Bank			Group		Company	
2004 %	2003 %		2004 %	2003 %	2004 %	2003 %
		22. TAXATION				
18 249	7 049	<i>South African normal tax</i>	23 016	8 769	-	-
9 165	48	Income tax – current year	11 573	1 768	-	-
502	-	Income tax – under provision in prior years	502	-	-	-
11 781	7 001	Deferred tax – current year	12 233	7 001	-	-
(3 199)	-	Deferred tax – over provision in prior years	(1 292)	-	-	-
-	13	<i>Secondary tax on companies</i>	245	372	-	-
18 249	7 062		23 261	9 141	-	-
		Reconciliation of rate of taxation				
30.0	30.0	South African normal tax rate	30.0	30.0	30.0	30.0
(6.2)	(2.1)	Adjusted for:	(2.7)	(0.9)	(30.0)	(30.0)
(0.3)	1.3	Revaluation of investments	(0.3)	1.0	-	-
-	-	Exempt income	-	-	(30.0)	(30.0)
1.5	2.2	Non-deductible expenses	1.6	2.2	-	-
(2.2)	-	Capital gains	(1.9)	-	-	-
(1.7)	(4.3)	Tax losses utilised	(1.5)	(3.4)	-	-
(3.5)	-	Over provision in prior years	(0.9)	-	-	-
-	-	Secondary tax on companies	0.3	1.2	-	-
-	(1.3)	Other	-	(1.9)	-	-
23.8	27.9	Effective rate	27.3	29.1	-	-
		Losses, balance of allowances and credits for which no deferred tax asset has been raised:				
39 500	46 632	- Estimated tax losses available to offset future taxable income	39 500	46 632	-	-
75 668	82 368	- Accumulated STC credits which have arisen as a result of dividends received exceeding dividends declared	80 813	82 368	-	-

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		23. HEADLINE EARNINGS PER SHARE, EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE The calculation of headline earnings and earnings per ordinary share is based on earnings of R60,2 million (2003: R20,4 million) and the weighted average of 25 472 202 (2003: 24 568 873) ordinary shares in issue for the year. The calculation of diluted earnings per ordinary share is based on earnings of R60,2 million (2003: R20,4 million) and the weighted average of 25 907 404 (2003: 24 568 873) ordinary shares in issue for the year.				
		24. CASH RECEIPTS FROM CUSTOMERS Interest income	192 103	192 425	–	6 858
193 446	195 036	Other income	174 451	136 840	8 865	7 267
134 842	98 912					
328 288	293 948		366 554	329 265	8 865	14 125
		CASH PAID TO CUSTOMERS, EMPLOYEES AND SUPPLIERS Interest expense	96 318	127 666	–	6 858
95 991	127 365	Total operating expenses	173 757	164 237	905	1 486
145 923	136 749					
241 914	264 114		270 075	291 903	905	8 344
86 374	29 834		96 479	37 362	7 960	5 781
		RECONCILIATION OF OPERATING PROFIT TO CASH FLOWS FROM OPERATING ACTIVITIES Net income from operations	85 350	31 400	7 960	6 762
76 788	25 333	Profit on disposal of investments	–	–	–	(981)
–	–	Profit on disposal of property, plant and equipment	(257)	(127)	–	–
(33)	(93)	Credit losses/(reversals)	760	(6 485)	–	–
760	(6 485)	Depreciation	10 626	12 574	–	–
8 859	11 079					
86 374	29 834		96 479	37 362	7 960	5 781

notes to the financial statements

for the year ended 30 June (continued)

Bank			Group		Company	
2004 R'000	2003 R'000		2004 R'000	2003 R'000	2004 R'000	2003 R'000
		25. TAXATION PAID				
24 015	24 047	Unpaid at beginning of the year	24 565	24 724	–	–
–	(3 553)	AC133 deferred tax transitional adjustment	–	(3 553)	–	–
18 249	7 062	Charge to income statement	23 261	9 141	–	452
(41 298)	(24 015)	Unpaid at end of the year	(43 730)	(24 565)	–	–
966	3 541		4 096	5 747	–	452
		26. DIVIDEND PAID				
–	–	Unpaid at beginning of the year	–	–	–	–
6 700	4 000	Charge to distributable reserves	3 298	8 417	3 355	8 417
6 700	4 000		3 298	8 417	3 355	8 417
		27. ACQUISITION OF SUBSIDIARY				
–	(1 505)	Working capital	–	–	–	–
–	1 215	Fixed assets	–	–	–	–
–	2 903	Cash	–	–	–	–
–	2 613	Net assets acquired	–	–	–	–
–	(2 613)	Paid by issue of shares	–	–	–	–
–	2 903	Cash acquired	–	–	–	–
–	2 903		–	–	–	–
		28. 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:				
		<i>On a discretionary basis</i>				
3 333	43	Unlisted equities	3 333	43	–	–
8 849 099	6 250 808	Listed equities	8 849 099	6 250 808	–	–
179 215	207 837	Gilts	179 215	207 837	–	–
312	252	Unit trusts	312	252	–	–
564 219	547 265	Funds held in money market accounts	564 219	547 265	–	–
9 596 178	7 006 205		9 596 178	7 006 205	–	–

notes to the financial statements

for the year ended 30 June (continued)

	Up to 1 month R'000	1-3 months R'000	4-12 months R'000	1-5 years R'000	> 5 years R'000	Non liquid R'000	Group Total R'000
29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT							
29.1 LIQUIDITY RISK							
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	65 959	168 316	293 242	432 228	-	-	959 745
Investments	-	-	-	-	-	19 497	19 497
Deferred taxation	-	-	-	-	-	520	520
Property, plant and equipment	-	-	-	-	-	40 547	40 547
Total assets	386 698	207 636	295 545	432 228	-	60 564	1 382 671
Liabilities							
Interbank funding	26 297	-	9 717	-	-	-	36 014
Deposits	218 940	37 491	4 544	7 593	-	-	268 568
Accounts payable	135 806	-	-	-	-	-	135 806
Provisions	7 277	-	-	-	-	-	7 277
Commercial paper	-	-	-	666 679	-	-	666 679
Deferred taxation	-	-	-	-	-	31 065	31 065
Total liabilities	388 320	37 491	14 261	674 272	-	31 065	1 145 409
Maturity mismatch	(1 622)	170 145	281 284	(242 044)	-	29 499	237 262
Unutilised committed interbank facilities	67 500	-	-	-	-	-	67 500
Net maturity mismatch	65 878	170 145	281 284	(242 044)	-	29 499	304 762
2003							
Assets							
Short-term interbank funds	104 615	81 233	-	-	-	-	185 848
Short-term negotiable securities	-	10 343	-	-	-	-	10 343
Accounts receivable	131 102	-	10 628	-	-	-	141 730
Advances	61 887	147 831	229 450	413 643	-	-	852 811
Investments	-	-	-	-	-	20 042	20 042
Deferred taxation	-	-	-	-	-	5 202	5 202
Property, plant and equipment	-	-	-	-	-	40 071	40 071
Total assets	297 604	239 407	240 078	413 643	-	65 315	1 256 047
Liabilities							
Interbank funding	73 913	-	-	-	-	-	73 913
Deposits	200 727	23 838	8 739	-	15 000	-	248 304
Accounts payable	115 294	-	-	-	-	-	115 294
Provisions	4 255	-	-	-	-	-	4 255
Commercial paper	-	-	132 105	473 591	-	-	605 696
Deferred taxation	-	-	-	-	-	28 723	28 723
Total liabilities	394 189	23 838	140 844	473 591	15 000	28 723	1 076 185
Maturity mismatch	(96 585)	215 569	99 234	(59 948)	(15 000)	36 592	179 862
Unutilised committed interbank facilities	85 500	-	-	-	-	-	85 500
Net maturity mismatch	(11 085)	215 569	99 234	(59 948)	(15 000)	36 592	265 362

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.

notes to the financial statements

for the year ended 30 June (continued)

	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
29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)						
29.2 INTEREST RATE RISK						
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	–	–	–	–	159 507	159 507
Advances*	934 717	45 326	12 012	–	(32 310)	959 745
Investments	–	–	–	–	19 497	19 497
Deferred taxation	–	–	–	–	520	520
Property, plant and equipment	–	–	–	–	40 547	40 547
Total assets	1 089 038	84 646	14 012	–	194 975	1 382 671
Liabilities						
Interbank funding	26 297	–	9 717	–	–	36 014
Deposits	218 940	37 491	4 544	7 593	–	268 568
Accounts payable	–	–	–	–	135 806	135 806
Provisions	–	–	–	–	7 277	7 277
Commercial paper	–	666 679	–	–	–	666 679
Deferred taxation	–	–	–	–	31 065	31 065
Total liabilities	245 237	704 170	14 261	7 593	174 148	1 145 409
Net interest rate risk mismatch	843 801	(619 524)	(249)	(7 593)	20 827	237 262
2003						
Assets						
Short-term interbank funds	99 439	81 233	–	–	5 176	185 848
Short-term negotiable securities	–	10 343	–	–	–	10 343
Accounts receivable	–	6 556	3 907	–	131 267	141 730
Advances*	828 853	51 029	7 472	–	(34 543)	852 811
Investments	–	–	–	–	20 042	20 042
Deferred taxation	–	–	–	–	5 202	5 202
Property, plant and equipment	–	–	–	–	40 071	40 071
Total assets	928 292	149 161	11 379	–	167 215	1 256 047
Liabilities						
Interbank funding	73 913	–	–	–	–	73 913
Deposits	215 727	23 838	8 739	–	–	248 304
Accounts payable	–	–	–	–	115 294	115 294
Provisions	–	–	–	–	4 255	4 255
Commercial paper	103 270	502 426	–	–	–	605 696
Deferred taxation	–	–	–	–	28 723	28 723
Total liabilities	392 910	526 264	8 739	–	148 272	1 076 185
Net interest rate risk mismatch	535 382	(377 103)	2 640	–	18 943	179 862

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 market 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.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.3 CURRENCY RISK

The Group has no material foreign currency exposures.

	Notional principle R'000	Positive fair value R'000	Negative fair value R'000	Net fair value R'000
29.4 DERIVATIVE FINANCIAL INSTRUMENTS				
2004				
Hedging				
<i>Exchange rate contracts</i>				
Forwards maturing within one year	14 358	303	(888)	(585)
Total derivatives	14 358	303	(888)	(585)
2003				
Hedging				
<i>Exchange rate contracts</i>				
Forwards maturing within one year	37 035	164	(2 504)	(2 340)
<i>Interest rate contracts</i>				
Interest rate swaps	154 000	10 582	(119)	10 463
Maturing within one year	10 000			
Maturing after one year but within five years	144 000			
Total derivatives	191 035	10 746	(2 623)	8 123

Hedging

Forward exchange contracts are entered into as cash flow hedges for foreign currency transactions. All forecast transactions are expected to occur in the short term.

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.

30. 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.

31. HOLDING COMPANY GUARANTEES

Sasfin Holdings Limited has provided guarantees for the obligations of certain of its subsidiary companies.

	Nature of business	Issued capital	Effective holding		Shares at book value		Indebtedness	
			2004 %	2003 %	2004 R'000	2003 R'000	2004 R'000	2003 R'000
32. SUBSIDIARY COMPANIES								
SUBSIDIARIES Of Sasfin Holdings Limited								
Sasfin Bank Limited	Bank	R1 034 438	100	100	8 246	8 246	2 522	(3 509)
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	R 1	100	100	-	-	-	-
					21 812	21 812	2 522	(3 509)
Of Sasfin Bank Limited								
Quorum Leasing Services (Pty) Limited	Lease finance	R100	100	100				
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				

notes to the financial statements

for the year ended 30 June (continued)

	Nature of business	Issued capital	Effective holding	
			2004 %	2003 %
32. SUBSIDIARY COMPANIES (continued)				
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	–
<p>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 and special purpose entities have co-terminus year-ends.</p>				

GROUP SHARE INCENTIVE SCHEME RECONCILIATION	2004 Number	2003 Number
Options outstanding at beginning of the year	1 867 951	1 097 527
Granted	413 100	964 500
Exercised	(264 163)	(28 666)
Lapsed	(34 700)	(165 410)
Options outstanding at end of the year	1 982 188	1 867 951

The following options granted to employees had not been exercised at 30 June 2004:

Number of ordinary shares	Option price range (cents)	Weighted average price (cents)	Option expiry period
395 876	300 – 1 250	1 187	Year to 30 June 2005
568 207	415 – 1 400	510	Year to 30 June 2006
434 432	415 – 825	562	Year to 30 June 2007
439 251	415 – 825	566	Year to 30 June 2008
139 002	540 – 825	777	Year to 30 June 2009
4 120	600	600	Year to 30 June 2010
1 300	600	600	Year to 30 June 2011
1 982 188*			

* 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.
- 346 100 options awarded to staff before the year end are subject to shareholders' approval of the proposed amendments to the share scheme at the forthcoming Annual General Meeting.

	2004 R'000	2003 R'000
BALANCE SHEET		
Assets	1 755	1 147
Liabilities	998	521
Equity	757	626
	1 755	1 147
INCOME STATEMENT		
Income	142	140
Operating expenses	10	16
Net profit for the year	132	124

analysis of ordinary shareholders

at 30 June

	Shareholders		Shares held	
	Number	%	Number	%
ANALYSIS OF HOLDING				
Trusts (including 153 015 shares in the Sasfin Share Incentive Trust)	88	8.4	8 022 639	31.0
Limited companies	20	1.9	8 884 562	34.3
Individuals	821	78.8	4 463 075	17.2
Private companies	43	4.1	1 296 159	5.0
Other	71	6.8	3 245 356	12.5
	1 043	100.0	25 911 791	100.0
SHAREHOLDER SPREAD				
Public shareholders	1 040	99.7	11 139 450	43.0
Non-public shareholders – Directors	3	0.3	14 772 341	57.0
	1 043	100.0	25 911 791	100.0

ANALYSIS OF MAJOR SHAREHOLDERS	Number of shares	% of issued shares
Unitas Enterprises Limited	7 315 062	28.2
The Sassoon Childrens Trust	4 591 185	17.7
Marsas Holdings (Pty) Limited	1 926 902	7.4
Saprop Investments Limited	1 180 803	4.6
The Glattfin Trust	837 000	3.2
Pocot Trust	773 157	3.0

PERFORMANCE ON THE JSE SECURITIES EXCHANGE SOUTH AFRICA	2004	2003
Shares traded (number)	3 640 294	2 068 754
Price (cents)		
Highest	1 110	700
Lowest	378	400
Year-end	1 070	416

shareholders' diary

Year-end	30 June
Reports published:	
*Announcement of interim results for the six months to December	February
*Announcement of final annual results	September
*Annual financial statements	September
Annual General Meeting	October
Dividend paid	November

notice of annual general meeting

Sasfin Holdings Limited

(Incorporated in Republic of South Africa)

Registration number 1987/002097/06

Share code: SFN

ISIN : ZAE000006565

("Sasfin" or "the company")

Notice is hereby given that the seventeenth Annual General Meeting of shareholders of the company will be held at Sasfin Place, 13-15 Scott Street, Waverley, Johannesburg on Monday, 25 October 2004, at 14h00 to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

1. Ordinary resolution number 1

"Resolved to receive and consider the Annual Financial Statements and the Group Annual Financial Statements for the year ended 30 June 2004, including the reports of the directors and the auditors."

2. Ordinary resolution number 2

"Resolved to re-elect Mr ETB Blight as an independent non-executive director of the company." Mr Blight 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 ETB Blight joined the company in his capacity as an independent non-executive director on 1 January 2001. He retired from the Barclays First National Bank after 44 years' service having been General Manager Internal Audit, Security & Risk Management. He was also a director of the FNB Group Y2K project. He is the Chairperson of the Group Audit & Compliance Committee, Asset and Liability Committee and Information Technology Steering Committee. He is a member of the Risk Management Committee, the Directors' Affairs Committee and is a non-executive director of Sasfin Frankel Pollak Securities (Pty) Limited and Sasfin Investment and Asset Managers (Pty) Limited and also a member of the Audit Committees for these two entities. Mr ETB Blight is 64 years old.

3. Ordinary resolution number 3

"Resolved to re-elect Mr D Paizes as an independent non-executive director of the company." Mr Paizes 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 D Paizes was appointed as an independent non-executive director on 12 January 1998. His experience covers the financial services industry. He started his career with Union Acceptances and thereafter held managerial positions at Manufacturers Life Insurance, Liberty Life and AA Mutual. He retired in March 1996 as Managing Director of Fedsure Asset Management Company. He holds directorships in a number of other companies. He is also a member of the Group Audit & Compliance, Human Resources & Remuneration Committees. Mr D Paizes holds a BCom degree and is 69 years old.

4. Ordinary resolution number 4

"Resolved to authorise the directors to determine the remuneration of the company's auditors."

5. Ordinary resolution number 5

"Resolved to re-appoint KPMG Inc. and Fisher Hoffman PKF (Jhb) Inc. as joint auditors of the company for the next financial year."

6. Ordinary resolution number 6

"Resolved to approve the directors' fees for the past financial year."

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 the JSE Securities Exchange South Africa ("Listings Requirements of the JSE")."

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 Listings Requirements of the JSE, 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 Securities Exchange South Africa ("the JSE") in its 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 Listings Requirements of the JSE, 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 Listings Requirements of the JSE 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 Securities Exchange South Africa, the SASFIN SHARE INCENTIVE TRUST ("the first share trust") be and is hereby amended on and with effect from Tuesday, 24 February 2004, by:

- 10.1 the insertion of the following new clause 1.11A

"1.11A "second trust" means THE SECOND SASFIN SHARE INCENTIVE TRUST adopted by the company on 14 August 2000"; and

9. Ordinary resolution number 9 (continued)

10.2 the deletion of clause 13.1.1 thereof and the substitution therefor with the following new clause 13.1.1.

“13.1.1 the total number of shares in terms of which options, which have been neither exercised nor cancelled, may be given shall not exceed, in the aggregate, together with the number of shares against which options have been granted in terms of the second trust, 15% (fifteen percent) of the total issued shares in the company, (which aggregate, as at Tuesday, 24 February 2004, was equal to 25 721 390 shares in the issued share capital of the company), and”.

Reason for ordinary resolution number 9

The reason for ordinary resolution number 9 is to amend the first share trust so as to increase the total number of shares in terms of which options may be granted, arising from the fact that since the initial threshold was set in 1996, the company has grown considerably and accordingly needs to increase the total number of shares in terms of which options may be granted in order to continue to encourage employees to acquire a shareholding in the company so as to increase their proprietary interest in the company's success.

10. Ordinary resolution number 10

“Resolved that, subject to the approval of the JSE Securities Exchange South Africa, THE SECOND SASFIN SHARE INCENTIVE TRUST (“the second share trust”) be and is hereby amended on and with effect from Tuesday, 24 February 2004, by the deletion of clause 13.1.1 thereof and the substitution therefor with the following new clause 13.1.1”

“13.1.1 the total number of shares in terms of which options, which have been neither exercised nor cancelled, may be given shall not exceed, in the aggregate, together with the number of shares against which options have been granted in terms of the first trust, 15% (fifteen percent) of the total issued shares in the company, (which aggregate as at Tuesday, 24 February 2004, was equal to 25 721 390 shares in the issued share capital of the company), and”.

Reason for ordinary resolution number 10

The reason for ordinary resolution number 10 is to amend the second share trust as a consequence of the amendments to the first share trust in terms of ordinary resolution number 9.

11. Special resolution number 1

“Resolved that the existing authorised share capital of the company be increased from R400 000,00 (four hundred thousand rand), divided into 40 000 000 (forty million) ordinary shares of R0,01 (one cent) each, to R450 000,00 (four hundred and fifty thousand rand) by the creation of 5 000 000 (five million) non-redeemable, non-cumulative, non-participating preference shares of a nominal value of R0,01 (one cent) each, subject to and carrying the rights, restrictions, privileges and conditions set out in the new article 36 of the company's articles of association.”

Reasons for special resolution number 1

The reasons for special resolution number 1 are to enable the company and hence its wholly owned subsidiary Sasfin Bank Limited, to raise cost effective permanent share capital as part of a general capital management programme and to provide the company with funding for strategic initiatives. The effect of special resolution number 1, if passed, is that the company's authorised share capital has increased and consists of ordinary shares and preference shares. A pre-listing statement will be issued at the time of issue of any such preference shares.

12. Special resolution number 2

“Subject to the passing and registration of special resolution number 1, resolved that the company's articles of association be and are hereby amended by inserting the following new article 36 into the articles of association:

'36. NON-REDEEMABLE, NON-CUMULATIVE, NON-PARTICIPATING, VARIABLE RATE PREFERENCE SHARES

- 36.1 For purposes of this article 36
- 36.1.1 'issue price' means the actual issue price of each preference share, being the par value of a preference share plus the premium at which such preference share is allotted and issued;
 - 36.1.2 'business day' means any day other than a Saturday, Sunday or statutory public holiday in the Republic;
 - 36.1.3 'deemed value' means the deemed value of each preference share for purposes of calculation of the preference dividend, being an amount determined by the directors at the time of allotment and issue of the first preference share/s, notwithstanding the issue price of each preference share which may vary because of a difference in the premium at which the preference shares may be issued from time to time;
 - 36.1.4 'Income Tax Act' means the Income Tax Act No. 58 of 1962, as amended from time to time;
 - 36.1.5 'preference dividend' means a non-cumulative, non-participating, preference cash dividend calculated in accordance with article 36.2.4;
 - 36.1.6 'preference dividend accrual date' means 30 June and 31 December in each year;
 - 36.1.7 'preference dividend payment date' means a date at least 7 (seven) business days prior to the date on which the company pays its ordinary dividend, if any, in respect of the same period, but in any event the preference dividend, if declared, shall be payable not later than 120 (one hundred and twenty) business days after 30 June and 31 December, respectively;
 - 36.1.8 'preference dividend rate' means, subject to article 36.2.7, a rate that will not exceed a percentage, determined by the directors at the time of allotment and issue of the first preference shares, of the prime rate;
 - 36.1.9 'preference shares' means the 5 000 000 (five million) non-redeemable, non-cumulative, non-participating, variable rate, par value preference shares of R0,01 (one cent) each in the share capital of the company; and
 - 36.1.10 'prime rate' means the publicly quoted basic rate of interest expressed as a percentage per year, compounded monthly in arrear and calculated on a 365 (three hundred and sixty five) day year factor (irrespective of whether or not the year is a leap year) from time to time quoted by Nedbank Limited ('Nedbank') as being its prime overdraft rate as certified by any manager of Nedbank, whose appointment and/or designation need not be proved. A certificate from any manager of Nedbank as to the prime rate at any time shall constitute *prima facie* proof thereof.
- 36.2 The following are the rights, privileges, restrictions and conditions which attach to the preference shares:
- 36.2.1 each preference share will rank as regards dividends and a repayment of capital on the winding-up of the company prior to the ordinary shares and any other class of shares in the capital of the company not ranking prior to or *pari passu* with the preference shares;
 - 36.2.2 each preference share shall confer on the holder of the preference share the right of a return of capital on the winding-up of the company, an amount equal to the aggregate of the par value and premium in respect of the preference shares then in issue divided by the number of preference shares in issue, in priority to any payment in respect of any other class of shares in the capital of the company not ranking prior to or *pari passu* with the preference share;

'36. NON-REDEEMABLE, NON-CUMULATIVE, NON-PARTICIPATING, VARIABLE RATE PREFERENCE SHARES (continued)

- 36.2.3 each preference share will confer on the holder of the preference share the right to receive out of the profits of the company, which it shall determine to distribute, in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior to or *pari passu* with the preference shares, the preference dividend calculated in terms of article 36.2.4;
- 36.2.4 the preference dividend shall be calculated
- 36.2.4.1 by multiplying the deemed value of the preference share by the preference dividend rate applicable on the preference dividend accrual date (determined on a 365 day year factor, irrespective of whether the year is a leap year or not), on a daily basis, in arrear, but never compounded, for the appropriate period referred to in article 36.2.4.2; and
- 36.2.4.2 from the date following a preference dividend accrual date until and including the preference dividend accrual date immediately following, provided that the first dividend payment, in respect of the first tranche of preference shares issued, shall be calculated from the issue date up to and including the first preference dividend accrual date after the issue date;
- 36.2.5 the preference dividends shall, if declared –
- 36.2.5.1 accrue on the preference dividend accrual date, in arrear, calculated in accordance with article 36.2.4;
- 36.2.5.2 be payable on the preference dividend payment date; and
- 36.2.5.3 failing payment by the relevant preference dividend payment date, be considered to be in arrear;
- 36.2.6 if a preference dividend is not declared by the company in respect of the period to which such preference dividend accrual date relates, the preference dividend shall not accumulate and shall accordingly never become payable by the company whether in preference to payments to any other class of shares in the company or otherwise;
- 36.2.7 if there is an amendment or amendments to the Income Tax Act that results in the preference dividends being taxable in the hands of the preference shareholders and which results in payment of the preference dividends becoming a deductible expense for the company, provided such amendment is uniformly applicable to all corporate tax payers and not only because of the particular circumstances of the company or any preference shareholder, the percentage of the prime rate will be increased by the company. Such increase will be limited to the extent that the company incurs less cost in servicing the preference shares, which cost savings it would not have obtained but for such amendments to the Income Tax Act. If such amendments to the Income Tax Act do not result in the company incurring lesser costs in servicing the preference shares, then, notwithstanding that such amendment may result in a decrease in the after tax returns of any preference shareholder on its holding of preference shares, no change shall be made to the percentage of the prime rate. The company shall be entitled to require its auditors to verify whether it is obliged to increase the percentage of the prime rate in accordance with this article 36.2.7. The auditors, in deciding whether such increase is required in terms of this article 36.2.7, shall act as experts and not as arbitrators and their decision shall, in the absence of manifest error, be final and binding on the company and all preference shareholders. The costs of such auditors shall be borne and paid by the company;

'36. NON-REDEEMABLE, NON-CUMULATIVE, NON-PARTICIPATING, VARIABLE RATE PREFERENCE SHARES (continued)

- 36.2.8 save as set out in articles 36.2.1, 36.2.2, 36.2.4, 36.2.6 and 36.2.7, the preference shares shall not be entitled to any participation in the profits or assets of the company, or on a winding-up in any of the surplus assets of the company;
- 36.2.9 the holders of the preference shares shall be entitled to receive notice of any meeting of the company and shall be entitled to be present but not to vote, either in person or by proxy, at any meeting of the company, by virtue of or in respect of the preference shares, unless either or both of the following circumstances prevail at the date upon which notice convening the meeting in question is posted to members:
- 36.2.9.1 the preference dividend, or any part thereof, remains in arrear and unpaid as determined in accordance with article 36.2.5.3 after 6 (six) months from the relevant preference dividend payment date; and/or
- 36.2.9.2 a resolution of the company is proposed which resolution directly affects the rights attached to the preference shares or the interests of the holders of the preference shares, including a resolution for the winding-up of the company or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution;
- 36.2.10 at every general meeting of the company at which holders of preference shares as well as other classes of shares are present and entitled to vote, a preference shareholder shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all shares issued by the company; and
- 36.2.11 notwithstanding the provisions of article 36.2.1, no shares in the capital of the company ranking, as regards rights to dividends or, on a winding-up as regards return of capital, in priority to the preference shares, shall be created or issued, without the prior sanction of a resolution passed at a separate class meeting of the holders of the preference shares in the same manner *mutatis mutandis* as a special resolution. At every meeting of the holders of the preference shares, the provisions of these articles relating to general meetings of ordinary members shall apply, *mutatis mutandis*, except that a quorum at any such general meeting shall be any person or persons holding or representing by proxy at least 2 (two) of the preference shares, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of the articles relating to adjourned general meetings shall apply, *mutatis mutandis*.”

Reason for special resolution number 2

The reason for special resolution number 2 is to set out the rights, privileges, restrictions and conditions which will attach to the preference shares created pursuant to special resolution number 1, in the company's articles of association. The effect of special resolution number 2, if passed, will be that the company's articles of association set out the rights, privileges, restrictions and conditions which attach to the preference shares.

13. Special resolution number 3

“Subject to the passing and registration of special resolutions numbers 1 and 2, that the company's memorandum of association be and is hereby amended by deleting the existing paragraph 8(a) of the memorandum of association and replacing it with the following new paragraph 8(a):

13. Special resolution number 3 (continued)

‘8. CAPITAL

- (a) Par value: The share capital of the company is R450 000,00 (four hundred and fifty thousand rand) divided into 40 000 000 (forty million) ordinary shares of R0,01 (one cent) each; and 5 000 000 (five million) non-redeemable, non-cumulative, non-participating preference shares of R0,01 (one cent) each.”

Reason for special resolution number 3

The reason for special resolution number 3 is to reflect the increased authorised share capital of the company pursuant to special resolution number 1 and this special resolution will have that effect.

14. Ordinary resolution number 11

“Subject to the passing of special resolutions numbers 1 and 2, resolved that the unissued non-redeemable, non-cumulative, non-participating preference shares (“preference shares”) in the authorised 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 preference shares at their discretion until the next Annual General Meeting of the company, subject to the provisions of the Companies Act, 61 of 1973 as amended, the Banks Act, 94 of 1990, as amended and the Listings Requirements of the JSE Securities Exchange South Africa.”

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 Thursday, 21 October 2004. 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 2004

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

Corporate Law Advisors & Consultants

Edward Nathan Corporate Law Advisors
150 West Street
Sandton
2196

form of proxy

Sasfin Holdings Limited

(Incorporated in Republic of South Africa)

Registration number 1987/002097/06

Share code: SFN

ISIN : ZAE000006565

("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 Monday, 25 October 2004 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 Chairperson 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 Monday, 25 October 2004 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 independent non-executive director Mr ETB Blight			
3. To re-elect as an independent non-executive director Mr D Paizes			
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 first share incentive trust			
10. To amend the Sasfin second share incentive trust			
11. To increase the company's authorised share capital to consist of ordinary shares and preference shares			
12. To set out the rights, privileges, restrictions and conditions which will attach to the preference shares created			
13. To reflect the increased authorised share capital of the company			
14. To place the unissued preference shares under the control of the directors			

Signature

Date

Please read the notes on the reverse side hereof.

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 Thursday, 21 October 2004.
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.