

sasfin

beyond a bank

Integrated Report 2022



Behind the scenes

TABLE OF CONTENTS

1 ABOUT THIS REPORT

5 GROUP OVERVIEW

- 6 A snapshot of 2022
- 7 About Sasfin
- 10 How Sasfin creates value
- 14 Our material matters [W 5](#)
- 20 Sasfin's approach to sustainability
- 21 Our key stakeholder relationships
- 28 Our risks and opportunities
- 34 The Sasfin investment case

35 LEADERSHIP REVIEWS

- 35 Chair's message to stakeholders
- 38 Group CEO's report
- 42 Group FD's report

48 PILLAR PERFORMANCE REVIEWS

- 48 Asset Finance
- 49 Business & Commercial Banking
- 51 Wealth

53 OUR STRATEGY

- 54 People and culture
- 59 Backing our champions
- 59 Growing a credit-led, digitally oriented bank for business
- 60 Project 1/23
- 61 Transform our society

66 CORPORATE GOVERNANCE PRACTICES AND OUTCOMES

- 66 Governance overview
- 69 Board of directors
- 76 Governance framework
- 77 Board committees

87 SOCIAL AND ETHICS COMMITTEE REPORT

90 HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

- 90 Chair's letter and overview of activities
- 94 Remuneration practices
- 97 Implementation report

101 APPENDICES

- 101 King IV™* application summary
- 104 Summarised Consolidated Financial Statements

122 GLOSSARY

123 CORPORATE DETAILS

* Copyright and trademarks are owned by the Institute of Directors of Southern Africa NPC and all of its rights are reserved.



Reporting objectives, scope and boundaries

This Integrated Report (the IR or report) provides an overview of our strategy, operating context and performance for the financial year 1 July 2021 to 30 June 2022 (2022), as well as our medium- to long-term outlook. The information in the report aims to meet the needs of the Sasfin Holdings Limited (the Group or Sasfin) key stakeholders and is guided by Sasfin's material matters. Material matters are those matters that have the potential to materially affect the Group's success in the short, medium and long term and include matters that could significantly influence our stakeholders' assessments and related decisions regarding our long-term sustainability.

The information in this report includes the activities and prospects of the Sasfin Group and its subsidiaries. The Group's interest in subsidiaries, structured entities and associates is shown in the diagram on page 9 and in note 49 of the Consolidated and Separate Annual Financial Statements. For internal reporting purposes, Sasfin reports on the three distinct pillars of its business which are shown alongside.

Other than the merging of business units to create the Business and Commercial Banking (BCB) Pillar, which was disclosed last year, there were no significant changes to the size, legal structure and/or ownership of the Group during 2022; those matters that have the most potential to materially affect the Group's success in the short, medium and long term.

Integrated report boundary

Sasfin's external operating environment

35

Financial reporting boundary
Sasfin Holdings Limited

Pillars

Asset
Finance

Business and
Commercial
Banking

Wealth

Engagements with and concerns of Sasfin's key stakeholders

21

Sasfin's material matters

14

Risks, opportunities and outcomes arising from and affecting Sasfin's operations

28

Frameworks followed

In preparing this report and the other reports in the reporting suite, Sasfin was guided by several local and international frameworks and guidelines. These include:

- International Integrated Reporting Framework of the IFRS Foundation (formerly the Value Reporting Foundation)
- Companies Act, No. 71 of 2008, as amended (Companies Act)
- Banks Act, No. 94 of 1990 and Regulations relating to Banks as amended (Banks Act)
- International Financial Reporting Standards (IFRS)
- King Report on Corporate Governance for South Africa, 2016 (King IV™)
- Broad-Based Black Economic Empowerment (B-BBEE) Act, No. 46 of 2013 as amended (B-BBEE Act)
- Basel III Report of the Basel Committee on Banking Supervision
- JSE Limited (JSE) Listings Requirements



Sasfin welcomes feedback that helps us improve our reporting. Please contact us at investorrelations@sasfin.com

How to navigate this report

The following icons clarify:

DISCLOSURE FOR A SPECIFIC KING IV™ PRINCIPLE



Refer to the King IV™ application summary.

PAGE REFERENCE



Page reference inside the report

THE TREND IN KEY PERFORMANCE INDICATORS (KPI)



Positive increase result



Unchanged/satisfactory



Negative result



Positive reduction result



Negative increase result



CONNECTIVITY TO OUR STRATEGIC FOCUS AREAS



People and culture



Backing our champions



Growing a credit-led digitally orientated bank for business



Project 1/23

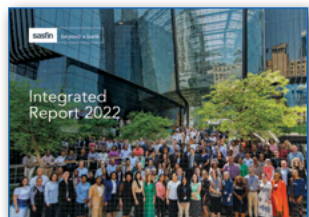


Transform our society

Reporting suite

Our reporting suite is available at www.sasfin.com/investor-relations and includes:

INTEGRATED REPORT



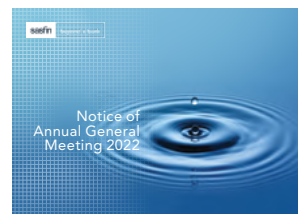
The Integrated Report 2022, Sasfin's primary report to providers of financial capital offers insight into the value Sasfin creates for itself and its stakeholders.

Annual Financial Statements



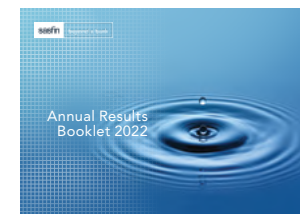
Sasfin Holdings Limited's Consolidated and Separate Annual Financial Statements 2022, which includes risk and capital management disclosures. Including the Directors' report and the Group Audit Committee report.

Notice of Annual General Meeting



The Notice of Annual General Meeting 2022, which provides shareholder administrative information, including the notice of the Sasfin Holdings Limited Annual General Meeting (AGM).

Annual Results Booklet



The Annual Results Booklet 2022, which provides summarised Consolidated Financial Statements and related commentary for the year ended 30 June 2022.

Report assurance

Sasfin's combined assurance framework, overseen by the Group Audit Committee (GAC), outlines the assurance that supports the Sasfin Board of Directors (the Board) in assessing this report's integrity. The sources of assurance provided over various aspects of the reporting suite across the four lines of defence of the Sasfin combined assurance framework are shown in the table below. The Group Executive Committee (Group Exco), GAC and Board have reviewed and approved the content of this report.

ASSURANCE PROVIDER (LINES OF DEFENCE)					
Content	1st	2nd	3rd	4th ¹	Framework/Standard
Financial reporting	<ul style="list-style-type: none"> Group Finance and Group Exco 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Group Internal Audit 	<ul style="list-style-type: none"> PricewaterhouseCoopers Inc. (PwC) 	<ul style="list-style-type: none"> IFRS Companies Act JSE Listings Requirements Memorandum of incorporation (MOI) of the Company
Regulatory reporting	<ul style="list-style-type: none"> Group Finance and Group Treasury 	<ul style="list-style-type: none"> Group Risk Group Compliance 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> PwC 	<ul style="list-style-type: none"> Banks Act
B-BBEE status	<ul style="list-style-type: none"> Group Exco 	<ul style="list-style-type: none"> Group Procurement Group Human Capital Pillars 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> AQRate (Pty) Ltd¹ 	<ul style="list-style-type: none"> B-BBEE Codes of Good Practice Financial Sector Codes
Corporate governance	<ul style="list-style-type: none"> Group Exco Company Secretary Executive Governance Committee 	<ul style="list-style-type: none"> Group Risk Group Compliance Group Legal 	<ul style="list-style-type: none"> Group Internal Audit 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Banks Act Companies Act JSE Listings Requirements King IV™ Basel Committee on Banking Supervision Financial Advisory and Intermediary Services Act (FAIS) International Standards for the Professional Practice of Internal Auditing
Non-financial information	<ul style="list-style-type: none"> Group Exco Company Secretary Group Finance Group Human Capital Group Marketing 	<ul style="list-style-type: none"> Group Risk Group Compliance Group Legal 	<ul style="list-style-type: none"> Group Internal Audit 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> International Standards for the Professional Practice of Internal Auditing Internal models, policies and frameworks
Internal controls and risk management	<ul style="list-style-type: none"> First-line business units are responsible for risk in their areas Group Finance Group Exco Executive Governance Committee 	<ul style="list-style-type: none"> Group Risk 	<ul style="list-style-type: none"> Group Internal Audit 	<ul style="list-style-type: none"> PwC (where internal controls relate to financial reporting) 	<ul style="list-style-type: none"> International Standards for the Professional Practice of Internal Auditing Internal models, policies and frameworks Banks Act King IV™ JSE Listings Requirements

¹ External assurance provider

Board approval

The Board is responsible for overseeing the integrity and completeness of this Integrated Report and has applied its collective mind to the report's preparation and presentation, including the appropriateness of the reporting frameworks used.

The Board considered the content of the report and related material matters, and believes the report accurately reflects the Group's performance and strategy for the financial year. The relevant sections of the report were also reviewed by the following Board committees: Directors' Affairs and Nominations Committee (DANC), Group Audit Committee (GAC), Group Risk and Capital Management Committee (GRCMC), Group Human Resources and Remuneration Committee (REMCO) and Social and Ethics Committee (SEC).

The Board is committed to good corporate governance and applying the principles of King IV™. King IV™ disclosures are incorporated in this report, with an application summary on page [100](#). The Board is of the view that this report broadly aligns with the principles of King IV™.

The Board confirms that Sasfin complies with the provisions of the Companies Act relating to its incorporation and is operating in accordance with its memorandum of incorporation. The Board approved the 2022 Integrated Report on 20 October 2022.

Deon de Kock
Chair

Michael Sassoon
Group Chief Executive Officer

Harriet Heymans
Group Financial Director



Forward-looking disclaimer

The Group has made all reasonable efforts to ensure the accuracy and completeness of the information contained in this report, in good faith, including information that may be regarded as forward-looking statements. Forward-looking statements are not strictly factual. Rather, they are statements made on current estimates, projections, expectations,

beliefs and assumptions regarding the Group's future performance, and no assurance is given, and no assurance is given in terms of their accuracy.

Risks, uncertainties and other factors could cause results to differ materially from our expectations. These uncertainties can arise

from numerous known and unknown factors ranging from IFRS changes to political risks, among other things. The report is intended to provide stakeholders with information on our past year's performance and to assist in making their assessment of our ability to create value in the short, medium and long term. As such, the Group does not update

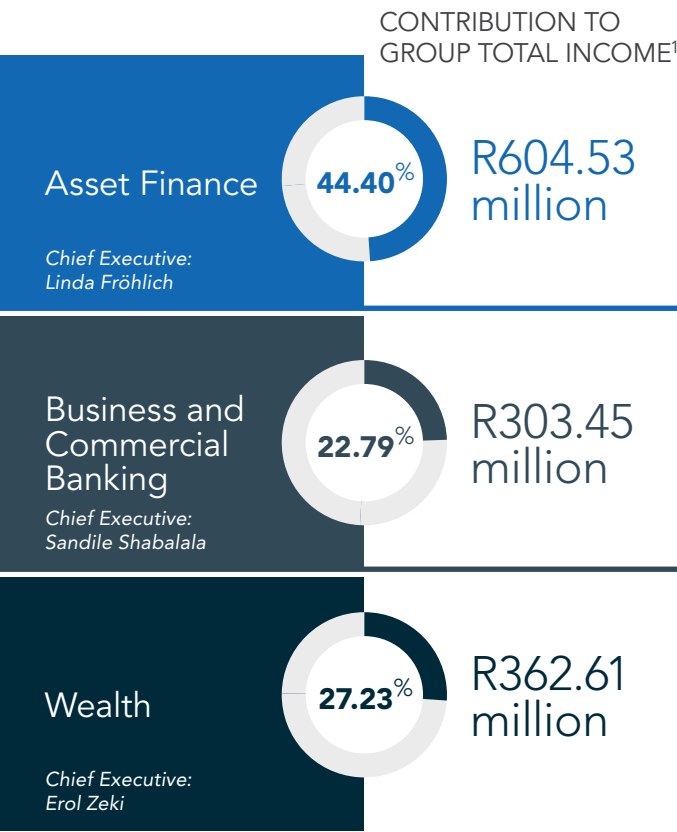
forward-looking statements and cannot assume responsibility for any loss or damage, however arising, as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits or consequential loss or damage.

GROUP OVERVIEW

Operational structure and business profile

Sasfin Holdings Limited

Group Chief Executive Officer (CEO): Michael Sassoon
Group Financial Director (FD): Harriet Heymans



Who we are

We enable entrepreneurs and investors to grow their businesses and global wealth, supporting job creation and sustainable socio-economic development as well as a culture of savings. Our personal touch, digital platforms and agility allow us to compete effectively. At 30 June 2022, the Group had R8.61 billion gross loans and advances extended to clients, R59.16 billion in local and offshore assets under

management and advice, and R5.23 billion in customer deposits.

Sasfin was listed on the JSE in 1987 and is a bank-controlling company that comprises three business pillars: Asset Finance, Business and Commercial Banking (BCB) and Wealth. The Group has regional offices in four South African provinces and eight cities. The Group legal structure is on page [9](#).

CLIENT SEGMENT	SERVICE OFFERING	PRIMARY RISKS
<div> <div>Asset suppliers</div> <div>Medium businesses</div> <div>Small businesses</div> </div>	<div>Asset Finance</div> <div>Rental Finance</div> <div>Specialised Equipment Finance</div>	<div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>
<div> <div>Medium businesses</div> <div>Small businesses</div> <div>Private clients</div> </div>	<div>Transactional Banking</div> <div>Foreign Exchange</div> <div>Cash Investments</div> <div>Strategic Alliances</div> <div>Commercial Property Finance</div> <div>Specialised Lending</div> <div>Trade and Debtor Finance</div> <div>B\\YOND® Digital Banking</div>	<div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>
<div> <div>Institutional clients</div> <div>Private clients</div> </div>	<div>Asset Management</div> <div>Local and Global Portfolio Management and Stockbroking</div> <div>Institutional Consulting</div> <div>Advisory Services</div> <div>Fixed Income</div> <div>Digital Investment Platforms</div>	<div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>

In 2022, Sasfin adopted a federated operating model, whereby the three pillars – Asset Finance, BCB and Wealth – are accountable and responsible for certain corporate services that were previously managed at Group level. This includes, *inter alia*, Human Capital, Finance and Information Technology (IT).

Under the new model, centralised corporate services support the pillars by providing expert advice and functional assistance.

Key risks:
 Credit
 Funding and liquidity
 Capital management
 Market and investment risk
 IT & Cyber
 Reputational
 Operational
 Market and investment
 Governance

¹ Including income from associates, excluding Group and Treasury eliminations.

A snapshot of 2022

Headline earnings

R166.73 m

2021: R141.07 m

Total equity

R1.68 bn

2021: R1.55 bn

Group permanent employee headcount

771

Graduate programme recruits

55

Headline earnings per ordinary share

541.81 cents

2021: 438.24 cents

Gross loans and advances

R8.61 bn

2021: R7.25 bn

Total Corporate Social Responsibility (CSR) spend

R2.33 m

Learners living with disabilities

22

Total income

R1.33 bn

2021: R1.33 bn

Credit loss ratio

62 bps

2021: 118bps

Investment in skills development

R10.09 m

Persons employed in permanent roles as part of our graduate programme

36

Return on average shareholders' equity

10.46%

2021: 9.46%

Net available cash

R1.66 bn

2021: R2.45 bn

CA trainees

12

African, Coloured and Indian (ACI) employees who received bursaries

83

Cost-to-income ratio

78.93%

2021: 77.95%

Total assets under management and advice

R59.17 bn

2021: R53.90 bn

B-BBEE status

Level 3

Women employees

61%

Total assets

R13.12 bn

2021: R12.18 bn

Group capital adequacy ratio*

16.04%

2021: 17.29%

ACI employees

67%

**unaudited*

By driving and accelerating our **strategic priorities**, we will **create long-term sustainable value** for our stakeholders.

About Sasfin

Our purpose

We contribute to society by going beyond a bank to enable growth in the businesses and global wealth of our clients.

Competitive advantage

- We are a purpose and values-led organisation.
- We provide innovative client-centric solutions underpinned by strong corporate governance.
- Our high-performing and experienced people, strong brand, broad range of digital products and services, and solid balance sheet differentiate us from our peers and new market entrants.
- We compete effectively against larger players by offering an agile, high-touch model, with creative solutions based on a deep understanding of our clients' needs to help them grow their businesses and wealth.

Key differentiators

- Our high-touch approach, excellent service and strong client relationships
- Client access to key decision-makers and speed of response
- Innovative technology solutions that simplify onboarding, integrate product offerings and offer value-adding tools
- Focus on small- and medium-sized businesses
- An impact brand, intent on 'Transforming our Society'
- A growing team of established investment professionals with an excellent track record
- Big enough to be credible and small enough to be agile
- Entrepreneurial spirit
- Bespoke wealth and banking offerings



The Sasfin culture

Our culture is not only a strategic focus area, but is also a business asset that stems from our values and behaviours and guides the way we do business.

- Talented and empowered teams who live our values
- A tangible spirit of going beyond
- We are a purpose- and values-led organisation
- Entrepreneurial and compliant
- We treat our clients fairly



How we do business

Efficient and effective client-centric organisation

Strong sales and service culture

Automation and digital tools

A human touch where it matters

Advice-led relationships that provide clients with more than just a product

What guides us

We are guided by our purpose, which informs our short- and medium-term strategic objectives to create value for our stakeholders and support the long-term sustainability of the Group.

Values and behaviours

Greatness

We strive for greatness, driven by the aspirations of individuals who take accountability for themselves and others through passion, innovation and excellence.

We look for potential in our employees, clients and business associates understanding that greatness often comes from unexpected places. We conduct our business with an entrepreneurial spirit, always seeking new opportunities to contribute to a healthy, growing economy.

Respect

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

Integrity

We operate with the utmost honesty, ensuring ambition is always tempered by uncompromised discipline and ethics.

Partnership

We celebrate the African spirit of ubuntu ('I am because we are'), striving to be a partner beyond expectations, always seeking products and solutions that enhance our services through beneficial offerings to our clients and the communities in which we operate.

We celebrate brilliance and encourage independent thinking, and we recognise that no individual is greater than the team. We seek to uplift the communities in which we operate, recognising the importance of sustainability through projects that enhance the lives of others.

Our brand

Sasfin is a challenger banking and financial services group. Our brand reflects the value created from being close enough to our clients to understand their needs and agile enough to develop and offer appropriate solutions.

An impact brand – Transforming our society

The bank for growing businesses

A global wealth and investment manager

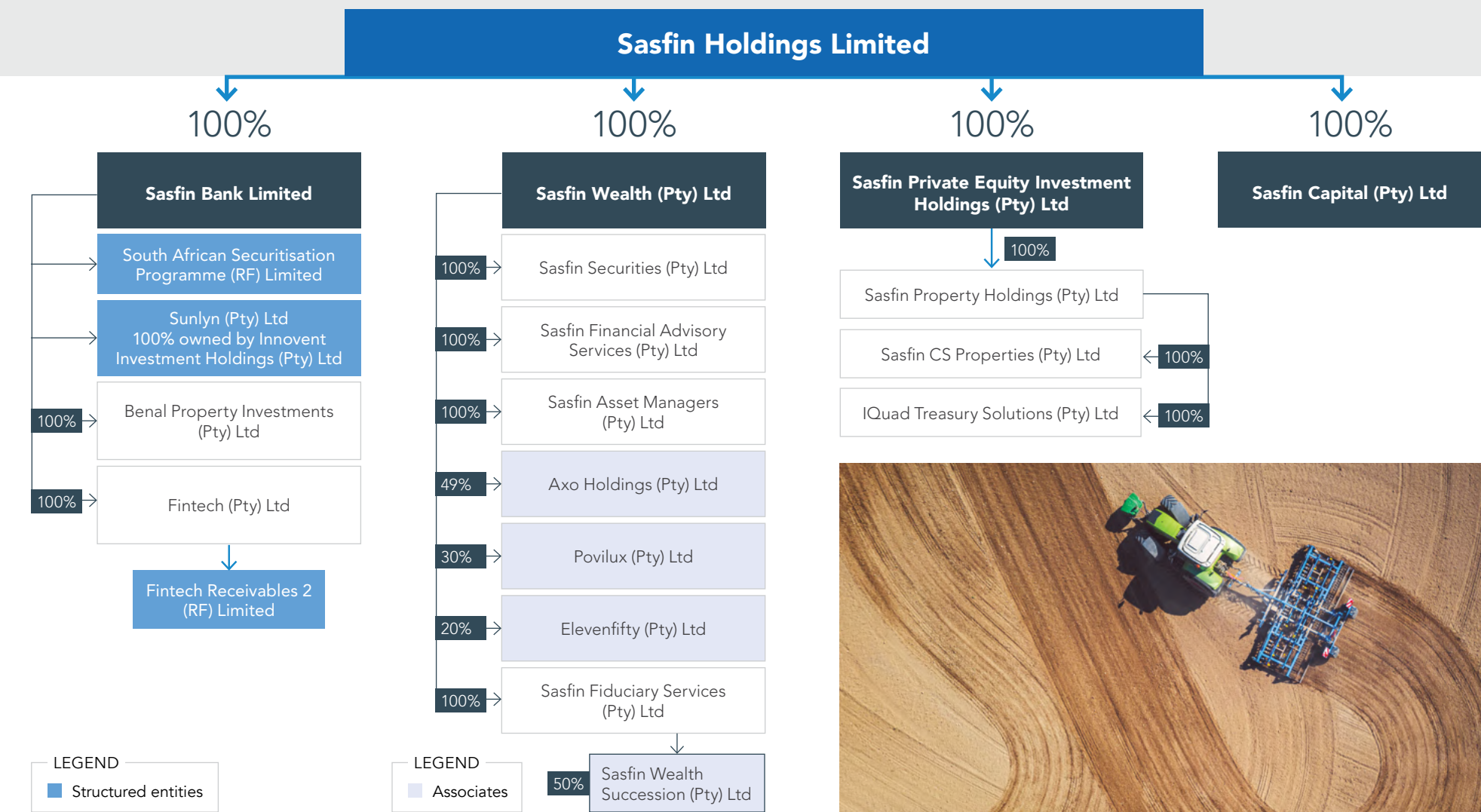
Relevant in the digital age

Committed to service excellence

Legal structure

SASFIN HOLDINGS LIMITED LEGAL STRUCTURE 30 JUNE 2022







including subsidiaries and controlled structured entities



How Sasfin creates value

Our business model

Sasfin's high-touch approach, client-centric business model and innovative technology solutions allow us to build relationships and provide excellent service and products to entrepreneurs and investors. The business model summarises how Sasfin uses the various capitals to create value through its business activities and the trade-offs made in the process.

	Our capitals	Inputs at year end	Commentary on quality and availability of inputs in 2022
	Financial capital	<ul style="list-style-type: none"> Capital, debt and equity funding – total ordinary shareholders equity of R1.68 billion (2021: R1.55 billion) Net available cash of R1.66 billion (2021: R2.35 billion) Deposits – total core funding increased as a result of an increase in deposits from clients (R500.4 million). 	Our investments, have raised our cost base in the short-term, particularly in the BCB pillar, with the longer-term intention of growing our non-interest revenue and reducing our funding costs. We are addressing our elevated cost-to-income ratio through measures including growing our primary banking deposits, discontinuing legacy systems and consolidating our office premises to reduce our facilities cost over time.
	Social and relationship capital	<ul style="list-style-type: none"> Positive and stable relationships with key stakeholders A growing and loyal client base Established, trusted brand and reputation Strategic and alliance partners in each pillar 	Sasfin continues to enjoy a strong and recognisable brand. This was evidenced in the awards won in the Wealth Pillar, the exceptional performance from our Asset Finance rental book and the growing brand recognition of the BCB Pillar.
	Intellectual capital	<ul style="list-style-type: none"> Innovative services and products Effective and transparent governance systems Employee knowledge Brand and reputation 	New products and services were introduced into the market and the Sasfin management depth was strengthened, specifically within the BCB Pillar. The Wealth Pillar won several industry awards as recognition of our client proposition.
	Human capital	<ul style="list-style-type: none"> 771 permanent employees (2021: 730) Specialised knowledge and skills Experienced and diverse executive team Skilled and experienced Board 	Sasfin has a strong and competitive employee value proposition, and we were able to attract top talent during 2022. Scarcity of IT skills remains a challenge. In line with our revised operating model, which recognises the unique nature of our different pillars, we have strengthened our human capital capabilities in each pillar.
	Natural capital	<ul style="list-style-type: none"> We do not use significant environmental resources and aim always to minimise our environmental impact and operate responsibly as part of our environmental, social and governance (ESG) initiatives 	<p>The Consolidation of our head office premises into one building has reduced our environmental footprint direct environmental impact.</p> <p>Two of Wealth's managed funds have attracted positive MSCI ESG ratings as we continue to advance our strategy of growing purpose-led capital.</p> <p>In the Asset Finance pillar, we provide funding access to our clients for sustainable and renewable energy solutions.</p>
	Manufactured capital	<ul style="list-style-type: none"> R54.06 million invested in software, computer equipment, property, plant and equipment (2021: R44.1 million) IT systems, processes and procedures 	The deployment and allocation of IT resources has been in line with our federated operating model have increased the pillars' strategic agility and will contribute to the achievement of strategic goals. However, reduced availability of equipment and components from ongoing global supply shortages has led to delays and escalated costs.

11
Outputs

Our business model *continued*

Outputs

Our client-focused teams, products and services offer financial solutions across the various stages of business, as well as personal wealth life cycles, we:

- Extend credit in the form of rental finance, specialised equipment finance, trade and debtor finance, revolving credit and specialised lending to business
 - Earn interest income
 - Earn fee and commission income
- Facilitate local and foreign transactions
 - Earn fee and commission income on transactions
- Provide treasury services
 - Earn interest income
 - Earn fee and commission income on transactions
- Offer savings and investment products
 - Pay interest on deposits
- Provide asset management, global portfolio management, stockbroking and wealth advisory services
 - Earn fee and commission income on assets under management and administration
- Offer advice through institutional consulting and corporate advisory
 - Earn fee and commission income
- Provide capital for private property equity investments
 - Earn interest income on capital extended
 - Earn capital gains on investments realised at a profit

Outcomes →

Business enablement activities

- Centralised corporate services including Group Legal, Group Credit, Facilities, Group Risk, Internal Audit, Group Compliance, Company Secretarial services
- Human capital
- Information technology
- Group marketing
- Group finance
- Group treasury

Core business activities

We design, develop and provide financial products and services that protect and grow our clients' wealth and businesses and meet their specific needs.

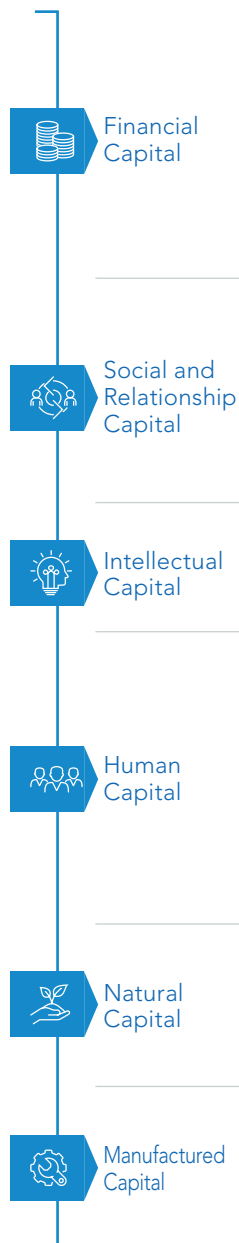


Drivers of net income

- Net interest income (44.49% of total income, including income from associates) is the difference between the interest we charge clients on credit extended to help them grow their businesses and the cost we pay to raise these funds from depositors and other funders
- Non-interest income (55.51% of total income) represents fees earned on assets under management and administration in the Wealth Pillar, on treasury and foreign exchange services, banking payments and transactions, stockbroking and wealth advisory services, institutional consulting and corporate advisory and fair value adjustments on our private equity portfolio
- Credit impairments represent the expected credit losses on loans and advances that are expected not to be repaid as well as the increase in net write-offs (gross write-offs less provisions less recoveries). In 2022, credit impairments represented 62 bps (2021: 118 bps) of gross loans and advances (the credit loss ratio)

Our business model *continued*

Our capitals



Our capitals	Outcomes	Trade-offs for achieving these outcomes
Financial Capital	<ul style="list-style-type: none"> Headline earnings per share (HEPS) increased 23.63% to 541.81 cents (2021: 438.24 cents per share) Cost-to-income ratio increased 272 bps to 78.93% (2021: 76.21%) Total cash dividend paid for the financial year 2022: 154.85 cents per share (2021: 131.02 cents) Credit loss ratio decreased to 62 bps (2021: 118 bps) Difficult trading conditions in certain private equity and property equity investments 	<ul style="list-style-type: none"> The allocation of financial capital is an ongoing priority, and we continue to enhance assessment and performance management processes that aim to optimise capital allocation decisions Delivering on our strategy requires continued investment in the capabilities needed by our pillars to deliver on their strategies, while considering the financial expectations of our key stakeholders Balancing our stakeholders' expectations of short-term returns with the investment needed to develop our diverse product offerings and scale our services Return on equity improved to 10.46% (2021: 9.46%) but remains below our long-term target of 15% <p>These trade-offs primarily affect our shareholders.</p>
Social and Relationship Capital	<ul style="list-style-type: none"> R50.1 million total tax contribution to public finances (2021: R58.9 million) Corporate social responsibility (CSR) spend of R2.33 million (2021: R2.28 million) Ongoing interactions with National Treasury, the SARB and industry peers through representation on BASA Maintained stable and positive relationships with regulators through regular interaction Enabled financial inclusion (HelloPaiza) Over R200 million NASIRA loans disbursed for Covid-19-impacted, women- and youth-owned businesses Association with RBN Fund Managers to build a private market fund focused on impact investing and job creation 	<p>The sustainability of our business is dependent on the quality of our relationships with our stakeholders. Finding an appropriate balance between their often competing needs and expectations is an ongoing focus.</p> <p>All stakeholders are affected by any trade-offs made in terms of our social and relationship capital.</p>
Intellectual Capital	<ul style="list-style-type: none"> Through our innovative products and services, clients could continue operating during lockdown Improved IT systems and increased support to the business have enabled us to realise synergies between departments and pillars The Wealth Pillar won 12 prestigious investment awards Positive MSCI ESG ratings 	<p>The investment that is required in IT systems reduces financial capital available to return to shareholders. In the long-term this will drive improved client experiences and have a positive impact on delivery of our strategy.</p>
Human Capital	<ul style="list-style-type: none"> R560.3 million paid in wages and benefits (2021: R530.5 million) Employee development through skills development and training spend of R10.1 million (2021: R6.5 million) 360 employees trained through the Sasfin Learning Academy (2021: 133) 12 chartered accountant (CA) trainees (2021: 10) Learnerships for 22 disabled learners hosted at our training partner Employee turnover slightly increased from 2021 to 2022 13.15% to 14.39% Since 2019, we have recruited 113 persons as part of our graduate programme and 87 are still employed by Sasfin Finding the required skills in certain key areas remains a challenge Jobs created: Asset Finance 7; BCB 24; Wealth 15 and Corporate Services 14 Challenge of effectively managing culture and innovation during remote work 66.93% ACI employees; 60.70% women 	<p>The investment in human capital to capacitate our governance and compliance functions, attract and retain key skills and experience, and drive transformation at a senior level is significant.</p> <p>The ongoing negative impact of Covid-19 on the South African economy and our stakeholders, including employees, was a challenge for much of the 2022 year. Higher inflation has now created further challenges for our employees in terms of their cost of living.</p>
Natural Capital	<ul style="list-style-type: none"> Electricity and water conservation through promotion of sustainable lending practices for renewable and alternative energy solutions Commitment to reducing carbon emissions Increased financing of environmentally friendly technology New office building incorporates sustainable design features to reduce environmental impact Driving ESG imperatives in the way we manage investments – association with RBN Fund Managers 	<p>Sasfin's commitment to responsible lending and ESG investing precludes us from investing in certain industries, which are determined in terms of our Social and Environmental Policy.</p> <p>While this prevents us from taking advantage of certain opportunities, it aligns with our values-led approach and supports the Group's sustainability.</p>
Manufactured Capital	<ul style="list-style-type: none"> Investment in IT and rollout of new technology systems increases efficiencies, improves the client experience and enables hybrid working Investment in development, maintenance and enhancement of IT infrastructure of R200.8 million (2021: R190.9 million) 	<p>The Group's investment in technology improves efficiencies in terms of client experience as more clients adopt digital solutions, and enables regulatory compliance, which builds our relationships with clients and regulators.</p> <p>The investment that is required reduces financial capital available to return to shareholders.</p>

The value we created in 2022

The value Sasfin created in 2022 was distributed to stakeholders as follows:



Our material matters

We define our material matters as the financial and non-financial factors that have the greatest potential impact on Sasfin’s ability to create value for its stakeholders over the short, medium and long term.

The Group’s material matters are derived a range of information, including our current business environment and strategy, concerns of stakeholders and key risks. In 2022, the Board and management reassessed, updated and prioritised Sasfin’s material matters to ensure they are both relevant and reflective of a rapidly changing operating environment.

Management is responsible for ensuring measures are implemented to provide effective oversight of these issues, as well as formulating action plans to maximise opportunities that arise from their mitigation. The following discussion of our material matters is intended to provide our stakeholders with an understanding of how they impact on ability to create value, our performance for the financial year and our outlook for the short and medium term.

■ HIGH

■ MEDIUM

■ LOW

1

Challenging economic and political environment

Small and medium businesses – which make up most of our clients in Sasfin Bank – are particularly affected in challenging times. While the South African economy remains fragile, it performed better than anticipated for most of the year, supported by a strong performance in the commodity sector and government interventions. The outlook by year-end however weakened somewhat due to global inflation, the weaker Rand and higher interest rates. Our ongoing investment in distribution supported growth in loans and advances of 18.56%, while the significant decrease in credit impairments demonstrated the resilience of our clients, the benefits of our close relationships with them and the impact of tighter credit management.

Despite the volatility of financial markets, Wealth grew assets under management with good inflows and solid investment performance. Foreign assets under management remain stable, and investor demand for offshore assets is increasing.



Positives

- Sasfin’s high-touch client relationship model helps us to understand the challenges our clients face, to provide support where we can, accurately assess credit risk and respond appropriately
- The ongoing shift to increasing offshore assets plays to one of Sasfin Wealth’s strengths
- The relief and support we provide to our clients, when needed and commercially viable, strengthen these relationships and enable them to prosper when the economy recovers
- The Group’s investment in digital capabilities ensures we can attract and service new and existing clients remotely



Negatives

- Subdued economic growth limits opportunities to grow loans within acceptable credit risk, and reduces clients’ ability to save and create their own wealth
- Increased business failures could affect credit losses
- Local and global political and economic policy uncertainty negatively affects investment and growth, and impacts international trade
- Poor performance of State-owned entities (SOEs) and electricity crisis

Our ability to control this issue: ■ LOW

STAKEHOLDERS AFFECTED

- Clients
- Shareholders, investors and debt funders
- Employees
- Business associates

STRATEGIC FOCUS AREAS AFFECTED

- Backing our champions
- Growing a credit-led, digitally orientated bank for businesses

FURTHER READING

38

42

104



How we mitigate the impact and maximise the opportunity

- Our operating model, management structure and entrepreneurial spirit ensure clients have access to key decision-makers. It also enables us to remain close to our clients
- We respond quickly and appropriately to market changes to capitalise on opportunities and mitigate threats effectively
- We are committed to providing appropriate support to our client segments and to responsible lending practices
- We focus on cost containment without constraining the investment required to achieve our strategic goals
- Our proactive capital, funding and liquidity management ensures we can grow our business sustainably and comply with regulatory and Board approved risk appetite ratios

Our material matters *continued*

2

Scale and cost management

The client engagement model adopted within the Wealth, Asset Finance and BCB pillars imposes higher cost-to-income ratios. The cost of enhancing the Group's technology, operational and governance structures has been significant, and Sasfin's fixed cost base is high relative to its size. We are committed to building scale and growing revenue, which will be challenging in the current economic environment.

Our ability to control this issue: ■ MODERATE

STAKEHOLDERS AFFECTED

- Shareholders, investors, debt funders and employees

STRATEGIC FOCUS AREAS AFFECTED

- Backing our champions
- Growing a credit-led, digitally orientated bank for business
- Project 1/23

FURTHER READING



Positives

- The Group's technology, human capital and governance base is established, and future growth in revenue and scale will reduce the cost-to-income ratio over time
- We made good progress in streamlining our legal entities and structures to reduce the fixed cost base
- The hybrid work model will further reduce our fixed cost base



Negatives

- Inefficiencies in the cost base have a negative impact on profitability and returns to shareholders
- The current subdued economic environment limits the Group's ability to grow revenue in the short term



How we mitigate the impact and maximise the opportunity

Sasfin aims to drive growth in scale through digitalising and streamlining the business, and offering differentiated capabilities, as well as regularly assessing corporate actions and acquisition opportunities.

3

Client-centricity

Sasfin's high-touch client service offering is supported by digital technologies, and helps us to understand and meet clients' evolving needs and expectations. Competition in the financial services industry continues to increase with the entry of new financial technology (fintech) companies and banks, as well as increased focus from established competitors.

Our ability to control this issue: ■ HIGH

STAKEHOLDERS AFFECTED

- Clients
- Shareholders, investors and debt funders

STRATEGIC FOCUS AREAS AFFECTED

- Backing our champions
- Growing a credit-led, digitally orientated bank for business
- People and culture

FURTHER READING



Positives

- Our client engagement model strengthens relationships, deepens trust and is testament to our brand promise. It further allows us to create bespoke solutions
- We invest in enhancing existing and developing new digital capabilities throughout the Group
- The integration of Capital and B\YOND® Business Banking into one pillar, as well as the adoption of a federated operating model, supports greater client focus



Negatives

The necessary investment in human capital, technology, governance, risk and compliance impacts the cost-to-income ratio and short term return on equity.



How we mitigate the impact and maximise the opportunity

Sasfin's business model supports our agility in meeting the needs of our primary client segments. The Group's strong human capital and innovative and value-adding financial solutions underlie client-centricity.

Our material matters *continued*

4

Credit quality

Credit risk, or the risk of non-repayment of debt, is a primary risk for lenders. The current global economic volatility and rising prices continue to place pressure on our target market segment. Credit risk continued to be conservatively managed to ensure key credit ratios remain within risk tolerance levels.

Our ability to control this issue: ■ MODERATE

STAKEHOLDERS AFFECTED

- Clients
- Shareholders, investors and debt funders
- Government and regulators

STRATEGIC FOCUS AREAS AFFECTED

- People and culture
- Growing a credit-led, digitally oriented bank for business

FURTHER READING



Positives

- Despite the fragile economy, our clients have demonstrated resilience. Many clients with whom we worked closely throughout the Covid-19 period, have pleasingly brought their accounts back up to date, evidenced in the improved Stage 1 and Stage 2 portfolios
- An overall improvement in the credit quality of our loan book resulted in an improvement of the credit loss ratio from 118 bps in 2021 to 62 bps in 2022
- Our increased focus on collections continued to contribute positively to the improved quality of the loan book
- Credit extended to viable businesses in the current environment supports recovery and future economic growth
- The NASIRA facility enables us to lend to borrowers who would not otherwise qualify for credit.



Negatives

- The weak economic outlook was further negatively impacted by the Russia/Ukraine war.
- Increased inflation, rising interest rates and cost of living negatively impacted on economic growth and consumer buying power
- Deteriorating electricity supply position with 2022 reflecting the highest number of days lost to loadshedding, further placing severe strain on the SA economy and small businesses



How we mitigate the impact and maximise the opportunity

Sasfin continued to manage credit risk conservatively over this period by ensuring we have an in-depth understanding of our borrowers' businesses, the risks taken and the mitigants to support such risk. We are therefore able to continue supporting our clients with competitive and appropriate offerings. Appropriate credit provisions put in place at the end of the previous financial year helped protect the Group during the worst of the crisis. These provisions have reduced in line with the significantly improved credit outcome. Deepening the credit curve in our Asset Finance Pillar and expanding our offering in BCB can unlock additional growth opportunities.

Our material matters *continued*



5

A high-performing team

Our employees are critical to our ability to deliver products and services that exceed our clients' expectations. Our teams are characterised by smart people who are innovative, competent, willing and humble. We work together to achieve the Group's strategic objectives. Sustainable transformation of our workforce is a social and business imperative that continues to be a priority.

Our ability to control this issue: ■ HIGH

STAKEHOLDERS AFFECTED

- Employees
- Clients

STRATEGIC FOCUS AREAS AFFECTED

- People and culture
- Sales drive
- Backing our champions
- Transform our society

FURTHER READING



Positives

- Sasfin's high-performing teams and individuals are one of the Group's competitive advantages
- Our remuneration practices are fair and we are able to offer market related remuneration and benefits



Negatives

- The high demand for specialised skills affects our ability to recruit and retain talent effectively while achieving our transformation objectives
- Our long-term incentive structures, including the implementation of a share based incentive scheme requires further work



How we mitigate the impact and maximise the opportunity

- The human capital strategy focuses on developing and retaining a capable team of talented and empowered high-performing employees that embody our culture. The Group's transformation goals inform recruitment policies and practices, our training programmes and our approach to succession planning
- Sasfin's performance management programme and incentive scheme include challenging key performance indicators (KPI) targets and key value indicators (KVI) to drive performance while embedding ethical behaviour

Our material matters *continued*

6

Increasing regulatory requirements

The financial services industry is highly regulated with a complex and continually evolving regulatory framework.

As we grow our business, scale and expand our digital platforms, we will continue to be exposed to new and complex regulatory requirements, which we embrace to ensure sustainability.

All of this requires careful risk management, robust governance structures and a considerable investment to ensure we are compliant.

The increasingly complex regulatory landscape also impacts our clients and entrepreneurs to establish and grow their businesses.

Our ability to control this issue: ■ LOW

STAKEHOLDERS AFFECTED

- Clients
- Employees
- Shareholders, investors and debt funders
- Regulators

STRATEGIC FOCUS AREAS AFFECTED

- People and culture
- Transform our society

FURTHER READING



Positives

- We have meaningfully strengthened our IT, risk management, compliance and other control environments over the past few years
- Sasfin's technology solutions help to reduce the complexity of doing business for clients and offer seamless onboarding processes while ensuring effective compliance



Negatives

- Maintaining and continuously improving the effectiveness of our governance and compliance processes and structures, require investment in people and technology



How we mitigate the impact and maximise the opportunity

- Good governance, compliance and risk management are central to our culture and how we do business, and we continue to be guided by the principles in King IV™. The Board has set corporate governance objectives to ensure it can effectively discharge its duties to oversee and monitor governance, risk and compliance
- Continuously evaluating and improving our internal controls. During the year management, through an improved reconciliation process, was able to address prior period transactions which had not been correctly accounted for (detail is set out in the Group FD's report on page [42](#))
- Improving technical skills and maintaining specialist legal and regulatory teams at Group and pillar levels
- Participation in engagement processes with regulators and industry bodies in terms of new and proposed regulatory requirements
- Updating and reviewing our processes and policies at least annually or sooner when required

FURTHER READING



Our material matters *continued*

7

Information, technology and innovation

Information, technology and innovation are central to Sasfin's strategy. They support value creation by enabling the development and delivery of new products and services, improving the client experience and increasing efficiencies. Rapid advances in technology and new fintech competitors have led to increased competition in the financial services industry, but have also resulted in certain segments of the market being increasingly neglected as banks move away from higher touch models.

Our ability to control this issue: ■ HIGH

STAKEHOLDERS AFFECTED

- Clients
- Employees
- Shareholders, investors and debt funders
- Government and regulators

STRATEGIC FOCUS AREAS AFFECTED

- People and culture
- Project 1/23
- Growing a credit-led, digitally oriented bank for business

FURTHER READING



Positives

- Sasfin's innovative technology solutions enable cost-effective delivery of products and services that meet clients' needs
- The Group's investment in technology has enabled our hybrid working models and uninterrupted service to our clients
- Data and information are becoming increasingly important for Sasfin to gain insight into our clients and we continuously improve our approach to data and information



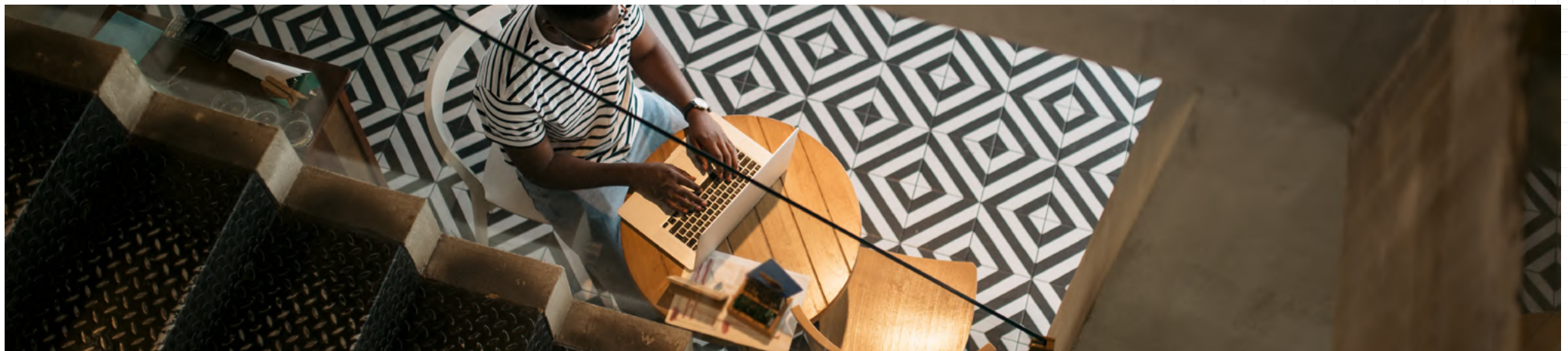
Negatives

- Information security and cybercrime remain a significant risk for the Group
- Sasfin's ongoing investment in IT solutions represents a significant cost
- Given the heightened competition for technology related skills and talent, we face challenges in terms of securing and retaining these skilled employees



How we mitigate the impact and maximise the opportunity

- Sasfin leverages technology, information and innovation to reach clients faster and more effectively
- Our IT strategy aims to keep systems and capabilities current while enabling compliance and adherence to regulatory requirements, and is aligned with our Group strategy
- Cyber risks are monitored continuously and reviewed annually with the assistance of a specialised co-source partner approved by the SARB PA



Developing Sasfin's sustainability strategy and framework

Sasfin's approach to sustainability

As the role of business in society evolves, companies are called upon to be purpose-led and to demonstrate their contribution to society. Financial services companies have a relatively small direct environmental footprint; however, we recognise the

influence our business has on how companies and consumers act, invest or run their everyday affairs. Requirements and regulation regarding sustainability are evolving, and although adapting to new requirements is demanding, they also present new business opportunities.

Sustainability is currently embodied in our purpose and strategy as part of our focus to transform our society and is outlined below. In addition to being the right thing to do, the Board believes it is appropriate to

enhance our approach to sustainability by incorporating sustainability outcomes into our core business operations and design of our policies and products, to enable us to meaningfully drive sustainability objectives which we can demonstrate and report on how we transform our society, and create value.

We are therefore developing a Group sustainability (ESG) and integrated thinking framework (materiality approach) that will form the basis on which we will govern,

manage and report on sustainability matters going forward. We understand the adoption and execution of the framework is an ongoing journey that will increase in value and importance. It will therefore be rolled out in phases over the next three years. As a first step on this journey, a management-level Sustainability and Transformation Committee was constituted in 2022 and will oversee and steer the development of the Group sustainability framework, define our ambitions and purpose.

Our current approach to sustainability is principle driven and applies to our business as follows:

How we apply sustainability principles

Ethics and transparency

Good governance

Business relationships

Protect and restore the environment

Employees as valued partners in the business

ENVIRONMENT

Sustainable design features of our head office building

AA MSCI ESG-rated Portfolio (Wealth)

Sasfin Wealth building impact-investing capabilities

Credit policies – prohibited lending practices

Providing digital solutions to help our clients manage their environmental impact

Stakeholder and employee engagement

SOCIAL

Championing SMEs

Digital tools and resources for SMEs

Under NASIRA, we disbursed R200 million by year-end

Exposure and content to support SMEs

Data privacy and POPIA

Employee diversity and equity

- 12 Chartered Accountant (CA) trainees (2021: 10)
- Learnerships for 22 disabled learners hosted at our training partner
- Since 2019, we have recruited 113 persons as part of our graduate programme and 87 are still employed by Sasfin

Employee well-being including culture, fair labour practices, health and safety

CSR and other impact initiatives

Affordable and Student Property Development Finance as well as Empowerment Finance

Financial inclusion through the HelloPaisa alliance

Association with RBN

Ethics management and interventions

B-BBEE

GOVERNANCE

Experienced, independent Board

Legal and regulatory compliance and a combined assurance structure

Performance management, remuneration and executive compensation practices

Enhanced data capabilities to proactively manage risk (RDARR)

Cybersecurity

Our key stakeholder relationships



Employees

WHO IS AN EMPLOYEE?

771
permanent employees

116
temporary employees and contractors

RELATIONSHIP MANAGED BY

- Management

What's important to them?

- Employment conditions, including fair remuneration and benefits
- Job security
- Diversity, human rights and inclusion
- Transparent leadership and direction
- Skills development and career growth
- Flexible ways of working
- Commitment to doing business ethically

How Sasfin creates value for employees

- Employment
- Training and development
- Wellness programmes, including the employee assistance programme
- Career growth opportunities
- Bursary programmes
- Volunteer programmes
- Fair and market-related remuneration

Key engagements in 2022

- Change management around shift to federated operating model
- Wish list
- Leadership training
- Employee engagement survey
- Ethics survey
- Talk Tuesdays
- Mindful Mondays (mental well-being)
- Regular townhalls

Outcomes

Our new operating model has positioned us well to improve engagement with our employees and has enabled quick resolution of issues such as the office move, the hybrid work model, recruitment, transformation, employee well-being and culture. Results from our employee engagement and ethics surveys are promising and indicate that our employees' concerns are heard and that our relationship with them remains strong across the business.



Our key stakeholder relationships *continued*

We are a partner that understands our clients' needs and have created solutions that respond directly to their unique business and wealth management requirements.

Our clients



Our key stakeholder relationships *continued*



Clients

WHO IS A CLIENT?

Asset suppliers

Institutional clients

Financial consultants and intermediaries

Private clients

Small and medium-sized businesses (including entrepreneurs)

RELATIONSHIP MANAGED BY

- Sales and distribution teams
- Portfolio managers, wealth advisers and investment consultants
- Relationship managers
- Group Treasury
- Management

What's important to them?

- Security of investments and consistent, risk-adjusted returns
- Sustainable long-term investment performance
- Seamless access to banking products and services and capital
- Efficient approval of credit applications and quick turnarounds
- Quick response times and access to decision-makers
- Sasfin's long-term stability and sustainability
- A safe haven and market-related return on their deposits
- Fair treatment
- Commitment to doing business ethically
- Diverse investment options
- Sound advice

How Sasfin creates value for clients

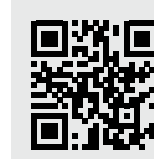
- Affordable, reliable and innovative financial products and advice services
- Innovative lending, interest-bearing (deposits) and wealth management solutions
- Access to credit, which enables them to grow their businesses
- Convenient access to innovative digital banking platforms
- Transparent pricing
- Secure and protected data
- Excellent client service and product advice
- Deep relationships and access to senior management
- Excellent investment platform

Outcomes

In 2022, we actively promoted our clients' businesses through various channels, including our newsletter, small business showcase and social media, helping our clients to build their brands and deepen their relationship with Sasfin and our network. We also made venues available at our new head office for clients to hold training, business and social engagements with their partners and clients, at no charge.

Key engagements in 2022

- Small Business Newsletter
- Small Business Showcase
- Social media
- Sasfin content hub
- Client engagement venue
- Client events and webinars
- Direct marketing



Client events and webinars



See our content hub



Small Business Showcase



Our key stakeholder relationships *continued*



Shareholders, investors and funders

WHO ARE THEY?

Shareholders

Depositors

Development finance institutions

Institutions via debt capital markets

Private and institutional investors

RELATIONSHIP MANAGED BY

- Board and sub-committees
- Group CEO, Group Treasurer and Group FD
- Group Company Secretary, Treasury and Debt Capital Markets team
- Portfolio managers and wealth advisers
- Business and Commercial bankers

What's important to them?

- Consistent financial performance and return on investment, including ROE, and security of investments
- Sasfin's long-term stability and sustainability
- Sustainable long-term investment performance
- Transparent, accurate and consistent reporting
- Commitment to transformation
- Accountability, robust corporate governance and efficient risk management
- Healthy financial, investment, regulatory and credit ratios
- Consideration and application of ESG principles
- Commitment to doing business ethically

How Sasfin creates value for shareholders, investors and funders

- Financial return on capital
- Stable and growth-orientated investments
- Easy access to management to discuss their investments
- Sustainable long-term investment performance
- Transparent reporting and disclosure
- Sound application of ESG principles
- Responsibly invested capital through lending and strategic investments
- Active management of debt levels and liquidity, refinancing, interest rates and counterparty risks
- Long-standing South African Securitisation Programme

Key engagements in 2022

- JSE SENS announcements
- Annual and interim results announcements, presentations and reports
- AGM
- Ad hoc meetings with key shareholders
- 2021 Annual Integrated Report and Annual Financial Statements
- Pillar III Risk Management Report

Outcomes

- South African Securitisation Programme issued R1.29 bn of listed notes into the domestic capital markets
- A deposit of R600 m was raised with an institutional investor. This deposit has equal maturities in 3, 4, 5 and 6 years
- A total cash dividend 154.848 cents (2021: 131.020 cents) per share was paid for the financial year 2022



Business associates

WHO ARE OUR PARTNERS?

Rental vendors/suppliers

Business associates

Alliance partners

Financial intermediaries

Specialised services outsource partners

RELATIONSHIP MANAGED BY

- Relationship managers and portfolio managers
- Management

What's important to them?

- Value proposition
- Excellent service
- Fair treatment
- Reputation
- Commitment to doing business ethically

How Sasfin creates value for partners

- Close engagement and strong relationships help them to better serve their clients
- Opportunities to access more clients and provide their clients with more services through alliance partnerships
- Client engagement venue

Key engagements in 2022

- Day-to-day business activities

Outcomes

- Sasfin is actively growing its market share and expanding our value proposition through relationships with associates in all three pillars

Our key stakeholder relationships *continued*



Government and regulators

WHO ARE THEY?

SARB Prudential Authority, Financial Surveillance Department (exchange control matters), National Payments System Department (payments and settlements), Financial Stability Department (macro prudential regulation, deposit insurance and resolution of banks in distress)

JSE Limited

Financial Services Conduct Authority

Payments Association of South Africa

South African Revenue Services

National Credit Regulator

Financial Intelligence Centre

Department of Labour

Financial Sector Transformation Council

Competition Commission

Information Regulator of South Africa

National Treasury

RELATIONSHIP MANAGED BY

- Board
- CEO and FD
- Chief Risk Officer
- Group Head: Legal
- Head: Group Compliance
- Group Company Secretary
- Head: Internal Audit

What's important to them?

- Actively managing and meeting regulatory requirements and ratios
- A stable risk environment
- Sustainability of the organisation
- The impact of risk data aggregation risk reporting and IFRS 9
- Managing credit losses
- Regulatory compliance and good corporate governance, including adherence to Treating Customers Fairly
- Transformation
- Commitment to doing business ethically

How Sasfin creates value for government and regulators

- Providing banking services to the previously unbanked to assist social upliftment
- Actively engaging government institutions and regulators on policy matters
- Being a diligent and responsible taxpayer
- Actively participating and contributing to industry and regulatory working groups
- Contributing to government development plans and national priorities (such as transformation and job creation)

Key engagements in 2022

- Regular engagements with the SARB PA, the JSE and FSCA including the CEO, FD, Head of Credit and Chief Risk Officer's prudential meetings
- Working with authorities on investigations relating to alleged misconduct by clients in prior years
- Engagements with the FSCA in relation to the BCB pillar's compliance with the Conduct Standard for Banks, including its complaints processes and procedures. We are awaiting FSCA's feedback on the outcome of this assessment

Outcomes

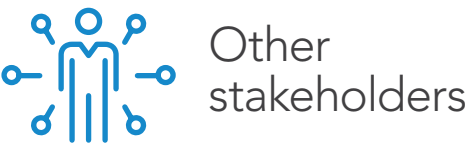
The FSCA's engagements with the Wealth Pillar in terms of customer-centricity have proved valuable for us in enhancing our oversight around Treating Customers Fairly.

Positive engagements with regulators across the business resulted in improved relationships:

- Engagements between senior management and the new SARB PA frontline team were held to reaffirm Sasfin's commitment and co-operation with the regulator
- Sasfin successfully registered its information officers with the Information Regulator of South Africa in terms of POPIA
- Members of management across the business regularly attended workshops and information sessions hosted by the FIC, SARB PA and BASA on regulatory and compliance matters



Our key stakeholder relationships *continued*



Other stakeholders

WHO ARE THEY

Industry bodies

Suppliers

Third-party vendors

Financial media

RELATIONSHIP MANAGED BY

- Group CEO, Group FD and Group COO
- Management
- Head of Debt Capital Markets

What's important to them?

- Transparency and regular dialogue
- Transparent and consistent reporting
- Contribution to industry priorities and reputation
- Value-adding information and thought leadership insight
- Fair payment terms
- Fair competition and openness to collaboration
- Commitment to doing business ethically

How Sasfin creates value for these stakeholders

- Providing novel insights and alternative views
- Promoting challenger banks' interests in member body dialogues
- Helping suppliers and partners to contribute towards the broader economy
- Pro actively engaging with media on topical themes relevant to our client segments

Key engagements in 2022

- Our CEO, Michael Sassoon, is a BASA board member and the chair of the independent banks sub-committee of BASA
- Sasfin participated in the BASA proportionality survey
- Participated in BASA working committees and sub-committees
- Ad hoc meetings with potential investors and funders, analysts, credit rating agencies

Outcomes

BASA research into proportionality within regulation to drive increased competition, while ensuring appropriate governance.



Our key stakeholder relationships *continued*



Society

WHO DO WE INCLUDE?

South Africa's population

The natural environment

RELATIONSHIP MANAGED BY

- Employees
- Relationship managers
- Management
- Group Marketing

What's important to them?

- Job creation
- Alignment with the country's transformation targets
- Community development through social contributions (financial and material) and skills development
- Sound corporate governance and Sasfin acting as a responsible corporate citizen
- Responsible use of our natural resources

How Sasfin creates value for society and the natural environment

- Providing access to financial services
- Positioning ESG considerations, responsible lending and financial inclusion at the forefront of our business practices
- Good governance practices
- Highly skilled and experienced Board and executive team
- A zero-tolerance approach to financial crime and unethical behaviour to ensure we contribute to the growth of the South African economy
- Creating internal efficiencies in Sasfin's use of electricity, water and other natural resources
- Focusing leadership attention on transformation at all levels to shape a more inclusive business and the broader economy
- Facilitating volunteer programmes
- CA trainee programmes, learnerships and bursaries

Key engagements in 2022

- Sasfin, in partnership with the FMO: Dutch Entrepreneurial Development Bank, launched the NASIRA facility aimed at promoting financial inclusion by giving access to critical funding for Woman and Youth Owned SMEs
- Establishment of the Sustainability and Transformation Committee
- Strengthening client relationships
- Engagements with our NGO partners in CSR initiatives
- Investment in Elevenfifty, a company focused on innovation in terms of financial inclusion
- Media engagements

Outcomes

- Our new head office building at 140 West Street, Sandton, incorporates multiple sustainable design features
- We reviewed and refined our CSR strategy
- Our association with RBN ensures we create ESG impact through our asset management activities
- We continue to refine our ESG practices and achieved improved ratings in our wealth funds
- Deployed R200 million to 440 clients in terms of the \$50 million arrangement entered into with the Dutch Entrepreneurial Development Bank (FMO), to provide loans to women, youth and COVID-19-impacted businesses through the NASIRA loan programme
- Repositioning our approach to news and business media with increased content coverage to support our pillars





Our risks and opportunities

Our management of strategic risks plays an essential role in value creation and the protection of that value. Effective risk management improves performance, encourages innovation and supports the achievement of strategic objectives through leveraging opportunities that drive business growth. The Board is responsible for risk management, sets the risk appetite and approves the policies and limits, which are applied throughout the Group through risk appropriate tolerance limits and structures. The Board is supported by the GRCMC, Group Exco and the Executive Governance Committee to discharge its duties.

How Sasfin manages risk

We have an established integrated risk management philosophy that aims to ensure the diverse range of risks and opportunities affecting the Group are identified and proactively addressed within acceptable parameters through appropriate governance structures, processes, policies and frameworks.

Sasfin's enterprise-wide integrated approach to risk management is designed to optimise our business performance and embed strategic and operational risk capabilities throughout the Group.

We use four lines of defence to ensure accountability and distinguish between owning and managing risk, overseeing risks and providing independent assurance. Sasfin's Enterprise Risk Management (ERM) process is embedded into how we do business and is informed by relevant regulations, guidelines and standards, including the Banks Act and ISO 31000:2018 Risk Management Principles and Guidelines.

Group Risk is a centralised function that monitors and provides guidance to business units to ensure they follow the ERM process. The Chief Risk Officer reports to the Group CEO and has direct access to the Board and Board committees, reporting primarily to the Group Risk and Capital Management Committee (GRCMC). Business units have risk champions with defined risk responsibilities in addition to their business roles, while units with significant risks have first line business unit risk managers, reporting to the pillar executive and a matrix reporting line to Group Risk.

Enterprise risk management effectiveness

The annual review of the ERM process includes a consideration of current and emerging risk management techniques, research, trends and new or changing regulations that impact risk management.

The effectiveness of risk structures and practices is assessed on an ongoing basis. These include the annual Group risk attestation by the Chief Risk Officer, to the GRCMC and Board, to affirm that Sasfin has a fit-for-purpose ERM process and framework in place. During 2022, Group Internal Audit conducted reviews of Group Risk, the Internal Capital Adequacy Assessment Process (ICAAP), and the Capital and Stress Testing model, all of which were rated satisfactory.

Site visits, ad hoc reviews and prudential meetings are conducted by the SARB PA to review the effectiveness of Group Risk policies, frameworks and processes, including applicable governance structures, and feedback is provided to the GRCMC and the Board.

Risk appetite

The Board defines the Group risk appetite, which is formalised in the risk appetite statements and relevant metrics, and further broken down into measurable tolerance levels. Quantitative risk appetite statements and measurable tolerance levels are in place for credit, market, investment, funding and liquidity, capital management, governance, operational and business risks. The risk appetite is incorporated into the internal capital adequacy assessment as part of the capital management processes, which are embedded into forecasting and stress testing processes. Risk appetite is assessed in the context of a range of criteria, including relevant market analysis, market liquidity and business strategy, and informs business unit targets and risk acceptance/tolerance limits.

The Board risk appetite is reviewed at least once a year to ensure risk tolerance levels are appropriate and complete. The Board is satisfied that the Group's risk appetite is appropriate, including risk tolerance levels. Performance against, and adherence to the Board risk appetite is monitored by Group Risk on an ongoing basis and quarterly by the GRCMC and Board. In the event the risk appetite is breached, it is immediately escalated to the GRCMC and Board for their consideration and decision-making in terms of remedial action.

Our risks and opportunities *continued*

What we prioritised in 2022

- Following the transition of Risk Data Aggregation and Risk Reporting (RDARR) from a project to a Business as usual (way of life) programme, there is ongoing improvement and monitoring to ensure group wide BCBS239 principles adoption
- Review of our combined Assurance Framework and updating it to align with the maturity journey of Sasfin's approach to combined assurance
- As we evolved our risk register based on a review of the ERM Framework, changes to our key risk themes (refer to page 28) were necessitated:
 - Addition of an Accounting and Tax theme to align with our combined assurance processes
 - Combining the investment and market risk themes, in line with the private equity portfolio's managed exit strategy
 - Renaming the compliance risk theme to governance risk to expand the scope and incorporate several sub-level risks (regulatory, ESG, climate and third-party vendor/contracting risk)
 - Elevating the cyber risk component in our existing IT risk
 - Including model risk and insurance and legal risk under the operational risk theme as sub-level risk categories

Key issues addressed in 2022

- During the civil unrest in KZN and Gauteng, Sasfin was directly affected by the burning down of a commercial building. Our SASRIA insurance claim was submitted and was approved and paid out.
 - As part of our immediate response to the unrest, food parcels for employees based in KwaZulu-Natal were dispatched in a Sasfin relief campaign
- Two unexpected events significantly increased the operational losses incurred in 2022:
 - In the Wealth Pillar, human error during a corporate action led to a R45 million loss. Insurance claims were submitted and are in an assessment process. Group Risk assisted to perform a detailed review of the process in the unit in which the error occurred, and the relevant processes have been adapted to prevent a recurrence
 - Through an improved reconciliation process, management became aware that certain prior period transactions may not have been correctly accounted for in the Asset Finance pillar. A detailed review confirmed that there were errors affecting prior periods that required the restatement and/or reclassification as set out in the Group's Annual Financial Statements
- The net exposure on the Land Bank bills has reduced to R306 million as of June 2022 owing to capital repayments of R229 million. The Group has maintained the Land Bank provision at the same level as in the prior period, resulting in a higher coverage ratio, which reflects the ongoing risk associated with reaching a final resolution of the Land Bank recapitalisation process

Key stakeholder engagements

Three site visits by the Prudential Authority were conducted in 2022, to stress-test and assess various aspects of our risk management processes and culture as well as our operational IT resilience. All outcomes were satisfactory.



Focus areas for 2023

- Ongoing improvement to the maturity of risk management in the Group, including improving risk modelling, monitoring and reporting
- Enhancing our operational resilience, and the modelling and management of various regulatory risks
- Continuing to monitor domestic and global factors in terms of their potential impact on Sasfin, including extreme weather events, regulatory changes, political and social stability and technological advances
- Consolidating our anti-money laundering (AML) and fraud investigating capacity into a strengthened financial crime team
- Monitoring the potential adverse effects on South Africa and our business in the event of a greylisting by the Financial Action Task Force (FATF)



Top 10 risk themes

Sasfin’s top 10 risk themes, along with our responses to each are described on the pages that follow.

01 Business

02 IT and cyber

03 Credit

04 Operational

05 Liquidity and funding

06 Governance

07 Market and investment

08 Accounting and taxation

09 Capital

10 Reputational



01 Business

Impact on Sasfin

Losses or reduced profits arising from the Group’s strategic direction and execution or external environment (such as competition and adverse economic conditions). This could result in the inability to provide investors and shareholders with adequate returns.

Opportunities we create by managing this risk well

Sasfin is able to make confident business decisions. It can further minimise financial losses, lost time and productivity and enhance the client experience. A successful strategy ultimately enhances shareholder value.

YEAR-ON-YEAR TREND Increased

ANTICIPATED SHORT-TERM TREND Increasing

SASFIN’S LEVEL OF CONTROL

Medium

BOARD OVERSIGHT

GRCMC

SASFIN’S STRATEGIC RESPONSE IN 2022

We continue to invest in our product offering and the capacitation of our BCB Pillar, the diversification of our Asset Finance asset portfolio, and the growth of our Wealth Institutional business.

Our risks and opportunities *continued*



02 IT and Cyber

Impact on Sasfin

The potential for IT incidents to negatively impact the Group strategy and disrupt core business processes. The risk of technology becoming outdated could result in lost business and decreased competitive advantage. Information security risk, including cyber attacks and unauthorised internal manipulation, could lead to business interruption, reputational damage and even fines and penalties.

Opportunities we create by managing this risk well

IT risk management helps increase network security, reduces management costs, achieves greater compliance and supports readily available and comprehensive information for decision-making.

YEAR-ON-YEAR TREND Increased

ANTICIPATED SHORT-TERM TREND Stable

SASFIN'S LEVEL OF CONTROL
Medium

BOARD OVERSIGHT
IT Committee and GRCCM

SASFIN'S STRATEGIC RESPONSE IN 2022

Our IT function's support of Sasfin's federated operating model provides greater agility and flexibility to pillar leadership teams.

03 Credit

Impact on Sasfin

Financial loss resulting from a client's failure to meet a contractual obligation. This includes concentration, credit default, counterparty/settlement and securitisation risk. Improper credit risk management reduces the Bank's profitability, affects the quality of its assets and increases credit losses and non-performing loans, which may eventually lead to financial distress.

Opportunities we create by managing this risk well

Credit risk management aims to maximise the risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Increased credit risk awareness facilitates better operational and strategic decision-making across the Group.

YEAR-ON-YEAR TREND Stable

(post-Covid-19 recovery set off by deteriorating macroeconomic environment)

ANTICIPATED SHORT-TERM TREND Increasing

SASFIN'S LEVEL OF CONTROL
High

BOARD OVERSIGHT
CLEC and GRCCM

SASFIN'S STRATEGIC RESPONSE IN 2022

Diversification into new products to support our BCB and Asset Finance client bases.
Strengthening the credit team.

04 Operational

Impact on Sasfin

Financial loss resulting from inadequacy or failure of internal processes, systems, human error, or from external events. It is important to manage these well because the impact of such failures can be large, unexpected and pervasive.

Opportunities we create by managing this risk well

Managing this risk can lead to better, more effective and more reliable operations, which can reduce losses from system and process failure, human error, fraud and damage to property. It can also lower the cost of compliance, improve capital deployment and enhance the client experience.

YEAR-ON-YEAR TREND Increased

ANTICIPATED SHORT-TERM TREND Stable

SASFIN'S LEVEL OF CONTROL
High

BOARD OVERSIGHT
GRCCM

SASFIN'S STRATEGIC RESPONSE IN 2022

We have actively devolved operational risk management into each of the three pillars, and we are establishing a strengthened financial crime prevention unit within the Group.

Our risks and opportunities *continued*



05 Liquidity and funding

Impact on Sasfin

The risk that the Group may not have, or is unable to generate, sufficient funding or cash resources to meet its short- and long-term obligations immediately as they fall due. Funding and liquidity risk has played a key role in all historical banking crises.

Opportunities we create by managing this risk well

Managing this risk represents an opportunity to grow our loan book, enhance returns and improve product pricing through granular measurement of funding and liquidity costs of individual transactions and products.

YEAR-ON-YEAR TREND Stable

ANTICIPATED SHORT-TERM TREND Stable

SASFIN'S LEVEL OF CONTROL
Medium

BOARD OVERSIGHT
Asset and Liability Committee (management committee) reporting to the GRMC

SASFIN'S STRATEGIC RESPONSE IN 2022

Our strategic goal of growing customer deposits is contributing to a more stable retail funding base, while lowering our cost of funding.

06 Governance

Impact on Sasfin

The risk of exposure to legal penalties, financial forfeiture and material loss resulting from failure to act in accordance with laws and regulations, internal policies or prescribed best practices. This can lead to grave reputational damage and/or the loss of our banking license.

Opportunities we create by managing this risk well

Good governance and effective compliance practices safeguard trust and provide greater clarity and confidence. It enhances our ability to effectively manage regulatory change. Monitoring of this risk in a coordinated manner improves our ability to minimise business risk by addressing threats and opportunities, reliably achieve our objectives and act with integrity.

YEAR-ON-YEAR TREND Increased

ANTICIPATED SHORT-TERM TREND Increasing

SASFIN'S LEVEL OF CONTROL
High

BOARD OVERSIGHT
DANC (to be replaced by GAC in 2023)

SASFIN'S STRATEGIC RESPONSE IN 2022

We improved our training initiatives and continue to refine and invest in our compliance systems and processes.

07 Market and investment

Impact on Sasfin

The risk of adverse changes in the value of an investment in a company, fund or financial instrument. This could be caused by adverse market movements such as interest rates and exchange rates. Fluctuations in the valuation of our various investments directly impact our financial results. The performance of equity markets also impacts the Wealth pillar in terms of fees earned on assets under management, administration and advice.

Opportunities we create by managing this risk well

Investment risk management promotes consistent returns in volatile markets while managing risk appropriately.

YEAR-ON-YEAR TREND Stable

ANTICIPATED SHORT-TERM TREND Increasing

SASFIN'S LEVEL OF CONTROL
Medium

BOARD OVERSIGHT
Wealth Investment and Oversight Committee, CLEC and GRMC

SASFIN'S STRATEGIC RESPONSE IN 2022

Balanced positioning of Wealth funds, managed divestment from our private equity investments and selective investments in our property and specialised asset portfolios.

Our risks and opportunities *continued*



08 Accounting and taxation

Impact on Sasfin

Accounting risk is the risk that a breakdown in the internal financial controls results in false or misleading financial reporting. Tax risk is the risk of incorrect interpretation and/or application of the tax legislation.

Opportunities we create by managing this risk well

Accounting and tax risk management provides for effective mitigation against unplanned financial losses in adverse economic situations.

YEAR-ON-YEAR TREND Increased

ANTICIPATED SHORT-TERM TREND Stable

SASFIN'S LEVEL OF CONTROL

High

BOARD OVERSIGHT

GAC

SASFIN'S STRATEGIC RESPONSE IN 2022

Ongoing improvement in financial reporting enables better management decisions.

09 Capital

Impact on Sasfin

The risk of the Group's capital position falling outside of the range required to support its strategic aims. This can lead to a breach of regulatory requirements and inadequate capital to run the business.

Opportunities we create by managing this risk well

Effective capital risk management protects the capital of the Group, avoids financial distress and maintains financial performance within the bounds acceptable to shareholders and regulators while optimising financial performance by reducing the cost of capital.

YEAR-ON-YEAR TREND Stable

ANTICIPATED SHORT-TERM TREND Stable

SASFIN'S LEVEL OF CONTROL

High

BOARD OVERSIGHT

GRCMC

SASFIN'S STRATEGIC RESPONSE IN 2022

The successful refinancing of more than R1.4 billion in securitisation notes was significant for the business. Alternative forms of capital remain key to strategic discussions, particularly around additional Tier 1 and Tier 2 capital, where options are being considered to support expected credit growth.

10 Reputational

Impact on Sasfin

Impairment of the Group's standing. Reputational damage can have far-reaching consequences, including lost revenue and clients, increased operating costs, capital or regulatory costs and the erosion or destruction of shareholder value. Extreme cases can even lead to bankruptcy.

Opportunities we create by managing this risk well

Management of reputational risk is of fundamental importance in supporting our brand and reputation in the marketplace.

YEAR-ON-YEAR TREND Increased

ANTICIPATED SHORT-TERM TREND Increasing

SASFIN'S LEVEL OF CONTROL

Medium

BOARD OVERSIGHT

GRCMC and SEC

SASFIN'S STRATEGIC RESPONSE IN 2022

We remain committed to transparent and proactive engagement with the media, the public, regulators and shareholders regarding reputational issues, through a multidisciplinary approach involving monitoring of coverage, crisis management, media relations and engagement with stakeholders.

The Sasfin investment case

Our target: generating an ROE of between 15% and 20% in the medium term.

Our strategy for getting there:

Sasfin Wealth and Sasfin Asset Finance currently enjoy healthy returns on equity. In 2022, while the Group earned an improved ROE of 10.46% (2021: 9.46%), this remains below our medium-term target. The reason for the lower ROE is the ongoing investment into BCB. The key, therefore, to generating what we consider an appropriate ROE is to drive more scale, while managing costs, in the Business and Commercial Banking Pillar, which will improve our cost-to-income ratio.

We took several key steps to strengthen our management team and increase our distribution capacity to meaningfully grow loans, deposits and non-interest revenue in this pillar. Our integrated BCB service and product offering allows for the generation of non-interest revenue. We have also strengthened our capital and funding base while streamlining the business by reducing our cost base (for example, closing Sasfin Asia, buying back our preference shares and consolidating from separate head office locations to new premises in Sandton).

While BCB has required significant investment, all of which has been made from internally generated resources, it has temporarily negatively impacted ROE in recent years. Improved returns are expected as the new Business and Commercial Banking pillar achieves scale and is positioned to meet the demand for a comprehensive business bank that a client can talk to when they need to.

What an investor is buying in Sasfin:

Three distinct but complementary businesses that are run in entrepreneurial fashion to increase their agility in adapting to changing market conditions: Asset Finance, Business and Commercial Banking and Wealth.

Wealth and Asset Finance currently generate returns on equity in excess of their cost of capital, as well as healthy profit margins that continue to expand as the pillars achieve scale. At Group level, Sasfin enjoys growing diversity of income streams and deepening distribution models. We are an innovative company leveraging technology to evolve our products and services in line with client needs. We are confident that we have developed compelling distinctive offerings in BCB which will enable this pillar to generate an appropriate ROE in the medium term.

Since its establishment, Sasfin Bank's vision was to provide a comprehensive yet integrated offering to businesses in South Africa. Significant investment has been made to bring this vision to fruition in recent years, and Sasfin is close to offering a holistic service offering for businesses that require a bank which can support their growth. This offering will enable us to move towards greater client-centricity. This has been achieved through the following:

- The development of new products (including digital business banking, digitally enabled credit offerings, specialised term business and property loans)

- The integration of the various offerings (including banking, foreign exchange, trade and debtor finance)
- Strengthening our leadership team
- The expansion of our distribution model (including specialist business and commercial bankers, growing direct digital marketing and sales capabilities)
- Establishing larger-scale alliance partnerships
- The ongoing strengthening of our service model, including digital self-service capabilities while providing a high touch service where it matters



LEADERSHIP REVIEWS

"Now is the time to grow our economy and create jobs. Now is the time to get our country back on track. Now is the time to heal, to recover and to rebuild."

– President Cyril Ramaphosa

Chair's message to stakeholders

2022 marked South Africa's emergence from the Covid-19 pandemic, the effect of which has been unprecedented both from an individual and corporate perspective. As President Ramaphosa announced the termination of the National State of Disaster on 4 April 2022, he called on all South Africans: "Now is the time to grow our economy and create jobs. Now is the time to get our country back on track. Now is the time to heal, to recover and to rebuild."

We see a significant opportunity to play our role in the recovery and rebuilding of our country and the economy through our unique approach to supporting our clients, advisers and business partners. We continue to be well capitalised with a healthy funding pipeline, and given our high-touch client relationship business model – which is underpinned by our commitment to our core values – we believe we can make a meaningful impact in the rapidly changing Tier 2 banking landscape.

External operating environment

Both Tier 1 banking groups and new fintech entrants have simultaneously deployed technology into the small- and medium-business banking arena to win market share, while the number of mid-tier banks that used to service this end of the market is declining.

Sasfin's business model is unique, and we have enjoyed the long-term commitment and backing of our strategic shareholders. The nature of our lending is specialised, and we target areas of the market where larger players struggle to play effectively. We also enjoy healthy synergies between our three pillars, which puts us in a good position to generate a higher ROE in future.

South Africa's economy is experiencing the after-effects of Covid-19, with GDP growth in the short to medium term expected to remain insufficient to improve unemployment or the sociopolitical environment. The riots and unrest in July 2021 did not materially impact Sasfin or the vast majority of its clients directly, but these events had a lasting impact on the confidence of businesses and investors.

Deon de Kock
Chair

Chair's message to stakeholders *continued*

The challenges of the environment in which businesses operate – such as load shedding and increasing regulatory requirements, as well as a domestic economy struggling to return real growth – will require careful planning and close relationships with our clients to enable growth. In addition, the heightened risks associated with, inter alia, the upcoming ANC national conference, the potential Financial Action Task Force (FATF) greylisting, the impact of global inflation and fears of recession, will need to be carefully navigated to restore the confidence needed to attract investment to drive economic growth and create employment.

Improved financial performance and continued focus to improve ROE

Later in this report, the CEO and FD share details on our financial performance. The 2022 financial year demonstrated good performance from the Group on a through-the-cycle basis, and our results evidenced resilience in what was a challenging economic environment. The Board declared a total cash dividend 154.848 cents (2021: 131.020 cents) per share for the financial year 2022.

Our financial results and the progress made during the year were impacted negatively by isolated operational failures. This was unacceptable and was addressed urgently by the Board and management. We continue to strengthen our control environment and administrative platforms to mitigate the risk of reoccurrence.

Meeting our ROE targets will require further digitisation as well as the strengthening of our operating platforms

with systems, process and control enhancements, while maintaining a human touch and managing our cost base to ensure it remains relevant to a business of our size. We have, what I believe, a unique opportunity to leverage the synergies in the Sasfin Group and to grow our brand. In terms of our client base, when we originally entered transactional banking five years ago, we deliberately focused on building our platforms around small businesses. This segment has become much more competitive through the leveraging of technology by competitors, but larger businesses with more complex needs remain neglected. This is where Sasfin's client relationship model, supported by primary banking capabilities comes into its own and will drive our growth for the medium to long term.

Reflecting on change and refreshed strategic priorities

2022 has seen changes in our operating model, composition of leadership teams and product and service offerings, to ensure we are well placed to deliver on our strategy. The details of these changes are unpacked elsewhere in this report.

This has also been a year of positioning for growth in the medium term. Investment in repositioning the Business and Commercial Banking Pillar, particularly, has temporarily reduced return on equity, but growth is being reflected in the pillar's performance figures.

The changes made to the Board and strategic senior management appointments over recent years are starting to manifest in cohesion of thought and understanding of issues. The Board maintains a robust level of interaction with senior management to

make sure our strategies are well thought through and implemented in a fast-moving environment.

While much work remains, we have adopted a strategic lens of broad stakeholder value creation, designed to result in financial success that, in turn, creates capacity and momentum. We have set equity return and earnings targets for each pillar, based on net growth in loans, deposits and assets under management. We are optimistic these targets are achievable through scaling our platforms for growth and expanding our product suite, broadening our distribution, along with enhancing the capacity of our human capital and organisational culture.

The way we have set about meeting these strategic objectives will be unpacked in the leadership and pillar reviews in this report.

Growth means greater ESG impact

As a purpose-led and value-based organisation, we continue to make an impact via our offerings designed to help transform society, whether in funding affordable housing, climate-friendly asset finance, responsible investment management or our financial inclusion initiatives such as NASIRA and HelloPaiza. To both coordinate and maximise the impact we make as an organisation, we are in the process of developing a sustainability strategy and framework that will be signed off in 2023.

Board changes

We recently announced several changes to our Board and Board committees' composition, details of which can be found in the Governance overview on page [66](#). Notably, we bade farewell to Roy Andersen

and Grant Dunnington, who both served on the Board in excess of nine years and retired at the 2021 AGM, in terms of the requirements of Directive 4/2018 issued by the PA. We also said goodbye to Angela Pillay who vacated her role as Financial Director in April 2022. On behalf of the Board, I would like to express our gratitude to Roy, Grant and Angela for their service and dedication to Sasfin.

The Board welcomed Tienie van der Mescht who joined as an independent non-executive director in November 2021 and brings a wealth of experience in financial services, investment and asset management and Harriet Heymans as new Financial Director, effective 4 April 2022, who has a diverse background and experience in banking and financial services. We also welcomed Sandile Shabalala, Chief Executive of our Business and Commercial Banking pillar in January 2022. Sandile has deep experience in business and digital banking. Tienie, Harriet and Sandile's appointments strengthen the skills set of our Board and executive team.

Overall, the transition of chairs and Board members and executives has been seamless. The Board retains a strong independent mindset, with an appropriate blend of technical skills, sector experience and diversity of thought to lead Sasfin forward.

Zero tolerance of fraud, financial misconduct and corruption

After the close of our financial year, the SARS issued a statement related to its actions against Gold Leaf Tobacco and its associates who were former clients of our foreign exchange unit in 2016 and 2017. In accordance with Sasfin's Anti Money

Chair's message to stakeholders

continued

Laundering (AML)/Countering the Financing of Terrorism (CFT) policies and our risk appetite, management closed the accounts of these clients in 2017 and has cooperated fully with the relevant authorities in their investigation.

I would like to reaffirm that we will not tolerate fraud, financial misconduct and corruption. Our core values include integrity; we operate with the utmost honesty, ensuring that ambition is always tempered by uncompromised discipline and ethics, and we expect all our stakeholders, including our clients, service providers and employees, to conduct themselves in a similar manner. In 2019 our foreign exchange IT systems were changed and the forex business was restructured in 2020. As part of this process, the management team was strengthened, and services, processes and controls were improved. While the Board is satisfied we have meaningfully strengthened our IT and control environment, we have commissioned an independent investigation under the leadership of our Lead Independent Director, Richard Buchholz, to ensure that we appropriately address any concerns. On behalf of the Board, I would like to assure our stakeholders we will take the necessary actions that may flow from the investigations.



Outlook

The Board will continue to oversee the task of striking the right balance between opportunities and risks. We are committed to ensuring Sasfin remains a purpose and values-led organisation, with an entrepreneurial culture. I am confident that, with the actions we have outlined to continue driving and accelerating our strategic priorities, we will create long-term and sustainable value for our stakeholders. We also look forward to finalising our sustainability strategy and framework, which will ensure adequate reporting, monitoring and disclosure of Sasfin's sustainability risks from a business and regulatory point of view. We have made good progress against our strategy over the last few years, and the Board's focus in 2023 will be to maintain governance around execution through ongoing monitoring and reporting.

Acknowledgements

During 2022, Board members have taken on additional work and commitments when required, reflecting Sasfin's entrepreneurial nature. I must acknowledge the professionalism and commitment shown by my fellow Board members, both present and past. I would like to thank Roy Andersen for his counsel and advice before his departure as Group chair.

I would also like to wish our new Group Financial Director, Harriet Heymans, all the best in her role. Our executive team, led by Michael Sassoon, has performed admirably in reshaping our business model in tough economic circumstances while maintaining good all-round business performance.

Our clients, shareholders, employees, partners and suppliers remain our top priority, and I would like to acknowledge the role they play in our success. The guidance and support from our regulators keep us well on track.

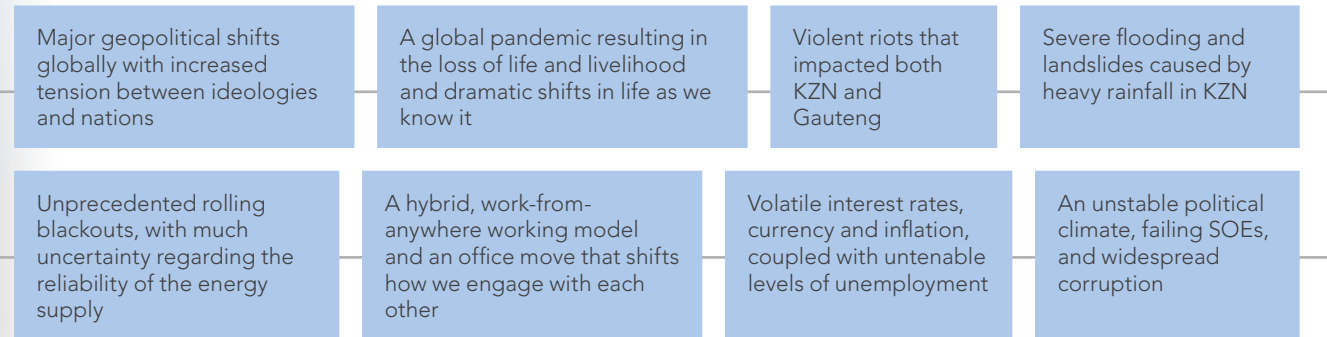
Finally, the spirit Sasfin's employees have shown throughout, despite challenges, has been exemplary and I am extremely proud of how we have come out of 2022. Our high-touch approach to client relationships can be sustained only through their dedication.



Michael Sassoon
 Group Chief Executive Officer

Group CEO's report

The only constant in life is change, and during my five-year tenure as Sasfin's Group Chief Executive Officer, the change both in the external and internal environments has been vast and constant. We have had to sail in stormy seas with an external environment featuring:



This environment has been tough for all South Africans, our clients and our stakeholders, and has resulted in meaningful shifts in the banking landscape. Fortunately, we have a resilient base, thanks to our committed staff, excellent product and service offerings and loyal long-standing clients. This is supported by our independent Board, strong lines of defence and long-term strategic shareholders.

Within Sasfin, we have seen enhancements to our executive leadership, changes to our pillar structure and significant investment in new capabilities and digital platforms. These changes are elaborated on in more detail below.

Our roots

On 1 January 2018, after having spent over eight years with the Group, mainly in our Wealth business, I took over from my father, Roland, who led Sasfin's successful transition of a small family textile business into a diversified banking and financial services group, listed on the JSE. The bulk of this transition happened at a time when South Africa was emerging from the dark years of apartheid and was predicated on a passion for supporting South African entrepreneurs.

In those days Sasfin's slogan was "the bank for entrepreneurs by entrepreneurs". That passion for entrepreneurship still permeates the business today. While we are committed to retaining our entrepreneurial spirit, we are on a journey to ensure our business becomes more scalable and that each of our pillars is appropriately positioned for sustainable growth. This strategic decision has been at the heart of our evolution since 2018, and I believe that in 2022 we have started to see some of the fruits of this labour, despite a few challenges along the way.

Delivering on our Purpose



How we deliver value



Focus on our Pillars



Group CEO's report *continued*

Driving focus

Over the years, Sasfin has gone into many different business lines from freight forwarding to private equity. This approach to diversification was based on two fundamental principles: to be able to offer a comprehensive service offering to our clients, and to spread risk. However, as the regulatory, competitive and technology landscape has shifted, Sasfin took a decision to become more focused. In the process, over the last few years, Sasfin has exited non-core businesses and has reorganised the business under three distinct yet complementary pillars.

While we continue to drive synergies between these pillars, each one is focused on delivering value to their specific client segments through appropriate differentiation. To evaluate Sasfin, it is important to understand each pillar in the context of the Group.

Pillars

Asset Finance

Sasfin has been in asset finance for over three decades and, while the nature and type of assets we have financed has changed dramatically, the demand for asset finance continues. In the late eighties, we were financing fax machines and car phones; today we are financing smart office automation, software, manufacturing and energy-efficient equipment, and solar. The Asset Finance pillar generates a healthy through-the-cycle ROE, thanks to its strong lending franchise and excellent diversified funding including deposits and securitisation.

Sasfin Asset Finance works closely with suppliers and business users of various asset types. This pillar delivers value through co-creating funding solutions with suppliers to enable businesses to acquire and rent assets critical for running their operations.

In 2022 we disbursed over R4 billion to our asset finance clients, 30% more than we paid out in 2019 (pre Covid-19). This demonstrates the healthy competitive position we occupy in this space. While this pillar was built on exceptional distribution capabilities, over the last few years we have invested meaningfully to strengthen our operational, financial and technology competencies to ensure continued growth. This resulted in a large increase in operating costs in the year, but we are confident this investment will yield fruits into the future.

We have a strong management team in this pillar, a significant number of whom have been with us for many years building deep client relationships. We will continue to deliver service excellence, focus on the needs of our clients and further diversify the asset types we finance to meet the market demand.

Wealth

Over the last decade, we have transitioned a private client stockbroking business – which had been in existence since the 19th century – into a global wealth and asset management business. This process has required much investment but is yielding excellent results. Today, the pillar manages and advises on close to R60 billion worth of assets under management (including advice), almost 50% higher than in 2019.

Our Wealth Pillar is built around two primary target client segments, private and institutional investors. We continue to spend significant time enhancing our investment and advice processes and approach to ensure we deliver value accretive services to our clients. The pillar has transformed quite materially in the last few years, specifically with regard to its institutional asset management business and offshore offering, with almost 50% of Sasfin Wealth's gross revenue now coming from these two business lines. We believe there is much scope to continue to grow in these areas. The business was unfortunately set back by a one-off operational loss at the beginning of the year, which is covered in the Wealth report (page [51](#)).

Sasfin Wealth, under excellent leadership, has always attracted top talent. Over the last few years this has been recognised by the leading industry bodies that reward excellence in this space. Sasfin Wealth generates a very healthy ROE as it is a capital-light business, has long-standing client relationships and a differentiated value proposition.

This pillar will continue to expand and grow its private client global offering through its enhanced client-centric approach and supported by technology. The institutional business will continue to scale and build on its success. The focus will include working closely with strategic associates to grow their businesses and unlock synergies.

Group CEO's report *continued*

Business and Commercial Banking

In some ways, Sasfin's Business and Commercial Banking Pillar is our oldest business but in other ways it is our newest. This business, was rooted in providing working capital funding solutions to entrepreneurs in the form of trade and debtor finance. Many of these businesses required other funding arrangements, which Sasfin embarked on providing as a response to our clients' needs, including private equity.

Ultimately, this led to Sasfin becoming a bank, which then enabled us to provide local and foreign transactional services to our clients and to take deposits. Many of these products and services were built in independent units, which limited the ability to drive synergies and ensure effective operational excellence. Over the past two years, Sasfin has completely repurposed this pillar to ensure we are well positioned to drive client value and extract synergies.

BCB is being built around two fundamental principles, namely: our relationship-based model, and our ability to construct a tailored solution for the client. We ensure that the appropriate specialists and decision makers are readily available to support our clients, a service which is not generally available to medium-sized business clients in the industry.

On the business banking side, we have invested meaningfully in our people, product capabilities and systems. This includes introducing digital capabilities as well as core banking products and services.

We have also strengthened our distribution and credit capabilities to larger businesses in our commercial banking unit. In addition to our asset finance and working capital solutions, we offer term lending (including commercial property finance and specialised lending). Specifically in this space, we see a lot of opportunity as our competitors shift away from high touch to digital channels.

The real strength of this pillar, however, will emerge as businesses understand that we are able to deal with them throughout their life cycle. We have the digital capabilities today to deal with a relatively small business and the funding options and relationship approach to deal with that business's requirements as it grows.

While we remain in the investment cycle, the net spend we have incurred on setting up this pillar – relative to other new entrants in this space – is not significant, and we are seeing healthy growth in loans, deposits and revenue, which should ultimately result in this pillar becoming a meaningful profit contributor to the Group in the years ahead.

In the last year, we have significant strengthened the management team of BCB by recruiting experienced leaders to take the pillar to the next level. This team is committed to ensuring that clients have access to the right level of experts, services and platforms that are appropriate for their changing needs.



Focused yet complementary

The three pillars, complement each other. At the centre is our Treasury function that acts as the glue of the Group. The Wealth and BCB pillars generate funding for the Group; BCB and Asset Finance generate assets. We are able to share a common brand and core infrastructure to reduce duplication. However, the golden thread is ultimately found in the culture and values of Sasfin. Our leadership team is committed to our purpose and living our values, and this is something we work extensively at embedding throughout the organisation.

Enabling our clients to grow their businesses and global wealth

In Sasfin Wealth and Asset Finance, Sasfin has two businesses which generate healthy returns and occupy important competitive positions within the industries they operate. South Africa needs to do more to support entrepreneurs, and we believe that we have laid the foundations for the BCB pillar to be the bank for entrepreneurs.

This has been a big investment and we continue to invest. What is most pleasing is that as our capabilities are further strengthened, the demand for our offerings is increasing and we are attracting excellent leadership to take this pillar to the next level.

Sasfin is fortunate to have long-term strategic shareholders who invest into long-term projects. It is taking longer than anticipated to realise the benefits of this investment, in part because of the difficult environment in which we have had to operate to grow the BCB Pillar. We remain confident that in the fullness of time, our investors will be rewarded for their patience as we are well positioned to offer growing businesses the breadth of products and the depth of access they need in a banking partner.

Purpose-led

We derive most satisfaction as a company when we know someone has retired better off because of our advice, or that a business has grown as a result of the funding we have provided to it.

Group CEO's report *continued*

Reflecting on the state of the South African economy, with high levels of consumer indebtedness and low levels of employment, we are committed to our purpose of enabling our clients to grow their businesses and global wealth.

We have taken large strides to ensure the impact we have on the environment and society is positive. This is evidenced by the funding we have provided to women, youth and Covid-19-impacted businesses under our NASIRA relationship with the FMO, the capabilities we are building in energy-efficient asset financing and impact investing within Sasfin Wealth.

We recognise that we have the responsibility internally to maintain a high level of conduct, and this must be coupled with an unwavering commitment to address any detected unethical behaviour. In this regard we have been successful in diversifying our teams and leadership and have initiated graduate and other development programmes to uplift our people. Further, we have introduced several programmes to assess and monitor behaviour against ethical standards and to develop the tools to proactively deal with issues as they arise. Part of fulfilling the role of good corporate citizen is contributing positively to society, and this can be maintained only if potential harmful behaviour is actively detected and prevented.

People, technology and governance

Over the last five years, we have also meaningfully invested in three fundamental core capabilities central to our competitiveness.

Firstly, we spend a lot of time on identifying talent and developing our people. People who join Sasfin are motivated by the difference they can make to our company, our clients and society. These people exhibit and embrace an entrepreneurial spirit of going beyond. At Sasfin, our people can easily interact with executives and decision-makers. Harnessing this spirit, while ensuring alignment with our core values and our purpose, is central to everything we do.

Secondly, over the last five years, we have overhauled large parts of our IT platform. We have introduced new digital technologies in each of our pillars including launching B\YOND® Banking, new core line of business systems in asset finance and forex, as well as digital investments into our Wealth pillar. Recently, we have strengthened our capabilities to integrate with other providers using APIs, and increasing our investment in technology to support regulatory and accounting requirements. In the last year, we significantly fortified our data capabilities, which will enable us to add more value to our clients and make better informed decisions. This technology overhaul was critical to us operating remotely.

Finally, the importance of good governance to sustainable value creation is paramount. As the regulatory requirements and competitive landscape evolve, and the needs of our clients shift with the introduction of new technologies, we place a strong emphasis on good governance. We continue to ensure our risk, audit, compliance, and human and technology capabilities are strengthened and invested in. Doing this well and sustainably is of increasing importance to sustainable competitiveness.

As referenced elsewhere in this report, Sasfin is currently in the middle of an extensive investigation into allegations that some of our former and current staff may have been engaged in financial misconduct, primarily in 2016 and 2017. This relates to the SARS's actions against Gold Leaf Tobacco and its associates who were former clients of our foreign exchange unit in 2016 and 2017. We continue to work cooperatively with the authorities and Sasfin will take rigorous action to address any identified misconduct. We take these allegations very seriously and will leave no stone unturned to ensure that they are dealt with satisfactorily. Other challenges we faced in 2022 are covered elsewhere in this report including the operational loss in Wealth and the AFS restatement. The regulatory, accounting and technology environment for banking groups has become more complex, and as we strengthen our business, we proactively address such issues as they arise.

Looking forward

The economy and global markets continue to be difficult to operate in. Rising inflation and interest rates will add more pressure on South African businesses and consumers. The political landscape is particularly volatile, both abroad and at home, which poses increased risk for supply chains, social unrest and low investor confidence. As such, Sasfin remains committed to running its balance sheet on conservative principles, while driving growth. However, the challenging environment will also create opportunities, and we are equally committed to working with our stakeholders to take advantage of these opportunities as they arise.

In gratitude

I feel a deep sense of gratitude to our various stakeholders:

- Our clients, who trust us with their wealth and their businesses, who have grown with us and with whom we too grow
- Our employees, who go above and beyond to support our clients and develop our business
- Our investors, who have given us the capital and guidance to enter into new markets and to continue to build this business
- Our regulators and auditors, who guide and challenge us appropriately to ensure we have a licence to effectively operate and make a difference
- Finally, our Board and Executive team, who provide the leadership, management and drive to ensure we take this business to the next level

In the words of Benjamin Franklin: "When you're finished changing, you are finished." Given change is the only constant, we will embrace change while continuing to build on our strong foundation.

FINANCIAL PERFORMANCE

Group Financial Director's report

Key metrics demonstrate an improvement in Group performance in 2022, with headline earnings increasing by 18.19% and earnings increasing 136.80%. Growth in headline earnings was largely driven by improved credit performance. Sasfin grew its loan book meaningfully by R1.35 billion during the year (18.56%), while retaining a very healthy credit loss ratio of 62 basis points. Strong growth in loans and advances as well as growth in assets under advice and management to R59.16 billion (2021: R53.90 billion) further contributed to our financial performance.

While total income remained flat at R1.33 billion, core income grew year on year as we disposed of non-core investments that contributed R51.51 million of revenue in the prior year. Net interest revenue grew by only 1.86% due to less fair value adjustments in our private equity portfolio. Core repeat annuity income from loans, assets under management and fees all improved, resulting in enhanced quality of earnings.

We have incurred slightly higher funding costs to support deposit growth that will underpin further loan growth, and the benefits of this investment cycle should be realised in growing income from 2023 forward. Assets under management have shown good growth of 9.77%, supporting the positive growth in non-interest revenue in Wealth, while the BCB pillar is showing positive signs of net interest income growth, as is the Asset Finance pillar.

The preference share buyback was completed during the year, which positively impacted on our equity and headline earnings, even though this resulted in lower income. As we

noted in last year's report, there was an accounting impact of the move from our previous office buildings to the new head office in Sandton, resulting in us having to account for both buildings for six months of the year, despite occupation of the new building having been rent-free until our Waverley lease was terminated. In 2023, this cost will reduce significantly.

Comparing Sasfin's performance in 2022 with that achieved in 2019 (pre-Covid-19), we are comfortable with the Group's position as we head into 2023. Performance has been in line with guidance, though with an adjustment to expectations in terms of the rate of growth in deposits, which we aim to accelerate ahead of our rate of loan growth as a key strategic focus for the BCB pillar in 2023 and beyond.

Through the strengthening of our specialised capabilities within the pillars, the finance and operational teams focused on key reconciliation processes and balance sheet substantiation processes in this year. Through this review

Watch FD interview



Harriet Heymans
Group Financial Director

Group Financial Director's report *continued*

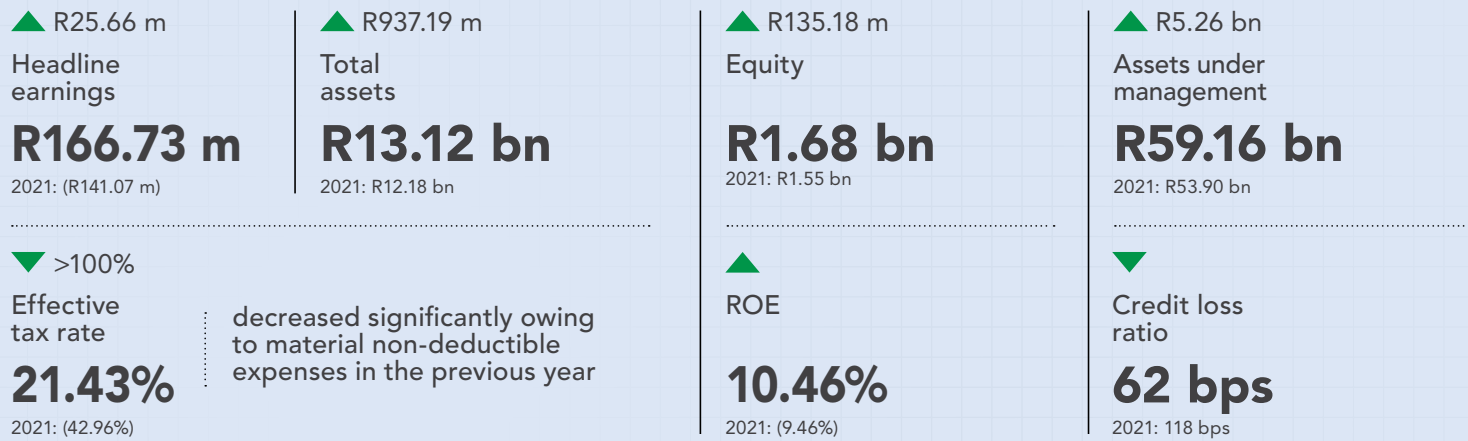
and strengthening of these processes, we became aware of certain transactions that were not accounted for correctly. This resulted in a restatement in the financial results of prior periods. The restatement relates to certain legacy reconciling items dating back to 2019 and 2020 when we migrated from three legacy systems to one product system within Asset Finance. Through our new automated reconciliation process we were in a better position to effectively categorise the reconciling items and ensure same are correctly accounted for. A detailed technical assessment was done, and as a consequence of the material impact arising therefrom, we restated the 2021 retained earnings. The cumulative impact was a reduction in retained earnings at 1 July 2021 of R57.69 million, which constituted 4.18% of retained earnings.

Through these detailed reviews we also identified other system related and/or cut-off issues, which were assessed and, owing to the materiality were rectified through reclassifications in both the statement of financial position and statement of profit or loss and other comprehensive income. It is important to note that these reclassifications did not impact the earnings in any of the prior reporting periods.

To prevent a reoccurrence, much time went into understanding the root causes of these issues, and we continue to focus on strengthening our internal financial controls and balance sheet substantiation process.

Group headline earnings increased by 18.19% on the prior year due to materially lower impairment charges as well as higher net interest income as a result of exceptional loan book growth, which were offset by cost

Financial performance overview



growth and lower non-interest revenue. Total income was relatively consistent from the prior year with earnings up 136.80%. The discrepancy between growth in headline earnings and earnings was driven by large headline adjustable items in 2021.

The operational loss of R45.2 million in the Wealth pillar affected total cost, as did the legacy reconciling items in Asset Finance (R2.9 million), though this was partially offset by lower bank charges in the business bank (R3.5 million) and lower impairment charges as a result of an improvement in the portfolio profile. Earnings were also impacted by lower interested received in Treasury and increased costs associated with IFRS 16 charges on our office move.

Average interest declined as a function of growth in loans and advances of R543 million, but offset by a decline in short-term

negotiable securities (R668 million) and deposits with banks (R413 million). Loans and advances grew 18.38% for the year, driven by growth in equipment rental (5.38%), capital equipment finance (59.65%) and business and commercial banking (29.03%).

Our credit loss ratio is down year on year from 1.18% to 0.62%, driven by an improvement in the composition of the portfolio with 86.68% of the total book within stage 1 compared to 84.99% in June 2021. Improvements in stage 2 also contributed to the improved profile of the portfolio. Although stage 3 exposures increased, a large portion of the assets that moved into this bucket is well secured. Credit losses decreased significantly due to the Land Bank impairment that was raised in the prior year (R98.11 million), that was not repeated this year. The performance of the portfolio has

improved with higher recoveries of R7.51 million and releases of impairments across all three stages.

As a result of higher operating costs, the cost-to-income ratio increased to 78.93% (2021: 76.21%). Stripping out the operational loss in Wealth, our CTI would be 75.53% and positive JAWS of 0.9% would have been posted. Although cost containment is and always will be a key focus to reduce the CTI, revenue growth resulting from investments made in the pillars is the only way to sustainably get it below 70%.

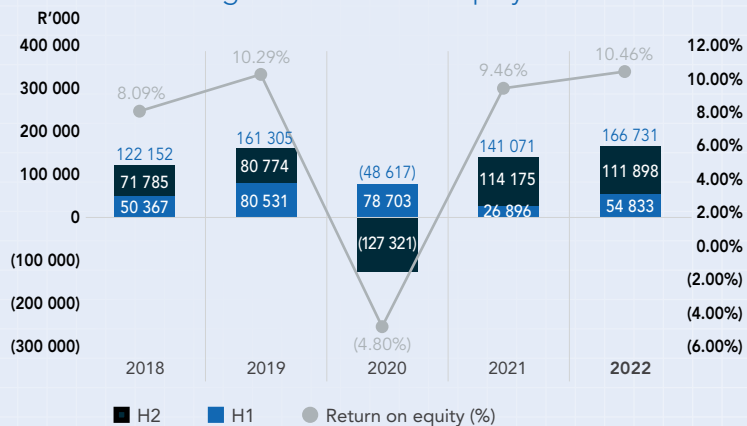
Net interest margin is up from 4.51% to 4.95% driven by higher margins on the loan book in Asset Finance and BCB as well as an increase in total loans.

Group Financial Director's report *continued*

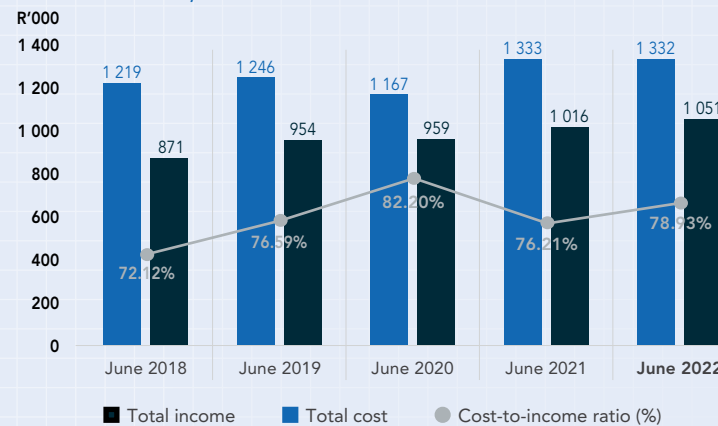
	Trend	Growth %	30 June 2022 R'000	Restated 30 June 2021 R '000
Net interest income	▲	1.86	578 281	567 733
Non-interest income	■	<1	739 146	745 800
Total income	■	<1	1 317 427	1 313 533
Impairment charges on loans and advances	▼	(74.17)	(46 608)	(180 449)
Net income after impairments	▲	12.16	1 270 819	1 133 084
Operating costs	▲	3.50	(1 050 971)	(1 015 455)
Employee costs	▲	5.61	(560 259)	(530 484)
Other operating expenses	▲	10.42	(490 712)	(444 387)
Goodwill and intangible asset impairment	▼	(100)	–	(40 584)
Profit from operations	▲	86.90	219 848	117 629
Share of associate profit	▼	25.40	14 146	18 692
Income tax (expense)/income	▼	(14.95)	(50 134)	(58 947)
Profit for the year	▲	>100	183 860	77 644
Headline adjustable items	▼	>100	(17 129)	63 427
Headline earnings	▲	18.19	166 731	141 071



Headline earnings and return on equity trends



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



Our equity improved meaningfully through 2022 by 8.72% to R1.68 billion. This was attributed to an increase in earnings and the intended outcome of our preference share buyback programme that concluded in July 2022.

Return on equity of 10.46% remains below our medium-term target of between 15% to 20%, but is in line with our expectations at this stage of our investment cycle into the BCB Pillar. This investment will yield a more scalable and sustainable BCB business, that finished R8.29 million ahead of budget in 2022, and is positioned to significantly enhance the Group's ROE going forward.

Group Financial Director's report *continued*

Segmental performance review

Asset Finance

Asset Finance achieved an operating profit of R254.81 million (2021: R289.27 million). Total income decreased by 0.77% to R604.52 million (2021: R609.20 million) primarily owing to rising interest rates. However, new business volumes were well above pre-pandemic levels, and this resulted in asset book growth of 6.7% to R7.8 billion (2021: R7.3 billion).


Operating costs increased by 24.68% to R316.78 million (2021: R254.09 million) partly owing to investment in key management roles, the embedding of certain Group capabilities into the pillar and the allocation of additional lease costs. Asset Finance has been the predominant business of the Group for many years. We see continued growth in this business as we increasingly finance new asset types and roll out additional products to support our clients. We anticipate increased demand for climate-friendly assets and software, which we are well placed to finance.

 **11.93%**
Operating profit
R254.81 million



Business and Commercial Banking



 **24.51%**
Operating loss
R36.95 million

With effect from 1 July 2021, Sasfin Capital merged with Sasfin Business Banking to form the BCB pillar which is committed to supporting the growth of businesses in South Africa.

This merger is starting to yield results, with the operating loss improving to R36.95 million (2021: loss R48.97 million). The improvement was due to total income growing 13.42% to R303.45 million (2021: R267.54 million) resulting from strong growth of 26.2% in loans and advances. Approximately

2 000 new business transactional accounts were opened during the year.

Costs were well managed, and the pillar showed positive 'JAWS', with total income growth exceeding expense growth, for the period. As we transform the digital business banking experience, we continue to strengthen our client value proposition. We are growing our lending capabilities and have built new credit offerings, introduced a credit application scorecard for smaller loans and have put in place the necessary funding and

support to focus on SME lending and appropriate personalised services in business banking.

The commercial banking area performed particularly well, with an uptick in new clients and strong credit performance. We have grown our specialised and property lending books by 21.49% to R701.05 million (2021: R576.81 million) and seen healthy returns in trade finance. These well-secured portfolios are performing to expectation.

Group Financial Director's report *continued*

Wealth

Sasfin Wealth's operating profit reduced to R58.00 million (2021: R77.48 million), despite good underlying performance, with total income growing by 4.98% to R362.61 million (2021: R345.37 million) driven by growth in assets under advice and management to R59.16 billion (2021: R53.90 billion). The strongest growth came from Sasfin Asset Managers with assets under management increasing 25.86% to R21.95 billion (2021: R17.40 billion). Sasfin Wealth continues to enhance its offering and strengthen its institutional asset management capabilities, distribution and technology teams. While core costs were well managed, the reason for the reduction in profit was mainly as a result of a once-off operational loss of R45 million.

Investment performance remained sound and Sasfin Wealth continues to receive recognition and industry accolades. During the year, the Sasfin BCI Flexible Income Fund won a fourth consecutive Raging Bull award, and the Sasfin BCI Stable fund won the coveted Morning Star award in its category. Sasfin was also announced as the Top Advice Stockbroker in the country for the second year running and placed in the top three Top Boutique Wealth Managers at the Intellidex industry evaluation and awards.

Operating profit

▼ 25.14%

R58.00 million



Balance sheet

Loans and advances at amortised cost increased by 20.92% due to good loan growth in Asset Finance (16.97%) and BCB (26.2%). Total core funding increased as a result of an increase in deposits from clients (R500.42 million), repurchase agreements (R103.91 million) and debt securities (R249.84 million) offset by a decrease in long-term loans (R231.38 million). Provisions decreased by 4.63% owing to the reduction in leave pay provision (R1.96 million) and lower bonus provision (R1.40 million).

While our liquidity position remains very healthy, growth in Loans and Advances resulted in cash and cash equivalents decreasing 35.67% for the year. Trading assets and liabilities balances decreased due to fewer open trades.

Financial, liquidity and capital position

	Trend	Growth %	30 June 2022 R'000	Restated 30 June 2021 R '000
ASSETS				
Cash and negotiable securities	▼	(22.69)	2 674 835	3 459 934
Trading assets	▼	28.40	547 848	703 433
Other receivables	▲	69.90	745 903	439 034
Net loans and advances	▲	20.93	8 130 704	6 723 672
Investments of fair value through profit and loss	▲	1.81	529 397	519 972
Equity-accounted associates	▲	>100	54 750	20 089
Intangible assets and goodwill	▼	(10.03)	144 729	160 856
Other assets	▲	89.28	288 366	152 347
Total assets	▲	7.69	13 116 532	12 179 337
EQUITY AND LIABILITIES				
Funding under repurchase agreements and interbank	▲	14.84	803 976	700 067
Trading liabilities	▼	(21.30)	518 596	658 957
Trade and other payables, provisions and taxation	▲	16.87	1 160 428	992 895
Bank overdraft	▲	>100	68 541	30 392
Deposits from customers	▲	10.57	5 233 182	4 732 764
Lease liability	▲	>100	157 116	43 205
Debt securities issued	▲	9.11	2 991 426	2 741 583
Long-term loans	▼	(31.66)	499 521	730 904
Total liabilities	▲	7.54	11 432 786	10 630 767
Ordinary share capital and reserves	▲	11.86	1 683 746	1 505 239
Preference share capital and premium	▼	(100)	–	43 331
Total liabilities and equity	▲	7.69	13 116 532	12 179 337

Group Financial Director's report *continued*

Group capital adequacy ratio (CAR)

The CAR decreased due to an increase in risk weighted assets, following an increase in Asset Finance equipment rental advances and capital equipment finance, coupled with an increase in operational risk due to higher gross operating income in parts of the business.

Our regulatory capital, funding and liquidity ratios remain above the requirements.

Looking ahead

Looking at the year under review I want to thank the finance and operational teams that worked tirelessly to finalise the accounts and the business teams that enabled us to generate the improved returns, generating the momentum into next year. The new normal needs financial service providers that not only understand but who can also solution for the changing needs of their clients. I believe that Sasfin is well positioned, through our tailored lending products and the drive to increase our market share as a primary bank to our clients, to meet our investment case targets of an ROE of between 15% – 20% in the medium term.

In our external operating environment, there are several risks Sasfin will need to manage, including the potential greylisting by the Financial Action Task Force, South Africa's energy crisis and load shedding, rising inflation and the impact of increased interest rates on borrowers. Despite these challenges, we anticipate our Wealth Pillar will continue to make inroads into the institutional asset management market, while Asset Finance will continue to diversify its lending book into new and high-potential segments including solar, IT and software. In the BCB Pillar – with its new leadership structure in place and capacity building well under way – we are confident that we can enhance funding and deposit growth and achieve our lending aspirations.



Treasury report

The only notable change to our structure in 2022 was the movement of our foreign exchange dealing function from the BCB Pillar into Treasury, which enables segregation of duties and benefits from the skill set and the interbank relationships which reside with Treasury. Otherwise, the impact of the new federated operating model on Treasury has been limited, since we intend this division to remain at the centre, appropriately allocating capital and funding to the various pillars with the objective of optimising ROE.

2022 focus areas

From a funding and capital perspective, the successful refinancing of more than R1.29 billion in securitisation notes was significant. We are currently satisfied with the state of Sasfin's balance sheet, liquidity and capital adequacy but in order to support our pillar growth ambitions in 2023, we are actively exploring the possibility of raising additional Tier 1 and/or Tier 2 capital to create more capacity for growth.

The management of our NSFR and LCR ratios was also a key focus. During the year, the LCR minimum requirement shifted back to 100% from the relaxation to 75% during Covid-19.

In terms of the Land Bank default, we remain hopeful that a liability solution will be finalised in the coming months. If this takes place, the state will provide a cash injection that should ensure we continue to reduce our exposure. We remain well provisioned and this issue is not expected to have any further negative impact on our income statement going forward.

Some regulatory and compliance directives from the Prudential Authority came into effect during 2022, affecting interest rate risk management and capital management. The most significant were the new securitisation framework, which has been delayed in implementation, and the large exposure framework. We continue to deal with these changes, as appropriate.

Looking ahead

Our future funding and capital plans will be related to pillar growth objectives, which will inform our medium-term budgeting. Most notable of these will be supporting Asset Finance and BCB. Our funding mix focus has broadened slightly to securitisation, corporate and institutional deposits, long-term funding and certain other qualifying debt instruments. Our priority is to strengthen our capital base, supporting the balance sheet through the most appropriate blend of funding.

PILLAR PERFORMANCE REVIEWS



Watch CE interview



Asset Finance

Linda Fröhlich: Chief Executive, Asset Finance

Asset Finance achieved outstanding results this year, exceeding our R3.2 billion new business budget by more than R900 million. This achievement was driven by two factors: a restructuring and diversification of the team, including the addition of new leadership with strong experience to provide greater accountability and focus on each segment; and steadfast support of our clients. We achieved record turnover in June 2022, pointing to continued strong momentum into 2023.

We have strengthened our operations team, and improved collections, sales and innovation capabilities to enhance our business processes. The federated model, which places more responsibility and accountability on each pillar, has driven strategic and operational excellence through innovation.

Progress in 2022

Our rental business is mature and stable, but during the year we intensified our focus on capital equipment finance, diversifying the assets we finance and expanding the sales team. This resulted in a doubling of the size of our book in just three years, to more than R2 billion. Collections and impairments remain well under control and our investment in collections, both from a human resource and technology perspective, has proved beneficial.

- Competitive advantages**
- Excellent client service and relationships underpinned by an understanding of their business needs
 - Speed to market
 - The granularity of the asset finance book
 - Strong credit decision-making capabilities
 - Increasing diversification of products

- Business drivers**
- Economic growth
 - Business confidence
 - SME business activity

In terms of industry trends, there has been no appreciable decline in our office automation business and we continue to enjoy a resilient distribution channel for this business segment. We are finding ways to further diversify our asset base into capital equipment, energy efficiency, ICT equipment and software to sustain growth.

2022 was a challenging year in terms of bedding down our hybrid working model. Our employees are highly engaged, and the new pillar structure is working well, allowing us enough flexibility to work in a truly entrepreneurial manner.

- Key industry trends in 2022**
- Low GDP growth and business confidence act as constraints on our business
 - Opportunities arising to acquire third-party rental portfolios as clients focus on core business lines
 - Demand for office automation equipment remains resilient

- Highlights**
- Investments in our people – including new leadership – and technology have resulted in improved operational excellence and improved client experience.
 - The strategy to diversify the asset base of our capital equipment finance business, is paying off.
 - Exceptional performance from our mature rental book.

- Challenges**
- Credit environment remains difficult
 - Completing the last mile of our systems enhancement project to ensure that we extract the full value from our investment

Looking ahead

Our focus areas are the upgrade of IT platforms, to improve our operational performance even further, while continuing to prioritise the diversification of our product offering.



Watch CE interview



Business and Commercial Banking

Sandile Shabalala: Chief Executive, Business and Commercial Banking

2022 was all about integrating the B\YOND® business banking and Capital pillars into one pillar – Business and Commercial Banking – and transitioning into a more truly client-centric pillar, broadening the services and products we offer to our clients with a focus on growing primary banking relationships. This has necessitated investment in capacity of both people and systems.

The combined pillar is better placed to provide a holistic client experience and extract efficiencies where appropriate. The pillar now comprises:

- Business Banking:
 - Transactional Banking
 - Foreign Exchange
 - Cash Investments
 - Strategic Alliances
 - B\YOND® Digital Banking

Commercial banking:

- Trade and debtor finance
- Specialised lending
- Commercial Property Finance

We continue to build and scale the digital and operating platforms to purpose-fit them for our newly defined client segments and for growth. In 2022 we have started to see the benefits of this approach with the key indicators reflecting a bigger share of the markets we are operating in.

Progress in 2022

Given our strategic objectives for the BCB Pillar, it was imperative to strengthen the leadership team with the appropriate credentials and experience to take the business forward. With the recent addition of experience leaders and senior management appointments, we are confident that the business is well placed to service the needs of its clients, improve the client service, expand the business product suite and build our platforms (client and operating) for

growth. Operating within the federated model presents several benefits for BCB, most notably allowing us to drive financial deliverables on a coordinated basis, build a client-centric culture, enhance our service initiatives and, crucially, review management roles and responsibilities, embed single-point executive accountability as well as ownership at a pillar level.

The integration of the business has gone well and provided us with a differentiator in delivering value as a specialist lender. We are developing a broad range of financing solutions that will unlock new opportunities for BCB. We are also developing capabilities in our trade and debtor financing business, as well as our commercial lending businesses, leveraging more of our business banking products to offer a comprehensive solution to our client base.

During the year, we extended our sales force for both Business and Commercial Banking segments.

Client feedback regarding our online forex capability has been positive, and we are on track to develop our back-end platforms to make the client experience more seamless and versatile. Our B\YOND® Digital Banking platform has undergone certain enhancements to allow us to better service the mid-sector clients, and with further investment we are improving our platforms in 2023.

The move to 140 West Street offices has brought tremendous benefits for the BCB team by allowing us to accommodate the greater collaboration demands of the integrated pillar and establishing a strong culture in this environment. Our ability to respond to clients swiftly is critical and our decision-making processes and governance frameworks are designed to facilitate the high-touch engagements and solutions our clients need and enjoy.

Competitive advantages

- Our ability to respond quickly to the needs of entrepreneurs
- All business financing deals we do are important to us – differentiated credit risk appetite
- Deep lending expertise with solutionist mindset
- Single point of contact relationship banking model supported by digital experience where needed
- Access to senior leadership and decision-makers

Business drivers

- Economic growth
- Business confidence
- SME business activity

Business and Commercial Banking *continued*

Key industry trends in 2022

- Increasing competition in small-business market segment
- The drive to open banking is increasing the importance of alliances and strategic relationships

Highlights

- Improved financial performance considering we are in an investment phase and working towards the integration and building the capacity of the pillar. The operating loss improved to R36.9 million (2021: loss R49 million)
- Strong growth of 26.2% in loans and advances, while the quality of our lending book remains strong
- Generated good volumes with more than 6 000 clients in Business Banking
- Approximately 2 000 new business transactional accounts were opened during the year
- Successfully attracted top industry talent to strengthen our operational and sales capability
- Our HelloPaisa partnership is generating good growth in deposits, but could be leveraged more

Challenges

- Finding ways to unlock opportunities in the open banking space, bringing more third-party products and services onto our integrated platforms
- Optimising our foreign exchange offering
- Growing primary banking relationships
- Last mile enhancements to our digital capabilities to support medium businesses for primary banking

Focus areas for 2023

Continuing to scale our platforms for growth and expand our product suites

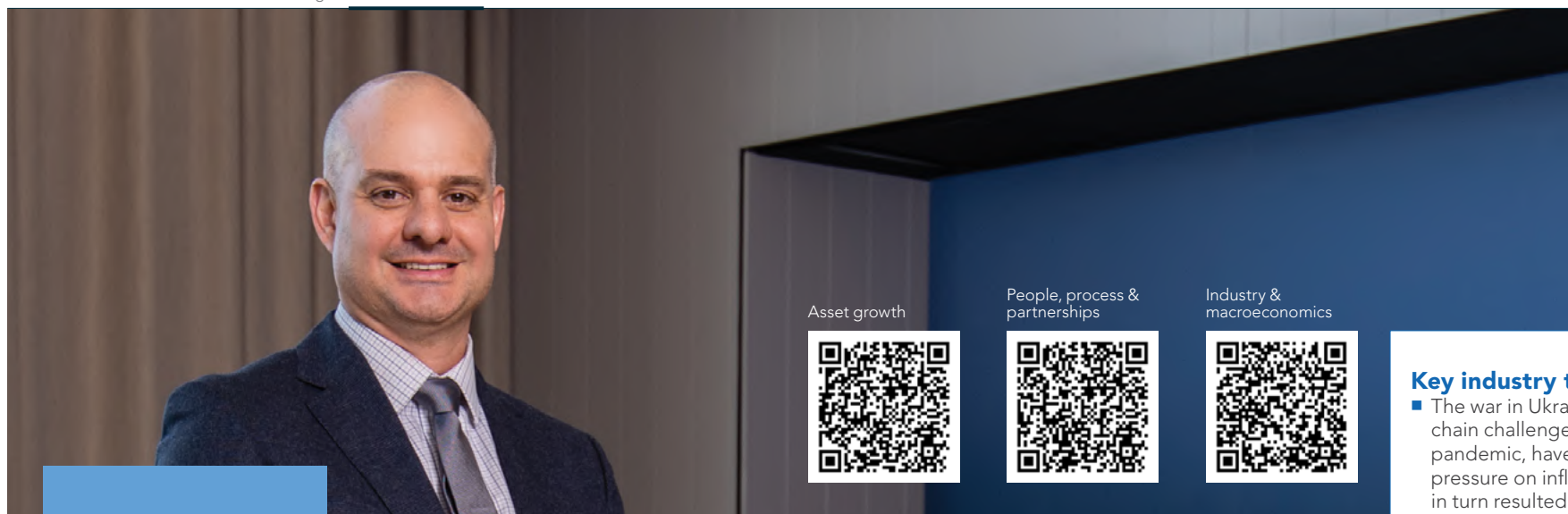
Growing our lending book, deposits and transactional revenue

Growing our client base and extending our distribution network

Being recognised as an employer of choice, which we will achieve through enhancing our employee value proposition and driving a unified high performance and client-centric culture

Selectively growing and driving BCB strategy-enhancing partner/alliance opportunities





Wealth

Erol Zeki: Chief Executive Officer, Wealth

The quality of the Wealth pillar's earnings continues to improve as a result of strong growth in assets under management and advice. The proportion of our earnings made up of annuity income related to advice and management of investments continues to grow, reducing our reliance on transactional revenue.

Institutional asset management and foreign private client portfolio management metrics improved, as evidenced by increased revenue relative to the prior year, especially when normalised in terms of one-off profits from the sale of Efficient Group in 2021. Wealth's costs remain well managed, although an administrative error on a single large transaction has obscured our cost line. We have submitted an insurance claim in respect of this matter and await the outcome.

Sasfin Wealth is a well-recognised brand and continues to attract and retain some of the best talent in the industry. This is a people business and our strong and growing performance track record works in our favour; we are large enough to be credible, but small

enough to remain nimble. Investment performance remained sound and Sasfin Wealth continues to earn recognition and accolades from the various industries in which it operates and its clients alike.

We continue to establish and grow complementary strategic partnerships to further strengthen the skill sets that have contributed to strong growth.

Progress in 2022

We continue to refine our client-centric approach to our model and engagements. Investments in technology have allowed us to become more effective and efficient in our client engagements, helping us to manage our cost base as we grow revenue. Our significant investment in distribution has also paid dividends. We conducted a robust review of our control environment and are satisfied with the outcome.

During the year, Wealth made minority strategic investments in two businesses: Prism Employee Benefits, with which we have a long-standing complementary partnership,

and Elevenfifty, a fintech start-up in the financial inclusion space. Supporting both of these businesses will be value accretive for Sasfin Wealth as they both have potential to unlock value in their specialist segments. Although Covid-19 delayed our search for international opportunities, we continue to follow an internationalisation strategy and to pursue offshore opportunities that are complementary and represent good value.

In a similar vein, Wealth continues to generate foreign revenue for the Group. We manage more money directly offshore for our private clients than we do locally. Furthermore, Wealth holds a non-controlling interest in SCM DMA, a fintech investment company, which earns the majority of its revenue offshore. Foreign income is a material contributor to our earnings and provides a beneficial hedge for the business. Many of our balanced solutions also have healthy global components that further enhance the foreign revenue component of earnings.

The nature of the business Wealth conducts translates into capital-light income for the Group.

Key industry trends in 2022

- The war in Ukraine as well as supply chain challenges linked to the pandemic, have exacerbated upward pressure on inflation globally, which has in turn resulted in aggressive interest rate increases both locally and offshore
- The above creates a large divergence in potential return scenarios across asset classes, geographies and the Rand
- Retirement reform developments with the proposed two pots system and increased offshore limits for retirement funds
- Delistings from regulated markets globally and increased demand for private markets solutions
- Increased focus on ESG matters and impact investing
- A global energy and cost of living crisis, and the added local challenges related to Eskom
- Technology as an enabler from a cost, reach and efficiency perspective and a threat in terms of cybersecurity and increased competition
- Evolving and increasingly onerous regulatory requirements, including the potential greylisting of South Africa by the FATF which will increase the cost of doing business for local companies and hamper access to foreign capital

Wealth *continued*

Competitive advantages

- High-touch approach with a client-centric business model and multi-generational client relationships
- An established and growing team of investment professionals with an excellent track record
- Seamless client experience supported by technology
- Big enough to be credible and small enough to be agile

Business drivers

- Global capital markets
- Regulation
- Competition
- Technology
- Effective investment solutions
- Experienced investment professionals

Highlights

- Continued growth in assets under management
- Investment in people, process, distribution, technology and governance drive strong net asset inflows
- Award-winning investment performance

Challenges

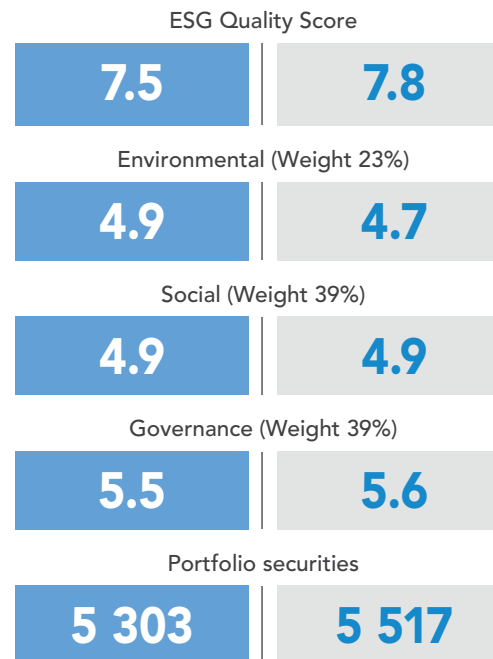
- Effectively managing culture and innovation in a hybrid working model
- Challenging business and socio-economic environment both local and international
- Increasingly demanding regulatory and compliance environment
- One-off operational loss item in the cost line

ESG impact

We continue to advance a strategy of purpose-led capital in line with changing social attitudes to business models.

MSCI ESG rating:
 Sasfin Horizon High Equity Fund

MSCI ESG rating:
 Sasfin BCI Prudential Fund



Awards received in 2022



RAGING BULL AWARDS

2021

Winner

Sasfin BCI Flexible Income Fund (Best South African Multi-Asset Income Fund)



MORNING STAR AWARDS

2022

Winner

Sasfin BCI Stable Fund (Best Cautious Allocation Fund)

2021

Winner

Sasfin BCI Balanced Fund (Best Moderate Allocation Fund)



TOP PRIVATE BANKS AND WEALTH MANAGERS AWARDS

2022

Winner

Boutique Wealth Manager

Top 3

People's Choice Wealth Manager

Top 3

Refree Archetype Wealth Manager

SA TOP WEALTH MANAGERS

2021

Top 5

Boutique Wealth Manager

Top 5

People's Choice Award

SA TOP SECURITIES BROKERS

2021

Winner

Boutique Wealth Manager

Top 5

People's Choice Award

Focus areas for 2023

Although the global investment environment remains extremely volatile and challenging, we anticipate a 'more of the same' scenario, based on our good performance in 2022. We continue to refine our client-centric approach as a provider of global wealth solutions, optimising our client engagement model in line with client needs. We will also continue to grow our institutional business.

OUR STRATEGY

PERFORMANCE AGAINST STRATEGY

Sasfin’s 2022 Board-approved strategy consists of five strategic focus areas. Each focus area is supported by outcome metrics that define success in achieving our objectives.

People and culture
 Building a purpose and values-led company under focused entrepreneurial leadership, which will enable Sasfin to attract and retain the right talent to support sustainable growth of our businesses.

Backing our champions
 Unlocking the embedded growth potential and market position of the Asset Finance and Wealth pillars.

Growing a credit-led, digitally orientated bank for business
 Building a credit-led, digitally enabled bank to support the growing of businesses by providing high-touch service where it matters.

Project 1/23
 Rationalising legal structures and IT systems to reduce costs and enable better management of governance requirements.

Transform our society
 A company with a truly diverse and inclusive workforce and culture that is a genuine champion of underserved SMEs, leverages its CSR spend and demonstrates its status as an impact brand.

These focus areas are enabled by:

- Being purpose and values-led
- An entrepreneurial culture service ethos, providing the best client service per business type
- Commitment to regulatory compliance and ethical corporate citizenship
- Technology (innovation, transformation and digital enablement)



People and culture

Our drive for client-centricity and the high-touch relationship approach we follow, make our employees our most valuable asset. Through the cycle from attraction and onboarding of talent to the retention, offering of career development opportunities and rewarding of high-performing individuals, we strive to create a diverse and inclusive work environment where everyone can reach their potential.

Oversight and governance structures

In 2022, in line with our shift to a federated operating model, we have made several key changes to the way we manage our Human Capital (HC) department, most notably establishing a HC support function in each pillar and updating the HC delegations of authority.

We have also established a Sustainability and Transformation Committee, reporting to Group Exco.

Board committees

Group Human Resources and Remuneration Committee (REMCO)

REMCO assists the Board and management with guidance on the adequacy and efficiency of remuneration practices and HC policies, procedures and practices applied within the Group. It ensures that Sasfin remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and sustainable positive outcomes.

Refer to page [90](#) for the REMCO report.

Social and Ethics Committee (SEC)

The SEC oversees our approach to transforming our society. In the context of human capital, the SEC is specifically focused on culture, ethics, diversity, transformation, inclusion and people development, as well as overseeing compliance with the FSC scorecard.

Refer to page [87](#) for the SEC report.

Management committees

Group Human Capital Management Committee (Group HC Manco)

The Group HC Manco determines, develops and recommends Sasfin’s HC and remuneration policies and strategy to the REMCO for approval. The committee oversees and monitors the implementation of policies across the Group. Refer to remuneration mandates on page [94](#).

Pillar Human Capital Management Committee (Pillar HC Manco)

The Pillar HC Manco’s mandate is aligned to that of the Group HC Manco as it relates to the application of Sasfin’s HC and remuneration policies in each pillar. The committee oversees the implementation of, and compliance with policies as well as change management at pillar level. Refer to remuneration mandates on page [94](#).

Sustainability and Transformation Committee

This is a management-level committee reporting to Group Exco. Its functions include supporting the Exco and management to integrate sustainability and transformation strategically into our operating model and day-to-day processes to unlock value creation.

The committee will oversee and steer the development of a Group sustainability framework, define our ambitions, propose clear objectives and oversee the continuous implementation and management thereof.

It will further have oversight of the sustainability and transformation plans developed by the pillars to support the intended outcomes of the Group sustainability framework, reflecting on strategy and guidance set by the board and the SEC.

Human Capital operating model

While there is a common thread in the culture across the Group which is actively harnessed, Sasfin recognises that each of our pillars has distinctive human capital requirements based on the skills that they require to compete in their respective industries. This has resulted in Sasfin strengthening its human capital capacity within each pillar, by replacing Group HR business partners with more experienced HC leaders in each pillar to support each pillar’s unique strategic direction. Our new federated and more autonomous HC structure supports policy variation according to pillar requirements, and allows us to focus more on strategy.

Highlights

- Sasfin awarded competitive increases and paid bonuses in 2022
- We conducted an extensive review of the substantive and procedural fairness of our pay practices (salaries and variable pay) and found no discrepancies based on gender, race or other factors. These findings are consistent with fairness reviews of previous years, and we are satisfied our pay structures remain demonstrably fair
- We continue to be agile and flexible in accommodating employee needs, particularly in structuring a hybrid work model
- Sasfin hired 41 new employees, following the hiring freeze implemented in 2021

Challenges

- Although the pandemic had no material direct impact on Sasfin during 2022, the indirect economic impact – exacerbated by global socio-economic trends – has exerted greater strain on our employees’ households and finances. We continue to manage this impact by applying a balanced approach in terms of hybrid work and flexible working hours and making our employee support programme, AskNelson, available to all employees and their families
- 2022 required a high degree of change management to support our shift to a federated operating model

People and culture *continued*

Our culture

Our federated model fosters the power of diversity and inclusivity, as we recognise that the way in which the pillars engage, their core activities and leadership styles differ. The federated model allows each pillar to play to its strengths. Whilst teams are united, they strive to fulfil our common purpose and live the Sasfin values. In this way, each pillar is able to attract and retain talent that resonates with its culture, thereby creating an environment where talent can thrive and employees have a true sense of belonging. The principles of diversity work across areas of speciality and feed up into the Group, thereby enabling better decision-making as a result of access to a range of different views, insights and skills. This drives innovation and creates space for lively and respectful debate.

Our move to 140 West Street earlier this year brought all our pillars and support areas together in a single head office space. We have observed a high level of engagement, increased morale and collaboration, whilst staff still have flexibility and the option to work from home. We are grateful to see a thriving workplace environment that is delivering innovation and solid performance.

Our employee engagement survey returned a 78% engagement score across the Group, compared to an industry average of between 50–65%. All pillars and business units scored higher in 2021 than in 2019, for both the employee engagement and the ethics surveys.

It was pleasing to confirm that our values, client-centricity and team effectiveness were rated as our strongest characteristics and that trust in leadership has improved.



Summary of Ethics and Engagement survey results

Engagement survey

Engagement element	Group 2019	Group 2022
Participation rate	81.00%	80.00%
Overall engagement score	58.00%	78.00%
Overall not engaged score	31.00%	17.00%
Overall disengaged score	11.00%	5.00%

Issues our employees were most concerned about include:

- Vaccine policy
- Hybrid work policy
- Diversity and inclusion

We engaged with employees to evaluate staff sentiment on a mandatory vaccine policy and management and the Board took its lead from a divided response, electing not to implement a prescriptive vaccine policy (for Covid-19 and any future health threat). The SEC will review this approach continuously based on health and safe working environment requirements.

The overall participation rate of the Ethics survey was higher than previous years, and our score improved in respect of each element, with the overall ethical score improving from 77% to 82.2%.

Ethics survey

Ethical element	Group 2019	Group 2022
Participation rate	56.0%	85.8%
Overall ethical culture score	77.0%	82.2%
Client treatment score	73.0%	87.7%
Customer/supplier treatment score	78.0%	81.6%
Employee treatment score	66.0%	71.7%
Organisational culture and practices score	61.0%	71.6%
Broader society and stakeholder engagement score	75.0%	82.1%
Misconduct avoidance score	96.0%	98.2%

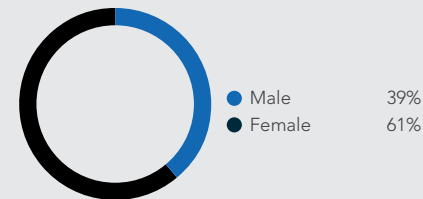
People and culture *continued*

Diversity, equity, inclusion and belonging

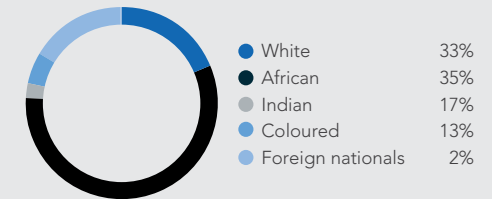
The Sustainability and Transformation Committee will take responsibility to drive and oversee diversity, equity, inclusion and belonging issues. We remain conscious in terms of our policies and the Sasfin way of work in catering for current and potential employees. We believe in a true spirit of diversity that is not always captured only in an employment equity scorecard – including other aspects of diversity such as age, sexual orientation and background – and strive to live it daily.

Our commitment to transformation for the right reasons has had a positive impact on Sasfin and is reflected in an almost unchanged employee turnover rate, despite continuing to face risks related to skills shortages, the war on talent and the Great Resignation. We have worked hard at constructing our employee value proposition and believe being purpose-led – in aiming to transform our society – remains a strong drawcard for skilled talent.

Gender: All employees 2022



Diversity: All employees 2022



Attraction and retention

In 2022, Sasfin saw no marked increase in voluntary departures. We continue to explore policy and model changes that can address skills shortages and ensure greater mobility of skills in specific areas, and that will accommodate changing requirements of employees. Our work on constructing detailed succession plans across all levels of the Group continues.

Health, safety and wellness

Through the various Covid-19 waves, we continued to prioritise the health, safety and well-being of our employees. In terms of the direct impact of the pandemic, we experienced no losses of employees in 2022. However, the indirect effects of the pandemic continued to impact our employees and their families in terms of mental health and wellness. This was a key focus for the HC team during the year and our employee assistance programme partner,

AskNelson, has delivered effective interventions to assist us in addressing employee health and wellness. We are consciously instilling a culture of openness and transparency across Sasfin to support employee well-being and to combat burnout. We have shifted our policy towards greater flexibility around workplace attendance, preferring an output-focused performance management approach.

Learning and development

Although we have seen an improvement in the return to office-based work, our employees are still adjusting to the hybrid working environment. We have invested in training initiatives and several employee support and engagement activities to assist our managers and employees in adjusting to the new way of work.

People and culture

continued

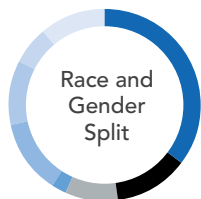
TOTAL INVESTMENT ON LEARNING AND DEVELOPMENT/SKILLS DEVELOPMENT IN 2022

R10 094 862

NUMBER OF EMPLOYEES WHO BENEFITED FROM TRAINING, AS A PERCENTAGE OF TOTAL EMPLOYEES

82.50%

Percentage of how the investment was split



● African Female	35.30%
● African Male	12.50%
● Coloured Female	8.90%
● Coloured Male	2.50%
● Indian Female	12.50%
● Indian Male	10.80%
● White and foreign national - Female	6.40%
● White and foreign national - Male	11.10%

Different types of training employees participated in

Regulatory Training

IT Technical, Systems & Soft skills

Management and Leadership

Sales Training

Ethics Training

Media Training

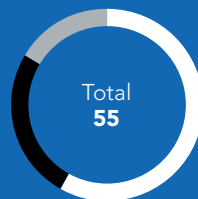
NUMBER OF EMPLOYEES WHO RECEIVED BURSARIES

88

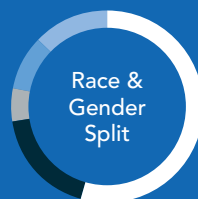
NO. OF ACI EMPLOYEES WHO RECEIVED BURSARIES

83

Number of graduates recruited in 2022

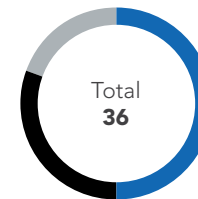


● Bank	32
● Wealth	14
● Other	9

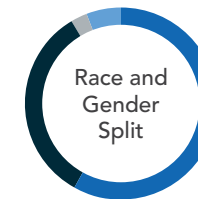


● African Female	54.55%
● African Male	18.18%
● Coloured Female	5.45%
● Indian Female	9.09%
● Indian Male	12.73%

Number of graduates placed in permanent roles in the business since 2021

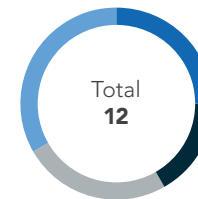


● Bank	18
● Wealth	11
● Other	7



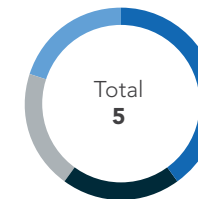
● African Female	58.30%
● African Male	33.30%
● Indian Female	2.80%
● Indian Male	5.60%

Number of CA trainees on our programme



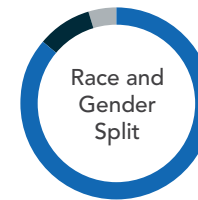
● African Female	3
● African Male	2
● Indian Female	3
● White Male	4

Number of CA trainees placed in permanent roles in the business



● African Female	2
● African Male	1
● Indian Female	1
● Indian Male	1

Number of disabled learners



● African Female	19
● African Male	2
● Coloured Male	1

Sector Education and Training Authority (SETA) rebates

2022 R680 184.56

2021 R902 365.46

People and culture *continued*

Mindful Mondays

To further improve our employees' resilience and coping ability we introduced Mindful Mondays, a regular, short communication focusing on #MentalHealthMatters.

Talk Tuesdays

Covid-19, multiple levels of lockdown and extreme isolation took a heavy toll on our people. We introduced Talk Tuesdays as an hour that could be set aside on a Tuesday to provide support, inspiration, relaxation and fun in various ways. From a talk on 'How adaptive people survive in uncertainty' by Erik Kruger to a 'Mid-Year Reset' with Ndumi Hadebe and 'Wellness & Work/Life Balance' with Shantal Moeko.

Women's Month – August 2021

Women's Month in 2021 extended over three months, where we shone the light on 13 of our incredible women from various teams within our organisation. Our women shared their stories, their fears, hopes and dreams and gave all of us hope and inspiration.



All of their stories can be found on our Sasfin Content Hub here.

Mandela Day – July 2022

On 18 July, Sasfin employees committed 67 minutes of their time in service to others. We iced and decorated 670 cupcakes, made 670 sandwiches and cut 670 blankets in collaboration with Fingertips for Africa and Davy Tsopo of Cakey by Davy.

Watch our 67 minutes for Mandela Day in three minutes



Focus areas for 2023

Optimising succession planning and ensuring we meet the requirements of the SARB PA under 'Flavour of the Year for 2022', which covers succession planning

Reviewing our HC policies and practices to ensure they are aligned with industry and market practices and the strategic objectives of each pillar

Continuing conscious culture change programmes to take account of an operational redesign, new reporting structures, grouping of products and changed employee functions where applicable, but especially in BCB

Enhancing employee engagement to ensure we adapt to a hybrid working model

Continuing our momentum in diversifying our workforce

Revisiting our remuneration philosophy and principles to ensure it is aligned with the federated model and will be effective in terms of attraction and retention of talent

Embedding the federated HC model and closely monitoring change management to ensure the intended benefits are realised

Gold Reef City – October 2021

We invited our staff, their partners and families, clients and 200 guests from our CSR beneficiary organisations (Afrika Tikkun, Girls & Boys Town, Junior Achievers, Noble B-BBEE Advisory, ORT SA) to join us for a fun-filled day at Gold Reef City Theme Park.



Backing our champions



We recognise the growth potential and market position of the Asset Finance and Wealth pillars (our champions – see pillar performance reviews on page [48](#) for more detail), both of which delivered strong returns to the Group and remain the core focus of our business. During 2022 both these businesses made good progress in terms of their strategies to increase focus on sales, invest in people, technologies and capabilities to ensure continued growth.

The management layer of Asset Finance was strengthened in terms of operations, including finance, collections and IT capabilities, and the pillar has furthered growth by expanding the asset types financed, reflecting positive loan book growth and diversification year on year.

The Wealth pillar returned good growth in assets under advice and management, underpinned by the performance of the well-regarded Sasfin Asset Management team. In 2022 we focused on offering greater value to clients across the wealth spectrum through a combination of digital and high touch engagements and built further scale in our institutional asset management business. Our investment in distribution is yielding the desired results, and we remain focused on strengthening our offshore capabilities to achieve scale and expand client reach.

Focus areas for 2023

In both Asset Finance and Wealth, we aim to further our investment in distribution across the business, focusing on high-growth areas. Our short-term focus will be on ensuring that the pillars are set up for growth in terms of operational and technical capabilities (pillar platforms for growth), which will be achieved through the federated operating model which is designed to ensure that leadership and employees in the pillars are motivated, empowered and held to account for all aspects of their business. Each pillar must ensure that it remains agile, puts in place simpler structures and governance processes while extracting synergies. We will also continue to explore bolt-on acquisition opportunities to leverage our Asset Finance and Wealth platforms further.

Growing a credit-led, digitally oriented bank for business



In support of our journey of building our BCB pillar, we broadened our credit product range to include a revolving credit facility and term loans in addition to property loans and Trade and Debtor Finance. The integration of banking, credit, and foreign exchange for the benefit of our clients is proving successful, and our digital suite continues to evolve.

In 2022 we made good progress in growing our team of seasoned business and commercial bankers and specialist transactors to ensure that we deliver value to business clients who require a greater degree of personal service. The enhancement of BCB's operating model, along with the development of new products to complement the existing Business and Commercial suite (including overdrafts and B\YOND® Forex) has delivered good traction in the market.

Several key indicators demonstrate the successful positioning of these products, including lending growth, winning more banking relationships and a deposit base that doubled year on year. These are coupled with a new credit scorecard that will be applied for smaller deals, greater speed and quality of credit papers, credit decisions and pay out of deals. BCB continues to win more business banking accounts from granting business loans, while maintaining an appropriate credit loss ratio. (See the BCB pillar performance review on page [49](#) for further details).

Focus areas for 2023

2023 will see further building of a bank for business, with overdrafts in the test phase, migrating more clients onto our B\YOND® Forex platform, improving our client experience and building further capacity within the pillar. We also aim to strengthen our utilisation of client data to improve both client experience and targeted business performance. New products we aim to introduce will include revolving credit loans above R100 million.

Project 1/23

Our core information systems have been implemented (Finance Transformation, RDARR, IFRS-9, Leasewave, Calypso, lending platforms, Wealth systems) and we are in the process of decommission legacy systems. The rationale is to reach a destination of fewer and simpler legal structures, fewer working systems, lower total relative cost of governance and a lower cost-to-income ratio.

The shift to a federated operating model has led to a fundamental change in the operational and governance structures related to our management of information and technology. The governance of our IT infrastructure is “run” from the centre; however, we have embedded dedicated IT “change and run” capabilities within each pillar to support an agile and entrepreneurial approach to pillar-specific strategies that will underpin our competitive advantage in each business. This approach contributes to quicker deployment and scaling with customer demands in each pillar. Where cross-functional Group projects do require a coordination of resources, we have aligned all teams for this purpose.

We have also exited all non-core and inefficient legal structures and continue to reduce our private equity holdings (by 50%) through a proactive approach of disposals. In addition, we have realised the benefits of a successful office move and continue to reduce our intangible assets.

IT strategy in 2022

Our overall IT strategy remains sound and key focus areas remain unchanged:

- People and culture – attracting and retaining excellent IT skills/people
- Design and build – our approach is to buy rather than build.
- Business enablement – our approach is to ensure cost-effective solutions that enable pillar performance and delivery
- Cybersecurity – this will continue to remain a critical area of focus.

Good progress has been made with the replacement of legacy systems and significant investments were made in core platforms to support growth in business.



IT operating model and governance

We have implemented a distributed model to allow pillars the ability to own and manage their IT systems as far as possible. Where the systems are used by multiple pillars, Group IT will continue to manage the system and services. To support detailed oversight, we established an Executive IT and Change Committee, which oversees all plan, build and run projects and reports to the Board via Exco and the IT Committee. IT management expertise has been deployed into each pillar to focus on a pillar-specific IT strategy.

The IT Operations area, known as “run”, is still centrally managed and it looks to operate the whole IT landscape in a controlled and predictable manner. The management of change is a key area of focus in our de-centralised model.

To protect against cyber-risk, we have developed advanced training programmes for staff and clients, given that the human element is frequently an organisation’s greatest potential weakness and also its strongest defence. Our security has moved up a level with the appointment of a seasoned Chief Information Security Officer. Having greater internal capacity has raised our capability in response to any potential attacks.

Competition in banking has raised the digital baseline for client-facing platforms. Our strategic fintech partner model continues to work well for Sasfin in the absence of extensive development resources. We continue to look for technological solutions globally to provide us with a competitive edge.

In 2022, we conducted a benefits realisation programme into our core line of business systems including LeaseWave, our rental finance management system. Despite the original business case being met, this analysis revealed certain outstanding items that needed to be delivered to enhance the platform’s operational effectiveness for the pillars. Our last-mile implementation project to address these gaps has begun and will conclude by June 2023.

Highlights

- During 2022, we appointed a Chief Information Security Officer, who has assembled an internal team based on consultation with Gartner on optimal structure and model
- We completed our RDARR implementation programme
- Implementation of our collections system was completed
- Our capital transformation programme for the BCB Pillar and its move to the cloud almost complete
- The BCB Pillar has been integrated into our customer relationship management platform
- Our data centre and office building moves were carried out with no business interruptions
- We completed a multi-year finance transformation project, including statutory reporting, finance reporting and budgeting and a structure simplification

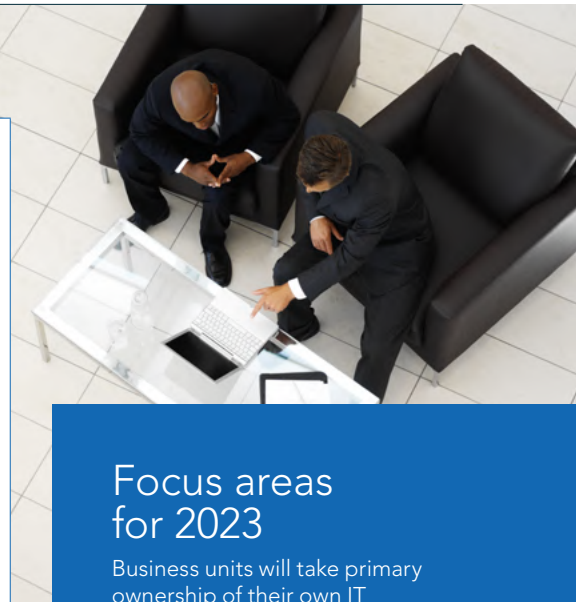
Challenges

- Cyber threats continue to evolve in their levels of sophistication. Scanning the environment to stay ahead of trends requires an increasing focus and commitment
- Utilising resources wisely to achieve intended returns from capital investment in IT
- Maintaining focus on retention of skilled talent in a highly competitive market
- Global component shortages have delayed equipment delivery times and caused costs to rise significantly
- We completed the office move to new premises early in 2022

Focus areas for 2023

Business units will take primary ownership of their own IT resources and systems, within the context of the overall IT strategy and architecture. IT feature teams within each pillar will report to their business unit and all applications and IT employees will be managed within the pillars. Each pillar will develop their own partner and vendor relationships, technology road maps and budgets. Group IT will, inter alia, remain responsible for both IT strategy, architecture and governance, as well as support services including shared business applications, corporate services applications, IT infrastructure, data centre and hardware, as well as integrated IT strategy.

Our intention is to create an environment where both pillar IT and centralised IT collaborate to meet the needs of the Group to better manage cost, outcomes and risks.





Transform our society



Championing SMEs

Tools for small businesses on our digital platforms



Take a tour of our B\YOND® Business Banking platform

Dashboard

Understand the full picture of accounts with B\YOND's dashboard

Payroll

Perform own payroll management simply, for free, from paying employees to generating SARS-compliant payslips in real time

Quotes and invoices

Generate and send personalised quotes and invoices, with company name, VAT number and logo directly through internet banking

Account classification and tagging

Account classification and tagging of transactions to manage revenue and expenses, and easily keep track of projects

Unlimited transaction history

At no extra charge via the B\YOND® platform.

Beneficiary management

Move, import or add beneficiaries easily

Intuitive user experience

Mobile-friendly, intuitive user experience that allows card and account detail management online

Multiple transactions

Multiple transactions such as account transfers in one action

Single sign-on

Seamlessly switch between portfolios – business and personal – without needing to log into two separate platforms

Lending through NASIRA loans

Sasfin has obtained a R390 million funding line as well as a R600 million portfolio guarantee facility (NASIRA) from FMO, the Dutch Entrepreneurial Development Bank, to provide loans to women, youth and COVID-19-impacted small businesses for purposes of inclusive growth, job creation and sustainable development in South Africa.

The Frankfurt School of Finance and Management provides technical assistance on the NASIRA programme to ensure development aims are met.

	# of Loans	Total Disbursed
Asset Finance	198	30 663 045.14
Covid Impacted	158	23 595 510.41
Women Owned	19	2 465 125.19
Youth Owned	21	4 602 319.54
Trade Finance	91	51 863 038.58
Covid Impacted	91	97 111 032.20
Unsecured Lending	151	119 438 664.69
Covid Impacted	97	97 111 032.20
Women and youth owned	8	1 128 973.21
Women owned	31	14 129 181.79
Youth owned	15	7 069 477.49
Grand Total	440	201 964 748.41

Transform our society *continued*

Examples of how we created impact

Business name	Women/Youth owned?	Loan amount	Reasons for loan	Impact
Next Generation	Yes	R200 000	Working capital	Enabled execution on purchase orders. Client quote: "Sasfin has been like a shoulder to cry on."
Air Innovation HVAC Solution	No	R500 000	Covid-19 recovery	Assisted in kick-starting flow of orders through the business
Manhove Property Solutions	Yes	R250 000	Asset acquisition	Funded the purchase of a pickup truck to improve delivery of business services

SOCIAL IMPACT THROUGH PROPERTY LENDING TRANSACTIONS

CURRENT PROJECTS

Student accommodation scheme in Bloemfontein (2 campuses)

NSFAS students only

1 000 beds in total

6 residential buildings in central Johannesburg 800 units in total

Provides accommodation close to places of work

Safe and secure with facilities for children

Sasfin involvement / equity stake

Aims to address structural, economic, social and spatial dysfuntionalities

Potchefstroom student accommodation

Approximately, 30% is previously disadvantaged students

Sasfin involvement / equity stake

PROJECTS IN THE PIPELINE

Vosloorus Residential Scheme 258 units

Provides housing to low income earners

Exposure and content to help SMEs win

SMALL BUSINESS NEWSLETTER

The newsletter is a compilation of curated content that is written by thought leaders. The content is informed by data out of FinScope, a survey conducted with existing and potential clients as we embarked on the rollout of the portfolio guarantee, and extensive anthropological research conducted with SMEs. The readership continues to grow.

SMALL BUSINESS SHOWCASE

In partnership with Suits & Sneakers Founder and well-known small business owner, Mark Sham, the small business showcase provides a platform for small businesses to showcase and share their stories to the broader small business community. During 2022 we produced more than 60 episodes that were distributed to our network of stakeholders. In addition, we host monthly dinners where these business owners have the opportunity to network, share learnings, be inspired and develop their business skills.

HelloPaisa

The Sasfin/HelloPaisa banking partnership has onboarded more than 80 000 new bank accounts in under-served markets in South Africa over four years. The service provides low cost banking to all HelloPaisa’s African diaspora clients, including free cash deposits. HelloPaisa also offers remittance services as well as a transnational grocery service through Malaicha.com for Zimbabwean clients. Malaicha.com is available in over 20 cities and towns across Zimbabwe and has over 65 000 clients and lists over 700 products. HelloPaisa onboards and manages clients via a mobile application and operates seamlessly in a digital environment while servicing clients in their language of choice.

Job creation

Our Wealth Pillar has partnered with RBN Fund Managers, a specialist impact fund manager and adviser in South Africa that develops and manages innovative financing solutions to meet our socio-economic and environmental challenges.

Transform our society *continued*

Corporate Social Responsibility

Progress in 2022

We undertook a review of our beneficiary organisations by assessing them against the following:

- Partnership duration
- Contribution
- Scorecard element
- Reporting and impact in society
- Strategic focus

Our objective is, where possible, to partner and support organisations that offer entrepreneurial development to enable the growth of business in our country. As part of the above-mentioned review, we identified opportunities for additional projects to align our CSR activity with our business objectives, namely, to focus on entrepreneurial development.

Operating model

Our approach to CSR is organisation-wide but is coordinated by Group Marketing and the recent shift to a federated operating model presented us with an opportunity to allow the pillars to become more involved and drive initiatives that align with their strategic imperatives.

FLAGSHIP PROJECTS IN 2022

A flagship is defined as a partner to which we contribute R100 000 or more on an annual basis.

SMILE FOUNDATION

About: Smile Foundation has an holistic healthcare vision for children living with facial conditions

Our investment: Smile Day: Support the needs of both the children assisted by the Smile Foundation and hospitals where surgery is performed.

Investment: R180 000

Since: 2012

Scorecard: Socio-economic development

HOSPICE WITS

About: Hospice Wits offers pain management and symptom control through trained doctors and nurses, counselling and support through psychologists, social workers and spiritual counsellors to patients diagnosed with life-threatening diseases and their families.

Our investment: General health support services

Investment: R100 000

Since: 2012

Scorecard: Socio-economic development

AFRIKA TIKKUN

About: Afrika Tikkun's Cradle-to-Career 360° programmes focus on wraparound solutions including education, health, nutrition, personal and skills development that empower young people to become self-confident, capable adults.

Our investment: Early childhood development: Targeted at children aged 2-6 years, this programme focuses on the achievement of age-appropriate developmental and school readiness milestones to set a firm foundation for learning.

Investment: R210 000

Since: 2007

Scorecard: Socio-economic development

ORT SA

About: ORT trains and empowers South Africans in business development, teacher training, skills development, work readiness programmes and basic computer literacy.

Our investment: Business development skills: A holistic learning programme in enterprise development for small business. The programme was offered to three black beneficiaries sponsored by Sasfin.

Investment: R200 000

Since: 2015

Scorecard: Enterprise development

JUNIOR ACHIEVERS SA

About: JASA provides experiential financial literacy, entrepreneurship and work readiness skills to young people aged 9-35 years across rural and urban South Africa.

Our investment: Entrepreneurial skills training to help young South Africans establish a sustainable business.

Investment: R120 000

Since: 2007

Scorecard: Socio-economic development

NOBLE B-BBEE ADVISORY

About: Noble is a transformation consulting and advisory firm developing tailored strategies and solutions to optimise corporate South Africa's Broad-Based Black Economic Empowerment compliance in line with legislation.

Our investment: Consumer education: programmes designed to empower SMEs with financial management knowledge that equips them with skills to manage their businesses and personal finances without the need to outsource.

Investment: R471 000

Since: 2018

Scorecard: Consumer Education

Transform our society *continued*

Making an impact

Piwe Qangule – is the COO and Founder of East Jaguar International, a live telephone answering service that combines business communication with virtual receptionists, so your customers are in constant contact. Piwe successfully went through the ORT Business Bootcamp series which covered topics of personal branding, strategy, finance, social media, leadership and business plan processing. Piwe attended additional online training webinars and virtual meetings where his business requirements were assessed and a suitable mentor was allocated. The **Ort SA** team further provided Piwe with information and contact people in the Call Centre Industry. Piwe also underwent unofficial audits with OrtSA financial assessors which was beneficial

as he was exposed to several panel meetings with experienced industry leaders that imparted invaluable information for his business to grow. Ort SA played a major part in the growth of his business and was able to open a 25-seat contact centre as a result. **Team T Construction & Supplier Pty Ltd** - was established in 2016. Thobela Mabeadi is the founder and director of the company. Thobela is a motivated young business owner who has acquired extensive knowledge in the construction field through self-taught and volunteering from well-established construction companies. Thobela attended **Noble B-BBEE Advisory's** 4 sessions face to face Financial Management program in May and June 2021 held at Holiday Inn Parktown. He gained and learnt valuable insights

about financial management and kept in touch with Noble since he attended the program. In 2022, Noble have taken Thobela onboard to help him develop and restructure his business for greater success.

Koketso Matloga – runs a beauty salon in the community, and through **Junior Achievers SA**, she has learned skills to attract customers and grow her business. The program has encouraged her to identify ways to grow and make her business more attractive to stand out. During the mentoring and coaching phase of the program she has applied for funding from the National Youth Development Agency(NYDA) to grow her business.



OTHER CSR INITIATIVES

The Sasfin Wish List

More than a decade ago, the Sasfin Wish List was established as an initiative to help Sasfin employees. Support is provided to Wish List recipients in several ways, whether it's paying of school fees, helping cover the cost of urgent medical treatment, or simply putting much-needed food on the table. An employee may request assistance from the Wish List by speaking to their line manager or sending the request directly to the Wish List administrator.

Amount disbursed	R131 417
Employee donations	R190 500

Roundabout Water Solutions – SED

We have partnered with Roundabout Water Solutions since 2012 and donated R55 000 in 2022. Maintenance was carried out at six PlayPumps in the North West and Northern Cape serving primary schools and communities in the area to provide them with water. The impact on the communities in which these water pumps are situated is enormous, serving more than 1 800 learners and broader members of the community. In some instances this is the only water source in the area, and without it, there would be no reliable drinking water.

AD HOC DONATIONS

Gift of the Givers

Sasfin made a donation of R20 000 to Gift of the Givers in support of its work on the ground in areas affected by floods in KwaZulu Natal during April 2022. Our donation was used to create food parcels for families most impacted.



Sasfin's strategic focus areas up to 2027

On the backdrop of the progress made, we adapted and refined the medium-term strategic focus areas to the following:

People and culture

Our revised Human Capital structure, in line with the strategic shift to the federated model, is providing increased capacity and competency.

Sales drive

Continue to invest in distribution across the Group, focusing on high-growth areas.

Transform our society

Create governance structures, assign accountability and implement action plans to ensure greater focus on generating and measuring impact.

Pillar platforms for growth

Bedding key operational and technical capabilities into each of the pillars – supported by the Group and governed centrally – will result in improved operational excellence.

Targeted inorganic growth

Capacitating the CEO's office to investigate and initiate inorganic growth for the Group and to support the pillars' growth ambitions. This is with the intention of improving return on investment on new initiatives as well as broader value creation.

CORPORATE GOVERNANCE PRACTICES AND OUTCOMES

W 1 W 2 W 6

Governance overview

The Board continues to be guided by the principles and practices recommended in the King IVTM¹ report as well as the legal requirements pertaining to our business. The Board therefore takes ownership of and ensures that management are held accountable for living our values and displaying the behaviours that are required to realise our purpose: to contribute to society by going beyond a bank to enable growth in the businesses and global wealth of our clients.

The Board is comfortable that our governance practices are appropriate and suitable in the context of our business and the needs of our stakeholders, and that they support our client-centric approach and entrepreneurial spirit without compromising adequate control and oversight. The Board takes overall responsibility for Sasfin's success, while remaining accountable to shareholders and considering the interests of Sasfin's broader stakeholder groups. The Board is satisfied Sasfin complies with the provisions of the Companies Act and its memorandum of incorporation.



The Board recognises the direct relationship between good corporate governance and creating and preserving value for all stakeholders. It is the ultimate custodian of good corporate governance and leads the Group in its commitment to doing business ethically and with integrity.

¹ Sasfin's 2022 King IVTM application summary is on page [101](#)



Corporate governance objectives set by the Board

The Board set eight corporate governance objectives for 2022:

The Board will lead the Group in its commitment to **doing business ethically and with integrity** and will ensure a **purpose- and values-led entrepreneurial culture** is maintained.

In their decision-making, individual Board members will act with **independence, in good faith and in the best interest of the Company** and with due regard to the duty of care, skill and diligence. Directors will ensure they are informed about matters presented for decision-making and that they adhere to the Companies Act requirements in relation to declaration of personal financial interests.

Directors will **actively engage** in the affairs of the Group and keep abreast of material changes in the Group's business and the external environment as well as act in a timely manner **to protect the long-term interests of the Group**.

The Board will provide **leadership and vision** to the Group that will ensure sustainable growth and appropriate corporate citizenship for the benefit of all stakeholders of the Group.

The Board will ensure there is a **framework of robust and effective controls**, which enables risk and opportunity, compliance, financial processes and reporting to be assessed and managed effectively.

The Board has ultimate responsibility and is accountable for the Group's **business strategy and financial soundness, internal organisation and governance structure and practices, as well as risk management and compliance obligations**. The Board appoints Committees to assist with the execution of its duties.

The Board will **ensure sound corporate governance**, guided by the principles in King IV™ and those issued by the Basel Committee, including the governance around the Board itself and its performance.

The Board will commence a process to develop a sustainability strategy and framework for the Group to ensure sustainability risks are regularly reviewed and managed, and that governance of sustainability has been established. This will be managed through the SEC.

The Board performed a self-assessment of its performance against these objectives at half year-end and year-end. Refer to a summary of the outcome of the Board's performance evaluation on page [75](#) for more detail in this regard.

W 4 W 7

Board mandate and composition

The Board is constituted in terms of Sasfin's MOI, and its functions and composition are determined by reference to the Board charter (which is based on the recommendations in the King IV™ report), corporate governance principles for banks issued by the Basel Committee on Banking Supervision, the Banks Act and other relevant legal and listings requirements.

Our regulatory environment and the society in which we operate, as well as the broad array of financial products offered by Sasfin to a wide range of consumers, inform the specialist knowledge required by Board members to create value.

The offices of the Chair of the Board and the CEO are separate, with a clearly defined division of responsibilities to ensure a balance of authority and power. The CEO bears ultimate executive responsibility and is accountable to the Board. The roles of the Chair and lead independent director are outlined in the Board charter. Sasfin's policy on the balance of power is articulated in the Board charter and the policy on the appointment of directors and executive officers.

The Board reviews the Group's strategy on an annual basis in the context of execution, the prevailing macroeconomic dynamics, risks and opportunities, as well as the evolving social and regulatory landscape.

At the start of each year, the Board identifies the Group's top risks, and risk deep dives are undertaken from time to time to assist the Board to assess and manage risk to ensure long-term sustainable development and growth.

Board meetings include standing agenda items such as feedback on the key matters considered by Board committees, updates from the CEO on top-of-mind matters and key financial and strategic drivers of each pillar. The Group FD reports on the financial performance of the Group. Additional quarterly focus areas include pillar business spotlights and strategic deep-dive reviews to evaluate progress against strategic goals.

The Board's top priorities in 2022

- Reassessing and approving the Group's strategy with specific focus on the strategy for BCB and setting the key financial drivers to ensure a sustainable and scalable integrated business
- Further strengthening our capital, funding and liquidity positions
- Monitoring the credit environment, including developments with respect to the Land Bank, credit risk and collections
- Overseeing the process of reconciliation and balance sheet substantiation, with support of the GAC
- Monitoring the business's response to one-off operational loss events

The Board held 10 meetings during the period under review, including two strategy workshops to review and agree the strategic focus and implementation plans for the next period.

Other focus areas included:

- Improving efficiencies in terms of our business operating model; overseeing the establishment of the revised governance and reporting framework, and the management organisational and reporting structure to enable the shift to a federated model
- Evaluating potential corporate actions
- Continuing to support society, our clients and the Sasfin community during the Covid-19 pandemic
- The Board identified the development of a Group Sustainability strategy and framework as a priority
- Increasing the Board's focus on succession planning, performance management and retention of talent in the Group
- Reviewing of the Group top 10 risk themes

Board profile W 7

The nature of our business and the Group's broad range of financial products and services requires that we maintain a diverse Board with different perspectives and specialist knowledge sets. To drive the appropriate strategy and create value for all stakeholders into the future, the Board, with the support of the DANC, assesses the appropriate mix of skills, diversity and experience of directors.

We are confident that the composition of the Board has the right balance of skills, experience and diversity of perspective needed to fulfil our fiduciary responsibilities and to provide the necessary oversight over both the development and implementation of strategy.

On 30 June 2022, the Board consisted of 11 directors (excluding alternate directors). The size of the Board is appropriate and is primarily determined by the requirements of the banking industry. Four Board committees are statutory in nature and maintain adequate levels of independence in terms of their constitution.

Changes to the board

New appointments	Retirements*/ Resignation [#]	Skills and experience added
Tienie van der Mescht Harriet Heymans	<ul style="list-style-type: none">■ Roy Andersen*■ Grant Dunnington*■ Angela Pillay[#]	Broad financial services experience including portfolio management, investment management, asset management, business development, risk management, operational and compliance expertise

Board of Directors W 7

at 30 June 2022

* Short profiles of each director's qualifications and experience are available on Sasfin's website.



Deon de Kock ⁶⁷

Independent non-executive Chair

Executive programmes at the Business Schools of the University of Cape Town and Stanford University, California, Stanford Executive Programme

APPOINTED

August 2020
(assumed role of Chair in November 2021)

DANC (Chair), REMCO, ITC

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Strategy development and implementation
- Stakeholder relations
- Banking and financial services
- Technology and innovation
- People and HR
- Corporate governance and compliance



Richard Buchholz ⁶⁴

Lead independent non-executive director

BCom, CA(SA)

APPOINTED

March 2018

DANC, GAC, GRMC (Chair), CLEC

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Strategy development and implementation
- Banking and financial services
- Accounting and audit
- Corporate governance and compliance



Tapiwa Njikizana ⁴⁶

Independent non-executive director

CA(SA)

APPOINTED

May 2021

DANC, GAC (Chair), GRMC, ITC

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Financial reporting
- Banking and financial services
- Accounting and audit
- Technology and innovation
- Corporate governance and compliance



Mark Thompson ⁷⁰

Independent non-executive director

BCom, LLB, BAcc, CA(SA)

APPOINTED

June 2019

DANC, GAC, GRMC, CLEC (Chair)

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Financial reporting
- Accounting and audit
- Investment banking and Treasury
- Securitisation and mergers and acquisition
- Corporate governance and compliance



Tienie van der Mescht ⁶⁴

Independent non-executive director

BSc, Hons. -B (B and A), MBA

APPOINTED

November 2021

DANC, CLEC, REMCO, SEC

KEY EXPERIENCE AND EXPERTISE

- Financial services, investment and asset management
- Risk management
- Leadership
- Strategy development and implementation
- Business development
- Corporate governance and compliance



Eileen Wilton ⁶²

Independent non-executive director

BCom, HDip in Education, PG Dip in Digital Business, Certificate in Cybersecurity, Chartered director (CD-SA)

APPOINTED

August 2019

DANC, REMCO (Chair), ITC (Chair), SEC (Chair), GRMC

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Business and digital strategy development
- Strategy development and execution
- Stakeholder relations
- People and HR
- ESG
- Technology and innovation
- Corporate governance and compliance

Board of directors *continued*

* Short profiles of each director's qualifications and experience are available on Sasfin's website.



Gugu Dingaan ⁴⁶
Non-executive director

PGDip (Accounting),
Executive Development
Programme, CA(SA)

APPOINTED
March 2018

DANC, SEC



Nontobeko Ndhrazi ⁴⁷
Non-executive director

BCom, Postgraduate
Diploma in Accounting

APPOINTED
August 2020

DANC, SEC



Roland Sassoon ⁷⁷
Non-executive director

FCIS

APPOINTED
January 2020

DANC, CLEC



Harriet Heymans ⁴⁷
Executive director
(Group financial director)

BCom Honours (Accounting,
CTA), CA(SA)

APPOINTED
April 2022

CLEC, GRMC



Michael Sassoon ⁴⁰
Executive director (Group
Chief executive officer)

BCompt, MBA

APPOINTED
October 2015

CLEC, ITC, SEC



Shaun Rosenthal ⁵⁸
Alternate
non-executive director

B.Bus.Sci, CA(SA), CFA

APPOINTED
August 2018

DANC, GRMC, CLEC, ITC

KEY EXPERIENCE AND EXPERTISE

- Accounting and audit
- Corporate finance, mergers and acquisitions, and investment experience
- Strategy development and implementation
- People and HR
- Corporate governance and compliance

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Strategy development and implementation
- Accounting and audit
- Financial reporting
- Corporate governance

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Banking and financial services
- Credit management
- Securitisation and mergers and acquisition

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Strategy development and implementation
- Banking and financial services: financial, sales and/or operational management
- Accounting and audit
- Financial reporting
- Corporate governance and compliance

KEY EXPERIENCE AND EXPERTISE

- Risk management
- Leadership
- Strategy development and implementation
- Banking and financial services
- People and HR
- Wealth management
- Corporate governance and compliance

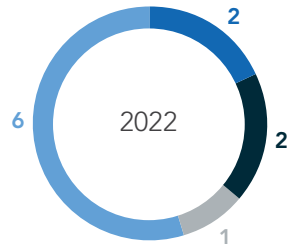
KEY EXPERIENCE AND EXPERTISE

- Risk management
- Strategy development and implementation
- Asset management, treasury management and stockbroking
- Corporate finance, mergers and acquisitions, and investment management
- Corporate governance and compliance

Board profile W 7

Board demographics

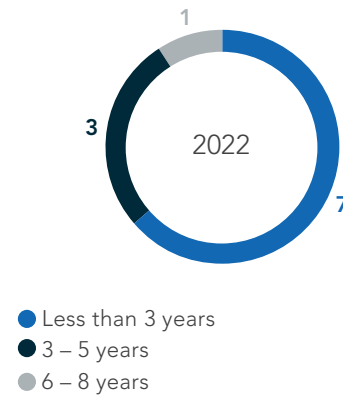
27% Black (target 35%)
(2021: 30%)



- Black female
- White female
- Black male
- White male

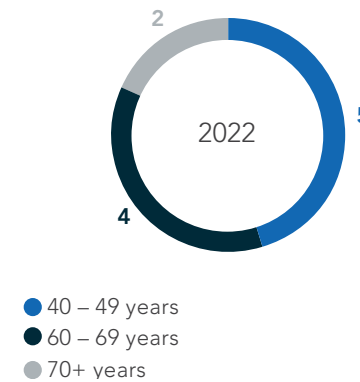
The Board is cognisant of the need to achieve balance in terms of race, age and gender diversity and has set targets for its composition. Our gender representation target for 2022 was 35%, which we met by achieving 36%. Black representation of 27% in 2022 was below our target of 35%. The Board remains committed to reaching the agreed diversity targets and continues to prioritise the recruitment of candidates from diverse backgrounds.

Tenure



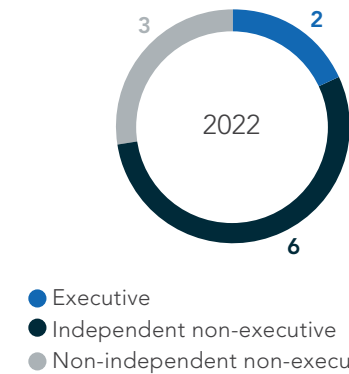
- Less than 3 years
- 3 – 5 years
- 6 – 8 years

Age profile



- 40 – 49 years
- 60 – 69 years
- 70+ years

Independence W 7



- Executive
- Independent non-executive
- Non-independent non-executive

The independence of directors is assessed prior to their appointment and continuously during their tenure. The Board is satisfied appropriate processes are in place for assessing the independence of non-executive directors, which include:

- Annual independence assessments of individual directors by the DANC, and as part of the Board evaluation assessment and peer review. The independence criteria outlined in the King IV™ report is applied as a guideline
- Declarations of any interests (annually and as and when changes occur)
- Should a director wish to take on additional commitments, they are required to discuss and agree this with the Chair before they do so, to ensure these commitments do not present a potential conflict of interest that would affect the director's ability to exercise their fiduciary duties

After a thorough assessment of directors' independence and based on the recommendation of the DANC, the Board concluded that the independent non-executive directors meet the criteria for independence, and that no conflicts of interest exist, which are likely to affect, or could appear to affect, the objectivity of the directors.

Key expertise



* The IT Committee is primarily responsible for overseeing technology and innovation, The Board has identified the need to place more focus on technology and innovation, including cybersecurity, and will prioritise training and development in these areas in 2023.

Board succession planning 10

Succession planning is key to future proofing Sasfin’s leadership and is an important component of the overall talent management strategy. The Board is ultimately responsible for succession planning and has delegated oversight thereof and the development of future leadership to REMCO.

The DANC is responsible for overseeing succession planning of the Board. We strive to achieve a balance of independence, diversity, skills, abilities and experience aligned with our strategy and risk landscape. Planned rotation and exits will allow for good transition and retention of skills.

The composition of the Board is reviewed continuously. The Board’s policy on the appointment of directors gives effect to the provisions of Directive 4 of 2018 issued by the SARB PA. The principles include:

- Board and Committee chairs must be independent NEDs
- The process for identifying, assessing and selecting candidates is aligned to general good practice
- Appointments must promote continuity and broader diversity must be considered
- The promotion of the diversity (gender, race, culture, age, knowledge, skills and experience)
- Specific competency requirements for certain Board roles

In terms of Board composition, we have considered:

- Board dynamic and culture
- Continuity and skills transfer
- Term in office and age
- Flow of fresh thinking
- Diversity of thought
- Optimal board size
- Board committees’ composition and skills required
- Organisational expertise
- Reputation

Succession planning principles

Balanced Board	Based on policy and legal requirements	Objectives	Staggered approach to independent non-executive directors succession	Unexpected/ Emergency exit
<ul style="list-style-type: none"> ■ Independence, diversity, skills, abilities, must align to strategy and risk landscape ■ Continuously review and assess 	<ul style="list-style-type: none"> ■ Legal and fit and proper requirements, including the SARB PA’s requirements to be met ■ Examining strategic plan and evolving market forces to determine the types of leadership qualities needed 	<ul style="list-style-type: none"> ■ Minimise potential disruptions through early planning ■ Ensure continuity and smooth transition ■ Effective Board and leadership ■ Retain six independent NEDs at all times 	<ul style="list-style-type: none"> ■ Gradual reinvigoration ■ Appoint successor six to 12 months before nine-year term as directed by the SARB PA ■ Possible rotation/ exit some time prior to nine-year term as directed by the SARB PA to allow for good transition and retention of skills 	<ul style="list-style-type: none"> ■ Board members/ Chair – list of potential candidates ■ Committee Chairs: identify emergency replacement

Induction and directors’ professional development

New directors undergo an induction programme aimed at facilitating their understanding of the Group’s business activities, their responsibilities as directors and the business environment and markets in which the Group operates. In addition, they attend onboarding briefings with the Chair, CEO and management to provide an overview of the business. The DANC identifies and recommends relevant interventions to enhance continuous professional development, including briefings, training and updates relating to regulatory, business or operational matters, and directors attend training on a periodic basis.



Board meetings and attendance W 6 W 7

In line with the Group's financial reporting cycle, Board and committee meetings are held quarterly. The Board held 10 meetings during the year under review.

Director	Designation and other public company directorships	Sasfin Holdings Limited		Sasfin Bank Limited		Committees (^Member; # Chair)						
		Attendance	%	Attendance	%	GAC	CLEC	GRCMC	ITC	REMCO	SEC	DANC
Deon de Kock Appointed August 2020	Independent non-executive None	10/10	100	6/6	100				^	^		#
Richard Buchholz Appointed March 2018	Independent non-executive Octodec Investments Limited	10/10	100	6/6	100	^	^	#				^
Gugu Dingaan Appointed March 2018	Non-executive Distell Limited	9/10	90	6/6	100						^	^
Grant Dunnington Appointed February 2010 and retired 25 November 2021	Independent non-executive None	4/4	100	3/3	100							
Harriet Heymans Appointed April 2022	Executive None	2/2	100	1/1	100		^	^				
Nontobeko Ndhrazi Appointed August 2020	Non-executive None	10/10	100	6/6	100						^	^
Tapiwa Njikizana Appointed May 2021	Independent non-executive Lewis Group Limited (non-executive director)	10/10	100	6/6	100	#		^	^			^
Angela Pillay Appointed March 2018 and resigned 4 April 2022	Executive None	8/8	100	5/5	100							
Michael Sassoon Appointed October 2015	Executive Banking Association of South Africa (non-executive director)	10/10	100	6/6	100				^		^	
Roland Sassoon Appointed January 2020	Non-executive None	10/10	100	6/6	100		^					^
Roy Andersen Appointed as a Board member in February 2011 and retired 25 November 2021	Independent non-executive None	4/4	100	3/3	100							
Mark Thompson Appointed June 2019	Independent non-executive Hudaco Industries Limited PPC Limited (non-executive director)	10/10	100	6/6	100	^	#	^				^
Tienie van der Mescht Appointed November 2021	Independent non-executive	6/6	100	3/3	100		^			^	^	^
Eileen Wilton Appointed August 2019	Independent non-executive Growthpoint Properties Limited Shoprite Holdings Limited	10/10	100	6/6	100			^	#	#	#	^

Board meetings and attendance *continued*

		Sasfin Holdings Limited		Sasfin Bank Limited		Committees (^Member; # Chair)						
Director	Designation and other public company directorships	Attendance	%	Attendance	%	GAC	CLEC	GRCMC	ITC	REMC	SEC	DANC
Alternate Directors												
Shaun Rosenthal Appointed August 2018	Alternate non-executive director None	9/10	90	6/6	100		^	^	^			^
Linda Fröhlich Appointed October 2013	Alternate director Sasfin Bank Limited (Executive) None	N/A		6/6	100							
Maston Lane Appointed March 2018	Alternate director Sasfin Bank Limited (Executive) None	N/A		6/6	100		^					



Board performance evaluation W 6 W 7 W 9

Although good governance guidelines are in place, we believe respect, trust and candour are important and inseparable elements to building an involved and effective Board. The Board performs an independent review of its performance and effectiveness every third year and a self-evaluation of the performance of the Board, including that of its committees, its Chair and its individual members was performed in 2022. The Board is satisfied with the outcome of the performance evaluation and areas identified for improvement will get attention in 2023.

The objectives for the 2022 self-evaluation were:

- To identify issues relating to the Board's role, which are of most concern to directors
- To determine whether the Board and its committees are equipped to anticipate, meet and overcome future challenges and to ensure alignment with Sasfin's long-term strategy
- To determine the value each director brings (knowledge, leadership and experience)
- To assess directors' independence
- To assess the Board and its committees' ability to drive performance in the interest of all stakeholders and deliver value or benefit

Self-evaluation outcome



Areas identified for improvement

- More of the Board's time, energy and focus should be invested in strategy, industry trends, and the direction provided by the Board should be more future oriented. Continuously review and assess.
- Ensuring that financial and other reporting mechanisms are designed to enable and ensure adequate, accurate and timely information being provided to the Board.

Performance against the Board's agreed corporate governance objectives and action taken to reinforce good corporate governance

The Board's performance against its corporate governance objectives for 2022 was evaluated at half year-end and year-end.

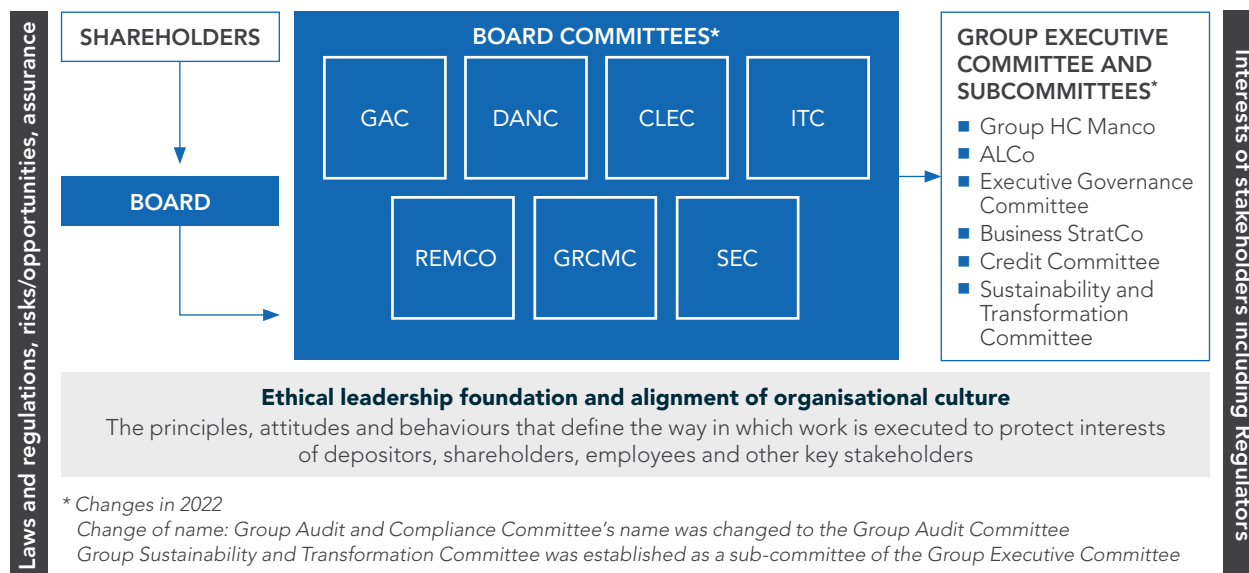
The Board is satisfied that it continues to provide the necessary leadership and guidance to ensure business is conducted ethically and with integrity and that its corporate governance objectives have been achieved.

To reinforce good governance across the business, the Board took the following decisions:

- The REMCO spent more time on evaluating the human capital function and guiding the development of an appropriate human capital structure and including interventions to be adopted to ensure Sasfin has the right skills and expertise to support its strategy going forward

- After the appointment of a Group Ethics officer, an ethics management framework and related initiatives were approved by the SEC for implementation
- Several senior management appointments were made to strengthen our leadership team. Good progress was made on achieving our diversity objectives
- The independence of all directors who were classified as independent non-executive directors was assessed and they remain independent
- The SEC approved the external guidelines to be applied in developing a sustainability framework and strategy for Sasfin
- The Board identified the need to place more focus on cybersecurity and, as a result, training on governing technology, information and cybersecurity, as well as advances and developments in terms of digitisation, robotics and artificial intelligence will be prioritised in 2023

Governance framework



Our governance framework enables the proper allocation of authority and responsibility in terms of which Sasfin's business and affairs are carried out and provides clear guidance for our way of work. It defines the boundaries within which directors, management, employees and other stakeholders are expected to work and promotes an environment that supports compliance, clarity and accountability. It further enables the decision-making process and allows the Board to monitor and oversee implementation and execution by management. This is particularly true regarding the execution of strategy, protection of the interests of depositors, shareholders and other key stakeholders, the alignment of organisational culture with integrity and compliance with laws and regulations.

Our governance framework reflects the way the Group performs and is flexible enough to enable the fast-paced, innovative culture that is required to support our business and clients.

Key governance practices [W 6](#)

- The majority of non-executive directors are independent
- The policy on the balance of power is articulated in the Board charter (available at <https://www.sasfin.com/investor-relations/>)
- There is a Board-approved policy on the appointment of directors and executive officers
- The role of the lead independent director is outlined in the Board charter
- Annual independence assessments are performed
- Board and committee self-evaluations are conducted annually, with external evaluation every three years
- Annual written declarations of directors' interests are obtained, and these are updated as and when changes occur; in addition, any conflicts are required to be declared at every meeting
- Board members' external directorships and time commitments are assessed annually
- A policy on independent professional advice is in place
- A policy governing share trading by directors and employees is in place
- New directors receive induction training, and there is a programme of continuous director professional development and training

Delegation of authority [W 4](#) [W 8](#) [W 10](#)

The Board delegates specific roles and responsibilities to committees, which operate under approved charters. Committee members are selected according to their suitability in terms of skills, qualifications and experience. Group Exco and management operate under a defined authority matrix designed to ensure effective collaboration, performance management, oversight and accountability.

The Board-approved delegation of authority policy emphasises management's mandate and drives accountability through clear responsibilities. Individual business units have clear mandates in their respective areas, and specific responsibilities are delegated to executive directors and officers. Managers are assigned individual responsibilities and mandates, a process which is managed by the Group Company Secretary.

Management committees across key areas ensure managerial oversight, integrity of information and peer review of reports before submission thereof to the Board. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

The Board committees support the Board in its governance role, and a summary of each committee's responsibility, meeting attendance and focus areas is set out in the pages that follow.

Key decisions that impact the Group are reserved for the Board, most notably decisions relating to:

- Strategy
- Policy, planning and structure
- Human capital management, including executive management selection, remuneration and succession planning
- Material contracts and capital expenditure
- External relations and reporting/disclosure
- KRIs, risk philosophy and Board risk appetite

Board Committees W 8

The Board has delegated the primary oversight of controls to its committees, but remains accountable. The Board approves Committees’ charters, and each committee approves its annual work plan. Board committees report to the Board on all key matters and activities on a quarterly basis or as and when material issues arise. The Board is satisfied that the committees have fulfilled their responsibilities in accordance with their terms of reference. The minutes of Board committee meetings are made available to all Board members. The Chief Risk Officer and Head of Compliance are permanent invitees to all committee meetings, apart from REMCO, which is attended by the Chief Risk Officer only.

The committee held six scheduled meetings and seven unscheduled/ special meetings, including one combined meeting with the GRCMC.

Key matters the committee focused on included:

- Revised the CLEC charter to increase non-executive member representation in the quorum
- Monitored the risk profile of high value clients and the total credit portfolio in a deteriorating economic environment
- Reviewed and considered the appropriateness and accuracy of impairments in a difficult economic environment
- Reviewed and recommended appropriate impairments for the Land Bank
- Reviewed the Credit and Investment risk appetite, including the current credit limits for the Land Bank and other SOEs
- Reviewed the breach trigger levels for the net default percentages in the SASP Series Notes
- Recommended approval of credit policy criteria for the implementation of a new Credit Scorecard and the process to be followed for deferred applications for credit
- Recommended approval of a proposed new overdraft product up to a facility limit of R50 million
- Approved a mandate for the specialised lending unit
- Reviewed the revised Credit Policy

Credit and Large Exposures Committee (CLEC)

Responsibilities

- Credit risk management policy and procedures
- Defining credit policy and guidelines
- Reviewing compliance with approved credit and investment policies
- Assessing and approving the Group’s large exposures and specialised finance transactions
- Assessing and approving the valuations of investments in these portfolios

Conclusion

The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

Committee composition as at 30 June 2022

Member	Appointed to committee	Meeting attendance
Mark Thompson – Chair	Member – 21/6/2019 Chair – 25/11/2021	12/13
Grant Dunnington ¹	27/7/2010	6/6
Richard Buchholz	7/3/2018	13/13
Deon de Kock ²	19/8/2020	6/6
Harriet Heymans	04/04/2022	2/2
Maston Lane	28/5/2002	12/13
Magda Oosthuysen	20/2/2018	13/13
Angela Pillay ³	1/3/2018	9/11
Shaun Rosenthal	13/12/2017	11/13
Michael Sassoon	13/2/2014	13/13
Roland Sassoon	1/1/2020	12/13
Stewart Tomlinson	14/2/2019	12/13
Tienie van der Mescht	25/11/2021	7/7

¹ Retired 25 November 2021

² Resigned from the Committee on 25 November 2021

³ Resigned on 04 April 2022

Board committees *continued*

Directors’ Affairs and Nominations Committee (DANC)

Responsibilities

- Evaluation of the adequacy, efficiency and appropriateness of the corporate governance structure and practices
- Overseeing Board directorship continuity
- Monitoring directors’ responsibilities and performance
- Fulfilling the role of a Board nomination committee
- Statutory functions in terms of Section 64B of the Banks Act
- Monitor compliance risk and oversee the role of the Group Compliance function

Conclusion

The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

Committee composition as at 30 June 2022

Member	Appointed to committee	Meeting attendance
Deon de Kock – Chair	Member – 15/09/2020 Chair – 25/11/2021	4/4
Roy Andersen ¹	8/9/2011	2/2
Richard Buchholz	7/3/2018	4/4
Gugu Dingaan	7/3/2018	4/4
Grant Dunnington ²	2/9/2010	2/2
Nontobeko Ndhrazi	15/09/2020	4/4
Tapiwa Njikizana	26/05/2021	4/4
Shaun Rosenthal ³	13/12/2017	4/4
Roland Sassoon	1/1/2020	4/4
Mark Thompson	21/6/2019	4/4
Tienie van der Mescht	24/02/2022	2/2
Eileen Wilton	6/8/2019	4/4

¹ Retired 25 November 2021

² Retired 25 November 2021

³ Alternate Director

The committee held four scheduled meetings.

Key matters the committee focused on included:

- Succession planning and continuity of the Board and Board Committees including the retirement of two long-standing directors
- Monitoring the Board’s performance against agreed corporate governance objectives and compliance with regulation 39 (18) of the regulations of the Banks Act
- Reviewed an integrated thinking assessment conducted by an external service provider
- Oversaw the activities of the compliance function as contemplated in the Banks Act, including effective management of regulatory and supervisory and reputational risk
- Reviewed and approved the 2022 Group Compliance monitoring plan and amendments thereto
- Received reports on and monitored the Group’s anti-money-laundering (AML), combating the-financing-of-terrorism (CFT) and sanctions compliance levels, outcomes of inspections by the SARB and regulators
- Oversaw the fair treatment of clients by tracking market conduct compliance, breaches, complaints and remediation
- Received reports on and monitored the roll-out of system-based FICA training and the results achieved

Board committees continued

Group Audit Committee (GAC)

Responsibilities

- Internal and external audit
- Accounting policies and financial reporting
- Internal controls and systems
- Annual Financial Statements and the Integrated Report
- Compliance with statutory and regulatory reporting frameworks

Conclusion

The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

Refer also to the GAC report in the Annual Financial Statements.

Committee composition as at 30 June 2022

Independence of committee: 100%

Member	Appointed to committee	Meeting attendance
Tapiwa Njikizana – Chair	Member – 13/05/2021 Chair – 25/11/2021	9/9
Mark Thompson ¹	Chair – 21/6/2019 Member – 25/11/2021	9/9
Richard Buchholz	7/3/2018	9/9
Grant Dunnington ²	29/7/2013	6/6
Deon de Kock ³	9/9/2021	6/6

¹ Stepped down as Chair on 25 November 2021
² Retired 25 November 2021
³ Resigned as member of the Committee 25 November 2021

The committee held four scheduled meetings and five unscheduled/ special meetings.

Key matters the committee focused on included:

- Approved the required trading updates and financial reporting information provided to investors, including the Integrated Report
- Received reports and considered the outcome of management’s investigation into certain prior period transactions, which were found to not have been correctly accounted for. The committee considered the internal and external auditors’ review of the work performed by management and continuously tracked the remedial action taken by management to resolve the matters raised⁴
- Recommended the re-appointment of PwC as the independent external audit firm, and Mr. V Tshikhovhokhovho as audit partner
- Approved the external auditors’ annual plan and scope of work and monitored the effectiveness of the external auditor including their audit quality, expertise and independence
- Monitored the effectiveness of the Internal Audit function (execution against plan, scope, resources, independence, skills/employees) as well as its performance. The committee also reviewed and approved the annual internal audit plan and amendments thereto made during the year, as well as the Internal Audit budget for the financial year
- Reviewed audit reports issued by Internal Audit and monitored management actions taken to address findings, including a review of the internal audit tracking methodology
- Approved a revised combined assurance road map
- Monitored balance sheet substantiation and reconciliation exercises
- Clarified the role of the committee vis-à-vis subsidiaries and updated the committee’s charter

⁴ Refer to the Annual Financial Statements for more information

Board committees *continued*

Group Risk and Capital Management Committee (GRCMC)

Responsibilities

- Assisting the Board to oversee risk management
- Reviewing risk management policies and procedures
- Reviewing capital management policies
- Reviewing capital planning activities
- Reviewing and monitoring of adherence to the Board risk appetite and other tolerance levels
- Monitoring the functions and reporting of the Asset and Liability Committee (ALCo)

Conclusion

The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

Refer also to the risks and opportunities section on page [28](#).

Committee composition as at 30 June 2022

Member	Appointed to committee	Meeting attendance
Richard Buchholz – Chair	7/3/2018	6/6
Deon de Kock ¹	19/8/2020	3/3
Grant Dunnington ²	17/5/2011	3/3
Harriet Heymans	14/04/2022	2/2
Tapiwa Njikizana	27/5/2021	6/6
Angela Pillay ³	1/3/2018	4/4
Shaun Rosenthal	13/12/2017	5/6
Mark Thompson	23/02/2022	3/3
Stewart Tomlinson	19/11/2018	6/6
Eileen Wilton	1/10/2019	6/6

¹ Resigned from committee 25 November 2021 | ² Retired 25 November 2021 | ³ Resigned 04 April 2022

The committee held four scheduled meetings and two unscheduled/special meetings. The two unscheduled/special meetings were combined meetings with the CLEC and ITC, respectively.

Key matters the committee considered included:

- Review of revised ICAAP
- Oversight and development of the recovery plan and the Group's top risks
- Oversight of increased awareness and countermeasures relating to cyber risk
- Overseeing finalisation of the Risk Data Aggregation and Risk Reporting (RDARR) project and reviewing the project audit
- Oversight of the Nasira funding project and the development of a credit scorecard
- Recommended approval of a new Credit Risk Framework in accordance with the principles of the new ERM Framework
- Recommended revisions to the GRCMC and ALCo Charters
- Recommended approval of the use of a new Credit Scorecard for asset finance and revolving credit
- Recommended approval of a proposed new overdraft product
- Recommended approval of a proposed banking capability alliance with another financial institution
- Reviewing the Group risk themes and, in particular, the Sasfin Wealth risk universe

Human Resources and Remuneration Committee (REMCO)

Responsibilities

- Human capital matters
- Remuneration and incentives
- Remuneration and human capital policies and procedures

Conclusion

The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

Refer also to the Remuneration Report on page [90](#).

Committee composition as at 30 June 2022

Independence of committee: 100%

Member	Appointed to committee	Meeting attendance
Eileen Wilton	Member – 1/10/2019 Chair – 30/11/2020	6/6
Grant Dunnington ¹	25/08/2010	4/4
Roy Andersen ²	25/2/2015	4/4
Deon de Kock	19/08/2020	6/6
Tienie van der Mescht	26/11/2021	2/2

¹ Retired on 25 November 2021

² Retired on 25 November 2021

The committee held four scheduled meetings and two unscheduled/special meetings.

Key matters the committee focused on included:

- Reviewing and providing input into the Group's succession planning strategy and processes
- Reviewing and approving updates to the Group's remuneration and other HC policies
- Completing a review of the fairness of our remuneration practices (procedural and substantive) and reporting the outcome thereof to the SEC
- Considering our ways of work, together with our employee support structures
- Assessment of the Group HC operating model and overseeing the development of a revised model and structure
- Monitoring and approving HC changes to enable implementation of the federated model across the Group
- Approving revised remuneration and recruitment mandates for management and executives or forums

Board committees *continued*

Social and Ethics Committee (SEC)

Responsibilities

Good corporate citizenship, including:

- Social and economic development
- Environmental, health and public safety
- Environmental, social and government (ESG) investment and sustainability initiatives
- Consumer relationships
- Labour and employment matters
- Ethical practices and transformation initiatives
- B-BBEE compliance
- FSC compliance

Conclusion

The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

Also refer to the SEC report on page [87](#) which includes the matters the committee focused on in 2022.

Committee composition as at 30 June 2022

Member	Appointed to committee	Meeting attendance
Eileen Wilton – Chair	1/12/2019	4/4
Gugu Dingaan	7/3/2018	4/4
Nontobeko Ndhrazi	13/11/2020	3/4
Angela Pillay ¹	18/2/2019	3/3
Michael Sassoon	1/1/2018	4/4
Tienie van der Mescht	27/06/22	0/0

¹ Resigned on 04 April 2022.

The committee held four scheduled meetings.

Key matters the committee focused on included:

- Continued its work to advance transformation as a key strategic imperative for Sasfin
- Agreed on a directional approach in terms of sustainability and ESG strategy and processes
- Approved the appointment of an Ethics officer
- Approved the ethics strategy recommended by the Ethics officer
- Approved the transformation (EE) and B-BBEE strategy and goals for the next financial year
- The evaluation of the effectiveness and performance of the committee was undertaken, and no matters of concerns were raised
- Approved the revised CSI strategy and policy
- Approved the stakeholder relationship matrix
- Considered the outcome of a review conducted by Group Risk to assess parity in terms of pay practices, specifically regarding gender and race

Information Technology Committee (ITC)

Responsibilities

- Oversee information and technology matters
- Monitor the execution of IT strategy in support of the Group strategy
- Oversee, monitor and evaluate significant IT investments
- Oversee information security, cybersecurity and governance of IT risk

Conclusion

The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

Also refer to the information and technology performance review on page [60](#).

Committee composition as at 30 June 2022

Member	Appointed to committee	Meeting attendance
Eileen Wilton – Chair	1/10/2019	7/7
Deon de Kock	19/8/2020	7/7
Tapiwa Njikizana	23/02/2022	5/5
Shaun Rosenthal	13/12/2017	6/7
Michael Sassoon	16/3/2018	7/7

The committee held four scheduled meetings and three unscheduled/special meetings.

Key matters the committee focused on included:

- Continued assurance of appropriate remote-working capabilities and oversaw the IT transition to a hybrid working model and new head office premises
- Emphasising the execution of operational excellence and frontline support
- Continued digital transformation across the business
- Continued to oversee the implementation of new IT systems, including systems required for RDARR and POPIA, and the sunsetting of old systems
- Oversaw the implementation of systems for new products
- Reviewed past significant systems implementations from a benefits realisation perspective
- Oversaw the implementation of a new B\\YOND® Forex platform
- Oversaw the implementation of a new operating model to embed IT capability in the pillars
- Oversaw the go-live of the new credit scorecard model, as part of the Nasira project
- Reviewed the IT risks and controls for the future way of working
- Assisted the GRCMC in granting approval of a proposed banking capability alliance with another financial institution
- Oversaw the relocation of Sasfin data centres to a third party service provider

Ensuring the integrity of information received from subsidiary boards W 16

The Sasfin Holdings Limited (SHL) Board, as the ultimate governing body of the Group, assumes responsibility for governance across the Group. Our governance processes, policies and frameworks have Group-wide application and form the basis for managing the relationship between the holding company and its subsidiary companies. Group policies, including the delegation of authority policy, provide clear guidelines on the application of governance processes, and management is responsible for implementing the necessary procedures to comply therewith.

With due consideration of proportionality and the nature, circumstances and objectives of each subsidiary, the Group's governance framework enables a collaborative relationship with its subsidiaries and the boards of such subsidiaries.

The SHL Board receives feedback from its subsidiary companies to ensure corporate governance practices and the strategic initiatives of the Group are being consistently and adequately complied with. This allowed the holding company, Sasfin Holdings Limited, to exercise appropriate governance oversight over its subsidiaries while recognising and respecting the roles and duties of subsidiary directors and management as well as the legal and governance responsibilities that apply to each subsidiary.

Group Company Secretary

The Group Company Secretary's role includes the administration of all Board matters, ensuring statutory compliance of the Company and advising the Board of its fiduciary duties and responsibilities. All directors have access to the services of the Group Company Secretary, Charissa de Jager, who is not a member of the Board. The Board assessed Ms de Jager's performance and is satisfied that an arm's-length relationship exists between her and the Board, and that she has the requisite level of knowledge and experience to discharge her duties.

The Board has put arrangements in place for its members to access independent, professional corporate governance and legal advice, should the need arise and is satisfied that such arrangements are effective.

Overview of compliance W 13

The Board understands and appreciates its fiduciary obligations with respect to compliance. Compliance is an essential aspect of governance that supports Sasfin's commitment to a values-led culture and aims to ensure the Group's entrepreneurial business activities adhere to the relevant regulatory framework and internal policies. Effective compliance enables alignment of the operating and compliance strategy, improves oversight, streamlines business processes and increases the quality of data and information. This aims to protect employees and clients as well as shareholders, investors, debt funders and society at large. It builds sound relationships with regulators and safeguards the Group's reputation and ongoing ability to create sustainable value.

Compliance governance structures

The Board and its committees	Head: Group Compliance	Group Compliance Department	Executive Governance Committee	Group FICA Compliance Committee
Oversees compliance across the Group and our relationship with regulators.	Monitors the compliance universe (both new and current laws and regulations) and evaluates policies in line with these developments. Reports to the Board and DANC on the effectiveness of compliance across the Group as well as any issues of non-compliance. Plays a key role in managing relationships with regulators.	Monitors the compliance universe and works with management and the business units to identify and manage regulatory risks, enable effective monitoring of compliance and enhance the culture of compliance. They coordinate compliance activities across the pillars and business units, in line with the regulatory framework introduced by the Financial Sector Regulation Act, 2017 (Twin Peaks).	As a sub-committee of Group Exco, this committee monitors and oversees material issues relating to governance, risk, compliance and the internal control environment. Its responsibilities include oversight of, and taking decisions regarding high-risk, adverse and sanctioned clients to ensure compliance with the risk management and compliance programme.	Considers all high-risk matters and on-boarding of clients from an AML perspective.

Sasfin's compliance manual formalises the compliance monitoring process, which is supported by an annual risk-based monitoring plan that is approved by the Board. Compliance monitoring is overseen by an independent monitoring function within Group Compliance and conducted according to a documented process which covers a broad regulatory universe to detect areas of non-compliance for remediation.

Ongoing compliance requirements pertaining to *inter alia* the Banks Act, FICA, FAIS, POPIA and the JSE listings requirements are managed and implemented by first-line business and monitored by Group Compliance on a daily basis. Irregular issues such as those related to bribery, corruption, whistle-blowing, conflicts of interest and complaints are dealt with on a case-by-case basis and reported to the relevant governance structures. Group Compliance reports to the Executive Governance Committee monthly and quarterly to the DANC, providing assurance to

Overview of compliance *continued*

the Board regarding the effectiveness of compliance management within the Group. From November 2022, primary oversight of compliance will be the responsibility of the Group Audit Committee. The Group Compliance function is periodically reviewed by Group Internal Audit based on its annual risk-based audit plan. Group Internal Audit conducted maturity assessments of compliance with the Market Conduct Standards for Banks as well as POPIA. Sasfin's compliance with POPIA was found to be satisfactory; however, more work is being done

to improve compliance with the Market Conduct Standard for Banks. The compliance function is further subject to regular reviews by the various regulators and the DANC regarding its effectiveness.

Sasfin's risk-based approach to compliance monitoring focuses on material risks and actions taken by the relevant control units to mitigate such risks and is supported by the Group's combined assurance model (page [37](#)).

No regulatory penalties, sanctions or fines for contraventions of, or non-compliance with statutory obligations were imposed on the Group, directors or officers during 2022 (2021: nil). No monitoring and compliance inspections were performed by any environmental regulators (2021: nil).

We continue to work with the authorities in their investigation of suspicious transactions related to Gold Leaf Tobacco and related entities. We have commissioned an independent investigation under the leadership of our Lead Independent Director, Richard Buchholz, to ensure that all necessary action is taken to ensure that the responsible parties are held accountable and that any potential control deficiencies are rectified.

Current and pending new laws and regulations

The Levies Bill

The Levies Bill provides for the imposition of levies on regulated institutions to fund the Twin Peaks infrastructure introduced by the Financial Sector Regulations Act.

The Protection of Personal Information Act (POPIA)

POPIA regulates how clients' personal information is stored, used and protected, and became effective on 1 July 2021. The Group has implemented the necessary policies and controls to manage POPIA-related matters.

The Conduct of Financial Institutions (COFI) Bill

The COFI Bill aims to enact the principles of the TCF regulatory framework. Sasfin has a policy framework in place on treating clients fairly and initiatives to effectively implement the requirements of the COFI Bill. The Bill remains in the parliamentary process.

The Conduct Standard for Banks

The Conduct Standard for Banks was issued by the FSCA in July 2020 and sets standards of fair treatment of financial clients by banks. The necessary processes and procedures are largely in place, with some refinements being implemented, and Group Compliance is assisting business to further improve its compliance.

Other

- The establishment of a Deposit Insurance Scheme and the Corporation for Deposit Insurance within SARB by the Financial Sector Amendment Laws Bill, 2018. These provisions will be applicable to Sasfin once effective
- Companies Amendment Bill 2018, published for comments on 21 September 2021
- Cybercrimes Act which has been promulgated but has not yet become effective

Ethics W 1 W 2

The Board sets an ethical tone and operates with a strong culture of integrity and ethical competence. Sasfin’s Code of Conduct provides clear objectives, standards and expectations for every employee to ensure alignment with the highest ethical standards and our values of integrity, partnership, respect and greatness.

Our leadership is seen to live the ethical values that are integral to our relationships with stakeholders, as evidenced by the way in which they engaged and interacted particularly during challenging times in 2022. This was also apparent from the outcome of the recent Ethics survey (see page [55](#)). The Board holds management to account for ethical leadership through the linking of performance criteria with ethical behaviour and values, a practice that is applied to all employees’ performance contracts throughout the Group.

The Board is accountable for monitoring risks and activities relating to organisational ethics and the governance thereof. The primary management responsibility for ethics oversight and coordination rests with the Group Ethics officer, who was appointed this past year, although other functions such as Group Human Capital, Group Risk, Group Compliance and the Group Company Secretary also play a role in the management of ethics-related activities. Further reading on Ethics in the SEC report on page [87](#).

Governance of Ethics

GRCMC	DANC	REMCO	GAC	SEC
<p>Monitors whether fraud and corruption risk mitigation is adequate and effective.</p> <p>Monitors business and operational risks with due consideration of the reputational impact of any ethical risks.</p>	<p>Oversees the effectiveness of the Group’s compliance activities and that of Group Compliance department. The DANC receives reports on ethics oversight and coordination (whistle-blowing hotline reporting, gifts policy, personal account share trading, fraud).</p>	<p>Responsible for ensuring fair and competitive pay and pay practices, and works with the SEC in this regard. Reviews general HC and remuneration policies and terms and conditions of employment.</p>	<p>Oversees compliance with the provisions of the Banks Act and Regulations, to enable the preparation of returns and Annual Financial Statements that are free from material misstatement, whether due to fraud or error.</p> <p>Mandated to undertake investigations (e.g. forensic or fraud).</p>	<p>Monitors the implementation of the ethics strategy and the adequacy and relevance of ethics management.</p> <p>Sees that measures are in place to achieve a sustainable ethical culture, which includes ensuring that policies and procedures are in place to support this goal. Works with other Board committees to ensure ethical outcomes.</p>

Key codes and policies that support the governance of ethics in Sasfin:

- The Sasfin Code of Ethics, which is disseminated to employees and other stakeholders
- The Anti-Bribery and Anti-Corruption Policy
- Sasfin’s Code of Banking Practice – a voluntary code that sets out the minimum standards for service and conduct, with regard to the services and products we offer to individuals and business clients
- The TCF Policy aligns Sasfin’s objectives with TCF principles, by ensuring clients are treated fairly and that the TCF principles are integrated into our business to achieve the desired outcomes
- The Whistle-blowing Policy provides overall guidance for the reporting of concerns and encourages and enables employees to raise concerns through appropriate channels
- The Anti-Market Abuse Policy, which ensures the Group implements adequate controls to prevent it from being used to facilitate market abuse
- The Market Conduct Policy defines the standards of conduct that we expect from employees and provides guidance on how to make the right decision when servicing our clients
- The Complaints Policy outlines Sasfin’s commitment to maintaining good communication and relationships with our clients

Group Executive Committee

The Group executive committee (Exco) is a diverse and experienced management team led by the Group CEO. The Exco proposes the strategy and the budget for the Group to the Board for approval and reviews, on a quarterly basis, performance and progress against strategic objectives.

In the year under review, the CEO established the Business Strategy Committee (Business Stratco), with members comprising the COO, Group FD, CE Asset Finance, CE, Wealth, CE BCB, Chief Risk officer, the Group Treasurer, the Group Chief Information officer and is chaired by the CEO. The Stratco meets monthly to monitor and ensure performance and progress against the strategy and to ensure synergies are extracted between the various pillars. Informal meetings are held as and when required.

Exco Composition



Michael Sassoon ⁴⁰

Group CEO

See Board of directors on page [69](#).



Harriet Heymans ⁴⁷

Group FD

See Board of directors on page [69](#).



Naseema Fakir ⁵⁰

Head: Group Human Capital

BCom (Hons) (Unisa), MBL (Unisa)
21 years' service at Sasfin.
Member of Exco since 2006.



Linda Fröhlich ⁵³

Chief Executive: Asset Finance

Diploma in Financial Management (Damelin)
20 years' service at Sasfin.
Member of Exco since 2013.



Maston Lane ⁵⁶

Group and Bank Chief Operating Officer

National Certificate (United Institute of Credit Management), SIRM (UK)
22 years' service at Sasfin.
Member of Exco since 2003.



Erol Zeki ⁴⁶

Chief Executive: Wealth

Chartered Financial Analyst (CFA), Member of the South African Institute of Stockbrokers (CSb(SA)), BCom (Hons) and BCom (University of Pretoria)

5 years' service at Sasfin and member of Exco since his appointment in 2017.



Sandile Shabalala ⁵⁶

Chief Executive: Business & Commercial Banking

BAdmin (Univ Dbn Westville) CAIB (Inst of Bankers), Nat Hghr Diploma: Man Practice (Tech Natal) EMP (Harvard), Strategic Mngt of the Bank (Insead), MBL (Univ SA)

Sandile joined Sasfin in January 2022. Member of Exco since his appointment.



Andrew (Josh) Souchon ⁵⁷

Group Chief Information Officer

BEng (Hons) (Imperial College, University of London, UK)
6 years' service at Sasfin. Member of Exco since his appointment in 2016.



Howard Brown ⁵⁷

Head: Group Legal

BA (Wits), LLB (Wits), HDip Corporate Law (UNISA) (cum laude), Admitted Attorney
16 years' service at Sasfin. Member of Exco since his appointment in 2006.



Stewart Tomlinson ⁵⁷

Chief Risk Officer

BCom (Wits), Hons, BCompt (UNISA), CA(SA)
4 years' service at Sasfin. Member of Exco since his appointment in 2018.

Group Executive Committee *continued*



Michael Blackbeard ⁶¹

Head: Compliance

Blur, LLB, LLM (University of Pretoria), Senior Executive Programme (Wits and Harvard University)

4 years' service at Sasfin and member of Exco since his appointment in 2018.



Dhesegan Govender ⁴⁷

Head: Group Treasury and DCM

BActt (Hons) (University of KwaZulu-Natal), CA(SA)

10 years' service at Sasfin. Member of Exco since 2018.



Magda Oosthuysen ⁵⁸

Head: Group Credit

BCom (Hons) (University of Johannesburg),

HDip Tax Law (Wits), CA(SA)

5 years' service at Sasfin and member of Exco since her appointment in 2017.



Elisheva Gilbert ⁴⁹

Chief Marketing Officer

Public Relations Diploma (Varsity College), PGDip (Advertising and Marketing) Red & Yellow School, GIBS Certified Professional Business Coach

5 years' service at Sasfin. Member of Exco since 2019.

Invitees



Karien Jones ⁴⁸

Chief Operating Officer, Group Finance

BCom Accounting, BCom Honours (University of Johannesburg), CA(SA)

2 years' service at Sasfin. Permanent invitee to Exco.



Ingrid Ravenscroft ⁴³

Head: Internal Audit

BCom (UJ), BCom (Hons) (Unisa), HDip (Computer Auditing) (Wits), MPhil Internal Audit (UP)

1 years' service at Sasfin. Permanent invitee to Exco.



Charissa De Jager ⁴⁵

Group Company Secretary

BProc, LLB (University of Johannesburg), Advanced Company Law (Wits), Admitted Attorney

3 years' service at Sasfin. Permanent invitee to Exco.

SOCIAL AND ETHICS COMMITTEE REPORT

Mandate

The SEC is constituted as a statutory committee in terms of the Companies Act and this report is prepared in compliance with the requirements of the Act. The SEC operates according to a formal charter, which outlines its composition, responsibilities and duties.

The SEC ensures that:

- The ethos of the Group, as set by the Board – which is a commitment to doing business ethically, responsibly and with integrity – is in place and is integrated into the Group’s strategy and the day-to-day activities of every person who works at Sasfin
- The Group’s strategies, policies and initiatives that support our culture and purpose are implemented ethically and responsibly
- ESG elements and principles of treating customers fairly are integrated into Sasfin’s decision-making processes
- It effectively discharges its duties in terms of Regulation 43 of the Act
- Transformation practices are relevant and aligned with our purpose, as opposed to merely following a scorecard tick-box approach

Primary activities in 2022

The SEC has adopted a multi-year strategy and work plan focusing on amplifying Sasfin’s role in society in terms of transformation, social impact, stakeholder value creation and sustainability (including the environment). Our strategic refinements are intended to align with being a purpose-led organisation.

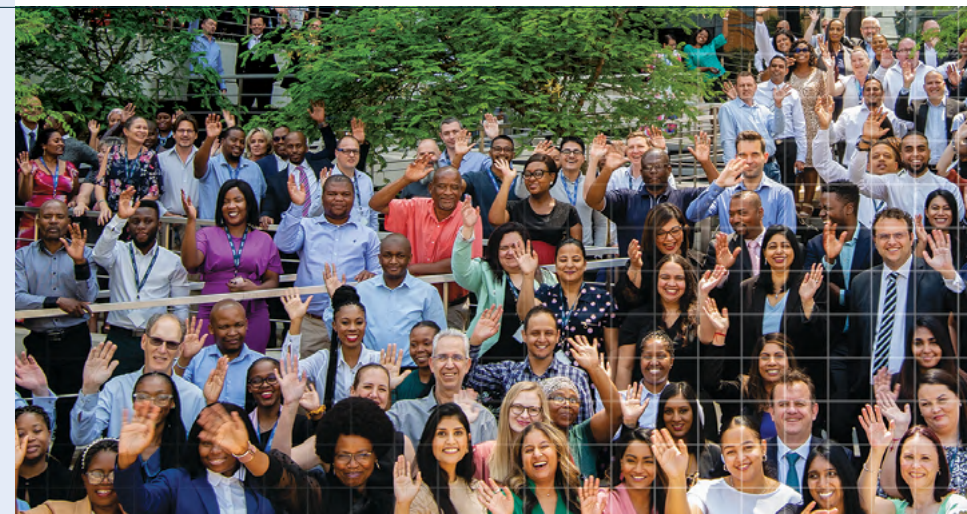
During the year, we reassessed our approach to transformation, B-BBEE and EE scorecards, skills development and CSR. We revised and strengthened our CSR strategy, as detailed on page [63](#) and concluded an analysis on ethical tax practices, and no risks were identified.

On request of the Remco, the Group Risk officer conducted a review of the fairness of Sasfin’s pay and reward structures, both from a substantive and

procedural fairness perspective. This is needed to ensure we had not inadvertently built unintended biases and consequences into our pay structures. The report was presented to the SEC and we were pleased to find that Sasfin’s remuneration structures and pay practices, processes and policies are demonstrably fair and equitable.

Another key focus area for 2022 was the health and well-being of our employees; direct Covid-19 support as well as financial, physical, mental and workplace support for our employees and their families. See page [66](#) for more information on our employee health and wellness interventions.

We received quarterly reports on compliance, including TCF, health and safety, CSR activities, employment equity, skills development and diversity management.



Highlights of 2022

- The development of an ethics strategy, which will benefit all stakeholders
- Initiation of the development of a Sustainability Management Framework, underpinned by Sasfin’s material matters
- Overall improvement of Sasfin’s employee engagement scores, which is testament to good leadership and our employees’ resilience despite a difficult environment
- Positive outcome of the ethics survey

Challenges

The broad range of the SEC’s activities in 2022 did not leave adequate time to comprehensively evaluate the Sasfin brand, reputation and market position, and possible ways in which this could be improved. These, as well as the development of a social and ethics risk dashboard and the Sasfin Sustainability Management Framework and strategy, will receive attention in 2023. We will continue to find ways in which to improve our ability to measure the actual impact of our activities on communities and the public at large.

Group Executive Committee

continued

Sustainability and ESG

In 2022, the Board resolved that Sasfin would benefit from a Sustainability Management Framework, which will formalise our sustainability priorities, covering economic, ESG factors. Work on this has commenced and we intend to finalise the framework by the end of 2023. It will bring together the business's materiality themes, strategy and value drivers, and create clear lines of accountability, underlying projects, and metrics and targets to create a holistic and evidence-based way to manage and report on sustainability. To further support this initiative, the CEO established a Sustainability and Transformation Committee that reports to the Exco and will support the Exco and management to integrate sustainability and transformation into our strategy, operating model and day-to-day processes to drive value creation. Although our operations and activities have a limited direct impact on the environment and climate change, our lending and asset management activities have an indirect impact on the environment. Therefore, we recognise the importance of setting our sustainability priorities and ensuring they are aligned with our purpose, thereby continuing our drive to create value for all our stakeholders and support the long-term sustainability of the Group.

Ethics

Our newly adopted Ethics Framework is drawn from The Ethics Institute's Framework for the governance and management of ethics (The Ethics Institute, The Ethics Office Handbook (2018/09)). The implementation of this framework is intended to drive initiatives that help us live our commitment to doing business ethically. Initiatives include awareness around our anonymous whistle-blowing function and an enhanced protected disclosures policy that incorporates a defined investigation approach and escalation process. Our whistle-blowing and investigation function has shifted from Group Compliance and is now managed directly by the Group Ethics officer. Sasfin is in the process of reviewing all metrics, policies, and processes related to ethics, and will use the results of our 2022 Ethics Survey to identify trends and potential ethics risks raised by employees. Where necessary, or appropriate, we will conduct additional in-house risk assessments to provide a view of the ethics risk landscape and review of whistle-blowing procedures and mechanisms.

In 2022, we started evolving our Code of Ethics from a directive document to an aspirational credo that supports our way of doing business, and which is underpinned by our organisational culture and values. To this end, our Code of Ethics is evolving to be centred on the society we serve. We are also ensuring that all documents related to ethics are more easily accessible for employees and have elevated the volume and clarity of communications around ethics throughout the organisation in an awareness campaign.

Governance of ethics and ethics management framework



Framework developed by The Ethics Institute, The Ethics Office Handbook (2018/09)

We conducted training on our Conflict of Interests and Gifts Policies during the year, along with an awareness campaign centred around Global Ethics Day in October 2021. We also participated in our second Ethics survey during the year under review. This survey was done in partnership with Emergence Growth, and we were pleased to note that the response rate grew by 53% to 85.8% (56% in 2019). All the scores – overall and for each ethics element – improved, with our overall ethical culture score improving from 77% in 2019 to 82.2%.

Outcome of Ethics survey

Ethical element	Group 2019	Group 2022
Client treatment score	73.0%	87.7%
Customer/supplier treatment score	78.0%	81.6%
Employer treatment score	66.0%	71.7%
Organisational culture and practice score	61.0%	71.6%
Broader society and stakeholder engagement score	75.0%	82.1%
Misconduct avoidance score	96.0%	98.2%

In 2023, we will continue to use employee surveys and other metrics to identify areas for improvement. We shall also review policies that relate to our lending practices, anti-bribery and corruption, personal account trading, conflicts of interest and gifts. This is aimed at ensuring alignment between all ethics related matters and to create an ethics policy structure that is easily accessible by employees and interested parties. Our primary focus is to integrate our ethics management programme and processes, while driving further awareness through the Group, from psychometric assessments of potential employees to ongoing training of existing employees.

Whistle-blowing: Deloitte Tip-Offs Anonymous

We received 11 whistle-blowing reports through the Tip-Offs Anonymous hotline, which is independently managed by Deloitte, for the year up to 30 June 2022. Only one matter related to employee misconduct and the matter was investigated and closed. The other 10 reports related to external fraud and were requests by other financial institutions for investigation assistance. These were transferred to our Fraud Risk Management department to action as appropriate. We make every effort to ensure the effectiveness of this mechanism for the confidential reporting of matters relating to fraud and corruption in our organisation, and therefore this approach will receive significant attention and focus in 2023. Key areas of attention will be retraining employees on the need for reporting and how Sasfin ensures their safety as whistleblowers, how to use the whistle-blowing hotline, and assessment of the effectiveness of our approach.

Fines and sanctions

No fines or other sanctions were imposed on Sasfin in 2022, including for non-compliance with environmental laws and regulations, as well as laws and regulations concerning the provision and use of products and services.

The SEC's focus areas for 2023

We aim to complete the development of the Sasfin Sustainability Framework by the end of financial year 2023, which will put in place our baseline metrics for monitoring, reporting and management of our ESG impact. We will also continue with the implementation of our ethics strategy, and finalise our social and ethics risk dashboard, as well as finalising our brand trust and reputation assessment exercise.

The alleged financial misconduct matters, which came to our attention after the close of our year-end, and which are referred to elsewhere in this report, have highlighted the need to remain vigilant and relevant in our drive and efforts towards sustainable ethical business conduct. Owing to the nature of the business of financial institutions, we are a target for financial crime, and therefore we shall be reviewing, *inter alia*, all employee conduct and practices policies and refine our training initiatives to ensure we have appropriate emphasis on this important area. We have a zero-tolerance approach to fraud and corruption and the SEC will work with management and other Board committees to assess the adequacy of the design and effectiveness of our ethical practices to ensure we continue to take all necessary steps to eliminate unethical behaviour.



HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

Chair's letter and overview of activities

As Sasfin's business grows and we continue to implement our strategy, it remains critical to attract and retain skilled, talented people. A new post-Covid-19 world has brought on new challenges such as managing our employees in a hybrid work model and supporting them more in terms of mental health and wellness. In recognition of this, it is important to strengthen the strategic capabilities in our Human Capital (HC) function and more information about this can be found on page [54](#).

In the post-pandemic world, certain sectors remain under stress and benchmarking remuneration is a complicated exercise. However, we are satisfied our reviews were complete and that we implemented our remuneration policy appropriately. The fairness review, mentioned elsewhere in this report, was a key input into this process, as was an annual review and refinement of our key performance indicators to ensure they remain relevant in this changing world of work.

A hybrid work model introduces changes to the way leaders lead and employees remain productive that are not trivial, but the REMCO applied itself to interpreting benchmarking and other data in the context of a rising inflationary environment. In 2022, we conducted a comprehensive pay scale review. We were also concerned with ensuring Sasfin maintains its ability to attract and retain talent in key roles that are difficult to place. Our employee attrition rate remains low, and our growth figures demonstrate we have achieved desired employee outcomes.

Last year's AGM featured an overwhelming vote in favour of our remuneration policy and implementation, and we remain open to the feedback and concerns of our stakeholders since we seek to strike an optimal balance between attraction, retention and alignment with shareholder value.

Eileen Wilton
Chair: Human Resources and Remuneration Committee

How performance is rewarded: Sasfin's remuneration practices aim to reward excellent performance in line with our strategic objectives, while being fair and responsible.

Focus areas for 2023

The REMCO will oversee finalisation of our new HC strategy and further refinement of our HC policies to ensure these elements enable each pillar's goals and strategy with our federated model. The REMCO and the Board will oversee management's development of an updated remuneration strategy and philosophy to support the federated operating model. It is important to ensure that each pillar and support function's unique business requirements, industry trends and talent pool appropriately informs the formulation of remuneration practices.

We will also continue to review and oversee the implementation of improved succession planning, performance contracting and performance management practices.

Sasfin's remuneration philosophy

Our remuneration philosophy aims to maximise stakeholder value creation while maintaining good governance. We recognise that fair, transparent and responsible remuneration practices are essential to fulfil our purpose, deliver on our strategy and drive performance within our desired culture and values. Our approach to remuneration aligns with the recommendations of King IV™, the Basel Committee on Banking Supervision (Governance guidelines) and other applicable regulations.

REMCO assists the Board in setting and approving the remuneration policy and engages with stakeholders, including shareholders, regulators, external consultants and management. It has access to the information required to make informed remuneration decisions that align with the Board's remuneration policy, risk appetite and regulatory requirements.

The GRCCM reviews and approves remuneration decisions that may have implications for the Group's risk appetite, such as changes to Group or pillar incentive schemes, to minimise the risk of unintended consequences when these are applied. The CEO, CRO and Head: Human Capital attend REMCO meetings as invitees and report on employee matters of concern.

Benchmarks and increases

Remuneration practices and job roles are benchmarked annually by Old Mutual REMchannel (Pty) Ltd in preparation for our annual salary and remuneration decision-making process. In 2022, REMCO approved an average increase of 5.9% (2021: 5.6%) across the Group. Specific increases were determined based on individual personal performance, current pay relative to pay scales and reward level, with due cognisance of our definition of a living wage and the wage gap.

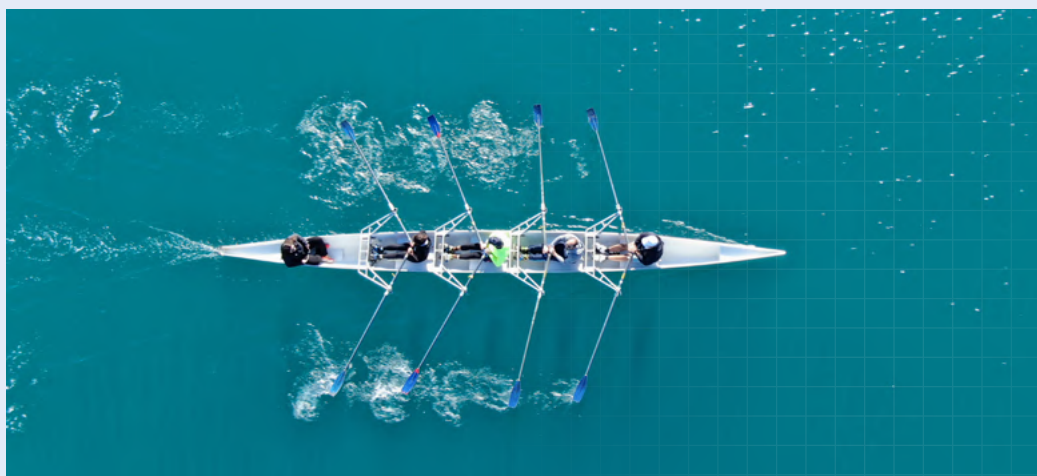
REMCO's key focus areas in 2022

- Overseeing the implementation of a federated model for the HC function across the Group, with devolved decision-making at pillar level
- Reviewing and approving new remuneration and recruitment mandates to support the enablement of executive decision-making at pillar level
- Considering best ways in which the Group and our employees could capitalise on the hybrid work model
- Reviewing and providing input into the Group's succession planning strategy and processes
- A review of our HC policies, including the extension of the unlimited annual leave policy to senior management
- Rewarding our employees fairly and meaningfully, within the current economic climate and high inflation environment
- Overseeing and monitoring plans to improve employee wellness, particularly mental health and the post-Covid-19 impact of reduced income within families, loss of loved ones and relationship stresses
- Monitoring the execution of learning and development plans and targets

5.9%
average increase awarded in October 2022

Performance bonuses were awarded to qualifying employees across the Group

98.14%
of shareholders voted in favour of the 2022 remuneration policy at the 2021 AGM



2022 performance rewards

The Board recognises the contribution of Sasfin's employees to the Group's improved performance under difficult circumstances. Our financial results and the progress made during the year were negatively impacted by an isolated operational failure and the REMCO took this into account in determining incentives for the employees involved. The Board is aware that the levels of stress, uncertainty, financial hardship and personal loss as a result of Covid-19 are still a reality. This, and other factors, highlighted the importance of aligning both financial and non-financial rewards within each pillar with that pillar's strategy and targets to ensure our employee value proposition is both relevant and attractive. The Board is pleased to see how our employees have, once again, risen to all the challenges with which they were faced in 2022 and delivered on performance.

Senior Management Incentive scheme

The Group's incentive scheme for senior management comprises short-term and long-term components and aims to provide transparency for participants. Performance is assessed and rewarded based on Group, pillar, business unit and individual performance. The scheme is based on delivering an appropriate ROE (approved by the Board annually) while ensuring values, responsible risk-taking and cultural fit, which are measured by key risk indicators (KRI) and key value indicators (KVI), are also considered. We believe the current incentive scheme rewards the right behaviour and drives the intended organisational culture. Increased visibility on performance targets enables employees to establish realistic expectations regarding incentives. The Board provides input to performance contracting and performance reviews for the executives and key leaders. REMCO reviews senior management's incentives to ensure consistent application of principles and fairness.

The outcomes of incentive calculations are reviewed for reasonableness in the context of the potential impact on the rest of the Group and broader industry realities. A portion of incentive awards is deferred and retained to incentivise long-term thinking and sustained performance. Deferred payments allow for a clawback of awards made in the event of poor financial or personal performance or misconduct. Our malus and clawback provisions are summarised on page [95](#). No malus and clawback trigger events occurred during 2022. Total awards of R10.3 million were approved on this scheme, with the up front payments amounting to R6.8 million and R3.5 million held in retention, to be paid over three tranches between 2023 and 2025. Retained payments of R1.7 million were disbursed, relating to the 2021 awards.

Shareholder voting

REMCO believes that the remuneration policy is effective and achieved its objectives during 2022. As recommended by King IV™, the remuneration policy and the implementation report were tabled for separate non-binding advisory votes by shareholders at the AGM on 25 November 2021. A total of 98.14% of the shares represented voted in favour of endorsing the remuneration policy (2021: 91.68%) and 98.14% in favour of endorsing the implementation report (2021: 97.39%), which represent meaningful improvements from the previous year. We have engaged with one dissenting shareholder and considered the feedback provided on the constitution of the REMCO, the blend of short- and long-term incentives, performance hurdles and value of total remuneration awarded to executive directors, among other recommendations. A comprehensive review of our Remuneration Report to shareholders was conducted; however, in light of the high number of votes endorsing the policy and implementation report, we did not engage with a wider group of shareholders this year.

Succession planning [W 10](#)

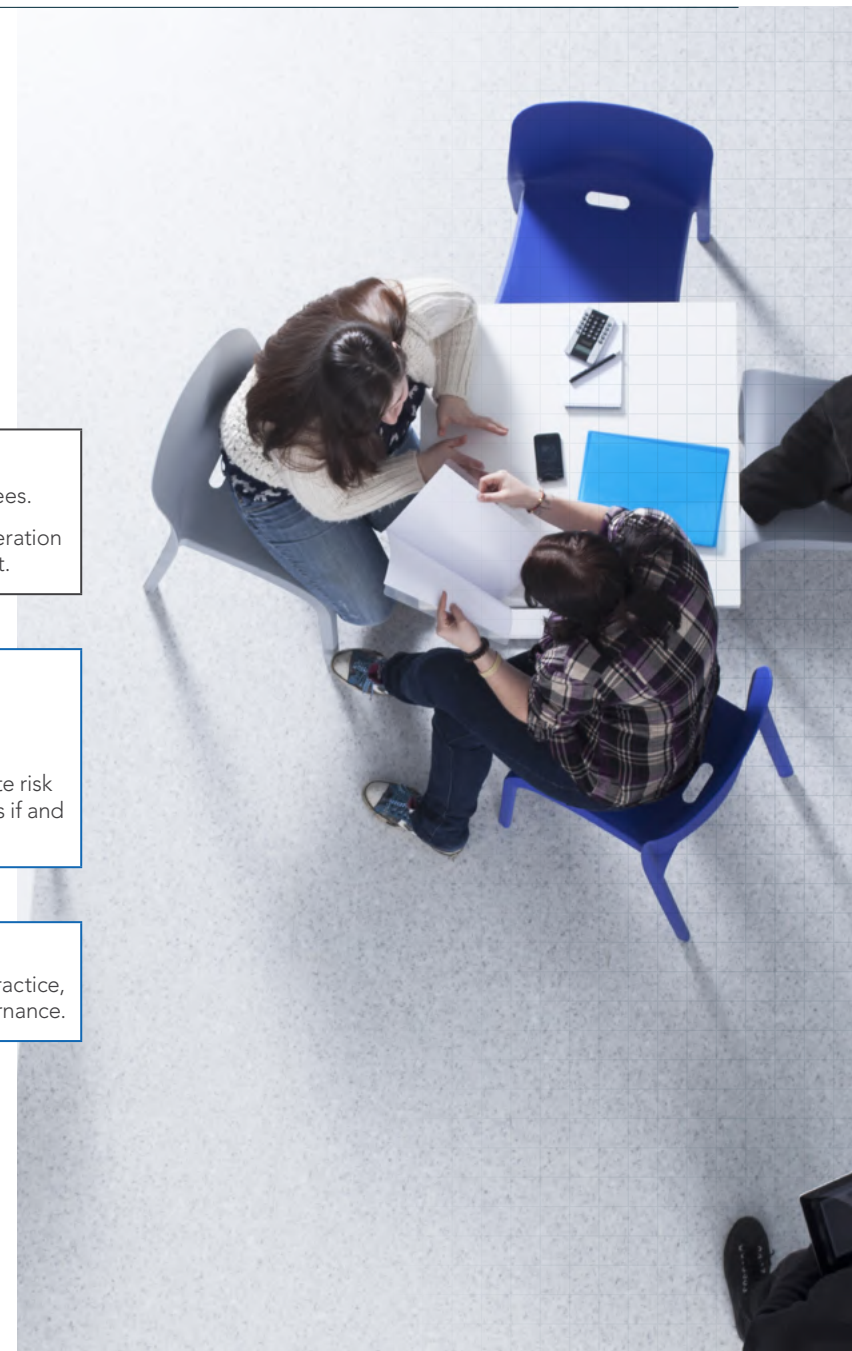
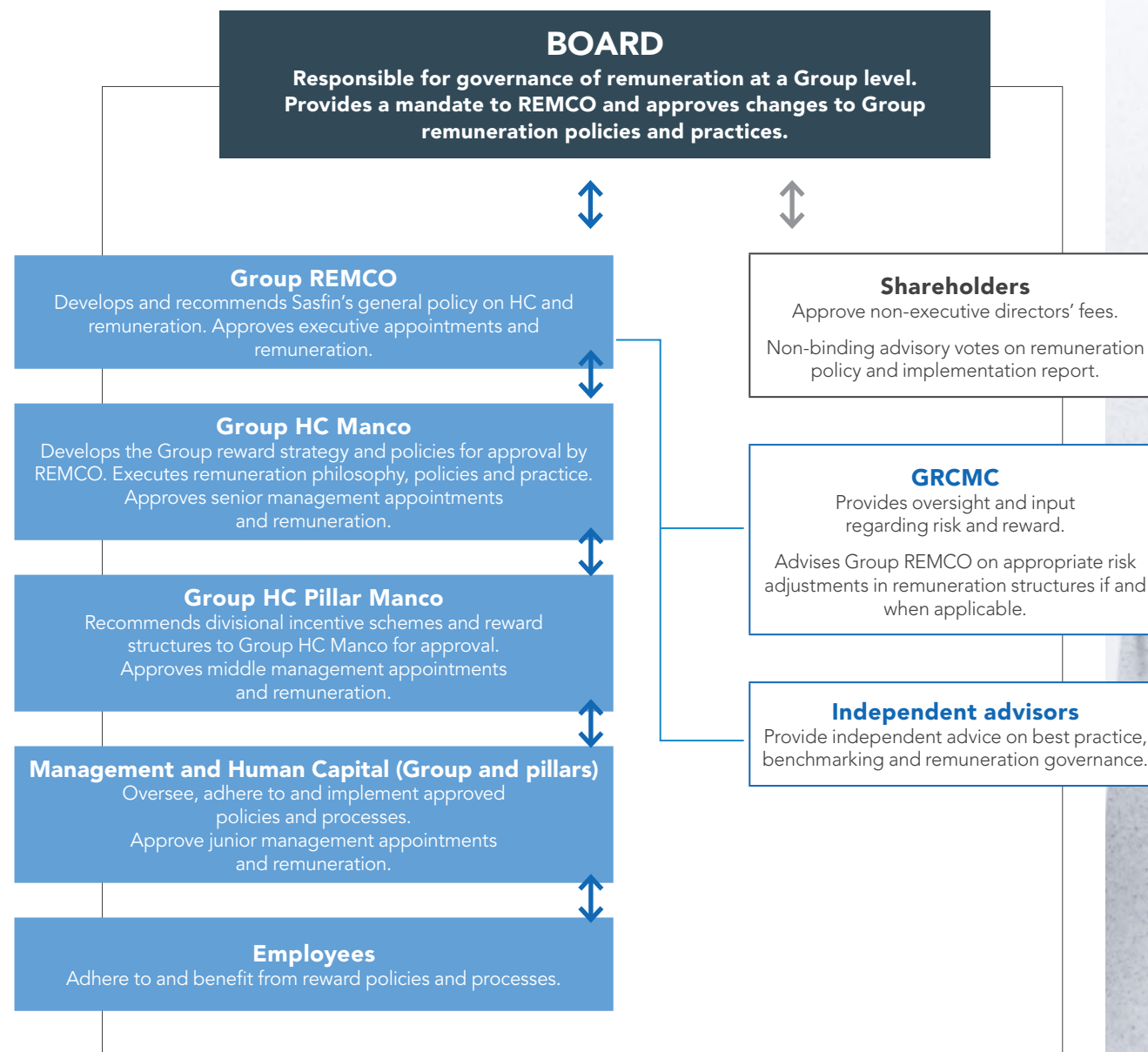
The Board is ultimately responsible for succession planning at executive level and has delegated oversight of executive management succession and the development of future leadership to REMCO. During the last two years, REMCO has dedicated a great deal of attention to strengthening Sasfin's succession planning strategy and introducing a reinvigorated approach to identifying key competencies for executives and other key senior role players in the Group.

We are in the process of finalising Sasfin's pool of successors, with the intention to have at least one successor for each key role in the Group, to support internal growth, address capability gaps and define priority hires. This strategy will assist us in future-proofing the Group's leadership and minimise potential disruptions through early planning, a key component of our overall talent strategy.

In terms of Board composition and succession, the factors that inform our approach and other matters are discussed in more detail on page [72](#).

Governance structures

Human Capital and Remuneration



Remuneration practices 14

Fair and responsible remuneration

While the legislated minimum wage is R4 020 per month, we are guided by the Labour Research Service amount that represents the median monthly income required to access a collection of goods and service, and participate fully in society.

The median monthly income for a decent standard of living is R7 911. We are satisfied that all our employees earn significantly more than this. Sasfin remains aware of the need to address the wage gap between junior-level employees and senior executives. In 2022, junior level employees received higher percentage annual increases than management and executives to address this concern.

A review was conducted by Group Risk to assess parity in pay practices, specifically regarding gender and race. The outcome of the assessment showed Sasfin’s pay practices are fair and aligned with the remuneration policy, with reasonable explanations for any anomalies identified.

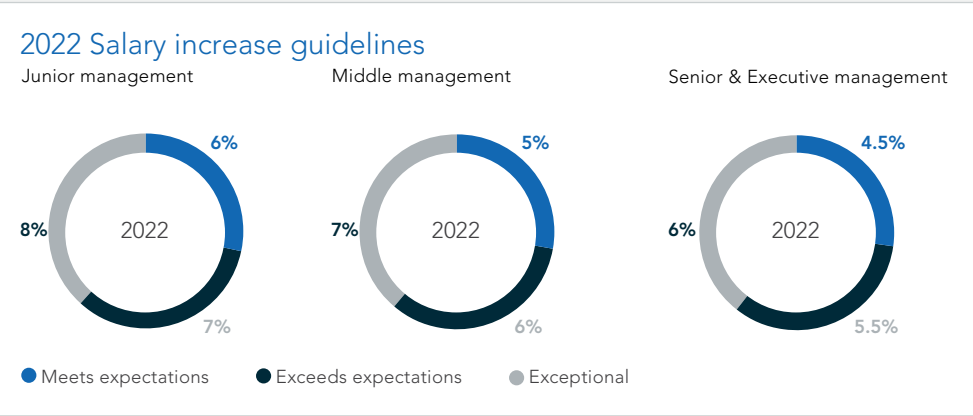
We further reviewed and increased the remuneration of those employees who were paid below the minimum of the pay scale, so that no employee earns less than 90% of the minimum of the pay scale. The number of employees earning above the maximum of the pay scale reduced from 2021 to 2022, given the increase in pay scales over the past two years.

Benchmarking

All positions are benchmarked individually, at least every second year, using independent remuneration consultants, which include, inter alia, REMchannel®, PwC Research Services (Proprietary) Limited, the International Zonal Leadership Institute and 21st Century. Job evaluations supported by benchmarking provide REMCO with assurance that roles are graded correctly, and employees are paid in line with the market for the jobs they perform. Sasfin aims to pay employees with three years’ experience in the Group in line with the median for each reward level, although other factors are

considered when finalising individual compensation within each reward level. As the Group’s businesses are diverse, and each requires unique skill sets and qualifications, it would be inappropriate to blanketly apply this policy in every instance. The Group HC Manco assesses instances where proposed employee remuneration falls outside the benchmark and submits those that it supports to REMCO for approval at its discretion. Benchmarking informs recommended adjustments to pay scales each year. REMCO uses these and an analysis of market increases to decide the annual increase guidelines aligned with the remuneration policy. These are factored into individual increase decisions such that the total increases per business do not exceed the overall Board-approved percentage increase. In assessing individual remuneration, Group HC Manco and REMCO consider the following:

- The employee’s individual performance and alignment with the Sasfin culture and values, according to his/her performance contract
- Internal parity and individual positioning relative to pay scale
- Specialised skills required, market scarcity and replacement cost
- Decent standard of living measure, equal pay for equal work, wage gap and gender pay parity
- Alignment with the Board risk appetite and REMCO remuneration guidelines
- Specific experience and previous remuneration level
- Any specific incidents/circumstances that may negatively impact the financial results and the progress made during the year



Remuneration practices *continued*

Malus and clawback provisions

Incentive remuneration is subject to malus and clawback provisions that are triggered where there has been misconduct or material error by a participating employee or where his or her actions have resulted in reputational damage to the Group, material failure of risk management, or financial loss or damage. They also apply where awards have been based on material misstatements. The Board empowers REMCO with the discretion to enforce or decline to enforce malus or clawback and should, in determining whether to enforce or decline to enforce malus or clawback, consider the interests of the Company and its shareholders. In applying its discretion in terms of this policy, the Board and REMCO shall at all times act in good faith.

Total remuneration comprises fixed and variable remuneration

Fixed remuneration

Basic remuneration and benefits

Fixed remuneration aims to attract and retain talent and provide fair market-related remuneration. There were no policy changes in 2022.

Comprises:

- Cash salary
- Contribution to pension/provident fund
- Medical aid
- Risk benefits

How this is determined

Pay scales and annual increase guidelines are set considering independently benchmarked data. Individual increases take into consideration scarce or critical skills, internal parity, equal pay for work of equal value, the wage gap, scope and influence of the role, and individual performance. All employees are eligible, and there is no performance hurdle or deferral.

Discretionary performance bonuses: Annual bonus for employees not on any incentive scheme.

The annual bonus aims to attract and retain talent and reward individual contributions to achieving the Group's strategic and financial objectives and the employees' KPIs, KRIs and KVLs.

There were no policy changes in 2022.

How this is determined

REMCO determines the annual incentive pool based on Group performance and in 2022 The annual bonus comprises a cash payment and in 2022 discretionary bonuses ranged from 50% of a 13th cheque to 125% of a 13th cheque, depending on pillar and individual performance.



Remuneration practices *continued*

How individual remuneration and Group performance are linked

Group and divisional financial non-financial components

In addition to the personal KPI score, measuring items such as management and execution of activities related to compliance, risk, strategy implementation, stakeholder expectations, transformation and ethics are included. The incentive pool is only created if the Group's base ROE hurdle is achieved.

Short-term incentive (STI) indicators are regularly reviewed to ensure they drive the required behaviour. The calculations underlying the payments consider exceptional items and associated costs. In recognition of the 2022 financial year (current year) performance, bonuses were awarded across the Group, averaging 102% (2021:172%) of the total monthly cost-to-company of all employees. These bonuses were accounted for in the 2022 financial year and paid out in September 2022.

Performance incentive scheme: short- and long-term incentives

The performance incentive scheme aims to attract and retain talent and align Sasfin executives' and senior management's performance targets to stakeholder value creation, including shareholder returns. There were no policy changes in 2022. The incentive scheme comprises initial and deferred cash payments.

Identified senior executives and managers who are in good standing and not underperforming in terms of KPIs, KRIs or KVIs are eligible. It excludes individuals who participate in bespoke schemes in a particular pillar.

How individual remuneration and Group performance are linked

- The incentive scheme is linked to Group ROE and individual KPI, KRI and KVI ratings
- Sasfin has to achieve or exceed the ROE target set by REMCO before bonuses are considered

Deferral

- Bonuses are split into an initial payment and a deferred portion that vests over three or four years, dependent on the size of the award
- If the ROE is sustained or improved, and the scheme participant has met KPI, KRI and KVI objectives, up to 100% of the deferred portion due in the current year vests and is paid
- If the ROE is not sustained or improved, but the scheme participant has met KPI, KRI and KVI objectives, then 50% of the deferred portion due in the current year vests and is paid
- If the individual's KPI, KRI and/or KVI scores do not meet expectations, the entire deferred portion due in the current year is forfeited
- Payment of deferred portions requires continued employment, and the employee must be in good standing
- Employees need to have completed a full year of service with the Group and must be in the Group's employ and in good standing to qualify for the award
- The scheme combines short-term and long-term elements and incorporates KRIs and KVIs in line with market and competitor benchmarks

An incentive pool will be approved only in instances where the Group's base ROE hurdle is achieved. STI indicators are regularly reviewed to ensure that they drive the required behaviour. The calculations underlying the payments take account of exceptional items and associated costs.



Implementation report

Basic remuneration and annual increases

Remuneration payments were made in terms of the Group's remuneration policy. Any remuneration decisions or recommendations that deviate from the policy were submitted to REMCO for approval. Deviations mainly related to the appointment of key personnel at competitive and market related salaries. An overall 5.9% increase in total salaries for the 2022 financial year (effective October 2022) was implemented. There were no restraint payments made. We paid R100 000 in retention payments to one employee (2021: R162 500 to one employee). In the event of an executive leaving our employ, they forfeit any retention amounts on the performance incentive scheme. There were no mutual separation agreements entered into during 2022.

Employee annual bonuses

Total short- and long-term bonus payments across the Group amounted to R47 million (2021: R55.8 million) for the 2022 financial year. General bonuses awarded to employees who are not on specific incentive schemes amounted to an average of 68% of monthly cost-to-company (CTC) (2021: 79%).

Performance incentive scheme

Based on company performance, the REMCO approved an award to be paid to employees on the performance incentive scheme, in line with the scheme rules. For 2022, total awards on the scheme amounted to R10.3 million of which R6.9 million vested immediately and was paid in September 2022. The balance of R3.4 million has been deferred and will be paid over the next three years, subject to the rules of the scheme. In summary, scheme participants received the following payments in September 2022:

- The initial payment due in terms of the 2022 award as calculated in accordance with of the scheme rules
- The deferred portion relating to the 2021 bonus award
- The deferred portion relating to the 2020 bonus award, for one scheme participant

The deferred portion of the 2022 awards will fall due in equal portions over three years from 2023 to 2025, subject to achievement of the ROE and personal performance targets being met in each of these years

Executive directors' pay

The KPIs and objectives of executive directors are set annually. The Group CEO's objectives are set by the Group and REMCO Chairs. The Group FD's objectives are set by the GAC Chair and Group CEO. Each KPI includes a set of specific focus areas linked, where appropriate, to measurable outputs.



Group CEO 2022 performance evaluation

KPI	Weighting	Performance
1) People and culture (including transformation)	10.0%	7.0%
2) Backing our champions	15.0%	12.0%
3) Pillar capacity and accountability	10.0%	7.0%
4) A winning approach to business credit	10.0%	8.0%
5) The bank for growing businesses	10.0%	6.6%
6) Project 1/23	10.0%	6.0%
7) Transform our society	10.0%	7.0%
8) Corporate action	5.0%	3.5%
9) Key value indicators	10.0%	7.0%
10) Risk indicators	10.0%	6.0%
Total	100%	70.1%

The ROE target was exceeded in 2022 based on improved performance. The CEO’s performance was assessed by the REMCO, which includes the Chair of the Board. Based on these assessments, as well as overall Company performance – and taking into consideration the exceptionally trying circumstances of the extended Covid-19 pandemic – the performance of the CEO was rated as “satisfactory with a number of areas exceeding expectations”.

Group FD

The Group FD was appointed on 4 April 2022 and her interim performance review will be undertaken in October 2022 by the Group CEO and the Chair of the GAC.

Pay mix and potential remuneration of executive directors and prescribed officers

The performance of each prescribed officer* is reviewed by their manager and relevant Board members. Executive directors and management participate in the Group performance incentive scheme.

- The Group CEO, and prescribed officers all achieved positive performance ratings on their personal KPIs
- The Group CEO achieved a performance rating of 3.5 out of 5, and a bonus of R1.8 million was awarded, with R1.050 million vesting in September 2022
- The Group FD’s performance was not rated as explained earlier and she does not qualify for a bonus award this year
- Bonuses were awarded across the Group to qualifying employees in September 2022

* Prescribed officers are disclosed in the table on page 99



Executive directors' and prescribed officers' remuneration

The remuneration of prescribed officers, including executive directors, who are considered to be the material risk-takers of the Group, is paid by subsidiaries of the Company and disclosed under Cash Package in Table 1. Other benefits comprise provident fund, medical aid, group life insurance, company car and sign-on bonuses.

Directors' and Prescribed Officers' remuneration

	Services as Directors	Cash package	Other benefits	Incentive bonus	Total	Incentive Bonus payable in Sept 2022
2022						
Executive Directors						
A Pillay ¹	–	2 556 789	522 002	1 127 500	4 206 291	–
H Heymans ²	–	764 342	94 528	–	858 870	–
MEE Sassoon	–	3 844 990	691 351	1 567 500	6 103 841	1 800 000
Independent non-executive Directors						
RC Andersen ³	563 750	–	–	–	563 750	–
RWR Buchholz	702 474	–	–	–	702 474	–
GP de Kock	950 634	–	–	–	950 634	–
GC Dunnington ³	372 700	–	–	–	372 700	–
TH Njikizana	541 221	–	–	–	541 221	–
MR Thompson	633 810	–	–	–	633 810	–
T van der Mescht ⁴	240 656	–	–	–	240 656	–
EA Wilton	686 257	–	–	–	686 257	–
Non-independent, non-executive Directors						
RDEB Sassoon	404 459	–	–	–	404 459	–
Prescribed officers						
LR Fröhlich	–	3 029 921	417 041	1 403 250	4 850 212	1 600 000
MG Lane	–	2 763 024	707 162	1 207 500	4 677 686	1 400 000
FvD Otto ⁵	–	977 797	149 643	5 000	1 132 440	–
S Shabalala ⁶	–	1 492 266	257 734	–	1 750 000	–
S Tomlinson	–	1 865 553	622 180	610 500	3 098 233	700 000
E Zeki	–	2 699 484	570 427	1 620 940	4 890 851	1 500 000
	5 095 961	19 994 166	4 032 068	7 542 190	36 664 385	7 000 000

¹ Resigned 4 April 2022

² Appointed 4 April 2022

³ Retired 25 November 2021

⁴ Appointed 26 November 2021

⁵ Resigned 30 November 2021

⁶ Appointed 1 January 2022

Table 1

Non-executive directors' fees

The formulation of non-executive directors' fees consider a range of factors, including the reasonability of the fees in relation to the important role directors play, Sasfin's growth, the Board and its committees' workload and the economic climate. Non-executive directors' fees are reviewed annually based on external benchmarking that takes place every two years. The fees are recommended to REMCO for consideration, in consultation with executive directors, other than in respect of REMCO members' own fees, and REMCO submits the recommendation to the Board via the DANC. Increases are presented to, and approved by shareholders at the AGM.

An overall increase of 5,7% in non-executive directors' fees has been proposed for 2023. To ensure better alignment with the fees of comparative banks and having cognisance of the workload and responsibilities of Board and sub-committee members, management recommended higher increases for certain sub-committees and chairs of those committees. External benchmarking of non-executive directors' fees will be conducted in 2023. Refer to Table 2 below.

Annual retainer fees as outlined in Table 2 will be paid in all instances and no special meeting fees are payable, with the exception of the CLEC. In line with the recommendations of the REMCO, due to the unique nature of the CLEC, a special meeting fee of 25% of the standard meeting fee will be payable to members of the CLEC on attendance of special meetings (R4,806.81).

Annual board member fees include the Directors' fees for serving as members of the Board of Sasfin Bank. The fee for the Chair of the Board is an all-inclusive fee as Chair and member of any Board or Board Committee.

2022 benchmarking of NED fees

Non-executive directors' fees are benchmarked every second year and the last review was done in May 2021. External benchmarking will be performed by an independent consultant of Non-executive directors' fees in 2023.

Directors nominated by WIPHOLD do not receive any fees regardless of their attendance at meetings of the Boards and the Committees on which they serve. WIPHOLD is paid an annual management fee in terms of the shareholders agreement between Sasfin and WIPHOLD.

Non-executive directors' fees

	2021/2022		2022/2023			
	Annual fee: Member* R	Annual fee: Chair* R	Annual fee: Member* R	% change	Annual fee: Chair* R	% change
Sasfin Holdings and Sasfin Bank Boards	285 575	1 155 000	299 854	5	1 218 525	5.5
Group Audit Committee (GAC)	89 502	196 240	95 767	7	219 789	12
Group HR and Remuneration Committee (REMCO)	73 247	128 567	76 909	5	134 995	5
Social and Ethics Committee (SEC)	52 216	87 400	55 871	7	91 770	5
Group Risk and Capital Management Committee (GRCMC)	87 813	196 240	93 960	7	211 939	8
Credit and Large Exposures Committee (CLEC)	73 247	131 315	76 909	5	137 881	5
Information Technology Committee (ITC)	60 994	110 087	62 824	3	115 591	5

* Non-executive Directors' fees are exclusive of VAT



Table 2

APPENDICES

King IV™ application summary

Principle 1

The governing body should lead ethically and effectively.

SASFIN APPLICATION

The Board adheres to its fiduciary duties by providing leadership and strategic guidance aimed at protecting stakeholder interests and shareholder value within a governance framework which is reviewed for effectiveness on a regular basis. The Board evaluates its own performance and sets corporate governance objectives for itself annually.

Principle 2

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

SASFIN APPLICATION

The Board sets the Group’s ethical tone and operates with a strong culture of integrity and ethical competence. Sasfin’s values and ethical standards are integral to our stakeholder relationships and are implicit in how we do business.

Our policies aim to mitigate market abuse, conflicts of interest, bribery and other unethical conduct. Other policies promoting positive ethics are also disseminated to employees and the SEC oversees the effectiveness, implementation, and suitability thereof with the assistance of the Group Ethics officer.

Principle 3

The governing body should ensure the organisation is and is seen to be a responsible corporate citizen.

SASFIN APPLICATION

The Board, together with the SEC, assesses our business activities and CSR policies and strategy as well as the implementation thereof to ensure we contribute to society as a responsible and ethical corporate citizen. In particular, that our lending and investment activities are consistent with this approach and as explained elsewhere in this report, we are in the process of finalising our Sustainability Management Framework and strategy.

Principle 4

The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

SASFIN APPLICATION

The Board delegates to management, via Group Exco, the formulation of strategy, which is considered and approved by the Board, including financial and non-financial key performance measures and targets over the short, medium and long term. The Board oversees the implementation thereof within Sasfin’s overall operating context and evaluates management’s performance against the set targets, purpose and strategic focus areas.

Principle 5

The governing body should ensure reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance and its short-, medium- and long-term prospects.

SASFIN APPLICATION

The Board is responsible for the Integrated Report and approves interim and year-end communications, including all SENS announcements, disclosures made in terms of Regulation 43 of the Banks Act and other media statements. Governance and assurance processes are in place to review the completeness and accuracy of reports and information.

Principle 6

The governing body should serve as the focal point and custodian of corporate governance in the organisation

SASFIN APPLICATION

The Board, supported by the DANC, ensures applicable governance practices and principles are adhered to, and acknowledges it is responsible for the performance and strategic direction of the Group. The Board has adopted a charter setting out its responsibilities, duties and accountability towards Sasfin. The charter is reviewed annually. The Board has agreed on its governance objectives for 2022. Sasfin’s governance practices are disclosed in this report.

King IV™ application summary *continued*

Principle 7

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

SASFIN APPLICATION

The Board comprises a balance of executive and non-executive members, with the majority being non-executive and independent. The Board is led by an independent Chair supported by a Lead independent director. The mix of skills, diversity, contribution and tenure of directors are assessed regularly by the DANC and annually by the Board as part of the Board effectiveness and performance review.

A policy on the appointment of directors is in place to give effect to the PA Directive 4/2018, issued in terms of section 6(6) of the Banks Act and promotes sound corporate governance in relation to the appointment of directors and the independence of non-executive directors. This includes independence assessments, tenure, skills (fit and proper) requirements and the principles relating to the appointment of directors.

Principle 8

The governing body should ensure its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

SASFIN APPLICATION

The Board delegated specific responsibilities to its committees in terms of approved charters and appoints the members of all the committees. Committee members are selected according to their suitability in terms of their qualifications, skills and experience, and are assessed through the annual Board effectiveness and performance review.

All Board committees are chaired by independent Non-executive directors. The DANC makes certain the membership of committees is managed effectively to ensure an appropriate spread of responsibility and independence.

The Exco and management operate under a defined delegation of authority framework, which aims to ensure effective collaboration and accountability. Details of membership and responsibilities of each committee are outlined in this report.

Principle 9

The governing body should ensure the evaluation of its own performance and that of its committees, its Chair and its individual members, support continued improvement in its performance and effectiveness.

SASFIN APPLICATION

The Board conducted a self-assessment of its effectiveness and performance in 2022, including that individual directors and the Chair, during the year under review. The results indicated the Board operates effectively with the necessary leadership, skills and expertise, underpinned by a culture of transparency. The outcomes of the review, as well as focus areas for 2023, are summarised in this report.

Principle 10

The governing body should ensure the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.

SASFIN APPLICATION

The Board oversees key executive appointments and is satisfied the delegation of authority framework and governance structures contribute to role clarity, oversight and the effective exercise of authority and responsibility.

Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

SASFIN APPLICATION

The Board defines the Group's risk appetite and risk tolerance, which are formalised in risk appetite statements and relevant metrics based on input from the GRCMC. These are further broken down into measurable tolerance levels. Executive management oversight of the risk function is delegated to the Chief Risk officer who reports to the CEO.

Principle 12

The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

SASFIN APPLICATION

The ITC oversees IT governance and monitors the development and execution of the IT strategy through an IT governance framework, policies and procedures. It provides oversight, monitors and evaluates significant IT risks, opportunities, investments and expenditure, and oversees the governance of IT risk.

King IV™ application summary *continued***Principle 13**

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

SASFIN APPLICATION

The Group's independent compliance function focuses on areas such as banking regulation, anti-money laundering, market conduct, statutory compliance, exchange control and regulatory interaction responsible for mitigating compliance risk. The Board acknowledges its accountability and provides the necessary guidance regarding managing compliance risk and ensures it obtains sufficient assurance in this regard and delegates specific oversight responsibility to the DANC. (GAC with effect from November 2022)

Where relevant, other Board committees assist and support the DANC to perform specific compliance oversight, e.g. the GAC oversees compliance with the provisions of the Bank's Act and Regulations, to enable the preparation of returns and Annual Financial Statements that are free from material misstatement.

Principle 14

The governing body should ensure the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

SASFIN APPLICATION

REMCO reviews and approves the Group's remuneration policies in terms of its Board-approved mandate. It considers whether remuneration is fair and consistent and encourages behaviour that is aligned with the strategic direction, values and risk appetite of the Group through a combination of fixed and variable pay.

The Group's remuneration policy and implementation report, included in this report, are subject to non-binding votes by shareholders. REMCO considers feedback received from shareholders in formulating remuneration policies. Refer to the SEC report for detail regarding a fairness review conducted by Group Risk.

Principle 15

The governing body should ensure assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

SASFIN APPLICATION

The GACC has oversight responsibility for ensuring internal assurance functions and external assurance services facilitate an effective control environment. It does so by using the combined assurance provided by the Group's Risk, Compliance and Internal Audit departments as well as external audit reports to arrive at a holistic risk-based assessment of the Group's governance, risk management and control processes.

The Group Exco and combined assurance forum support the GAC in its role and specifically oversee implementation of controls and review of processes.

Principle 16

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

SASFIN APPLICATION

The Board has identified all its key stakeholders and recognises the importance of maintaining good relationships with them. It manages stakeholder risk as an integral part of its overall risk management framework and business model, through routine engagement with key stakeholders and seeks to address stakeholder concerns in guiding the Group's future strategy and operating model.

Principle 17

The governing body of an institutional investor organisation should ensure responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.

SASFIN APPLICATION

The Group has a social and environmental management system policy framework, which guides the Group's lending, client practices and investment activities and ensures the Group's activities do not breach international, social and environmental norms. The framework is integrated into operational processes, and the Group reports annually to the European Development Finance Institutions on its adherence to the framework.

A responsible investment standard is also applied to investments made by the Wealth and BCB Pillars and is overseen by the SEC and GRMC.

sasfin

beyond a bank

Summarised Consolidated Financial Statements

Consolidated statement of financial position

at 30 June 2022

	2022 R'000	2021 R'000 Restated ¹	1 July 2020 R'000 Restated ¹
Assets			
Cash and cash equivalents ¹	884 495	1 374 857	1 773 544
Negotiable securities	1 790 340	2 085 077	3 126 595
Trading assets	547 848	703 433	1 060 342
Trade and other receivables ¹	745 903	439 034	348 821
Non-current assets held for sale	–	6 700	6 700
Loans and advances ¹	8 130 704	6 723 672	6 617 049
Current taxation asset	39 766	26 595	21 035
Investment securities	584 147	540 061	654 966
Investments at fair value through profit or loss	529 397	519 972	528 771
Equity accounted associates	54 750	20 089	126 195
Property, equipment and right-of-use assets	183 082	65 068	103 550
Investment property	20 138	16 400	13 123
Intangible assets and goodwill	144 729	160 856	205 206
Deferred tax asset	45 380	37 584	36 808
Total assets	13 116 532	12 179 337	13 967 739
Liabilities			
Funding under repurchase agreements and interbank	803 976	700 067	1 882 806
Trading liabilities	518 596	658 957	999 842
Current taxation liability	1 364	5 093	3 963
Trade and other payables ¹	945 020	804 318	803 679
Bank overdraft	68 541	30 392	151 462
Provisions	69 348	72 714	41 629
Lease liabilities	157 116	43 205	70 266
Deposits from customers	5 233 182	4 732 764	5 138 778
Debt securities issued	2 991 426	2 741 583	2 743 823
Long-term loans	499 521	730 904	371 649
Deferred tax liability	144 696	110 770	94 531
Total liabilities	11 432 786	10 630 767	12 302 428
Equity			
Ordinary share capital	321	321	321
Ordinary share premium	166 945	166 945	166 945
Reserves ^{1,2}	1 516 480	1 337 973	1 309 959
Preference share capital	–	18	18
Preference share premium	–	43 313	188 068
Total equity	1 683 746	1 548 570	1 665 311
Total liabilities and equity	13 116 532	12 179 337	13 967 739

¹ Prior periods by restatement, please refer to Note 49 of the Annual Financial Statements for additional information.

² In the current year, Treasury shares (2022 and 2021: R40 177 million) were aggregated together with Distributable Reserves (2022: R1 556 657 million; 2021: R1 378 150 million) as Reserves. This was to enhance disclosure. Prior year was aligned accordingly.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2022

	2022 R'000	2021 R'000 Restated ¹
Interest income	1 059 052	1 024 814
Interest income calculated using the effective interest method ¹	1 033 288	977 200
Other interest income	25 764	47 614
Interest expense	(480 771)	(457 081)
Interest expense calculated using the effective interest method	(469 526)	(440 234)
Other interest expense	(11 245)	(16 847)
Net interest income	578 281	567 733
Non-interest income	739 146	745 800
Net fee and commission income	439 303	416 112
Fee and commission income	639 301	628 388
Fee and commission expense	(199 998)	(212 276)
Gains and losses on financial instruments	152 461	168 845
Net gains on the derecognition of financial instruments at amortised cost	25 847	37 072
Other gains or losses on financial instruments	126 614	131 773
Other income	147 382	160 843
Total income	1 317 427	1 313 533
Credit impairment charges ¹	(46 608)	(180 449)
Net income after impairments	1 270 819	1 133 084
Total operating costs	(1 050 971)	(1 015 455)
Staff costs	(560 259)	(530 484)
Other operating expenses	(490 712)	(444 387)
Impairments of non-financial assets	–	(40 584)
Profit for the year from operations	219 848	117 629
Share of associate income	14 146	18 962
Profit for the year before income tax	233 994	136 591
Income tax expense	(50 134)	(58 947)
Profit for the year	183 860	77 644
Other comprehensive income for the year net of tax effects		
Items that may subsequently be reclassified to profit or loss		
Foreign exchange differences on translation of foreign operations	–	(40 843)
Reclassification of foreign currency differences on loss of control	–	(75 886)
Reclassification of hedge reserves on loss of control	–	107 099
Total comprehensive income for the year	183 860	68 014
Profit attributable to:	–	77 644
Equity holders of the Group	183 860	77 644
Total comprehensive income attributable to:	183 860	68 014
Equity holders of the Group	183 860	68 014
Earnings per share:		
Basic and diluted earnings per share (cents)	597.47	241.21

¹ Prior periods by restatement, please refer to Note 49 of the Annual financial statements for additional information.

Consolidated statement of changes in equity

for the year ended 30 June 2022

	Ordinary share capital R'000	Ordinary share premium R'000	Treasury Shares ¹ R'000	Distributable Reserves ² R'000	Foreign currency translation reserve R'000	Hedging reserve R'000	Total ordinary shareholders' equity R'000	Preference share capital R'000	Preference share premium R'000	Total shareholders' equity R'000
2022										
Restated opening balance at the beginning of the year	321	166 945	(40 177)	1 378 150	–	–	1 505 239	18	43 313	1 548 570
Total comprehensive income for the year	–	–	–	183 860	–	–	183 860	–	–	183 860
Profit for the year	–	–	–	183 860	–	–	183 860	–	–	183 860
Transactions with owners recorded directly in equity										
Preference share buy-back and cancellation and transfer of reserves	–	–	–	43 331	–	–	43 331	(18)	(43 313)	–
Preference share buy-back accrual write back	–	–	–	2 556	–	–	2 556	–	–	2 556
Dividends to ordinary shareholders	–	–	–	(51 240)	–	–	(51 240)	–	–	(51 240)
Balance at the end of the year	321	166 945	(40 177)	1 556 657	–	–	1 683 746	–	–	1 683 746
2021										
Opening balance at the beginning of the year	321	166 945	(177)	1 358 200	116 729	(107 099)	1 534 919	18	188 068	1 723 005
Adjustment for correction of error (Refer to Note 49)	–	–	–	(57 694)	–	–	(57 694)	–	–	(57 694)
Restated opening balance	321	166 945	(177)	1 300 506	116 729	(107 099)	1 477 225	18	188 068	1 665 311
Total comprehensive income for the year	–	–	–	77 644	(116 729)	107 099	68 014	–	–	68 014
Profit for the year	–	–	–	77 644	–	–	77 644	–	–	77 644
Other comprehensive income net of income tax for the year	–	–	–	–	(116 729)	107 099	(9 630)	–	–	(9 630)
Foreign exchange differences on translation of foreign operations	–	–	–	–	(40 843)	–	(40 843)	–	–	(40 843)
Reclassification of foreign currency differences on loss of control ¹	–	–	–	–	(75 886)	–	(75 886)	–	–	(75 886)
Reclassification of hedge reserves on loss of control ¹	–	–	–	–	–	107 099	107 099	–	–	107 099
Changes in ownership interests										
Preference share buy-back	–	–	–	–	–	–	–	–	(144 755)	(144 755)
Transactions with owners recorded directly in equity										
Net (increase)/decrease in treasury shares	–	–	(40 000)	–	–	–	(40 000)	–	–	(40 000)
Restated balance at the end of the year	321	166 945	(40 177)	1 378 150	–	–	1 505 239	18	43 313	1 548 570

¹ In the current year, Treasury shares are presented together with Distributable Reserves as Reserves in the Consolidated statement of changes in equity.

² During the prior year Sasfin Asia Limited was placed in voluntary liquidation and deconsolidated and the related hedging and FCTR reserves were recycled through profit or loss.

Consolidated statement of changes in equity *continued*

for the year ended 30 June 2022

Dividend per share

	2022 Cents per share	2021 Cents per share
Ordinary shares		
2022 Interim dividend (declared and paid)	33.95	–
2021 final dividend (declared in 2021 and paid in 2022)	131.02	–

Consolidated statement of cash flows

for the year ended 30 June 2022

	2022 R'000	2021 R'000 Restated ¹
Cash flows from operating activities		
Interest received	980 183	995 061
Interest paid	(471 259)	(457 079)
Fee and commission income received	639 299	628 388
Fee and commission expense paid	(199 998)	(212 276)
Net trading and other income received ¹	122 594	127 388
Cash payments to employees and suppliers	(910 687)	(844 725)
Cash inflow from operating activities	160 132	236 757
Dividends received	20 965	32 157
Taxation paid	(40 905)	(47 915)
Dividends paid	(51 240)	–
Cash flows from operating activities before changes in operating assets and liabilities	(71 180)	220 999
Changes in operating assets and liabilities	(401 917)	(544 949)
Increase in loans and advances	(1 307 896)	(81 939)
Decrease in trading assets	212 096	423 572
Decrease in negotiable securities	295 151	945 410
(Increase) in trade and other receivables ¹	(306 869)	(98 736)
Increase/(Decrease) in deposits from customers	500 418	(406 013)
Increase/(Decrease) in trade and other payables ¹	278 443	(144 118)
(Decrease) in provisions	(55 269)	(16 517)
(Decrease)/Increase in long-term loans	(231 383)	359 255
Increase/(Decrease) in funding under repurchase agreements and interbank	103 909	(1 182 739)
(Decrease) in trading liabilities	(140 361)	(340 884)
Increase/(Decrease) in debt securities issued	249 844	(2 240)
Net cash from operating activities	(312 965)	(323 950)
Cash flows from investing activities		
Proceeds from the disposal of property and equipment	3 890	1 630
Proceeds from the disposal of investment property	23 972	–
Proceeds from the disposal of investment securities	–	27 437
Proceeds from the disposal of an associate	–	146 261
Acquisition of property and equipment	(38 796)	(10 928)
Acquisition of investment securities	(1 382)	–
Acquisition of intangible assets	(15 665)	(27 935)
Acquisition of, and restructures of associates ²	(20 515)	–
Advances of investment securities ¹	(10 512)	(35 401)
Repayments of investment securities ¹	28 655	28 254
Net cash flows from investing activities	(30 353)	129 318
Cash flows from financing activities		
Acquisition of treasury shares	–	(40 000)
Repurchase and cancellation of preference shares	(135 180)	–
Repayment of lease liabilities	(33 232)	(33 354)
Net cash flows from financing activities	(168 412)	(73 354)
Net (decrease)/increase in cash and cash equivalents	(511 730)	(267 986)
Cash and cash equivalents at beginning of the year ¹	1 344 465	1 622 081
Effect of exchange rate movements on cash and cash equivalents	(16 781)	(9 631)
Cash and cash equivalents at the end of the year	815 954	1 344 465

¹ Prior periods by restatement, please refer to Note 12.

² Refer to Note 10 of the Annual financial statements for more information on the changes to associates.

Notes to the consolidated financial statements

for the year ended 30 June 2022

Basis of preparation and presentation of the consolidated financial statements for the year ended 30 June 2022

The Consolidated and Separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act No. 71 of 2008, as amended, and the JSE Listings Requirements.

The Consolidated and Separate Annual Financial Statements were authorised for issue by the Board of Directors on 21 September 2022.

The directors assess the Group's and Company's future performance and financial position on a continuous basis and have no reason to believe that the Group and Company will not be a going concern in the reporting period ahead. Consequently, the Consolidated and Separate Annual Financial Statements have been prepared on the going concern basis.

The Group has, in the preparation of these Consolidated and Separate Annual Financial Statements, consistently applied the accounting policies with those applied in the previous financial year, unless otherwise stated.

The Consolidated and Separate Annual Financial Statements are prepared on the historical cost basis, except as set out in the accounting policies which follow.

Assets and liabilities, income and expenses, are not offset in the income statement or balance sheet unless specifically permitted by IFRS.

1. Impact of destabilising shock events

The world economy continues to be impacted by a series of destabilising shock events.

The last wave of the COVID-19 pandemic and the Russia/Ukraine conflict, which resulted in higher oil prices and, in turn, higher rates of inflation and an increased interest rate environment, have contributed to a significant slowdown in global economic growth.

Sasfin has not experienced a lasting material impact from COVID-19 as evidenced by a low rate of COVID-19 related defaults, no further requests for payment holidays and minimal supply chain disruptions to customers. There has been no direct discernible impact from the Russia/Ukraine conflict on our customers apart from the overall slowdown in the global economic growth referenced above.

Local civil unrest in July 2021, as well as flooding in the first half of 2022, were largely confined to KwaZulu-Natal and brought significant human, social, economic and business uncertainty to the area. However, there have been negligible requests for financial assistance and our overall exposure from our clients to this geographic area remains limited at approximately 1.5% of our gross loans and advances book.

Eskom loadshedding has had a marked negative widespread services impact on the economy.

These events have been considered as part of our credit impairments and are reflected in the use of a 70% weighting in our weighted probability scenario approach in 2.2.1 and fair value measurements in 2.5

2. Changes in legal and investment structure

There have been no material changes, by nature or amount, in changes in legal and investment structure since the 2021 financial year-end.

3. Related parties

There have been no material changes, by nature or amount, in transactions with related parties since the 2021 financial year-end.

4. Accounting standards, interpretations and amendments to existing standards that are not yet effective

There have been no changes of a significant nature in respect of such items from what has been previously reported.

5. Subsequent events

Events after the reporting date

Refinancing of Absa preference shares

SPEIH, a wholly owned subsidiary, entered into a preference share subscription agreement dated 5 September 2013 with Absa Bank Limited. The redemption date of the ABSA preference shares was 30 August 2022. On 29 August 2022 SPEIH refinanced the preference shares with a new scheduled redemption date of 30 August 2025.

SASP notes

SASP successfully re-financed notes with a value of R511 million in August 2022 and placed an additional R250 million of notes of which matures 3 – 5 years.

Investigation into suspected financial misconduct

On 26 of August 2022, the South African Revenue Services (SARS) issued a statement related to its actions against Gold Leaf Tobacco and its associates who were former clients of our foreign exchange unit in 2016 and 2017. In accordance with our Anti Money Laundering (AML) / Countering the Financing of Terrorism (CFT) policies and our risk appetite, management closed the accounts of these clients in 2017 and has cooperated fully with the relevant authorities in their investigation. Sasfin has also commissioned an independent investigation which is ongoing. Sasfin will take any necessary action flowing from these investigations.

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

6. Loans and advances

	Total R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2022							
Loans and advances at amortised cost							
Gross investment in leases	8 434 468	3 310 273	2 341 675	1 565 300	879 098	330 611	7 541
Equipment Finance	5 976 195	2 405 485	1 639 724	1 079 249	619 783	230 174	1 780
Capital Equipment Finance	2 458 273	904 788	701 951	486 021	259 315	100 437	5 761
Less: Unearned finance income	(1 484 624)	(704 400)	(438 353)	(230 574)	(92 626)	(18 037)	(641)
Equipment Finance	(1 066 178)	(514 844)	(311 087)	(162 566)	(65 744)	(11 769)	(168)
Capital Equipment Finance	(418 446)	(189 556)	(127 259)	(68 008)	(26 882)	(6 268)	(473)
Net investment in leases	6 949 844	2 605 814	1 903 352	1 334 723	786 481	312 574	6 900
Equipment Finance	4 910 017	1 890 641	1 328 637	916 683	554 039	218 405	1 612
Capital Equipment Finance	2 039 827	715 232	574 692	418 013	232 433	94 169	5 288
Trade and Debtor Finance	707 601						
Other Loans	571 219						
Loans and advances before expected credit losses	8 228 664						
Credit loss allowance (refer to Note 43)	(475 251)						
Total loans and advances at amortised cost	7 753 413						
Loans and advances at FVTPL	377 291						
Specialised lending	377 291						
Total loans and advances	8 130 704¹						

¹ Loans and advances with a carrying amount of R3.240 billion (2021: R3.079 billion) have been ceded as security for the debt securities issued. Refer to Note 20 of the Annual financial statements.

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

6. Loans and advances continued

	Total R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5 R'000	More than 5 years R'000
2021 – Restated							
Loans and advances at amortised cost							
Gross investment in leases	7 059 442	2 980 907	1 954 547	1 257 095	642 709	218 224	5 960
Equipment Finance	5 561 334	2 344 307	1 533 628	994 277	504 826	182 316	1 980
Capital Equipment Finance	1 498 108	636 600	420 919	262 818	137 883	35 908	3 980
Less: Unearned finance income	(1 122 187)	(558 784)	(332 098)	(160 467)	(59 606)	(10 958)	(274)
Equipment Finance	(901 794)	(448 910)	(266 461)	(129 228)	(48 466)	(8 665)	(64)
Capital Equipment Finance	(220 393)	(109 874)	(65 637)	(31 239)	(11 140)	(2 293)	(210)
Net investment in leases²	5 937 255	2 422 123	1 622 449	1 096 628	583 103	207 266	5 686
Equipment Finance	4 659 540	1 895 397	1 267 167	865 049	456 360	173 651	1 916
Capital Equipment Finance	1 277 715	526 726	355 282	231 579	126 743	33 615	3 770
Trade and Debtor Finance	633 499						
Other loans ³	376 554						
Loans and advances before expected credit losses	6 947 308						
Credit loss allowance (refer to Note 43)	(535 354)						
Total loans and advances at amortised cost	6 411 954						
Loans and advances at FVTPL	311 718						
Specialised lending	311 718						
Total loans and advances	6 723 672 ¹						

¹ Loans and advances with a carrying amount of R3.240 billion (2021: R3.079 billion) have been ceded as security for the debt securities issued. Refer to Note 20 of the Annual financial statements.

² Prior periods by restatement, please refer to Note 12 for additional information.

³ In order to provide more useful information to the users of the financial statements, this note has been enhanced to disclose amounts by product. Term loans, secured and unsecured, have been consolidated into a single line and renamed to "Other loans" to better reflect their nature and to align with Sasfin's products.

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

	2022 R'000	2021 R'000
7. Investment securities		
Investments at fair value through profit or loss	529 397	519 972
Listed equity investments	275	216
Private and Property Equity investments	529 122	519 756
Equity-accounted associates	54 750¹	20 089
	584 147	540 061

¹ During the year there was a purchase of preference shares in an existing associate without a change in voting rights as well as the acquisition of two additional associates for an aggregated value of R20.5 million.

The associates of the Group that are classified and measured at fair value through profit or loss, are involved in a variety of businesses. The voting rights in these investments range between 20% and 50%.

All associates are incorporated in South Africa. A full list of associates is available, on request, at the registered office of the Group.

	2022 R'000	2021 R'000
Summarised financial information for associates that have been equity accounted:		
Post-tax profit	14 146	18 962
Total comprehensive income	14 146	18 962
Total assets	100 383	57 230
Total liabilities	31 608	11 273

	2022 R'000	2021 R'000
8. Deposits from customers		
Current deposits	674 394	627 206
Call deposits	1 565 153	1 438 146
Notice deposits	946 497	853 956
Fixed deposits	2 011 826	1 804 157
Negotiable certificates of deposit	35 312	9 299
	5 233 182	4 732 764

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

	2022 R'000	2021 R'000
9. Debt securities issued		
Category analysis		
Rated	2 991 426	2 741 583
<p>These floating rate notes are secured by a cession of rentals and equipment, underlying instalment finance assets and bank accounts in the name of SASP (refer to Note 6). All notes are placed with South African investors. The debt securities in issuance are rated by Global Credit Ratings Co. These ratings are available, on request, at the registered office of the Group. The notes are unsubordinated, secured, compulsory redeemable, asset backed notes of R1m each. The Group has not had any defaults or other breaches with respect to its debt securities issued during the year ended 30 June 2022.</p> <p>They bear interest at between three-month JIBAR+ 1.3000% and three-month JIBAR+ 2.9000%, with various maturity dates (refer to Note 44 of the Annual Financial Statements).</p> <p>Refer to Note 36 of the Annual Financial Statements for information on securitisation and for events after the reporting date, refer to Note 5 for more information.</p> <p>SASP has various unsubordinated, compulsory redeemable, asset back notes which have varying debt covenant triggers for each of the note's series issued. The triggers per series at year-end, namely net default rate and yield tests are disclosed below:</p> <ul style="list-style-type: none"> Series 1: The net default trigger level is between 2.625% and 4% and the 2.625% trigger will fall away when those specific notes mature. At June 2022 the average net default rate was at 1.088% and no breaches were recorded. The average yield of 24.78% remains above the required yield test of prime rate plus 5%. Series 2: The negative 0.305% net default rate remains well below the net default trigger level of 4%, and with an average yield of 18.98% remains above the required yield test of prime rate plus 3%. The net default rate is negative due to the aggregate recoveries for the past 12 months exceeding the aggregate new defaults for the same period. Series 3: The net default trigger level is between 2.625% and 4.5% and the 2.625% trigger will fall away when those specific notes mature. At June 2022 the average net default rate was at 1.161% and no breaches were recorded. The average yield of 17.64% remains above the required yield test of prime rate plus 4%. 		

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

10. Classification of assets and liabilities

10.1 Financial assets and liabilities measured at fair value

	2022			2021		
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Recurring fair value measurements						
Financial assets	527 823	196	926 517	660 938	42 666	831 474
Investment securities – excluding equity accounted associates	275	–	529 122	216	–	519 756
Loans and advances at fair value through profit or loss	–	–	377 291	–	–	311 718
Trading assets ¹	527 548	196	20 104	660 767	42 666	–
Trading liabilities	515 813	2 783	–	611 874	47 083	–
Trading liabilities	515 813	2 783	–	611 874	47 083	–
Non-financial assets	–	–	20 138	–	–	23 100
Investment property	–	–	20 138	–	–	16 400
Investment property – non-current assets held for sale	–	–	–	–	–	6 700

¹ Land Bank notes were transferred, effective as at year-end, from Level 1 to Level 3 due to the notes being delisted from the JSE. As at year-end the value it was transferred at was equal to the fair value.

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

10. Classification of assets and liabilities *continued*

10.2 Movement in Level 3 instruments

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	2022				2021			
	Investment securities – excluding equity accounted associates R'000	Loans and advances at fair value through profit or loss R'000	Investment property – non-current assets held for sale R'000	Investment property R'000	Investment securities – excluding equity accounted associates R'000	Loans and advances at fair value through profit or loss ¹ R'000	Investment property – non-current assets held for sale R'000	Investment property R'000
Balance at the beginning of the year	519 756	311 718	6 700	16 400	528 621	223 011	6 700	13 123
Total gains or losses in profit and loss	26 127	48 145	–	(1 162)	11 425	19 638	–	(3 726)
Acquisition of investments	1 382	–	–	–	–	–	–	–
Disposal of investments	–	–	–	(1 800)	(27 437)	–	–	–
Advances	10 512	99 850	–	–	35 401	105 832	–	–
Repayments	(28 655)	(82 422)	–	–	(28 254)	(36 763)	–	–
Transfers from non-current assets held for sale	–	–	(6 700)	6 700	–	–	–	–
Balance at the end of the year	529 122	377 291	–	20 138	519 756	311 718	6 700	16 400

10.3 Gains and losses from fair value measurements

Total unrealised gains and losses for the reporting period on Level 3 positions held at the reporting date are set out below:

	2022 R'000	2021 R'000
Gains/(losses) on level 3 instruments held at the reporting date ¹	32 951	(8 698)

¹ Refer to Note 2.5 of the Annual financial statements.

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

11. Earnings per share

11.1 Reconciliation between basic and headline earnings

	Gross R'000	Direct tax R'000	Profit attributable to ordinary shareholders R'000
2022			
Basic earnings	233 994	(50 134)	183 860
Headline adjustable items:	(22 156)	5 027	(17 129)
Investment property – fair value loss on continuing operations	1 162	(260)	902
Insurance claim proceeds ¹	(22 172)	4 966	(17 206)
(Profit)/loss on disposal of property and equipment	(1 146)	321	(825)
Headline earnings	211 838	(45 107)	166 731
2021			
Basic earnings	136 591	(58 947)	77 644
Headline adjustable items:	54 130	9 297	63 427
Loss on loss of control of subsidiary	31 016	–	31 016
Investment property – fair value loss	3 726	–	3 726
Intangible impairments	40 583	–	40 583
Profit on disposal of interest in associate	(21 195)	9 297	(11 898)
Headline earnings	190 721	49 650	141 071

¹ Refer to Note 31 for additional information.

11.2 Summary of earnings and headline earnings per share

	Earnings attributable		Weighted average number of shares ¹		Cents per share	
	2022 R'000	2021 R'000	2022	2021	2022	2021
Per ordinary share						
Earnings	183 860	77 644	30 772 847	32 190 579	597.47	241.20
Diluted earnings	183 860	77 644	30 772 847	32 190 579	597.47	241.20
Headline earnings	166 731	141 071	30 772 847	32 190 579	541.81	438.24
Diluted headline earnings	166 731	141 071	30 772 847	32 190 579	541.81	438.24

¹ In 2021 treasury shares were bought during the last month of the financial year (June) and weighted accordingly.

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

12. Correction of prior year errors, restatements and reclassifications

Reconciliation and balance sheet substantiation processes were a key focus for management during the year under review. Through enhancements made to the financial control processes, the following material prior period errors were identified and adjusted for:

Reclassifications:

The reclassification of certain line items in the consolidated statements of financial position and profit or loss and other comprehensive income for the 2021 financial period did not impact earnings.

Interest in suspense

Interest in suspense was incorrectly processed to interest income instead of credit impairment charges. As a result, these financial statement line items were misstated, albeit with a nil net effect on earnings.

Reconciliations in Business and Commercial Banking (BCB)

It was identified that certain reconciling items were processed to the incorrect financial statement line items in prior years which resulted in a misstatement of cash and cash equivalents, trade and other payables and trade and other receivables. These misstatements did not affect earnings.

Reconciliations in Treasury

At 30 June 2021, timing differences existed between the SAMOS account and the general ledger, which resulted in cash and cash equivalents and trade and other payables being misstated. These misstatements did not affect earnings.

Cash flow statement reclassification

In the prior year, the net movement on investment securities was presented as (repayments)/advances of investment securities in investing activities. In the current year, the gross amounts were presented as separate line items for advances and repayments of investment securities and net trading and other income received, as they reflect the movements more accurately.

Restatements:

Cash book reconciliations

It was identified that certain reconciling items were recognised in incorrect line items in the statement of financial position and statement of profit or loss and other comprehensive income. These misclassifications related to transactions occurring in financial periods prior to 2021, consequently the restatement has impacted the retained earnings for 2021.

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

12. Correction of prior year errors, restatements and reclassifications *continued*

These errors have been corrected by restating each of the affected financial statement line items for the prior periods affected. The following tables summarise the impacts on the Group's consolidated financial statements.

	As previously reported R'000	Interest in suspense reclassification R'000	Reconciliations in BCB reclassification R'000	Reconciliations in Treasury reclassification R'000	Cash flow statement reclassification R'000	Cash book reconciliations restatement R'000	Restated R'000
30 June 2021							
Consolidated statement of financial position							
ASSETS							
Cash and Cash equivalents	1 285 578	–	62 708	16 821	–	9 750	1 374 857
Trade and other receivables	511 941	–	14 916	–	–	(87 821)	439 034
Loans and advances	6 715 951	–	–	–	–	7 721	6 723 672
Total Assets	12 155 244	–	77 624	16 821	–	(70 351)	12 179 337
LIABILITIES							
Trade and other payables	722 531	–	77 624	16 821	–	(12 658)	804 318
Total Liabilities	10 548 980	–	77 624	16 821	–	(12 658)	10 630 767
EQUITY							
Reserves	1 395 667	–	–	–	–	(57 694)	1 377 973
Total Equity	1 606 264	–	–	–	–	(57 694)	1 548 570
Total Liabilities and Equity	12 155 244	–	77 624	16 821	–	(70 352)	12 179 337

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

12. Correction of prior year errors, restatements and reclassifications *continued*

	As previously reported R'000	Interest in suspense reclassification R'000	Reconciliations in BCB reclassification R'000	Reconciliations in Treasury reclassification R'000	Cash flow statement reclassification R'000	Cash book reconciliations restatement R'000	Restated R'000
30 June 2021							
Consolidated statement of profit and loss and other comprehensive income							
Interest income	995 061	29 753	–	–	–	–	1 024 814
Interest income calculated using the effective interest method	947 447	29 753	–	–	–	–	977 200
Net interest income	537 980	29 753	–	–	–	–	567 733
Total Income	1 283 780	29 753	–	–	–	–	1 313 533
Credit impairment charges	(150 696)	(29 753)	–	–	–	–	(180 449)
Net income after impairments	1 133 084	–	–	–	–	–	1 133 084
Earnings per share:							
Basic and diluted earnings per share (Cents) ¹	241.20	–	–	–	–	–	241.20
¹ There was no impact on the Basic, Diluted and Headline earnings per share.							
30 June 2021							
Consolidated statement of cash flows							
Cash flows from operating activities							
Net trading and other income received	138 880	–	–	–	(11 492)	–	127 388
Cash inflow from operating activities	248 249	–	–	–	(11 492)	–	236 757
Cash flows from operating activities before changes in operating assets and liabilities	232 491	–	–	–	(11 492)	–	220 999
Changes in operating assets and liabilities	(591 926)	–	30 156	16 821	–	–	(544 949)
(Decrease) in trade and other payables	(206 011)	–	45 072	16 821	–	–	(144 118)
Increase in trade and other receivables	(83 821)	–	(14 915)	–	–	–	(98 736)
(Repayments)/Advances of investment securities	(18 637)	–	–	–	18 637	–	–
Advances of investment securities	–	–	–	–	(35 401)	–	(35 401)
Repayments of investment securities	–	–	–	–	28 254	–	28 254
Net cashflows from investing activities	117 827	–	–	–	11 491	–	129 318
Net (decrease)/ increase in cash and cash equivalents	(314 964)	–	30 157	16 821	–	–	(267 986)
Cash and cash equivalents at the beginning of the year	1 579 781	–	32 551	–	–	9 750	1 622 081
Cash and cash equivalents at the end of the year	1 255 186	–	62 708	16 821	–	9 750	1 344 465

Notes to the consolidated financial statements *continued*

for the year ended 30 June 2022

12. Correction of prior year errors, restatements and reclassifications *continued*

	As previously reported R'000	Interest in suspense reclassification R'000	Reconciliations in BCB reclassification R'000	Reconciliations in Treasury reclassification R'000	Cash flow statement reclassification R'000	Cash book reconciliations restatement R'000	Restated R'000
1 July 2020							
Consolidated statement of financial position							
ASSETS							
Cash and Cash equivalents	1 731 243	–	32 551	–	–	9 750	1 773 544
Trade and other receivables	436 644	–	–	–	–	(87 823)	348 821
Loans and advances	6 609 328	–	–	–	–	7 721	6 617 049
Total Assets	14 005 540	–	32 551	–	–	(70 352)	13 967 739
LIABILITIES							
Trade and other payables	783 786	–	32 551	–	–	(12 658)	803 679
Total Liabilities	12 282 535	–	32 551	–	–	(12 658)	12 302 428
EQUITY							
Reserves	1 367 653	–	–	–	–	(57 694)	1 309 959
Total Equity	1 723 005	–	–	–	–	(57 694)	1 665 311
Total Liabilities and Equity	14 005 540	–	32 551	–	–	(70 352)	13 967 739

GLOSSARY

ACI: African, Coloured and Indian

AGM: Annual General Meeting

AML: Anti-money laundering

API: Application programming interface

Bank: Sasfin Bank Limited

Banks Act: Banks Act, No 94 of 1990 and Regulations relating to banks

BASA: Banking Association of South Africa

Basel III: Set of reform measures, to strengthen the regulation, supervision and risk management of the banking sector

B-BBEE: Broad-Based Black Economic Empowerment

BCB: Business and Commercial Banking

CA(SA): Chartered Accountant (South Africa)

CAR: Capital adequacy ratio

CE: Chief Executive

CEO: Chief Executive Officer

CD(SA): Chartered Director (South Africa)

CFT: Combating the financing of terrorism

CLEC: Credit and Large Exposures Committee, a Board committee

COFI: Conduct of Financial Institutions

Companies Act: Companies Act of South Africa, No 71 of 2008, as amended

Company: Sasfin Holdings Limited

COO: Chief Operating Officer

CRISA: Code for Responsible Investing in South Africa

CRM: Customer relationship management

CRO: Chief Risk Officer

CSI: Corporate social investment

CSR: Corporate social responsibility

CTC: Cost-to-company

CTI: Cost to income

DANC: Directors' Affairs and Nominations Committee, a Board committee

DMA: SCM DMA (Proprietary) Limited, formerly Saxo Capital Markets SA (Proprietary) Limited

EE: Employment Equity

Efficient Group: Efficient Group Limited

ERM: Enterprise risk management

ESG: Environmental, social and governance

FAIS: Financial Advisory and Intermediary Services Act, No 37 of 2002

FATF: Financial Action Task Force

FD: Financial Director

FIC: Financial Intelligence Centre

FICA: Financial Intelligence Centre Act, No 38 of 2001, as amended

Fintech: Financial technology companies

FSC: Financial Sector Code

FSCA: Financial Sector Conduct Authority

FSTC: Financial Sector Transformation Code

GAC: Group Audit Committee, a Board committee

GDP: Gross domestic product

GIBS: Gordon Institute of Business Sciences

GLAA: Gross loans and advances

GRCMC: Group Risk and Capital Management Committee, a Board committee

Group or Sasfin: Sasfin Holdings Limited and its subsidiaries

Group Exco: Group Executive Committee

HC: Human Capital

HEPS: Headline earnings per share

HR: Human Resources

HC Manco: Human Capital Management Committee

IAS: International Accounting Standard

ICAAP: Internal Capital Adequacy Assessment Process

ICT: Information and Communications technology

IFRS: International Financial Reporting Standards

IFRS 9: IFRS 9 Financial Instruments

IIRC: International Integrated Reporting Council

<IR> Framework: Integrated Reporting Framework

IT: Information technology

ITC: Information Technology Committee

JAWS: a term used to describe the extent to which a trading entity's income growth rate exceeds its expenses growth rate, measured as a percentage

JSE: JSE Limited

King IV™: King Report on Corporate Governance™ for South Africa, 2016 (King IV™)

KPI: Key performance indicator

KRI: Key risk indicator

KVI: Key value indicator

LCR: Liquidity coverage ratio

MOI: Memorandum of Incorporation

MSCI: is a global provider of equity, fixed income, real estate indexes, multi-asset portfolio analysis tools, ESG and climate products.

NASIRA: Nasira partnership with FMO (Dutch Entrepreneurial Development Bank)

NGO: Non-governmental organisation

NI: Net interest income

NIR: Non interest revenue

NSFR: Net stable funding ratio

NYDA: National Youth Development Agency Act, 54 of 2008

PA: Prudential Authority

Pillars: Asset Finance, Wealth and Business and Commercial Banking

POPIA: Protection of Personal Information Act of South Africa

PwC: PricewaterhouseCoopers Inc.

RBN: RBN Fund Managers

RDARR: Risk data aggregation and risk reporting

RESCO: Group Human Resources and Remuneration Committee, a Board committee

ROE: Return on equity

RWA: Risk weighted assets

SAICA: South African Institute of Chartered Accountants

SARB: South African Reserve Bank

SASRIA: South African Special Risk Insurance Association

SDG: UN Sustainable Development Goals

SEC: Social and Ethics Committee, a Board committee

SED: Socio-economic development (an element of the B-BBEE scorecard)

SEMS: Social and environmental management system

SENS: Stock Exchange News Service

SETA: Sector Education and Training Authority

SMEs: Small and medium enterprises

SOEs: State-owned enterprises

STI: Short-term incentive

TCF: Treating Customers Fairly

The Board: Sasfin Holdings Limited Board of Directors

Twin Peaks: The Twin Peaks regulatory structure

VAT: Value added tax

WIPHOLD: Women Investment Portfolio Holdings Limited

CORPORATE DETAILS

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

INDEPENDENT NON-EXECUTIVE CHAIR

Deon de Kock

EXECUTIVE DIRECTORS

Michael Sassoon
(Group Chief Executive Officer)
Harriet Heymans
(Group Financial Director)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Richard Buchholz
Tapiwa Njikizana
Mark Thompson
Tienie van der Mescht
Eileen Wilton

NON-INDEPENDENT, NON-EXECUTIVE DIRECTORS

Gugu Dingaan
Nontobeko Ndhrazi
Roland Sassoon
Shaun Rosenthal (alternate)

GROUP COMPANY SECRETARY

Charissa De Jager

WEBSITE AND EMAIL

www.sasfin.com
investorrelations@sasfin.com

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary)
Limited Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

SPONSOR

Questco Corporate Advisory Services
(Pty) Ltd

AUDITORS

PricewaterhouseCoopers Inc.

REGISTERED OFFICE

140 West Street,
Sandown, Sandton, Johannesburg, 2129
Tel: +27 11 809 7500
Fax: +27 11 887 6167/2489

POSTAL ADDRESS

PO Box 95104
Grant Park
Johannesburg
2051

COMPANY REGISTRATION NUMBER

1987/002097/06

TAX REFERENCE NUMBER

9300/204/71/7

sasfin

beyond a bank

sasfin.com
0861 SASFIN