

sasfin

beyond a bank

Integrated Report 2023

Contents

Introduction

- 03 About this report
- 06 About Sasfin
- 10 2023 performance

Our approach to value creation

- 14 Operating context
- 16 Chair's message to stakeholders
- 19 Key stakeholder relationships
- 28 Material matters
- 31 Group strategy
- 32 Business model
- 35 Approach to sustainability
- 37 Risks and opportunities

Delivering value

- 46 Group Chief Executive Officer's report
- 50 Group Financial Director's report
- 56 Pillar performance
 - 56 Asset Finance
 - 58 Business and Commercial Banking
 - 60 Wealth
- 66 Social report
- 78 Technology review

04

Governance practices and outcomes

- 82 Corporate governance report
- 103 Our leadership
- 109 Remuneration report

Additional information

- 118 Glossary
- 120 Corporate information

Navigating this report

This report is an interactive PDF.

It is best viewed in Adobe Acrobat for desktop, mobile or tablet.

For easy navigation, icons are used to refer readers to information elsewhere in this report or our other reports online.



Refers readers to information in this report.



Refers readers to information online.



Refers readers to information in our suite of reports and on our website.

Icons to navigate in this report can be found on each page and within the report.



Home to contents



Print



Previous page



Next page

Unless otherwise specified, years relate to financial years under review ending 30 June.

01

Introduction

About this report

The integrated report provides an overview of Sasfin's strategy, risks and performance, to enable stakeholders to make an informed assessment of the Group's ability to create and preserve value and mitigate against value erosion.

Scope and boundary

This report provides an overview of strategy, operating context and performance for the financial year 1 July 2022 to 30 June 2023, together with the medium- to long-term outlook for Sasfin Holdings Limited and its subsidiaries (Sasfin or the Group). The information in this report includes the activities and prospects of the Group. For internal reporting purposes, Sasfin reports on three distinct pillars of its business.

Reporting boundary for value reporting

Financial reporting
Sasfin Holdings Limited

Pillars

**Asset
Finance**

**Business and
Commercial
Banking**

Wealth

Reporting boundary for impact

Non-financial reporting

Time horizons

The Group defines the short term as within one to two years, the medium term as the next three years, and the long term as five years and beyond.

Short term	Medium term	Long term
Within one to two years	Three to five years	Five years and beyond

Forward-looking statements

The Group has made all reasonable efforts to ensure the accuracy and completeness of the information in this report, in good faith, including information that may be regarded as forward-looking statements. Forward-looking statements are not strictly factual and are statements made based on current estimates, projections, expectations, beliefs, and assumptions regarding the Group's future performance. No assurance is given in terms of their accuracy. The Group's external assurance providers have not reviewed or provided an opinion on forward-looking statements. Readers are advised to use caution when interpreting this type of information.

Risks, uncertainties and other factors could cause actual results to differ materially from expectations. These uncertainties can arise from numerous known and unknown factors, ranging from financial reporting changes to political risks, among others. This report is intended to provide stakeholders with information on the performance of the past financial year and to assist in their assessment of value creation 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 arising as a result of reliance by any party thereon, including, but not limited to loss of earnings, profits or consequential loss or damage.

Reporting suite and frameworks

Our reporting suite is prepared to provide information to a range of readers including providers of financial capital and other stakeholders.

Frameworks

Local and international frameworks are used as a guide when preparing the reports in the suite, including:

- Integrated Reporting Framework of the IFRS Foundation
- Companies Act, No. 71 of 2008, as amended (Companies Act)
- Banks Act, No.94 of 1990 and the Regulations relating to Banks as amended (Banks Act)
- International Financial Reporting Standards (IFRS)
- King Report on Corporate Governance for South Africa, 2016 (King IV™)¹
- Broad-based Black Economic Empowerment (B-BBEE) Act, No. 46 of 2013, as amended (B-BBEE Act)
- Basel Framework (previously Basel III) of the Basel Committee on Banking Supervision (BCBS)
- Listings Requirements of the JSE Limited (JSE Listings Requirements)

Reporting suite

Integrated Report	Sasfin's primary report to providers of financial capital, offering insight into the value that Sasfin creates for itself and its stakeholders.
Annual Financial Statements	The Sasfin Holdings Limited Consolidated and Separate Annual Financial Statements 2023 include risk and capital management disclosures, the directors' report, the external auditor's report and the report of the Group Audit Committee, including commentary on the Group's financial performance for the year.
Notice of Annual General Meeting	Invitation to shareholders to attend Sasfin Holding Limited's Annual General Meeting (AGM) and includes the notice of AGM and shareholder administrative information.
Pillar III Risk Management Report	Provides information regarding the activities of the Group and Sasfin Bank Limited in accordance with BCBS's revised Pillar III disclosure requirements, the Banks Act Regulations and related Prudential Authority (PA) directives.

We are committed to continually improving our reporting. Closer alignment with the International Sustainability Standards Board's sustainability-related (IFRS S1) and climate change-related (IFRS S2) standards for capital markets will be a key objective for the Group going forward, together with more detailed sustainability disclosures.

¹ Copyright and trademarks are owned by the Institute of Directors of Southern Africa NPC and all of its rights are reserved.

Material matters

Material matters have the potential to materially affect the Group's success in the short, medium and long term, and include matters that could significantly influence the assessments our stakeholders make about the Group's ability to create value and, therefore, the related decisions about our longer-term sustainability. The disclosure excludes information which could lead to the loss of our competitive advantage or is considered price sensitive.

The process to determine the material matters incorporates the findings of an independent sustainability and integrated thinking assessment together with a desktop review of Board and management reports. Interviews with leadership provided an opportunity to test the key themes identified.

Process disclosures

The Group Company Secretary and Chief Marketing Officer are responsible for managing the report preparation process, including overseeing the processes and controls applied to gather information and metrics. They are assisted in this responsibility by specialist external reporting advisors.

Oversight and guidance are provided by the Group Chief Executive Officer (CEO), Group Financial Director (FD) and relevant Group Executive Committee (Group Exco) members.

Interviews with senior leadership together with internal and external sources of trusted information used for decision-making have been used to prepare this report and determine our material matters. This includes Board and management reports, strategy and presentations.

The following Board sub-committees reviewed relevant sections of this report for accuracy and completeness:

- Directors' Affairs and Nominations Committee (DANC)
- Group Audit Committee (GAC)
- Group Risk and Capital Management Committee (GRCMC)
- Group Human Resources and Remuneration Committee (REMCO)
- Social and Ethics Committee (SEC)

The Group Exco reviewed the content of this report before it was submitted to the GAC and the Sasfin Board of directors (the Board) for approval of this report. They are comfortable that our internal controls, risk and compliance programmes and verification and assurance process are appropriate.

The Group's combined assurance framework is overseen by the GAC and outlines the assurance that supports the Board in assessing the integrity of the Group's reporting.

Approval

The Board is responsible for overseeing the integrity and completeness of this report. It has considered the report's preparation and presentation as well as the appropriateness of the reporting frameworks applied in the process.

The Board has reviewed the related material matters and the report's content and believes that the report accurately reflects the Group's performance and strategy for the financial year.

The Board is committed to good corporate governance and applying the practices and principles of King IV. The Board believes that this report broadly aligns with the principles of King IV, which is demonstrated by the King IV disclosures incorporated in this report.

The Board confirms that Sasfin complies with the provisions of the Companies Act and is operating in accordance with its Memorandum of Incorporation (MOI).

The Board approved the 2023 Integrated Report on 28 November 2023.

On behalf of the Board

Deon de Kock
*Independent
non-executive chair*

Michael Sassoon
*Executive director:
Group Chief Executive Officer*

Harriet Heymans
*Executive director:
Group Financial Director*

Note: signatures are not included for security purposes.

Feedback

We value feedback from our stakeholders that helps us improve our reporting. We aim to provide balanced, transparent and comprehensive reporting that supports decision-making, so please get in touch with us with your views on our report at investorrelations@sasfin.com.

About Sasfin

Our purpose

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

Who we are

Sasfin listed on the JSE in 1987 and is a bank-controlling company comprising three business pillars, with regional offices in four South African provinces and eight cities.

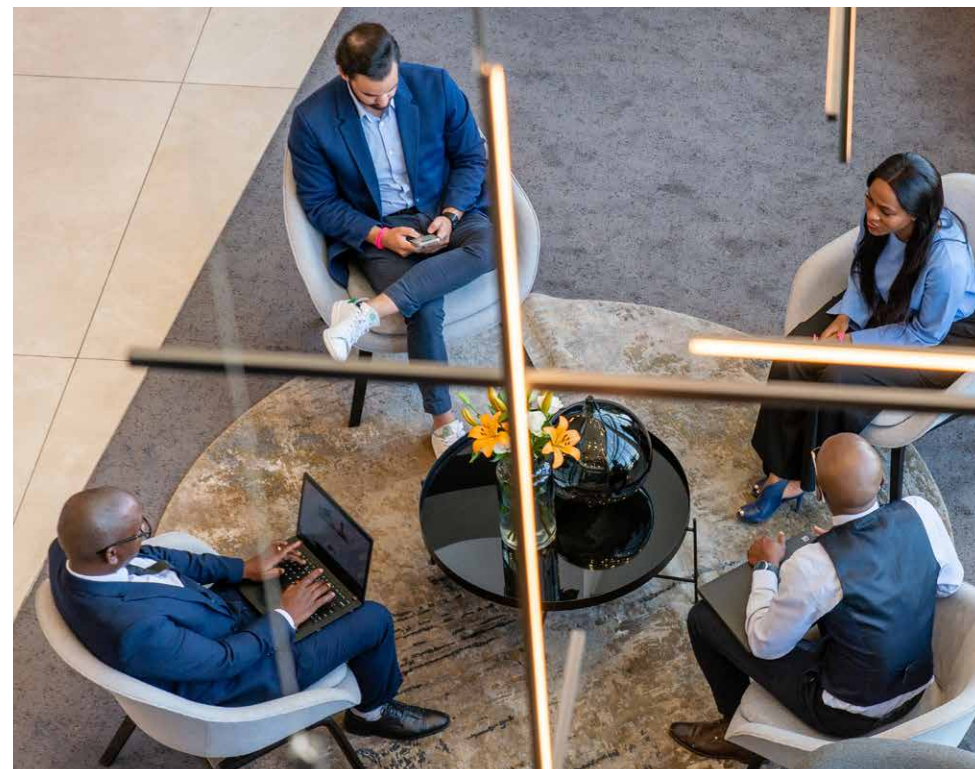
**Asset
Finance**

**Business and
Commercial Banking**

Wealth

Centralised corporate functions

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.



Our personal touch, entrepreneurial approach, solutionist mindset and agility allow us to compete effectively.

Our culture

Culture is a strategic focus area and an asset that stems from our purpose and values which inform the way we do business.

- Talented and empowered teams who live our values
- A tangible spirit of going beyond
- We are a values driven and purpose led organisation
- Entrepreneurial approach and solutionist mindset
- We treat our clients fairly
- We conduct business ethically and with integrity
- We are focused on strengthening our high-performing culture



Our values and behaviours

Greatness

We strive for greatness, driven by the aspirations of individuals and teams who take accountability for themselves and others through their 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 mindset, always seeking to contribute to a healthy, growing economy.

Respect

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

Integrity

We operate with integrity, ensuring ambition is always tempered by uncompromised discipline and ethics.

Partnership

We celebrate the African spirit of 'ubuntu' and strive to be a partner beyond expectations.

We seek to enhance our services through beneficial offerings to our clients.

We celebrate brilliance and encourage independent thinking, yet recognise that no individual is greater than the team.

We seek to uplift and contribute meaningfully to the communities in which we operate, recognising the importance of sustainability through projects that enhance the lives of others.

Our brand

Our brand reflects the value we create by being close enough to our clients to understand their needs, and being agile enough to develop and offer appropriate solutions.

- Sasfin is an impact brand, with a focus on transforming our society
- The bank for growing businesses
- A global wealth and investment manager
- Committed to service excellence

What we do

We enable entrepreneurs and investors to grow their businesses and global wealth, supporting job creation, sustainable socio-economic development and a culture of savings.

How we do business






Sasfin is a challenger banking and financial services group.

- 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
- We are focused on differentiation where it matters to a client



Our clients

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

Asset suppliers		Suppliers of any asset type who wish to offer financing solutions to their clients.	Asset Finance	Business and Commercial Banking	Wealth
Small businesses		Businesses that require digitally orientated seamless banking and financial solutions as well as rental finance.			
Medium businesses		Businesses that require bespoke working capital and rental finance as well as general banking solutions.			
Private clients		Individuals looking for local and global investment advice, savings solutions and managed solutions.			
Institutional clients		Corporates and pension funds that require investment advice and managed solutions.			

How we are organised

The Group operates through three business pillars supported by centralised corporate services that provide expert advice and functional support. Our federated operating model delegates responsibility for certain corporate services to the three pillars.

Asset Finance		Business and Commercial Banking		Wealth	
47% R613.4 million contribution to Group total income ¹		24% R303.9 million contribution to Group total income ¹		29% R382.3 million contribution to Group total income ¹	
Gross loan book of R7.8 billion		Gross loan book of R1.8 billion		AUM/AUA ² of over R66.4 billion	
Offering	Managing primary risks including	Offering	Managing primary risks including	Offering	Managing primary risks including
Asset Finance Rental Finance Capital Equipment Finance*	Operational Credit Funding and liquidity Capital management Market and investment IT and cyber Governance and compliance	Transactional Banking Foreign Exchange Cash Investments Strategic Alliances Commercial Property Finance and Specialised Lending* Trade and Debtor Finance	Operational Credit Funding and liquidity Capital management Market and investment IT and cyber Governance and compliance	Asset Management Local and Global Portfolio Management and Stockbroking Institutional Consulting Advisory Services Fixed Income Digital Investment Platforms	Operational Credit Capital management Market and investment IT and cyber Governance and compliance
Supported by centralised corporate functions					

¹ Excluding Group and Treasury eliminations.

² AUM/AUA: Assets under management and advice.

* Sasfin has concluded a strategic review where it has strong competitive capabilities in its Wealth, Rental Finance and focused banking activities. In this regard, Sasfin recently announced the disposal of its Capital Equipment Finance and Commercial Property Finance loan books to African Bank Limited, which is subject to relevant conditions. Sasfin exited the Specialised Lending business in March 2023.

2023 financial performance

By continually evaluating our performance and strategic priorities, we create long-term sustainable value for our stakeholders.

Headline earnings (Rm)

112.68

2022: 139.84*

Headline earnings per ordinary share (cents)

366.18

2022: 454.43*

Total income (including associate income) (Rbn)

1.41

2022: 1.31*

Cost-to-income ratio (%)

85.38

2022: 82.85*

Return on shareholders' equity (ROE) (%)

6.81

2022: 8.83*

Total assets (Rbn)

14.01

2022: 13.19*

Total equity¹ (Rbn)

1.65

2022: 1.58*

Gross loans and advances (Rbn)

9.57

2022: 8.59*

Credit loss ratio (bps)

125

2022: 25*

Net cash available (Rbn)

1.75

2022: 1.81*

Total assets under management and advice² (Rbn)

66.44

2022: 59.17

Total core funding base (Rbn)

9.74

2022: 8.79

Deposits from customers (Rbn)

5.63

2022: 5.23

Group capital adequacy ratio (CAR)³ (%)

16.23

2022: 16.21*

All regulatory ratios remain well above regulatory limits.

¹ Excluding preference shares and non-controlling interests.

² Excluding assets under administration.

³ Unaudited.

* Restated.

2023 non-financial performance

Group permanent employee headcount

761

2022: 771

Corporate Social Responsibility (CSR) spend (Rm)

2.62

2022: 2.33

Investment in skills development (Rm)

10.4

2022: 10.1

Chartered Accountant (CA) trainees

8

2022: 12

B-BBEE rating (level)

1

2022: 1

African, Coloured and Indian (ACI) employees (%)

67

2022: 65

Graduate programme recruits

65

2022: 46

Learners living with disabilities

22

2022: 22

Persons employed in permanent roles as part of our graduate programme

37

2022: 29

Employees who received bursaries

55

2022: 88

Women employees (%)

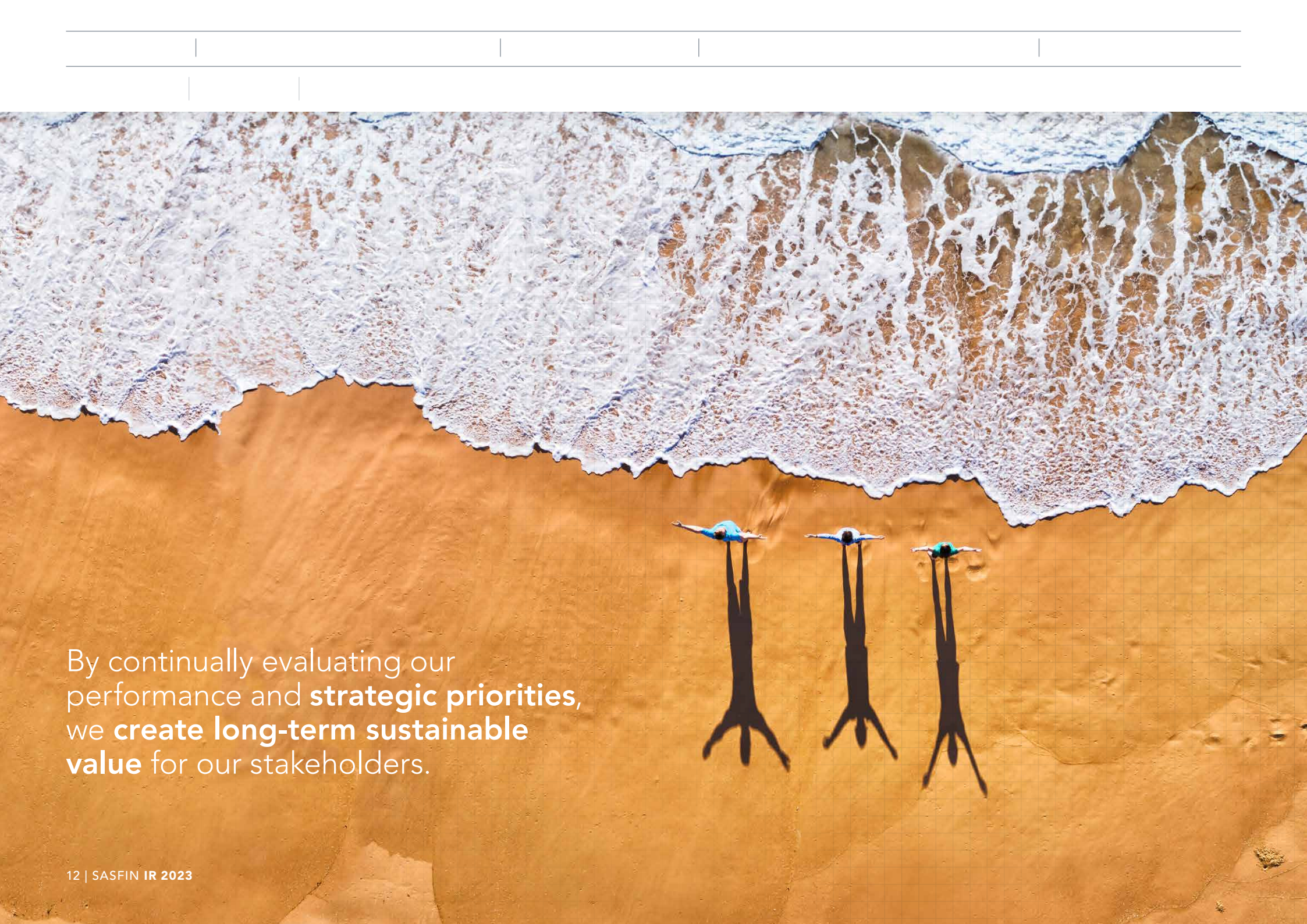
63

2022: 61

Disbursed over

R200 000

to support employees through the Sasfin Wish List¹

An aerial photograph of a beach scene. In the foreground, three people are lying on their backs on the golden sand, arms outstretched. Their long, dark shadows are cast directly in front of them, indicating the sun is low in the sky. Behind them, the ocean waves are breaking, creating a white, foamy border. The top of the image features a white header with a grid of vertical lines.

By continually evaluating our
performance and **strategic priorities**,
we **create long-term sustainable**
value for our stakeholders.

02

Our approach to value creation

Operating context

Sasfin's performance in a complex and challenging environment has been underpinned by careful management of credit extension and prioritising client quality. The following factors illustrate the complexities facing all financial institutions.



South African context

Gross domestic product (GDP)

Growth is expected to remain constrained with the International Monetary Fund (IMF)'s World Economic Outlook forecasting South Africa's 2023 GDP at 0.9%, increasing to 1.8% in 2024¹. Several industries have increased their GDP contributions.

Credit environment

Demand for credit is growing, despite elevated interest rates and inflation raising the cost of living – which combined is increasing the risk of default by lenders.

South Africa's unemployment rate is the highest in the world at 32.7%, with youth unemployment at 75.1%.

Rising debt service costs and suppressed economic growth have resulted in the TransUnion South African Consumer Credit Index dropping by 10 points to 39 in 2023, from 49 points in 2022².

Interest rate cycle and rising inflation

Steady increases in the repo rate from 3.5% in 2021 to 8.25% in response to rising inflation reaching 7.4% in June 2022 and at 5.4% in June 2023³, has placed additional pressure on consumer spending.

Rising inflation has increased the cost of living, affecting all households in South Africa. The impact on poor households and business has been severe. Reduced consumer demand contributed to the deterioration in the credit environment and increase in credit impairments.

Currency volatility

The global environment has been a key driver of the weakening of the Rand against the US dollar to R18.92 at 30 June 2023 (30 June 2022: R16.25)⁴, worsened by local factors including load shedding, high levels of unemployment. South Africa's greylisting by the Financial Action Task Force (FATF), combined with increased policy and political uncertainty has resulted in lower foreign direct investment flows.

Energy supply

Increased load shedding is estimated to have resulted in lost economic activity of R1.6 trillion in 2023. This, together with an increase in electricity tariffs, has spurred the private sector on to double solar capacity to 4 400MW as at June 2023⁵.

Infrastructure stress

In addition to electricity supply disruption, infrastructure stress has resulted in water supply and wastewater management issues in 2023. Rail and port infrastructure challenges have also impacted supply chain logistics. Opportunities exist for the private sector to contribute to improving infrastructure.

1 IMF World Economic Outlook, October 2023.

2 TransUnion, SA Consumer credit index, H1 2023.

3 Stats SA: <https://www.statssa.gov.za/publications/P0141/P0141June2023.pdf>.

4 South African Reserve Bank (SARB): <https://www.resbank.co.za/en/home/what-we-do/statistics/key-statistics/selected-historical-rates>.

5 BusinessTech: <https://businesstech.co.za/news/energy/710636/south-africas-r1-6-trillion-load-shedding-bill/#:~:text=Elevated%20levels%20of%20load%2Dshedding,billion%20more%20than%20last%20year>.



Global context

GDP

Global growth remains constrained, with GDP forecast to decline from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024¹.

Geopolitical and economic tensions

Russia's invasion of Ukraine triggered major global economic impacts, following from COVID-19 related supply chain challenges and the slow recovery from pandemic conditions. Despite initial concerns around oil supply abating, the ongoing Israel-Hamas conflict in the Middle East may affect European and Middle East economies through lower regional trade, tighter financial conditions and lower consumer confidence.

Although geopolitical tensions remain high, global markets are adapting and improving as inflation in developed markets moderates.

Social instability and demographic shifts

The risk of social unrest and political instability is growing globally, due to the cost of living rising disproportionately against household earnings.

Extreme poverty and youth unemployment go hand-in-hand with a lack of relevant skills in the workplace. With less expendable income, consumption-based economic sectors are impacted, further fuelling the lack of job opportunities.

Technological disruption

Technology is advancing so rapidly that it is causing shocks to many systems. Artificial intelligence (AI) and automation are key to staying relevant in competitive environments, yet they can result in job losses and huge resource investments. Loss of privacy is increasing as are cyber-crime incidents.

Global supply chains

Since early 2020, global supply chains have been impacted by COVID-19, geopolitical conflict, inflationary pressure, cyber-crime, global recession, and extraordinary weather events linked to climate change, before stabilising during 2023².

Financial sector instability

The collapse of Silicon Valley Bank and the buyout of Credit Suisse by UBS in March 2023 caused global uncertainty in the financial sector.

Climate change impacts

Extreme weather events and climatic shifts impact food, water and energy security; which increases the cost of living and drives the need for credit extension. Supply chain disruption is a key consequence of climate change, which threatens global food security and agricultural exports. Healthcare risks from new diseases linked to changing environmental conditions heighten global insecurity.

¹ IMF World Economic Outlook, October 2023.

² KPMG: <https://kpmg.com/xx/en/home/insights/2022/12/the-supply-chain-trends-shaking-up-2023.html>.



Deon de Kock – Chair

Chair's message to stakeholders

Sasfin remains committed to delivering sustainable value creation for all our stakeholders. We have been very focused in how we have dealt with challenges arising during the year, all of which have taken substantial effort, teamwork and commitment. Our core businesses have delivered solid results under difficult circumstances, and we believe our strategic reset to place renewed focus on these core businesses will position us well for the future.

Return South Africa to a path of growth

South Africa faces the challenge of achieving much-needed economic growth despite continued high levels of inflation, high interest rates, load shedding, and a decline in infrastructure. The global landscape is also volatile, with increased conflict, high inflation, and relatively high interest rates.

The business community is increasingly voicing its concerns about slow policy reforms and insufficient fiscal restraint, the deterioration of critical infrastructure (across energy and water supply, healthcare, and rail and port networks), and levels of crime and corruption. This environment presents significant challenges for business, especially for SMEs. We see the detrimental impact of this environment on our clients and all our stakeholders and support the collective call for action in returning South Africa to a path of growth and prosperity for all its people. The key to achieving growth and providing dignity to South Africans is tackling education, unemployment, high levels of crime and corruption, including developing and adopting pragmatic and business-enabling policies that open opportunities for businesses to create jobs more efficiently.

Solid fundamentals and core businesses

Sasfin's total income, including income from associates, increased by 7.0% to R1.4 billion (2022 restated: R1.3 billion) for the year. Our balance sheet also strengthened, with net loans and advances increasing by 11.5% to R9.0 billion and total assets growing by 6.6% to R14.0 billion. Deposits from customers grew by 7.6% to R5.6 billion. Wealth experienced an increase of 12.3 % in assets under management and advice to R66.4 billion while maintaining its award-winning investment performance.

Dealing with financial misconduct

As previously reported, there were allegations of financial misconduct relating to persons and/or entities who had been clients of Sasfin's foreign exchange business unit going back to 2014. Sasfin is cooperating with the relevant authorities in their investigations and has terminated relationships with implicated clients.

Sasfin commissioned an investigation by a leading international audit firm to investigate thoroughly the allegations and determine whether any employees or clients were involved, and how the alleged financial misconduct had occurred.

The evidence gathered from the investigation demonstrated that a group of Sasfin employees in the foreign exchange business unit had colluded with the implicated clients to enable the circumvention of exchange control and anti-money laundering regulations, as well as to subvert our system of internal controls. All implicated employees have been dismissed, and criminal cases have been opened where appropriate.

Our leadership have shown how they live the Group's values in their commitment to putting in place the building blocks of the Sasfin of the future. They have shown tremendous courage and were transparent in their engagements with all stakeholders on these matters, demonstrating ownership and leadership and then acting decisively by taking focused steps to understand the root causes and then resolve the issues, often amid intense media and stakeholder scrutiny.

Ensuring strategic focus to drive value

Driven by its purpose, Sasfin continues to play a crucial role in supporting our clients, by providing capital that supports the growth and resilience of our clients' businesses, and wealth. The Group remains firmly committed to continuing to build on its leading market proposition in our chosen market segments.

Sasfin has conducted a strategic review with the aim of focusing on its higher ROE generating businesses, where it has strong competitive capabilities in its Wealth, Rental Finance and focused banking activities. In this regard, Sasfin recently announced the disposal of its Capital Equipment Finance and Commercial Property Finance loan books to African Bank Limited, to the value of R3.26 billion. This sale is subject to relevant conditions which are expected to be fulfilled early next year.

The execution of this strategy will enable the Group to focus on strengthening and unlocking the potential of its core Wealth, Rental Finance and focused banking activities, which have delivered excellent returns over many years.

This review aims to reduce the balance sheet risk and ensure the Group provides focused investment and resources into businesses where we have sufficient scale and can compete effectively in a competitive sector. While there will be costs associated with transitioning to the new strategy, the outcome will result in a more efficient and streamlined business. A number of remediation efforts remain in play, with careful management from Group and pillar-level teams.

Governance developments

There have been no changes to the Board over the year, which benefitted the Group well in a time of change, as Sasfin's executive and management could rely on a stable, dedicated and experienced Board. This allowed leadership to act quickly and decisively in addressing the findings of the investigations mentioned earlier; further strengthening its operational, IT and financial processes, controls and capabilities within the pillars; enhancing risk and compliance management.

The Board and its committees have been meeting more frequently over the year to provide guidance and to discuss the investigations and further work related to restatements. With support from the GAC, the Board was closely involved in overseeing the year-end reporting process and managing the risks relating to the delay in the financial results which was a consequence of substantive audit work requested by the Board and management. Through ongoing assessment against the JSE Listings Requirements and the principles outlined in King IV, we ensure that there is an arms-length relationship between the Board and executives.

Sasfin operates in the highly regulated financial services sector, and the Board continues to focus on ensuring our governance structures are clearly defined and properly integrated, with sufficient depth of skills and experience at a Board and executive level. While our combined assurance process is established, our focus for the coming year will be on achieving consistent execution across key areas. The Board will continue to drive and set the tone for a commitment to good governance outcomes as a central component of value creation and preservation.

Board and executive effectiveness

This year the Board conducted an independent external review of its performance and effectiveness. The review concluded that Sasfin has a professional Board, which is described as enthusiastic, committed, collaborative and knowledgeable, with experienced and competent members who have appropriate skills and show mutual respect during deliberations. The Board is further characterised by the diversity of its skills, background, gender, and culture. The Board is well supported by highly effective Board sub-committees who assist the Board in the execution of its duties.

Key areas for improvement included the need to enhance the executive team's capacity and work is currently being done in this regard. The Board acknowledged that further work is required to assess and define Sasfin's organisational culture. Consideration of the Board's fiduciary duties and reputation against the background of legacy issues was raised, however, the Board was comfortable that these issues were not ongoing and that the Group is now better positioned to detect new issues that may arise.

The roles of the Chair, Group CEO, Group FD and Company Secretary were also assessed, with the review noting that all individuals were suitable for their respective roles and performed well in their roles.

Sustainability and transformation

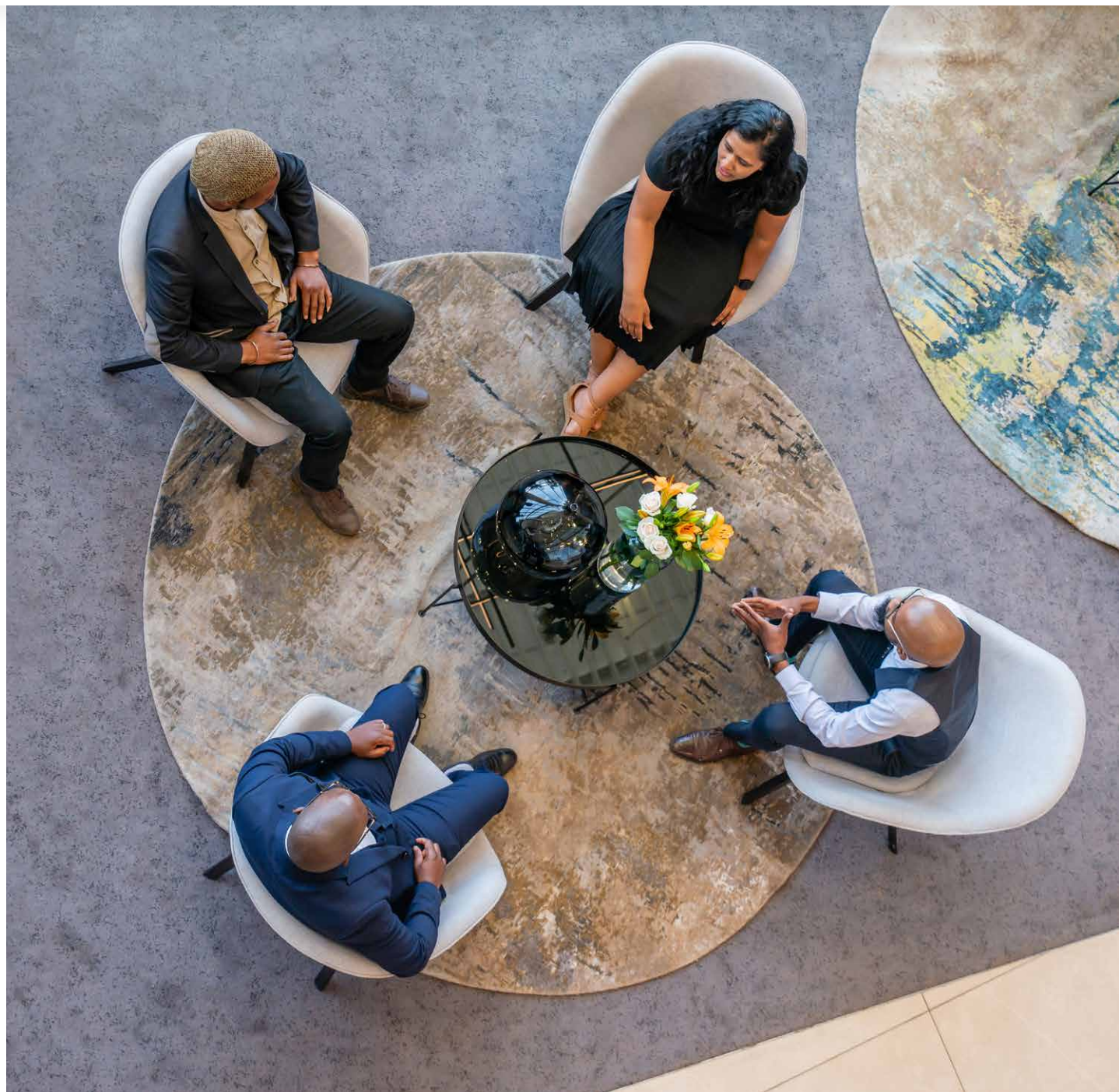
In terms of the Group sustainability and integrated thinking framework approved by the Board in November 2022, a Sustainability and Transformation Committee has been formed at an executive management level and has been actively building the capabilities and processes to roll out the framework across the Group. We are undertaking a climate risk assessment for Sasfin to align with IFRS S2 Climate-related Disclosures, which is due to come into effect in 2024. Although Sasfin's direct environmental impact is low, we are guided by responsible investment principles outlined in the Group social and environmental management system policy framework. This seeks to ensure that none of our lending, client practices and investment activities breach international, social and environmental norms. We are pleased to have retained our Level 1 B-BBEE rating.

Outlook

Sasfin's core businesses have strong value propositions and understand their markets well. Our size and agility are distinct advantages for the Group and provide an opportunity to capture market share through focused offerings and building on deep client relationships. We are excited about our pillar Champions. In Wealth, we are looking to grow market share, particularly at an institutional level. Asset Finance has strong demand for its high-touch, personalised, and solutions-driven offering, and will be growing the Rental Finance loan book on the back of this demand. Business and Commercial Banking will benefit from management's focus on its core banking activities, which continue to deliver value to its clients and provide select loan and deposit growth for the Group.

Acknowledgements

I thank my fellow directors for their exceptional commitment, work ethic, support and insight during this year. I would also like to, on behalf of the Board, acknowledge the extraordinary effort of the executive team, management and employees across the organisation in a year of change and transition. My thanks also to our shareholders, business partners and regulators, who share our commitment to mutual respect and ethical business. Lastly, I reaffirm our commitment to our purpose in contributing to society by going beyond a bank to enable growth in the businesses and global wealth of our clients.





Key stakeholder relationships






We recognise the importance of our relationships with our stakeholders, in understanding their needs and expectations to drive the process of value creation. Our high-touch and client-centric approach allows us to build strong relationships that unlock value-enhancing opportunities.

Our stakeholder groups

Our stakeholders have a direct or indirect interest in our strategy and are affected by our operations. Our federated operating model ensures that we have the right people in the right businesses to engage effectively with our stakeholders, building deep relationships and addressing their legitimate needs and concerns.

Our engagements with them contribute to our strategic decision-making processes. Stakeholder management is a dynamic process affected by the shifts in the operating and regulatory environment and in Sasfin's requirements and operations.

Defining our stakeholders

 Employees	 Clients	 Shareholders, investors and funders	 Business Associates	 Government and regulators	 Other stakeholders	 Society
<p>Employees comprise our 761 permanent employees and 107 temporary employees and contractors</p>	<ul style="list-style-type: none"> • Asset suppliers • Institutional clients • Financial consultants and intermediaries • Private clients • SMEs and entrepreneurs 	<ul style="list-style-type: none"> • Shareholders • Depositors • Development finance institutions • Institutions via debt capital markets • Private and institutional investors 	<ul style="list-style-type: none"> • Retail vendors/suppliers • Alliance partners • Financial intermediaries • Specialised services outsource partners 	<ul style="list-style-type: none"> • SARB's PA, Financial Surveillance Department, National Payments System Department and Financial Stability Department • JSE Limited • Financial Sector Conduct Authority (FSCA) • South African Revenue Services (SARS) • National Credit Regulator • Financial Intelligence Centre (FIC) • Department of Labour • Financial Sector Transformation Council • Competition Commission • Information Regulator of South Africa • National Treasury 	<ul style="list-style-type: none"> • Industry bodies, for example the Banking Association of South Africa (BASA) • Suppliers • Third-party vendors • Financial media 	<p>South Africa's population and the natural environment</p>

Employees

Our business is built by the dedicated, high-performing and experienced people who underpin our high-touch approach to building client relationships.

Our people are motivated by the difference they can make to the Group, our clients and society, by embracing an entrepreneurial spirit of going beyond.

How is this relationship managed?

Management and leadership across the Group manage and oversee employee relations.

Human Capital teams in each pillar support management under the guidance of the Group Human Capital function at the centre.

How we measure the quality of the relationship

- Engagement and ethics survey results
- Anecdotal feedback gathered by Human Capital teams across the Group
- Feedback from exit interviews
- Disciplinary and grievance processes
- Outcome of hearings of the Commission for Conciliation, Mediation and Arbitration
- Staff turnover

How and when we engage

- Employee engagement surveys
- Ethics surveys
- Talk Tuesday
- Mindful Mondays
- Regular townhalls
- Ongoing leadership training
- Ad hoc awareness sessions
- 24/7 whistle-blowing hotline
- Feedback exit interviews
- Digital communication channels
- First Thursdays
- Ask Nelson
- Panda App

Outcomes

- Our operating model and open-door policies support effective and targeted engagement with our employees and enable quick resolution of issues
- We have intensified change management activities to support employees during strategic shifts, including initiatives to enhance motivation and team morale
- We are actively enhancing our employee value proposition and retention strategies
- Human Capital has developed guidelines to assist management and employees

Their priorities and concerns

- Employment conditions, including fair remuneration and benefits
- Job security
- Human rights, diversity and inclusion
- Transparent leadership and direction
- Skills development and career growth
- Flexible ways of working
- Work-life balance
- Commitment to ethical business conduct

How we create and preserve value

- Training and development
- Wellness and employee assistance programmes
- Career growth opportunities
- Bursary programmes
- Volunteer programmes
- Fair and market-related remuneration and other employee benefits
- Sasfin Wish List (employee assistance)
- Hybrid and flexible work environment
- Transformation initiatives

Clients

In choosing Sasfin as their partner, we can enable growth in the businesses and global wealth of our clients by creating solutions that respond directly to their unique requirements.

How are these relationships managed?

- Sales and distribution teams
- Portfolio managers, wealth advisors and investment consultants
- Business-specific relationship managers
- Group Treasury
- Management
- Client relationship centre

How we measure the quality of the relationship

- Feedback received in day-to-day business engagements
- Repeat/new business volumes
- Client growth
- Compliments and complaints management process

How and when we engage

- Ongoing engagements on social media
- The Sasfin [Content Hub](#)
- In person and online client engagement
- Direct marketing

Their priorities and concerns

- 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
- Fair treatment
- Commitment to ethical business conduct
- Diverse investment options
- Sound advice

How we create and preserve value

- Affordable, reliable and innovative financial products and services
- Competitive interest bearing deposits
- Excellent wealth management solutions and investment platform
- Access to credit to grow their businesses
- Convenient access to innovative digital platforms
- Transparent pricing
- Secure and protected data
- Deep relationships and access to senior management

Outcomes

- In 2023, 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 make venues available at our head office for clients to hold training, business and social engagements with their partners and clients, at no charge
- A Client Excellence Committee has been established at Group level to embed formal business-as-usual client management processes across the Group. This includes enhancing our compliments and complaints management process to proactively invite feedback for engagement, and track responses and resulting actions

Client events and webinars



See our content hub



Shareholders, investors and funders

Their support enables Sasfin to execute on business decisions and fund opportunities for sustainable value creation over the longer term.

How are these relationships managed?

- Board and Board committees
- Group CEO, Group Treasurer and Group FD
- Group Company Secretary, Treasury and Debt Capital Markets team
- Portfolio managers and wealth advisors
- Business bankers
- Pillar CEs

How we measure the quality of the relationship

- Growth and stability in our sources of funding

How and when we engage

- Regulated JSE SENS announcements
- Annual and interim results announcements, presentations and reports
- AGM
- Meetings with potential funders, analysts and credit rating agencies

Their priorities and concerns

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

How we create and preserve value

- Financial return on capital
- Stable and growth-orientated businesses with sustainable long-term performance
- Our clients have access to management
- Transparent reporting and disclosure
- Investing capital responsibly
- Active management of debt levels, liquidity, refinancing, interest rates and counterparty risks
- Long-standing and established South African Securitisation Programme

Outcomes

- South African Securitisation Programme issued R861 million listed notes in the domestic capital markets in 2023, with a total of R3.7 billion floating rate notes in issue
- As a result of the challenging economic climate and subdued financial performance, the Board has resolved not to declare a dividend in 2023 (2022: 154.848 cents)

Business associates

Our long-standing relationships with our associates are key to delivering a leading value proposition to clients, and to develop and tailor solutions.

How are these relationships managed?

- Relationship managers
- Portfolio managers
- Management
- Pillar CE's

How we measure the quality of the relationship

- Market share
- Contract renewals and referrals
- Length of relationship

How and when we engage

- Day-to-day business activities

Their priorities and concerns

- Value proposition
- Excellent service
- Fair treatment
- Reputation
- Commitment to ethical business conduct
- Commercial opportunities
- Access to markets

How we create and preserve value

- Active engagement to build mutually beneficial relationships
- Opportunities to expand their business and access more clients, and to provide additional services through alliance partnerships
- Client engagement venue offering

Outcomes

- Sasfin is actively growing its market share and expanding our value proposition through relationships with associates.
-

Government and regulators

Government and regulators provide our licence to operate. We comply with regulations and legislation to maintain our licence and the trust of our stakeholders in our ability to deliver sustainable value.

How are these relationships managed?

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

How we measure the quality of the relationship

Due to the prominence of these stakeholders, senior executives maintain direct and open lines of communication and initiate engagements to foster transparency and cooperation, with feedback being provided to appropriate management and the Board or its committees.

How and when we engage

- Day-to-day business activities and proactive initiation of discussions on key matters
- Formal and ad hoc site visits
- Regulated reporting
- Ad hoc information requests
- Annual meetings and formal engagements

Their priorities and concerns

- Commitment to ethical business conduct
- Actively managing and meeting regulatory requirements
- A stable risk environment
- Sustainability and resilience of the organisation
- The impact of risk data aggregation risk reporting (RDARR) and IFRS 9
- Managing credit losses
- Regulatory compliance and good corporate governance, including adherence to Treating Customers Fairly regulations
- Transformation
- Succession planning
- Climate change action and reporting

How we create and preserve value

- Providing banking services to the previously unbanked to contribute to social upliftment
- Actively engaging government institutions and regulators on strategic and policy matters
- Being a diligent and responsible taxpayer
- Effectively managing risk in a complex operating environment
- Participating in and contributing to industry and regulatory working groups
- Contributing to government development plans and national priorities (such as transformation and job creation)
- Supporting national remediation efforts to address South Africa's greylisting by the FATF

Outcomes

Ongoing cooperation and constructive engagements with regulators in respect of:

- Reviews, inspections and regular meetings and updates, in particular in relation to the Anti-Money Laundering (AML) and exchange control remediation programme
- Industry-wide processes and controls for identifying beneficial ownership and enhancing cybersecurity

- Engagements between senior management and the relevant regulators' representatives or frontline teams to reaffirm Sasfin's commitment and cooperation
- Members of management regularly attend workshops and information sessions hosted by the FIC, SARB PA, FSCA and BASA on regulatory and compliance matters

Other stakeholders

These relationships support our relevance in the market and across the supply chain to ensure that we can continue to deliver on our purpose.

The audience comprises:

- Industry bodies
- Suppliers
- Third-party vendors
- Media

How are these relationships managed?

These relationships are managed by:

- Group CEO, Group FD and Group Chief Operating Officer (COO)
- Management
- Head of Debt Capital Markets
- Chief Marketing Officer

How we measure the quality of the relationship

- Media monitoring
- Feedback from engagements

How and when we engage

- Participation in industry surveys
- Participation in industry working groups and sub-committees
- Ad hoc engagements with industry bodies and financial media

Their priorities and concerns

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

How we create and preserve value

- Providing novel insights and alternative views
- Promoting Tier 2 banks' interests in member body dialogues
- Helping suppliers and partners to contribute towards the broader economy
- Proactively engaging with the media on topical themes relevant to our client segments

Outcomes

- Ongoing review of industry and market trends to respond to emerging shifts
- Repositioning our approach to news and business media with increased content coverage to support our pillars
- Ongoing reputation management processes are in place

Society

As an engaged corporate citizen, we are intentional in having a meaningful impact and positive contribution to society, and to have a net positive impact on the natural environment.

How are these relationships managed?

- Employees
- Relationship managers
- Management
- Group Marketing

How we measure the quality of the relationship

Status of relationship with non- Dealing with financial misconduct governmental (NGO) and non-profit (NPO) organisation partners

How and when we engage

- Ongoing development of impact solutions
- Frequent engagements with NGO partners in CSR initiatives
- Ongoing investment in innovation to drive financial inclusion
- Targeted media engagements
- Ad hoc meetings with social partners

Their priorities and concerns

- Job creation
- Alignment with sector transformation targets
- Community development through social contributions (financial and material), as well as skills development
- Sound corporate governance
- Responsible corporate citizenship
- Responsible use of natural resources

How we create and preserve value

- Providing access to financial services
- Partnerships to promote financial inclusion
- Good governance practices
- Positioning sustainability considerations, responsible investment, responsible lending and financial inclusion at the forefront of our business practices
- Zero-tolerance approach to financial crime and unethical behaviour
- Creating internal efficiencies in the use of natural resources, including electricity and water
- Facilitating volunteer programmes
- Trainee programmes, learnerships and bursaries

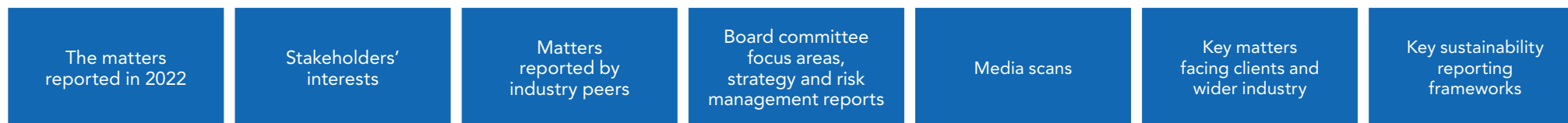
Outcomes

- Maintained Level 1 B-BBEE contributor status
- Focused CSR strategy
- Establishing a private market fund in association with RBN Fund Managers through a R360 million Jobs Fund grant developed in conjunction with National Treasury
- Provided loans to women, youth and COVID-19 impacted businesses through the NASIRA loan programme entered into with the Dutch Development Bank (FMO)
- Repositioning our approach to news and business media with increased content coverage to support our pillars
- Our head office building at 140 West Street, Sandton, incorporates multiple sustainable design features

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.

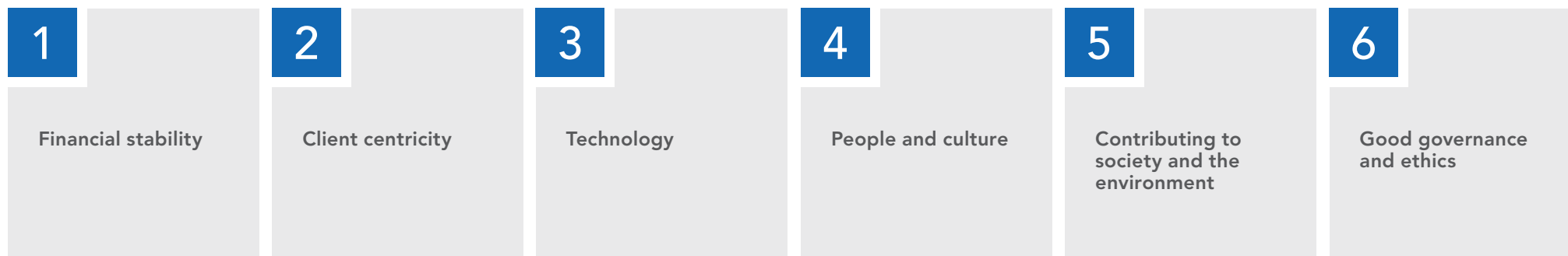
As part of the process of developing the Group sustainability and integrated thinking framework, a review was undertaken of:



Material themes

The 2023 material matters have been updated to incorporate this review and ensure that Sasfin's material themes are relevant and reflects the rapidly changing operating environment. Following the strategic reset, these themes remain relevant but will be reviewed in 2024. The Group sustainability and integrated thinking framework is modelled on material issues with associated value drivers, which link back to the Group's strategy and is informed by stakeholder issues and considered through a risk lens.

Management is responsible for ensuring measures are implemented to provide effective oversight of these matters, 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.



Key changes include consolidating 'scale and cost management' and 'credit quality' from 2022 under one matter – 'financial stability'. The addition of 'contributing to society and the environment' reflects our commitment to enhancing matters of sustainability aligned to our purpose. The removal of 'challenging economic and political environment' is not due to the diminishing impact of this matter, but its consolidation into each of the updated material themes to ensure more specific reporting and consideration.

1. Financial stability

Our ability to mitigate and respond to operating environment conditions and maximise opportunities to ensure our longer-term financial stability.

Themes

- Quality asset growth
- Quality growth in AUM
- Capital-light, non-interest revenue growth
- Appropriate cost to income
- Strong balance sheet
- Funding our business' growth

Stakeholders considered

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

Related strategic focus areas

- Back our champions
- People and culture
- Operational excellence

2. Client centricity

Our personal touch, entrepreneurial approach, solutionist mindset and agility allow us to support our clients.

Themes

- Digital access and adoption
- Service excellence
- Treating the client fairly
- Access to banking and finance
- Sustainable risk-adjusted investment performance in line with client mandates
- Offering high touch and solutioning where it matters

Stakeholders considered

- Clients
- Employees
- Shareholders, investors and debt funders

Related strategic focus areas

- Back our champions
- Operational excellence
- People and culture

3. Technology

Technology enables the development and delivery of new products and services, improving the client experience and increasing efficiencies to support our competitiveness and respond to new financial technology (fintech) companies and banks, as well as increased focus from established competitors.

Themes

- Information and cybersecurity
- Disruptors through technology
- System stability and enhancement
- Cost of technology
- Effective project implementation
- Appropriately leverage data

Stakeholders considered

- Clients
- Employees
- Business associates
- Government and regulators

Related strategic focus areas

- Back our champions
- Operational excellence
- People and culture

4. People and culture

Our people are critical to our ability to deliver products and services. Our culture stems from our purpose and values which inform the way we do business.

Themes

- Fair remuneration and benefits
- Purpose-led and values-based culture
- High performance
- Diversity and transformation
- Attract and retain the right talent

Stakeholders considered

- Clients
- Employees
- Business associates
- Government and regulators
- Other stakeholders
- Society

Related strategic focus areas

- Back our champions
- Operational excellence
- People and culture
- Transform our society

5. Contributing to society and the environment

Our purpose guides us in how we contribute to transforming society and managing and mitigating our impact on the environment.

Themes

- Preserving the environment
- Enabling growth in businesses
- Transformation and inclusion
- Enabling a saving culture
- Uplifting communities we operate in
- Responsible business practices

Stakeholders considered

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

Related strategic focus areas

- Transform our society
- Back our champions
- Operational excellence
- People and culture

6. Good governance and ethics

The financial services industry is highly regulated with a complex and continually evolving regulatory framework that requires careful risk management, robust governance structures and considerable investment to ensure we are compliant.

Themes

- Legal and regulatory compliance
- Effective risk management
- Best practice corporate governance
- Strong internal control framework
- Transparent and consistent reporting
- Ethics

Stakeholders considered

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

Related strategic focus areas

- Operational excellence
- People and culture

Group strategy

Our purpose underpins our strategy as our priorities evolve in response to the operating environment and the risks and opportunities facing the Group.




During the year, the Group conducted a strategic review to streamline businesses and processes in response to current assessment of the operating context and to ensure that we are well positioned for focused future growth and long-term resilience. This strategic reset has resulted in the Group focusing deeply on core capital light businesses with strong competitive capabilities, generating a higher ROE. This strategic reset will result in a more efficient and streamlined business that will unlock the established potential in core Wealth, Rental Finance and focused Banking activities to deliver consistent performance and value to shareholders.

We continue to deliver on our purpose – *we contribute to society by going beyond a bank to enable the growth in the businesses and global wealth of our clients* – underpinned by our key strategic focus areas:




Strategic focus areas	Aspirations	Looking forward	<p>Enabled by:</p> <p>Living our purpose and values</p> <p>An entrepreneurial culture service ethos that provides bespoke client service per business type</p> <p>Technology supported by innovation, transformation and digital enablement</p> <p>Commitment to regulatory compliance and ethical corporate citizenship</p> <p>Strengthening our operating platforms</p>
People and Culture	Purpose- and values-led company under focused entrepreneurial leadership to enable Sasfin to attract and retain the appropriate talent to support the sustainable growth of our businesses, while managing the transition in terms of our strategic reset.	Our revised Human Capital structure, operating within the federated model, is providing increased capacity and competency while we actively align our workforce to support the new strategy.	
Back our Champions	Unlock embedded growth and market position in the areas which generate higher ROE through increased focus enabled by exiting non-core activities.	Key operational, financial and technical capabilities are embedded in each pillar, supported by the Group and governed centrally, driving operational excellence.	
Transform our Society	A diverse and inclusive workforce and culture that supports businesses and savers, benefits society through its CSR spend and delivers on its aspiration as an impact brand.	Governance structures and action plans in place, with accountabilities assigned and a greater focus on generating and measuring impact.	
Operational Excellence	Our platforms enable sustainable growth in our core activities and allow us to better deliver value to our core clients and enable our people to operate effectively, while meeting our governance and operational standards.	The federated model in our champion businesses combined with the strategic reset will build capacity into strengthen our operating platforms in activities that position us to focus on our core businesses. This is supported by our strengthened lines of defence and our enhanced control environment.	

Business model

We build enduring relationships and provide excellent service and products to entrepreneurs and investors through our high-touch approach, client-centric business model and innovative technology solutions. Our model demonstrates how Sasfin uses its available resources and relationships (applying the six capitals approach of the Integrated Reporting Framework) to create value through our business activities. It also considers some of the constraints and trade-offs that face our business.

Capitals	Financial 	Social and relationship 	Intellectual 
Inputs*	<p>Our capital base, deposits and funding from investors and clients are used to support our clients and business operations, and create sustained long-term wealth.</p> <ul style="list-style-type: none"> • Core funding base of R9.74 billion (2022: R8.79 billion) • Total ordinary shareholders equity of R1.65 billion (2022: R1.58 billion) • Net available cash of R1.76 billion (2022 restated: R1.81 billion) • Growing gross loans and advances book of R9.57 billion (2022: R8.59 billion) • Client deposits of R5.63 billion (2022: R5.23 billion) 	<p>Our trust-based relationships and partnerships are central to our long-term sustainability and ability to achieve our purpose. This includes having a meaningful impact in the communities in which we operate and contributing to a strong financial ecosystem in South Africa.</p> <ul style="list-style-type: none"> • Positive, stable relationships with all stakeholders • A growing and loyal client base • Established, trusted brand and reputation • Strategic and alliance partners in each pillar • Maintained Level 1 B-BBEE status 	<p>Our brand and reputation, as well as the institutional knowledge and experience that protects our reputation, enables us to deliver against our purpose, and capitalise on our competitive advantages. Our in-house expertise and specialist skills allow us to provide bespoke solutions for our clients.</p> <ul style="list-style-type: none"> • Services and products focused on our clients' needs • Effective and transparent governance structures centred on ethical conduct • Brand awareness and reputation • Innovative thinking and agility
Trade-offs and constraints for achieving our desired outcomes	Managing our capital allocations to ensure we can invest in our strategy and product offerings, while managing our liquidity planning and shareholder expectations in a challenging economic environment to achieve our medium-term ROE target.	Managing the quality of our relationships with our stakeholders by considering their legitimate concerns and balancing this against business imperatives and our strategic objectives.	Managing the increasingly onerous regulatory environment and the cost of compliance to protect our brand and reputation and the interests of all stakeholders.
Our desired outcome	Deliver long-term sustainable growth and value creation.	Have a meaningful impact on society and in the communities in which we operate.	Deepen our agility and high-touch model to deliver creative solutions based on strong relationships and thorough understanding of our clients' needs.
Outcomes	<ul style="list-style-type: none"> • Headline earnings per share (HEPS) of 366.18 cents per share (2022 restated: 454.43 cents per share) • Cost-to-income ratio increased to 85.38% (2022 restated: 82.85%) • Credit loss ratio increased to 125 bps (2022 restated: 25 bps) • AUM increased to R66.44 billion (2022: R59.17 billion) • Capital adequacy ratio of 16.23% (2022: 16.21%) 	<ul style="list-style-type: none"> • R19.91 million total tax contribution to public finances (2022: R50.1 million) • CSR spend of R2.62 million (2022: R2.33 million) • Association with RBN Fund Managers: establishing a private market fund focused on impact investing and job creation (R360 million Jobs Fund grant developed in conjunction with National Treasury) 	<ul style="list-style-type: none"> • Award-winning solutions • Positive MSCI ESG ratings • Increasing automation of certain manual processes supporting client experience, efficiency and data accuracy

* For the quantification of our inputs, we have used closing year end balances for consistency.

Capitals			
	Human 	Manufactured 	Natural 
Inputs*	<p>Our people and leaders have the motivation, capabilities and experience to deliver our strategy, enhanced by ongoing investments in their development and wellbeing. We are constantly investing to grow talent and leadership among our people.</p> <ul style="list-style-type: none"> • 761 permanent employees (2022: 771) • Specialised skills and knowledge • Experienced and diverse executive team and Board • Leadership and managerial skills • Employee knowledge, skills and training 	<p>The facilities and general infrastructure that support our business operations and enable us to meet our client needs and improve efficiency.</p> <ul style="list-style-type: none"> • Invested R17.19 million in technology and equipment (2022: R54.06 million) 	<p>The impact we have on natural resources through our own operations, including energy, water and climate, and our influence through our business activities.</p> <ul style="list-style-type: none"> • We do not use significant environmental resources and aim to minimise our environmental impact
Trade-offs and constraints for achieving our desired outcomes	Attracting and retaining people with the right skills and entrepreneurial spirit, while maintaining focus and the productivity of our existing workforce in an environment where specialist skills are in high demand.	Investing in our systems and IT infrastructure to achieve efficiencies and maintain resilience while containing costs.	Although our direct impact is small due to the nature of our business, we responsibly manage the impact of our business activities on the environment.
Our desired outcome	Create a diverse and inclusive work environment where everyone can reach their potential.	Invest in innovative opportunities that unlock growth.	Achieve a net positive impact in our environment and business activities.
Outcomes	<ul style="list-style-type: none"> • R620.6 million paid in wages and benefits (2022: R560.3 million) • Employee development through skills development and training spend of R10.4 million (2022: R10.1 million) • 526 employees trained through the Sasfin Learning Academy (2022: 360) 	<ul style="list-style-type: none"> • Investment in development, maintenance and enhancement of IT infrastructure of R205.3 million (2022: R200.8 million) 	<ul style="list-style-type: none"> • R2.52 million spent on electricity and R0.66 million on water

* For the quantification of our inputs, we have used closing year end balances for consistency.

Business activities

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

Asset Finance

- Equipment rental and finance solutions
- Capital equipment finance solutions*

Business and Commercial Banking

- Deposit and savings products
- Foreign exchange solutions
- Trade finance solutions
- Debtor finance solutions
- Transactional banking
- Alliance banking

Wealth

- Private wealth solutions
- Asset management solutions
- Corporate and institutional solutions

Business enablement activities support our federated operating model by offering centralised specialist corporate services.

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 and trade and debtor finance
- Facilitate local and foreign transactions
- Provide treasury services
- Offer savings and investment products
- Provide business banking solutions
- Provide asset management, global portfolio management, stockbroking and wealth advisory services
- Offer advice through institutional consulting and corporate advisory

* Sasfin recently announced the disposal of its Capital Equipment Finance and Commercial Property Finance loan books to African Bank Limited, which is subject to relevant conditions.



Approach to sustainability

Our approach to sustainability is principle-driven and underpinned by our purpose and values.

As the role of business in society evolves, the need to be purpose-led and demonstrate a contribution as an active corporate citizen is increasing. Sustainability requirements and regulations are evolving, and although adopting these can be demanding, they also present new business opportunities.

Sustainability and transformation are included as part of our strategy in the focus area: Transform our society. As a financial services organisation, our key impact is economic in providing capital to enable the growth of people and enterprises, and in protecting and growing wealth (discussed throughout this report).

Sasfin's approach to sustainability

In addition to being the right thing to do, the Board believes that it is appropriate to enhance our approach to sustainability by incorporating sustainability outcomes into our core business operations. This includes ensuring that the design of our policies and products enables the effective and measurable delivery of sustainability objectives.

We constituted an executive-level Sustainability and Transformation Committee in 2022 to oversee how we govern, manage and report on sustainability matters. The Group sustainability and integrated thinking framework was developed to define our sustainability ambitions in line with our purpose, however, as the Group adjusted its strategic focus during the year, the framework will be revised in line with our refreshed strategic priorities and the implementation thereof will commence in 2024.

How we govern sustainability

The Board is the ultimate custodian of sustainability for the Group and promotes the long-term sustainable success of Sasfin. Specific sustainability oversight is conducted by Board sub-committees, with management being mandated to give effect to Sasfin's sustainability commitments.



* Although financial services companies have a relatively small direct environmental footprint, the influence the business has on how clients act, invest or run their everyday affairs can have a significant impact.



Environment*

- Understand and reduce our direct environmental impact (use of water and electricity, and waste generated)
- Understand and reduce our indirect environmental impact (supply chain, including transport)
- Understand the risk profile of climate change for our Group
- Build impact-investing capabilities for clients
- Provide solutions to help our clients manage their environmental impact



Social

- Cultivate a diverse and inclusive workforce, and support their development
- Contribute to social and economic inclusion and building the economy
- Purpose-led approach to CSR and impact initiatives



Governance

- Ethical and compliant business conduct and practices

How we apply our sustainability principles to ESG

	Environment	Social	Governance
Themes	<ul style="list-style-type: none"> Understand and reduce our direct environmental impact Understand and reduce our indirect environmental impact Understand the risk profile of climate change for our Group Provide solutions to help our clients manage their environmental impact Build impact-investing capabilities for clients 	<ul style="list-style-type: none"> Cultivate a diverse and inclusive workforce, and support their development Contribute to social and economic inclusion and building the economy Purpose-led approach to CSR and impact initiatives 	<ul style="list-style-type: none"> Ethical and compliant business conduct and practices
Priorities	<p>Impact-investing capabilities and initiatives in Sasfin Wealth</p> <p>Credit policies with prohibited lending practices</p> <p>Financing energy efficient products</p> <p>Sustainable design features of our head office building</p>	<p>B-BBEE and transformation</p> <p>Employee diversity and equity</p> <p>Employee practices and processes that support wellbeing, including culture, fair labour and remuneration practices, health and safety</p> <p>Financial inclusion</p> <p>Social impact financing</p> <p>Digital tools and resources for SMEs</p> <p>Focused CSR and impact initiatives</p>	<p>Experienced, independent Board</p> <p>Ethical culture</p> <p>Legal and regulatory compliance and combined assurance structure</p> <p>Fair performance management, remuneration and executive compensation practices</p> <p>Enhanced data capabilities to proactively govern and manage risk (RDARR)</p> <p>Frameworks and measures to manage cybersecurity risks</p> <p>Data privacy and the Protection of Personal Information Act (POPIA)</p> <p>Market conduct</p>
Highlights in 2023	<ul style="list-style-type: none"> A MSCI ESG-rated portfolio in our Wealth pillar 275 loans valued at R136.3 million provided in energy efficient financing to our clients via our Asset Finance pillar Group Risk completed an initial climate change gap analysis in terms of the PA communication 10 of 2022, against the BCBS Principles for the effective management and supervision of climate-related financial risks A climate risk working group has been established to progress our climate risk strategy for the Group 	<ul style="list-style-type: none"> Maintained Level 1 B-BBEE contributor status 526 employees trained through the Sasfin Learning Academy (2022: 360) ACI employees make up 67% of our workforce (2022: 65%) 65 graduates recruited through our Graduate Programme (2022: 46) Focused change management provided in Business and Commercial Banking to support employees Building a private market fund, with RBN Fund Managers focused on impact investing and job creation Provided loans to over 440 women, youth and COVID-19 impacted businesses through the NASIRA loan programme entered into with the Dutch Development Bank (FMO) to drive inclusive growth, job creation and sustainable development R2.62 million CSR spend (2022: R2.33 million) 	

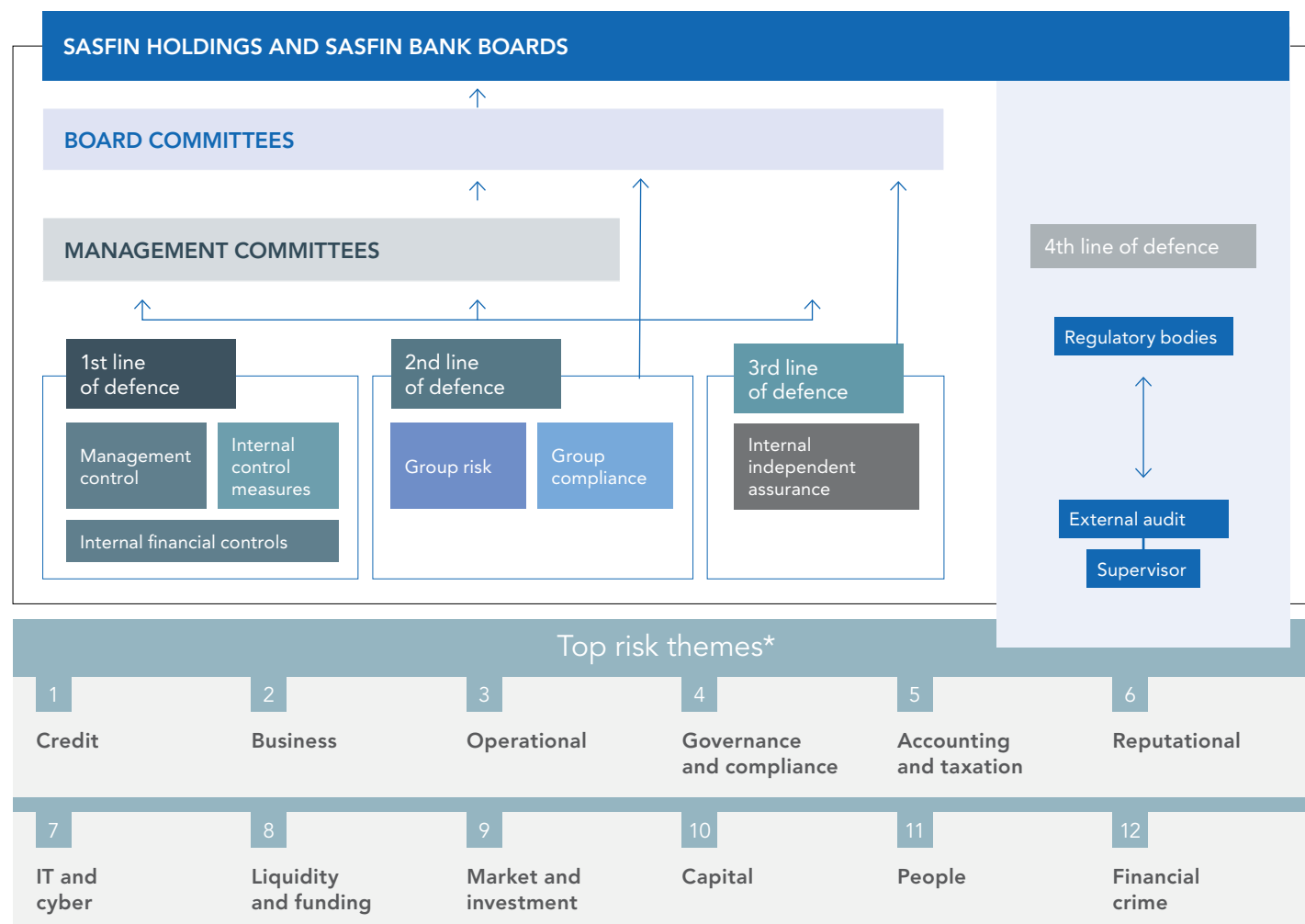
Risks and opportunities

We manage our strategic risks to ensure the Group can continue to create and protect value sustainably. Effective risk management improves performance, encourages innovation and supports the achievement of our strategic objectives by leveraging opportunities that drive business growth and long-term competitive standing.

How Sasfin manages risk

We have an established integrated risk management philosophy that aims to ensure that the diverse range of risks and opportunities facing the Group are proactively and effectively identified, quantified and mitigated within acceptable parameters by ensuring that we have the appropriate governance structures, processes, policies and frameworks in place.

The Board is responsible for risk management and defines and sets the Group's risk appetite. The Board approves the policies and limits that are applied throughout the Group through risk appropriate tolerance limits and structures. The GRMC, Group Exco and the Executive Governance Committee (GovCo) support the Board in discharging these duties.



* In no particular order.



Approach to risk management

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.

The effectiveness of our enterprise risk management (ERM) processes is reviewed annually to ensure that it appropriately incorporates current and emerging risk management techniques, research, trends and new or changing regulations that impact risk management.

Risk management process and design

The four lines of defence model is used to ensure accountability and to distinguish between owning and managing risk, overseeing risk and providing independent assurance. This ensures that risks are managed appropriately, and that robust responses are in place to mitigate the risks the Group faces.

The Group's ERM process is embedded in 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. Our ERM processes are considered mature and commensurate with the Group's complexity and risk maturity.

Top 12 risks

Our top 12 risks include financial and non-financial risks relating to our operations, business and strategy. We continually review our risk universe and the top risks facing the Group. As a result of shifts in the Group's external and internal environment, two new risks have been identified through the annual risk review process and added to the top risk themes that require additional management focus.

01 Credit

The Group is exposed to credit risk due to our lending business activities which is a major source of income. The credit strategy ensures that we have an optimally diversified and well spread credit portfolio in relation to the risk/return relationship.

Impact

- Financial loss from a client's failure to meet a contractual repayment obligation, including concentration risk to a particular group of clients

Opportunities

- Increased credit risk awareness facilitates better operational and strategic decision-making across the Group
- Understand the diversity of the risk and manage it with a strong emphasis on risk reduction/mitigation to ensure that returns for the risk assumed are enhanced

BOARD OVERSIGHT

GRCMC

CLEC

RISK RATING

High

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Ensure credit extension is based on sound criteria
- Understand the impact of developments in the operating environment, including the state of the economy as well as political, social and demographic developments
- Enhance the monitoring and risk management of clients showing early signs of higher risk and take early corrective action
- Monitoring large exposures

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> Clients Shareholders, investors and debt funders 	<ul style="list-style-type: none"> Back our champions Operational excellence 	<ul style="list-style-type: none"> Financial stability Client centricity Good governance and ethics

Capitals impacted



Financial



Social and relationship



Intellectual

02 Business

Global growth is projected to decline from an initial estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. The rise in central bank policy rates to fight inflation continue to weigh on economic activity. From a domestic point of view, load shedding, supply chain disruptions, high inflation and interest rates continue to be a challenge. The Group is continuously assessing its resilience against this background.

Impact

- Losses or reduced profits arising from the Group's strategic direction and execution, or due to factors in the external environment like competition and adverse economic conditions
- Inability to provide investors and shareholders with adequate returns

Opportunities

- Ability to make confident business decisions
- Minimise financial losses and enhance productivity and the client experience

BOARD OVERSIGHT

GRCMC

RISK RATING

High

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Invest in the growth of our core businesses
- Monitor the environment and the potential impact on strategic execution

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> Clients Shareholders, investors and debt funders 	<ul style="list-style-type: none"> Back our champions Operational excellence 	<ul style="list-style-type: none"> Financial stability Client centricity Good governance and ethics

Capitals impacted



Financial



Social and relationship



Intellectual



Human



Natural



Manufactured

03 Operational

Operational risks remain a key focus area across the Group. Although there has not been an increase in risk incidents, the quantum and severity impact of events have root causes that usually relate to human error, process or system failures that require a proactive and diligent approach.

Impact

- Financial loss resulting from inadequacy or failure of internal processes or systems from external events, or people/human error

Opportunities

- Strengthen our operational platforms to be more effective and more reliable to reduce losses from operations
- Improving compliance processes
- Improve capital deployment

BOARD OVERSIGHT

GRCMC

GovCo
(management)

RISK RATING

High

Risk exposure movement

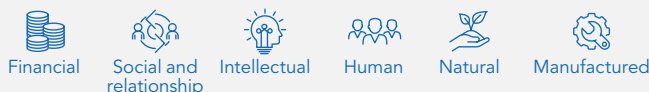
Anticipated short-term trend

Our priorities and response

- Ensure the systematic and consistent application of policies, procedures and practices
- Enhance internal and operational governance
- Mature first line risk ownership and management and continuously build a risk-aware culture
- Invest in first line risk management skills and expertise

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> Clients Shareholders, investors and debt funders Government and regulators Employees Business associates 	<ul style="list-style-type: none"> People and culture Back our champions Operational excellence 	<ul style="list-style-type: none"> Technology People and culture Good governance and ethics

Capitals impacted



04 Governance and compliance

Good governance and effective compliance practices safeguard trust and provide stakeholders with greater clarity and transparency. We are cognisant of the need to adapt to a rapidly evolving regulatory environment which requires a proactive response to ensure continued compliance.

Impact

- Risk of exposure to legal penalties, financial forfeiture and material loss from failure to act in accordance with laws and regulations, internal policies or prescribed best practices
- Potential risk of reputational damage and/or the loss of the Group's banking licence

Opportunities

- Good governance and compliance practices enhance the ability to manage regulatory change and improves financial performance

BOARD OVERSIGHT

GRCMC

DANC

GAC

RISK RATING

High

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Co-ordinate initiatives and programmes to strengthen the ethics and compliance culture
- Invest in compliance systems and processes that enable effective monitoring of compliance
- Coordinate compliance activities across the Group and mature first line compliance ownership and management
- Mature the combined assurance model
- Enhance the Group's climate risk assessment and reporting process

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> Clients Shareholders, investors and debt funders Employees Governments and regulators 	<ul style="list-style-type: none"> People and culture Back our champions Operational excellence 	<ul style="list-style-type: none"> Financial stability People and culture Good governance and ethics

Capitals impacted



05 Accounting and taxation

Internal financial controls support financial reporting and data quality that better informs management decision-making. We continue to strengthen our control environment and have remediation programmes in place to address any identified shortcomings.

Impact

- Risk that a breakdown in the internal financial controls results in false or misleading financial reporting
- Incorrect interpretation or application of tax legislation

Opportunities

- Effective financial management and decision-making
- Mitigation against unplanned losses in adverse economic conditions

BOARD OVERSIGHT

GRCMC

GAC

RISK RATING

■ High

■ Risk exposure movement

▼ Anticipated short-term trend

Our priorities and response

- Ongoing improvement in financial reporting to support decision-making
- Balance sheet substantiation and remediation programme to improve data quality has resulted in restatements to prior year results

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> • Clients • Shareholders, investors and debt funders • Employees • Governments and regulators 	<ul style="list-style-type: none"> • Operational excellence 	<ul style="list-style-type: none"> • Financial stability • Technology

Capitals impacted



06 Reputational

This risk comprises both reputational and conduct risk where the former is the risk associated with the loss of confidence, trust and credibility from stakeholders. The latter refers to the risks associated with inappropriate, unethical or unlawful behaviours carried out by employees or the entity itself.

Impact

- Mishandling or misuse of confidential customer data leading to data breaches or unauthorised sharing of information
- Non-compliance with regulatory or statutory guidelines set by financial authorities resulting in penalties/fines
- Inadequate quality of services or products offered
- Other actions by employees and leadership that could bring the Group into disrepute

Opportunities

- Maintaining a transparent and open line of communication with regulatory bodies that is beneficial to the Group's strategic objectives

BOARD OVERSIGHT

GRCMC

SEC

RISK RATING

■ High

▲ Risk exposure movement

■ Anticipated short-term trend

Our priorities and response

- Regular internal audits and reviews to detect potential issues.
- Best practice risk and governance management to ensure ethical and strategic decision making, compliance and oversight
- Functional capabilities to drive an ethical and sustainable organisational culture
- Enhance our processes, training and ensuring identified remedial actions are implemented
- Monitoring of media
- Proactive stakeholder engagement

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> • Clients • Shareholders, investors and debt funders • Employees • Governments and regulators 	<ul style="list-style-type: none"> • People and culture • Back our champions • Transform our society 	<ul style="list-style-type: none"> • Client centricity • People and culture • Contributing to society and the environment

Capitals impacted



07 IT and cyber

Cyber risk continues to increase globally, with higher potential for cyber attacks. Increasingly complex technology governance and control structures are required to service hybrid and remote working models.

Impact

- Potential for IT incidents that expose the Group to harm or financial loss
- Business disruption due to cyber attacks and unauthorised internal manipulation could also cause reputational damage and result in fines and penalties
- Outdated technological solutions could result in lost business and decreased competitiveness

Opportunities

- IT risk management increases network security, reduces management costs, achieves greater compliance, and supports the availability of quality data for decision-making

BOARD OVERSIGHT

GRCMC

IT Committee

RISK RATING

Medium

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Identify and prioritise the mitigation of the Group's main cyber risks
- Provide multiple layers of defence, including the use of virtual private networks and access point name technologies

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> • Shareholders, investors and debt funders • Employees • Business associates 	<ul style="list-style-type: none"> • Back our champions • Operational excellence 	<ul style="list-style-type: none"> • Client centricity • Technology

Capitals impacted



08 Liquidity and funding

Cyber risk continues to increase globally, with higher potential for cyber attacks. Increasingly complex technology governance and control structures are required to service hybrid and remote working models.

Impact

- Risk of insufficient funding or cash resources to meet short- and long-term obligations immediately as they fall due

Opportunities

- Effective management of funding and liquidity supports loan book growth, enhances returns and improves product pricing

BOARD OVERSIGHT

GRCMC

ALCO (management)

RISK RATING

Medium

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Assess opportunities to lower cost of funding
- Grow loan book and deposit base
- Securitisation is one of the Group's key funding mechanisms besides customer deposits
- Proactively manage regulatory ratios in line with risk appetite thresholds

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> • Clients • Shareholders, investors and debt funders • Employees • Business associates 	<ul style="list-style-type: none"> • Back our champions • Operational excellence 	<ul style="list-style-type: none"> • Financial stability • Client centricity • Good governance and ethics

Capitals impacted



09 Market and investment

The Group is primarily exposed to adverse market movements in interest rates (IRRBB), exchange rates, and other debt and equity market volatility.

Impact

- Risk of adverse changes in the value of an investment in a company, fund or financial instrument where the fluctuation in the valuation can impact financial results
- Equity market performance impacts the Wealth pillar in terms of fees earned on assets under management, administration and advice

Opportunities

- Effective management promotes consistent returns in volatile markets

BOARD OVERSIGHT

GRCMC

IT Committee

ALCO
(management)

RISK RATING

Medium

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Balance positioning of Wealth funds
- Selective investments in core portfolios

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> • Clients • Shareholders, investors and debt funders • Employees • Governments and regulators 	<ul style="list-style-type: none"> • Back our champions • Operational excellence 	<ul style="list-style-type: none"> • Financial stability • Client centricity

Capitals impacted



Financial



Intellectual

10 Capital

The Group's strategy requires an adequate level of capital to meet its strategic objectives.

Impact

- Risk of the capital position falling outside of the range required to support strategic aims
- Breach of regulatory requirements and inadequate capital to fund the business

Opportunities

- Optimise financial performance by reducing the cost of capital

BOARD OVERSIGHT

GRCMC

CLEC

ALCO
(management)

RISK RATING

Medium

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Ensure we maintain our liquidity and capital buffers
- Assess alternative forms of capital funding to support growth

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> • Clients • Shareholders, investors and debt funders • Employees • Governments and regulators 	<ul style="list-style-type: none"> • Back our champions • Operational excellence 	<ul style="list-style-type: none"> • Financial stability • Good governance and ethics

Capitals impacted



Financial

11 People

Constantly evolving environment in terms of skills shortages, emigration, employee wellbeing and succession planning.

Impact

- Financial losses and negative social performance related to inadequacies in human capital and the management of human resources
- Capacity constraints may hamper delivery of strategic and critical projects

Opportunities

- A purpose-led organisation with brand strength that can retain and attract the right talent to support sustainable business growth

BOARD OVERSIGHT

GRCMC

REMC0

SEC

RISK RATING

Medium

Risk exposure movement

Anticipated short-term trend

Our priorities and response

- Invest in developing and training our people
- Enhance employee engagement through targeted initiatives and a strong employee value proposition
- Ensuring robust ethics policies and awareness
- Strengthening succession planning

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> Clients Shareholders, investors and debt funders Employees Governments and regulators 	<ul style="list-style-type: none"> People and culture Back our champions Transform our society 	<ul style="list-style-type: none"> Client centricity People and culture Contributing to society and the environment

Capitals impacted



12 Financial crime

The potential exposure to criminal activities related to financial transactions, operations and services. Money laundering, terrorist financing, tax evasion, cybercrime etc are all considered under this risk category.

Impact

- Financial losses from fraud, regulatory fines and litigation costs.
- Loss of business opportunities from potential partners or clients avoiding association with the brand
- Investigative, remediation and enhancement measures might divert resources from core operations

Opportunities

- Investment in robust technology for timely transaction monitoring to provide improved detection rates

BOARD OVERSIGHT

GRCMC

GAC

RISK RATING

Medium

Risk exposure movement

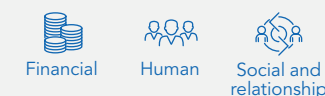
Anticipated short-term trend

Our priorities and response

- Regular review and update of policies, controls and technology
- Ensuring remediation plans are effectively implemented (including obtaining independent assurance)
- Encourage internal reporting of suspicious activities through whistleblowing mechanisms
- Ensure accurate, consistent and timely data for effective monitoring and detection

STAKEHOLDERS IMPACTED	RELATED STRATEGIC FOCUS AREAS	RELATED MATERIAL MATTERS
<ul style="list-style-type: none"> Clients Shareholders, investors and debt funders Employees Governments and regulators 	<ul style="list-style-type: none"> People and culture Back our champions Transform our society 	<ul style="list-style-type: none"> Client centricity People and culture Contributing to society and the environment

Capitals impacted



03

Delivering value



Michael Sassoon – Group CEO

Group Chief Executive Officer's report

"We **reset our strategy** to focus on our champion businesses where we have strong competitive advantages and can deliver sustainable returns to shareholders. This will be achieved by allocating our resources to our **high performing core businesses** – Wealth, Rental Finance and focused banking activities – which continued to deliver solid returns in a difficult environment, and the finalisation of the exit of non-core activities. We have made significant progress in executing this strategic refocus, which we aim to conclude by June 2024.

We did this while **tackling issues** that we faced head-on, dealing aggressively with financial crime and strengthening our control environment. While this has come at a significant cost, we are steadfast in our commitment to the highest levels of governance and ethics, evidenced in the action we have taken.

This has been a tough road, but the outcome for our shareholders and stakeholders at large will be a simpler, more cash generative Group where we are able to **meet our purpose** while living our values."

Strategic reset

We have concluded a strategic review of the Group which will result in us focusing on our higher ROE generating businesses, where we have strong competitive capabilities in Wealth, Rental Finance and focused banking activities. In this regard, we exited our specialised lending and relationship-led business banking capabilities by June 2023, and have announced the disposal of our Capital Equipment Finance and Commercial Property Finance loan books to African Bank Limited (ABL), to the value of R3.26 billion. This sale is subject to relevant conditions, which are expected to be fulfilled in early 2024. The outcome will result in a more efficient, capital-light and streamlined business.

The execution of this strategy will enable Sasfin to back our champions by strengthening our core activities which have delivered excellent returns over many years. We aim to bed down these strategic changes quickly. The strategic reset will result in us delivering expert-led products and services to our clients through businesses where we are well differentiated and have sufficient scale.

Our pillars driving our performance

In a challenging operating environment, focus is key to delivering sustainable value. We continue to drive accountability into our pillars, which promotes greater agility.

Headline earnings by segment	30 June 2023 R'000	Restated 30 June 2022 R'000
Asset Finance	143 745	163 810
Wealth	94 188	45 538
Business and Commercial Banking	(104 268)	(40 385)
Other	(20 982)	(29 122)
Total	112 683	139 841

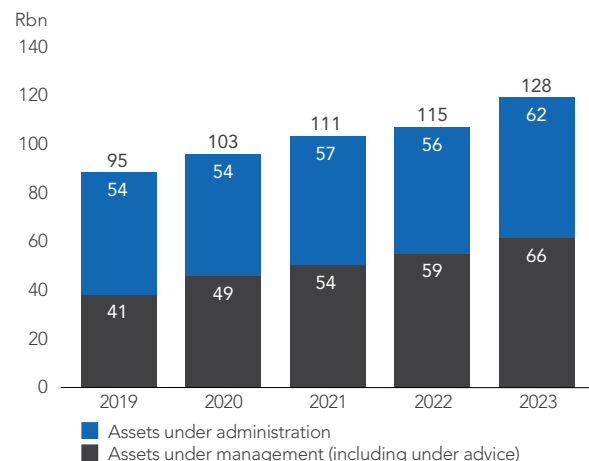
Asset Finance

Asset Finance delivered solid earnings of R143.7 million, leveraging the long history that Sasfin has in this space, having started the business 40 years ago. Our deep supplier relationships in this area resulted in continued book growth while we adopted a more conservative credit approach in the prevailing market conditions. Rental Finance, where we are a market leader, is focused on supporting equipment suppliers by financing solutions to their clients. The book is granular, low value, high-volume and comprises a well diversified loan portfolio.

Credit losses and non-performing loans (NPLs) are appropriately managed and remain within the Group's risk appetite. The pillar understands its market segments and has significant history in this area resulting in high levels of experience within our credit risk management capability. We continue to focus on collections as we anticipate that the credit environment is likely to remain difficult.

Asset finance continued

Assets under management, advice and administration



Asset Finance's success is built on high-touch servicing and products that match suppliers and clients' needs, resulting in strong and enduring relationships. Our relationships with our vendors are also central to our success, a collaboration that assists us in evolving our products and services to keep abreast of rapid technological change. We are carefully broadening our solution set into financing software-as-a-service (SaaS) and alternative energy, ensuring we have the right partnerships in place to provide value to clients.

We are exiting our Capital Equipment Finance business, which operates in a very competitive market and is capital and funding intensive. Post the ABL transaction, this pillar will comprise a focused Rental Finance business. Our strong distribution channels and excellent client service underpinned by an understanding of our clients' needs, continue to position us as a market leader in this sector.

Business and Commercial Banking

Our Business and Commercial Banking pillar, which delivered a headline earnings loss of R104.3 million, was the primary focus of our strategic reset. Previously, we had been on a journey to scale the business bank with the objective of building a primary credit-led multi-line business bank, which required deep investment. It became clear that we required a change in direction to a focused, product led offering where we have strong differentiating capabilities. This necessitated the disposal of certain business units and a team restructure resulting in a reduction in head count of 40 people from its peak. While this fundamental shift does not come through in the 2023 financial performance, it will have a positive impact on delivering improved, less volatile, and consistent financial performance.

Core areas of the pillar contributed to strong deposit and net interest income growth at a marginal increase in costs. Performance was negatively impacted by lower non-interest income and higher costs, both in terms of the prior investment journey we were on as well as through the transition to a more focused business.

The new strategic direction for Business and Commercial Banking resulted in Sasfin effectively reducing a management layer. The Group executives are working closely with the dedicated business unit managers of this area to ensure that changes are managed expeditiously and with limited impact on our clients and employees. We have exited our team of broad-based business bankers, our Specialised Lending unit and, after the completion of the ABL transaction, we will have exited our Commercial Property Finance business. We are in the final stages of strategically assessing the future of our foreign exchange offering. Our Trade and Debtor Finance, Deposit Taking and Transactional Banking businesses all saw good growth and are focused on delivering specialist value to our client base.

Wealth

Wealth saw excellent growth delivering earnings of R94.1 million with a very healthy ROE. This capital-light business with long-standing client relationships and a differentiated value proposition, has grown from strength to strength over the years. The pillar comprises three distinct capabilities: Private Clients, Asset Management and Institutional Consulting. Each service targets its client segments, focused on enabling clients to reach their global investment goals, to retire with dignity, and to leave a lasting legacy. The pillar manages and advises on R66 billion worth of assets under management and advice.

Wealth's solid performance in 2023 was characterised by steady income growth and AUM, despite the difficult operating environment and ongoing volatility in global markets. Sasfin's associate, SCM DMA has contributed to earnings growth, particularly through foreign income. Wealth's diversity in asset classes and proportion of foreign-based income, along with progress in institutionalising Asset Management, support robust and sustainable performance over time.

In our Private Clients business, we invested in technology solutions to enhance our engagement model. As a high-touch, multi-channel business, Wealth continues to adapt to shifts in the wealth management space, including a rise in semi-gration and emigration. The pillar continues to innovate in providing leading investment options.

We see further opportunities for Wealth, which has evolved from a private client stockbroking business (built over a hundred years) into a diversified wealth and investment manager, to continue its growth trajectory, particularly in scaling in the institutional client space. This is being supported by an investment in our teams, where we are pleased to have brought on board top-level asset managers attracted by Sasfin's brand and reputation in a particularly competitive industry. We continue to assess strategic investment opportunities as they arise, including in selected international markets, to diversify our revenue streams and markets.

People and culture

At Sasfin, our business is built on people. This year we have seen our people rise to the challenge of navigating the strategic reset and the publicised investigations which resulted in increased media scrutiny. While this, together with day-to-day economic and social pressures, has had an impact on our people, we have seen courageous and honest leadership from our teams committed to driving our business forward. This has come through in the continuity of our key executives and employees and the proactive delivery of our key outcomes. For this, I am extremely grateful.

We stayed close to the issues affecting each team through consistent communication and we actively engaged in dialogue with our teams through townhalls and smaller forums. We ensured appropriate incentivisation across the Group in the context of our financial performance and strategic reset. We took strenuous action against any persons involved and our people have rallied behind our efforts to address any unethical behaviour in the strongest way possible.

Our open-door policy provides the opportunity for our people to engage and share concerns, ideas and successes. Over time I have experienced that informal engagement is the best way to gain insight into issues in the business and great ideas are shared in this manner. What has stood out this year is the way in which different teams across the business have demonstrated sincere commitment and how they came together in pursuit of solutions and executed on all opportunities and challenges faced, despite higher levels of uncertainty during the year.

Tackling issues head-on

Last year we advised stakeholders that no stone will be left unturned in our expanded investigation into allegations of financial misconduct. Our investigation evidenced a criminal syndicate which had infiltrated our foreign exchange business to enable former clients to circumvent exchange control and anti-money laundry controls.

We have exited all implicated clients and staff, laid criminal charges where possible and shared the relevant information with regulators and authorities alike. We have also taken significant steps to bolster our compliance and control functions. We are unequivocal in our commitment to the highest levels of integrity and business ethics. The impact of this syndicate has been felt deeply and personally by all Sasfin's stakeholders and has strengthened our resolve to detect and prevent attempts at financial crime abuses which are plaguing our country. We have acted with urgency to enhance our operational systems, controls and compliance functions systematically and comprehensively.

We were further impacted in the financial year by financial restatements which were an outcome of meaningful investment by the Group into strengthening its financial reporting and internal financial controls. Through this process, Sasfin became aware that certain transactions had not been correctly accounted for in prior periods, resulting in restatements. This contributed to delayed results as we sought additional assurance, including a thorough review and substantive audit to provide assurance to all stakeholders. We have detailed remediation programmes in place to address shortcomings which we are effectively and proactively delivering on.

We have worked with our regulators who also have conducted their own investigation into Sasfin's compliance, governance, and internal control standards. The outcome of this investigation has resulted in allegations of non-compliance by Sasfin which, subject to representations and remediation steps, may result in potential sanctions. The investigations implicated no members of senior management or of the Board in financial misconduct and our auditors, PwC, issued a suspected reportable irregularity relating to this matter, which they concluded based on the audit evidence they reviewed including remediation steps taken by Sasfin, is no longer ongoing.

While the outcome of these issues resulted in adverse media, I am confident that our steadfast commitment to addressing these legacy issues head-on, strengthening our overall governance and combined assurance controls as well as our deep stakeholder relationships, we will emerge through this challenging time stronger.

Purpose-led business

Our company is built on enabling the growth in the businesses and global wealth of our clients, recognising that businesses and savers are the two key pillars to the growth of any economy. We continue to take significant steps both in terms of how we design our business and through our CSR initiatives to support these stakeholders. With the challenges facing our country, we see our role as even more pronounced in this regard. We recently announced, via our relationship with Renewable by Nature (RBN) Fund Managers in Sasfin Asset Managers, a R360 million Fund committed to funding businesses to drive job creation. This Fund has been developed in conjunction with National Treasury where we have accessed a Jobs Fund grant in support of SMEs and job creation. In addition, in partnership with the FMO, we have provided critical funding to woman- and youth-owned SMEs through the NASIRA facility to promote financial inclusion.

Sasfin's CSR strategy has been revised to align more closely to our purpose, with its objective being to support and partner with organisations that also offer entrepreneurial development initiatives – these, in turn, support economic growth and job creation. Each pillar has partnered with Sasfin flagship organisations in order to increase the financial support and deepen the relationship and engagement through non-financial means.

We continue to drive transformation as evidenced by us having maintained a Level 1 B-BBEE contributor status in 2023. This comes as a result of us providing a flexible, safe, diverse and inclusive work environment where everyone can reach their full potential. During this period we continued to support employees' mental and physical wellbeing through various employee wellness programmes. The Sasfin Wish List also provided financial support for various needs of employees, such as school fees, domestic abuse support, single income households and medical treatments. This fund is driven through employee donations and has been functioning for over 10 years.



Looking forward and in closing

We have navigated a difficult 2023 but we emerge with increased focus and resolve to back our Champions in Rental Finance, Wealth and focused banking activities and deliver on our purpose. Following the issues we uncovered this year, Sasfin has undertaken a thorough review of its administration and control environment and we have meaningfully upgraded our internal audit, compliance, operations and finance teams. With the ongoing support of our stakeholders, I am positive that we are well positioned for success and to maximise value for all stakeholders.

I wish to thank our stakeholders for your support in 2023. To our clients, we value the support and trust you place in us as partners in sustaining and growing your businesses and wealth. To our regulators, for their guidance and support. To our shareholders, funders and business partners, you stand as key partners in enabling Sasfin to deliver against our purpose. To the Board and executive team, your commitment and integrity has been invaluable in navigating uncertain times – thank you. Lastly, my thanks to Sasfin's people; you demonstrate what it is to go beyond through your dedication to our clients and our purpose while living our values through change and challenge.

Group Financial Director's report

"In an operating environment that has been challenging and volatile, Sasfin's purpose guides our decisions in repositioning our strategy and, focusing our operational efforts and specific remediation programmes. Our purpose continues to underpin everything we do for our clients, employees, partners and other stakeholders."

External operating environment

In a global economic environment characterised by rising interest rates, high inflation and socio-political concerns, growth in South Africa continues to be constrained by factors that include the ongoing electricity crisis, supply chain disruptions, food and fuel costs, high interest and inflation rates, and policy uncertainty. In February 2023, South Africa was greylisted by the FATF. Uncertainties have been exacerbated by international relations mismanagement and looming elections.

While financial markets have remained relatively resilient, South African consumers are struggling. Increasing levels of credit impairments and NPLs are being reported across the financial services sector, and the competition for clients with healthy credit profiles is increasing. Inflation has remained at the upper end of SARB's targeted range, resulting in ongoing increases in the repo rate to 8.25% in June 2023, up by 450 basis points since the start of 2022.



Harriet Heymans –
Group Financial Director

Total income (including
associate income)
up 7% to

R1.4 billion

(2022 restated: R1.3 billion)

Total assets
up 6% to

R14.0 billion

(2022 restated: R13.2 billion)

Total core funding
up 11% to

R9.7 billion

(2022: R8.8 billion)

Assets under management
up 12% to

R66.4 billion

(2022: R59.2 billion)

Performance overview

The Group's headline earnings decreased by 19.42% to R112.68 million (2022 restated: R139.84 million). Headline earnings per share decreased by 19.42% to 366.18 cents (2022 restated: 454.43 cents). This is largely due to an increase in expected credit losses, cost growth and a decline in non-interest income, offset by higher margins on strong loan book growth. The Group's Wealth and Asset Finance pillars continued to perform well, while increased losses were incurred in the Business and Commercial Banking pillar.

The balance sheet saw healthy growth in deposits of 7.57% to R5.63 billion (2022: R5.23 billion), gross loans and advances of 11.42% to R9.57 billion (2022 restated: R8.59 billion) and total core funding of 10.76% to R9.74 billion (2022: R8.79 billion). Wealth experienced good growth in assets under management and advice which increased 12.30% to R66.44 billion (2022: R59.17 billion).

As a result of the current and forecasted challenging economic conditions and the subdued financial performance, the Board has decided not to declare dividends during the year (2022: 33.95 cents interim dividend and 120.90 cents final dividend).

After year end, the Group announced the disposal of the Capital Equipment Finance and Commercial Property Finance business loan books to African Bank Limited, valued at R3.26 billion. This sale, which is subject to suspensive conditions, including regulatory approval, is expected to be concluded early next year. While there will be costs associated with the transition to the new strategy, we expect focused growth and greater efficiencies from the streamlined business.

Income statement analysis

	Change %	30 June 2023 R'000	Restated 30 June 2022 R'000
Net interest income	25.6	697 744	555 650
Non-interest income	(8.5)	681 094	744 078
Total income	6.0	1 378 838	1 299 728
Impairment charges on loans and advances	>100	(77 424)	(18 238)
Net income after impairments	1.6	1 301 414	1 281 490
Operating costs	10.6	(1 203 945)	(1 088 532)
Employee costs	10.8	(620 604)	(560 259)
Other operating expenses	9.6	(579 178)	(528 273)
Impairment of non-financial assets	>100	(4 163)	–
Profit from operations	(49.5)	97 469	192 958
Share of associate profit	>100	31 270	14 146
Income tax expense	(60.3)	(19 912)	(50 134)
Profit for the year	(30.7)	108 827	156 970
Headline adjustable items	>100	3 856	(17 129)
Headline earnings	(19.4)	112 683	139 841

Net interest income showed strong growth of 25.6% to R697.7 million (2022 restated: R555.7 million), driven by the 11.4% increase in gross loans and advances and improved margins. The increase in the deposit book during the year also assisted in actively managing the Group's cost of funding and strong liquidity position.

Non-interest revenues are down 8.5% mainly due to a once-off insurance claim payout received last year, a drop in foreign exchange flow and margins, negative fair value adjustments in our property portfolio as well as higher commission expenses.

The increase in impairment charges is mainly driven by growth in loans and advances and deterioration in the ageing of the NPL book in Rental Finance. The income statement charge also includes a provision of R15.6 million raised and R15 million write-off against specific trade and other receivable balances. While we have been

Drivers of net income

- **Net interest income** is the difference between the interest we charge clients on credit extended to help them grow their businesses and the costs we pay to raise these funds from depositors and other funders.
- **Non-interest income** represents fees earned on assets under management and administration in Wealth, 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 and trade receivables that are expected not to be repaid, as well as net write-offs (gross write-offs less provisions) and recoveries on written off balances. Our credit loss ratio represents the proportion of credit impairments to gross loans and advances.

conservative in our impairments, we continue with our efforts to recover the outstanding balances from specific counterparties.

Costs grew 10.6% due to an increase in employee costs of 10.8% to build our original aspirations for BCB, as well as an increase in other operating expenses of R50.9 million which included continued investment in our core IT capabilities and automation initiatives, as well as once-off costs of circa R42 million relating to the internal investigation undertaken, legal fees and corporate actions during the year.

Income from associates was up over 100% and is mainly from associates within our Wealth pillar.

Segmental performance overview



Asset Finance

Asset Finance headline earnings declined by 12.3% to R143.5 million (2022 restated: R163.5 million), mainly due to higher impairments and lower non-interest revenue. After the ABL transaction, this pillar will comprise a Rental Finance business in Sasfin that has been built over nearly four decades supported by our deep relationships with equipment suppliers and a diversified and granular loan base.

Wealth

Wealth saw a significant increase in headline earnings to R94.2 million due to strong income growth driven by the growth in assets under management and a strong focus on cost management. Assets under management (including advice) grew 12.3% from R59.2 billion to R66.4 billion, driven by a combination of continued success in the distribution strategy, a stronger local equity market and rand depreciation.

Business and Commercial Banking

Business and Commercial Banking recorded a headline earnings loss of R104 million (2022 restated: R40.3 million), significantly driven by higher staff and IT costs and impairments in the corporate property portfolio. Total income was flat while net interest income grew due to strong deposit book growth and continued good performance in trade and debtor finance.

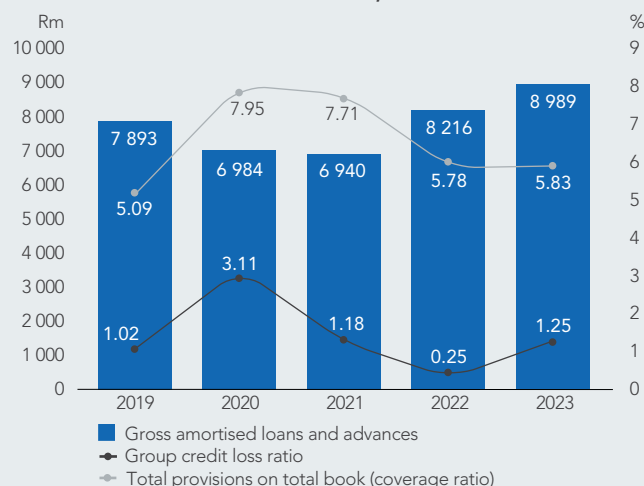
Credit performance

Overall, the credit environment has deteriorated and credit impairment charges increased across all pillars due to the difficult macroeconomic environment, as well as client-specific strain.

The credit loss ratio of 125 basis points is in line with our through-the-cycle target range but is significantly higher than the particularly low credit loss ratio in 2022 of 25 basis points due to strong recoveries post COVID-19 and a reclassification between net interest income and impairments in the prior year. The increase in expected credit losses (ECL) was mainly in our well-diversified rental loan book, which is a barometer of the South African economy, where customer behaviour has mirrored the economic trends in financial performance and availability of free cash flow. This has led to a deterioration in the ageing of the non-performing loan book and exacerbated by the impact of the challenges in the property market on our commercial property portfolio.

We continue to work closely with clients who have fundamentally strong business models that have faced cash flow pressures as a result of economic challenges. Other factors that impacted the credit loss ratio relate to the recalibration of the IFRS model and fluctuations in the forward-looking overlay in June 2023. The IFRS 9 model is a key focus and is assessed twice a year.

Gross amortised loans and advances, and credit risk



Stage 1 performing

- Performing loans with no significant increase in credit risk since origination
- Client accounts fully paid up

12-month ECL

(result from default events expected within 12 months after the reporting date)

Stage 2 underperforming (credit deteriorated)

- Account in arrears (between seven and 90 days overdue)
- Significant increase in credit risk but no measurable evidence of impairment
- Clients designated as high care due to showing signs of financial pressure

Lifetime ECL

(result from default events over the expected life)

Stage 3 non-performing (credit impaired)

- Regulatory default due to specific conditions
- Credit impaired on origination or after initial recognition

Lifetime ECL

(difference between gross carrying amount and the present value of estimated future cash flows)



Gross amortised loans and advances

	June 2023				June 2022 restated			
	Exposure R'000	Exposure % of book	ECL R'000	Coverage ratio %	Exposure R'000	Exposure % of book	ECL R'000	Coverage ratio %
Stage 1	7 832 953	87.13	68 428	0.87	7 119 170	86.6	92 778	1.30
Stage 2	220 972	2.46	20 731	9.38	264 906	3.22	23 976	9.05
Stage 3	935 534	10.41	434 668	46.46	831 471	10.12	358 497	43.12
Total	8 989 459	100.00	523 827	5.83	8 215 547	100.00	475 251	5.78

Strengthening our control environment

During the period under review, the Group further strengthened its operational, IT and financial processes, controls and capabilities within the pillars and while doing this, identified that certain transactions had not been correctly accounted for in prior periods. These prior period errors impacted the opening retained earnings for 2022 and certain line items in the consolidated statements of financial position, profit or loss and other comprehensive income and cash flows for the 2022 financial period. The root causes of these errors are well understood and have been effectively addressed in the remedial

action taken, which included the automation of key manual controls and strengthening the controls in the first line of defence while ensuring their adequacy and effectiveness.

Following the prior period restatements reported in the 2022 financial period, Sasfin implemented actions to address the root causes and enhance the control environment, as mentioned above. While significant progress has been noted, the full remediation plan will be implemented by June 2024. Our external auditors (under a new audit engagement partner, due

to mandatory audit partner rotation), on request by the Board and management, adjusted their audit approach for the current period by adopting a more substantive approach and by extending the scope and extent of procedures to include specific areas of focus as identified by the GAC.

The combination of the changes referred to above together with certain significant events in the post balance sheet period, contributed to the late publication of the annual financial statements. The Board is confident that the unique circumstances which impacted our year end process are unlikely to recur in future and the Group will be able to meet its reporting timelines going forward, as it has done in the past.

Financial, liquidity and capital position

	Change %	2023 R'000	Restated 2022 R'000
Assets			
Cash and negotiable securities	(15.6)	2 160 048	2 559 110
Trading assets	(14.7)	467 196	547 848
Other receivables	47.0	1 232 952	838 600
Net loans and advances ¹	11.5	9 049 976	8 117 587
Investments at fair value through profit and loss	(2.2)	621 058	634 697
Equity-accounted associates	45.9	79 860	54 750
Other assets	0.1	291 043	288 366
Intangible assets and goodwill	(23.3)	110 949	144 729
Total assets	6.3	14 013 082	13 185 687
Equity and liabilities			
Funding under repurchase agreements and interbank	(56.2)	351 885	803 976
Trading liabilities	(14.9)	441 344	518 596
Trade and other payables, provisions and taxation	50.3	1 674 712	1 329 827
Bank overdraft	65.0	113 081	68 541
Deposits from customers	7.6	5 629 443	5 233 182
Lease liability	(3.6)	151 518	157 116
Debt securities issued	24.4	3 720 138	2 991 426
Long-term loans	(44.7)	276 488	499 521
Total liabilities	6.5	12 358 609	11 602 185
Ordinary share capital	–	167 268	167 268
Reserves	6.3	1 487 205	1 416 234
Total equity	4.5	1 654 473	1 583 502
Total equity and liabilities	6.3	14 013 082	13 185 687

1 Net loans and advances include amortised loans as well as loans held through fair value and profit and loss.

Total assets increased by 6.3% to R14.0 billion (2022 restated: R13.2 billion) due to strong growth in loans and advances of 11.5% to R9.0 billion (2022 restated: R8.1 billion). The Group's cash position remains strong with cash and negotiable securities at R2.16 billion, down 15.6% due to the increased loan growth. We continue to depreciate our intangible assets, which are mainly capitalised IT costs, through the income statement. The increase in equity-accounted associates is mainly driven by the positive performance of our associates as well as new strategic investments in Wealth.

Core funding was up 10.8% to R9.7 billion (2022: R8.8 billion) as deposits from customers increased by 7.6% to R5.6 billion and debt securities were up 24.4%.

Total ordinary shareholders' equity increased by 4.5%.

The Group CAR increased slightly from 16.21% to 16.23% following strong loan growth driving an increase in risk-weighted assets. All the Group's regulatory ratios remain above regulatory requirements.

Prospects

The economic environment is expected to remain challenging in South Africa. The strength of our balance sheet places the Group in a robust position to continue supporting our growing needs of our core clients.

The Group continues to target an ROE of 15% and cost to income ratio below 70% for the medium term, which has been a key driver of our strategic reset. Our core pillars in Asset Finance and Wealth have shown strong financial performance that has been

underpinned by investment into strengthening the core capabilities within these pillars. We have made significant progress in streamlining BCB and expect cost efficiencies to filter through in the 2024 financial year. We are exiting under-performing, investment heavy and capital intensive business lines. We will leverage off and build on our core businesses with strong competitive positioning while streamlining our processes and strengthening our operational and financial controls.

Appreciation

I would like to thank all our stakeholders for their contribution to Sasfin over the year and, in particular, the finance, operational and business teams across the Group for their dedication and effort during a challenging but productive year. Looking ahead, we will continue to work together to move the Group forward and build on the momentum we have created.

Pillar performance

Asset Finance



Linda Fröhlich

*Chief Executive:
Asset Finance*

Key industry trends in 2023

- Opportunities arising to acquire third-party rental finance portfolios as businesses focus on core business lines
- Demand for office automation equipment remains resilient
- Tightening credit environment due to the challenging market conditions
- Inflation and interest rate impact on clients

Highlights

- Investments in our people and technology have resulted in improved operational efficiency
- The strategy to diversify the asset base of our business is paying off
- Strong performance from our mature rental book
- Hybrid and work-from-anywhere models have supported loan book growth due to demand for suitable products

Challenges

- Credit environment remains difficult
- Completing the last mile of our systems enhancements to ensure that we extract full value from investments

"Our strong relationships built over nearly four decades, as well as deep industry expertise and differentiated products, underpin our success in serving the SME and corporate SME markets."

Our distribution channel has remained strong, supported by a good pipeline of new business and long-standing relationships that, in some instances, span decades. During 2023, our strategic focus has been on platform enhancements to refine and strengthen our operational, finance and IT systems. These efforts have resulted in a robust and stable platform for further growth in 2024 and beyond.

Competitive advantages

- Excellent client service and relationships underpinned by an understanding of their business needs
- Strong distribution channels
- Speed to market
- The granularity of the asset finance book
- Strong credit decision-making capabilities
- Diversity of products financed

Business drivers

- Economic growth
- Business confidence
- SME business activity

Performance in 2023

Asset Finance performed well, with total income growth of 6% supported by growth of 13% in our loan book, largely led by the consistent performance in Capital Equipment Finance. This was achieved despite tightening credit extensions to maintain the strength of our balance sheet in a persistently challenging operating environment and rising interest rate cycle. Our market position and reputation for meeting the needs of our clients supported continued growth in our client base.

Credit losses and non-performing loans remained well managed, with NPLs improving year-on-year from 8.53% to 8.16%. This has been supported by our focus on improving collections systems and processes, with a focus on client experience and automation. Credit impairment charges have increased in response to the operating environment as higher levels of stage 2 and 3 impairments have been raised.

Capital Equipment Finance

Our Capital Equipment Finance portfolio demonstrated strong performance with growth in the loan book and higher interest rates. Costs remained well managed and headline earnings showed double-digit growth.

After year end, we announced the disposal of this business to African Bank Limited. This transaction will allow us to focus on the continued growth of our core business by freeing up resources and capital to deepen our funding offering to our rentals base. We look forward to the opportunities this will present in the coming months.

The transaction is subject to suspensive conditions including regulatory approvals and entering into definitive agreements. The transfer of this business to African Bank Limited falls within the ambit of the transfer of a business as a going concern, which means that the purchaser will automatically be substituted in the place of Sasfin in the relevant employees' contracts of employment and there will be no retrenchments

Rental Finance

Total income growth for the year was also driven by a combination of loan book growth and the rising interest rate cycle. We continue to diversify our solution offerings into financing software-as-a-service (SaaS) and alternative energy, where we are carefully building our book by ensuring we have the right partnerships and risk-adjusted offerings. Our vendors are key to our business, providing a direct view of the rapidly evolving IT and technological needs of our clients. This creates an opportunity, particularly with office automation shifting to work-from-anywhere and hybrid models, to grow our offering to meet the evolving technology needs of our clients. Strong vendor relationships thus support efficient and demand-based servicing of our clients.

Our people

At the core of our success is strong and experienced management who lead a motivated and agile team. During 2023, our pillar Human Capital teams focused on supporting our people and providing targeted change management initiatives to embed technology and process shifts. In conjunction with Group Human Capital, we have commenced an initiative to formalise our employee value proposition, which will be specific to Asset Finance's unique culture and operating context. Talent retention, career progression, and leadership and skills development remain strategic focus areas to ensure our people can excel.

Overseen by our Transformation Committee, management is taking deliberate steps to enhance the diversity profile in our leadership pipeline and develop internal talent who qualify as ACI candidates. We continue to support the Sasfin graduate programme and have employed 30 graduates over the past two years.

Operational excellence and technology

We directed significant resources over the year to drive operational excellence and address specific system challenges, which ensured that our systems are more fit for purpose than before.

We have completed a balance sheet substantiation process (related to the restatement discussed in the [Group Financial Director's report](#)). We are pleased that this process has progressed substantially, and we move into 2024 with improved data, processes and controls. We continue to focus on increasing automation to reduce manual data processing and the associated risks.

Our valued clients

Our vision is to empower our clients to be successful in their business by utilising our expertise, and we are dedicated to supporting our clients by delivering tangible impact. We are most appreciative of the continued partnership with our clients and will continue to deliver on the excellent service that they deserve.

Looking ahead

Our priorities over the short term to deepen our competitiveness and differentiation:

- Grow our participation in the alternative energy space
- Enhance our technology and data systems
- Continue to place our clients at the centre of everything we do
- Focus our collection efforts
- Create an environment for our people to thrive

Business and Commercial Banking



Maston Lane

COO Bank and Group, and
Caretaking Chief Executive:
BCB

Key industry trends in 2023

- Increasing competition in SME market segment
- Elevated interest rate environment and tepid GDP growth
- Increasing rates of impairments and weak NPL performance across the financial sector
- Financial pressure on consumers, reflected in elevated levels of default
- Rising levels of corruption and fraud in the country

Highlights

- Growth in Deposit Book augmented by Hello Paisa partnership
- Shift in the composition of income towards more annuity-based interest income
- Solid performance from Trade and Debtor Finance

Challenges

- Change management arising from strategic shift in the operating environment
- Load shedding impact on clients' businesses
- Elevated interest rates impacting Property Finance clients with large exposures

It has been a challenging year for BCB. This pillar comprised a number of different business activities that were aimed at building a diversified, multi-line business banking offering, together with lending businesses catering to the shorter-term working capital, debtors and trade finance requirements of our clients as well as term and longer-dated specialised lending businesses to a narrower niche.

Through the strategic review of this pillar, it became clear that components of this business unit failed to achieve the scale necessary to generate meaningful returns on equity. Specifically, the deep investment required to deliver a compelling client value proposition outweighed the scale opportunity within a competitive and already saturated market; the capital requirements were too onerous in some of the lending activities; and the volatility in nature of certain underlying income drivers detracted from the annuity visibility of the group's earnings. As a consequence, some tough decisions were taken in January 2023 to streamline this pillar by curtailing our broad-spectrum offering and to rather focus on core activities. This strategic reset (detailed below) resulted

in the disposal of certain business units; the collapse of a management layer responsible for executing the original generalist strategy; and the ultimate reduction of 40 people from its peak.

The emergent pillar will now focus on businesses and products that will allow us to compete sustainably in the market and at the same time leveraging off the group's esteemed franchise of offering competitive investment and savings products, efficient trade finance solutions, and digitally enabled transactions banking to select target clients. By shifting our focus to these core activities, this pillar should yield the right levels of risk-adjusted returns on equity.

Competitive advantages

- Our ability to respond quickly to the needs of entrepreneurs
- Deep lending expertise with solutionist mindset
- Access to senior leadership and decision-makers to facilitate expeditious credit decisions

Business drivers

- Economic growth
- Business confidence
- SME business activity

Performance in 2023

Business and Commercial Banking recorded a headline earnings loss of R104.3 million (2022 restated: R40.3 million loss) as a result of the significantly higher costs and impairments. While total income was flat, net interest income grew as a result of growth in the deposit book and continued good performance of the trade and debtor finance business, while non-interest revenue was negatively impacted by lower fair value gains and other once off income not repeated in the current period.

While net income after impairments decreased 3.4% to R246.4 million (2022: 254.9 million), there was a material shift in the mix of net income after impairments. Specialised Lending, Commercial Property Finance, Foreign Exchange (Forex) and Revolving Credit Facilities (RCF) collectively experienced a 29% reduction to R74.4 million (2022: R102.9 million). Trade and Debtor Finance, Deposit Taking and Transactional Banking experienced a 13% growth to R172 million (2022: R152 million).

Strategic reset

Outcome of the strategic review

As stated above, Sasfin had been on a journey of building a diversified business banking multi-line (or coverage-led) model over a number of years. This strategy came at a large cost, including investing in management, technological capabilities and our generalist sales team. Our strategic review process included an assessment of the economic and competitive landscape to get a clear understanding of the competitiveness and future growth potential of each business within the pillar, as well as the extent of the change initiatives needed to enhance operational processes and controls. Embedded within this analysis was the critical evaluation of the viability of these business in relation to the longer-term sustainability of the Group and the achievement of its financial targets.

The strategic review highlighted the need to switch out of the primary banking and coverage model to a more product-centric model and focus on those businesses where Sasfin occupies a leading position, capable of generating high-yielding results.

In particular, Trade and Debtor Finance remains a critical growth area for the pillar, as demonstrated by its sustained performance during 2023. However, we are pursuing growth cautiously in a challenging credit environment.

We have exited capital intensive term-lending businesses. The sale of the Specialised Lending business in March 2023 strengthened our balance sheet and liquidity position. Although we had successfully built and grown Specialised Lending, its profile was shifting from a consistent return profile to more volatility in returns, which did not match our liquidity requirements and therefore increased the risk to the Group of competing effectively in this arena. We are pleased that the purchaser is a long-term partner to Sasfin, who will continue to grow the business. Importantly, Specialised Lending's staff complement was transferred as part of the disposal, resulting in no retrenchments.

After year end, we announced the intended disposal of our Commercial Property Finance business to African Bank Limited. This transaction will free up resources that can be refocused on supporting the growth of the Group's core businesses.

By retracting from the generalist banking model, Sasfin will focus exclusively on Core Banking, Alliance Banking and Deposit-taking activities. We continue to see good results from our HelloPaisa partnership, which generates good growth in deposits. Importantly, as a service that provides low-cost banking to HelloPaisa's African diaspora clients, this partnership reflects our commitment to extending financial inclusion in under-served markets. Given the regulatory complexity of transactional banking, the priority of this business offering will be to simplify its products and underlying processes such that value can be delivered to Sasfin and its stakeholders.

Elevated interest rates and a challenging credit environment has impacted consumer spending and our clients in our RCF portfolio. We will no longer be actively growing RCF but will continue managing the portfolio in terms of collections, with a focus on improved credit staging of the book.

We have reduced the offerings in our Forex business and have instituted a comprehensive remediation program to address operational and other shortcomings. This exercise is progressing well. The strategic direction of this business will be influenced by the outcome of the strategic review still in progress of this unit.

The net result of all these changes is the emergence of a more simplified business pillar, the performance of which is less vulnerable to unpredictable and volatile earnings; the deployment of less group capital (by extricating from specialised lending) and the gateway to efficient deposit raising through its core banking activities.

People and operational environment

We are making steady progress in strengthening and improving all our controls and operational platforms and enhancing our compliance capability to ensure that our systems and processes are compliant and future fit. We continue to capacitate and strengthen the compliance, risk and IT functions in the pillar. We are finalising an in-depth review of our Forex offering, emerging out of our strategy reset, and the investigations into financial misconduct by a criminal syndicate had colluded to circumvent Sasfin's internal controls over a period, going back to 2014.

Any big structural change introduces uncertainty for people. We are proactively managing changes across the business and have increased communication and interactions with affected teams to minimise this impact. We are pleased that the strategic shifts across the pillar have resulted in few retrenchments, as most teams have either moved with the sale of a business or been assigned to other areas in the pillar to support growth.

Looking ahead

Going forward, our focus will be on:

- Growing our deposits and transactional revenue
- Cautiously growing our Trade and Debtor Finance lending book
- Selectively growing and driving strategy-enhancing partner/alliance opportunities
- Completing the review of our foreign exchange activities and implementing the resultant strategy

Wealth



Erol Zeki
Chief Executive: Wealth

Key industry trends in 2023

- Geopolitical tensions, contributing to market instability
- Global inflation is moderating and interest rate hiking cycles slowing, although rates likely to remain elevated for some time
- Delistings from regulated markets globally and increased demand for private markets solutions
- Increase in offshore and alternative investment limits in terms of Regulation 28, resulting in greater divergence in potential return scenarios.
- Draft 'two-pot' retirement legislation published for comment, with implementation postponed to 1 March 2025 due to delays in finalising components of the legislation and overcoming implementation hurdles
- Increased focus on ESG matters and impact investing
- Continued impact of load shedding on businesses and communities
- Acceleration in the pace and impact of AI

Highlights

- Continued growth in assets under management
- Investment in people, process, distribution, technology and governance drive strong asset growth
- Award-winning investment performance
- The Level 1 B-BBEE rating achieved by Sasfin Asset Managers and Sasfin Group for the 2023 year, combined with broadening the diversity of the investment and advice teams demonstrates our commitment to transformation

Challenges

- War on talent, and a limited pool of professionals in a small and specialised industry
- Challenging business, geopolitical and socio-economic environment, both local and internationally
- Increasingly demanding regulatory and compliance environment, along with the FATF greylisting adding complexity, costs and barriers to business
- Global cost of living crises linked to inflation

"The strength of our brand and long-standing trust-based relationships with our clients continued to demonstrate the competitive strength of our businesses. This, combined with our multi-strategy approach and global diversification across geographies and asset classes, supports our resilience and growth."

Our client centric, high-touch approach remains key to our success, with ongoing investments in our team and the optimisation of our engagement model to meet the evolving needs of our clients. Our high-quality, differentiated solutions remain a source of resilience, and our businesses are structured to provide fit for purpose solutions to our clients.

Our businesses – Private Clients, Asset Management and Institutional Consulting – remain focused on delivering on the Group's purpose, both in growing the businesses and global wealth of our clients, but equally in contributing to society through responsible investment, financial inclusion and job creation. Our businesses are well positioned to service different market segments, supported by their targeted client positioning, philosophy and processes, while benefitting from the overall Wealth structure.

Competitive advantages

- High-touch approach with a client-centric business model and multigenerational client relationships
- An established, diverse and growing team of investment professionals with excellent track records
- 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

Performance in 2023

2023 was a strong year for the Wealth pillar, characterised by continued growth in assets under management and advice by 12.3% to R66.4 billion. We achieved 14.1% growth in total income despite the challenging operating environment locally and globally and contained operating costs. This result is underpinned by strategic global diversification of assets and revenue across our businesses.

Foreign income is a material contributor to our earnings and provides a beneficial hedge for the business. This was further supported by strong growth from Sasfin's minority shareholding in SCM DMA, which earns most of its revenue offshore. Many of our multi-asset solutions also have healthy global components that further enhance the foreign revenue component of earnings.

We continue to ensure that a robust control environment is in place, and that our current platforms and investment providers align with any requirements of the FATF. In terms of market conduct, TCF principles are embedded into our activities and processes. Regular reporting is provided to Wealth and Group governance committees and Board sub-committees.

We have continued embedding the federated model, with dedicated marketing, finance, technology, human capital, legal, risk and

compliance teams operating within the Wealth pillar. Our human capital team has been providing targeted learning and development programs, including for leadership development, required training updates for financial advisors and ongoing accredited Professional Development. Work is also being undertaken into introducing digital tools to assist in wellbeing and performance monitoring, and supporting change in our IT and operations teams. We are particularly excited by the project to formalise a pillar-specific employee value proposition – to aid in attracting and retaining talent, and ensuring they utilise the full scope of our benefits available to them.

Wealth's IT team is focused on rationalising systems, digitising the business, process optimisation and integration, and data and technology excellence. Improving client experience and managing the risk of cybercrime remains a priority.

The insurance process related to the operational loss incurred in financial year 2022 is ongoing.





Private Clients

Wealth remains a South African leader in offering private client global investment solutions and holds an exceptional track record. The restructure of the internal client engagement and operating model in our Private Clients business is largely complete, with the alignment of investment solutions, segmentation, processes, functions and responsibilities continuing to enhance how we focus on our clients and our ability to excel in key capabilities. Fostering greater collaboration across functions is expediting decision making through the calibration of our culture and ways of working.

We have focussed on granular client segmentation to ensure that we are providing the right solutions at the right risk and return profile to each client on a cost-effective basis. This is critical in balancing costs and margins across client segments, while treating clients fairly and achieving greater and more vertical integration.

The rise in semi-gration, with a significant number of clients relocating to the Western Cape, has required a dynamic approach to our client servicing model. High-touch is always our priority, but a digital hybrid model of engagement is helping to bridge the physical divide between the Wealth service frontline and our client base. However, we are exploring the

viability of relocating key relationship managers where necessary to maintain the service levels our clients expect from us.

An exciting product addition to global market access solutions is Alpha Capital's Iconic Ivy League, a unique endowment style portfolio that allows individual clients to gain access to global private markets investment opportunities by blending alternative and traditional investments. These include private equity deals, real estate investments, private debt transactions and other long-term alternative illiquid investment opportunities, combined with the liquidity of listed markets.

Asset Management

Asset Management had another strong year, increasing total income through our focus on scaling the business, particularly in the institutional market. We have attracted new senior talent through a no-compromise approach to hiring top-tier asset managers, demonstrating the strength of Sasfin's brand and its reputation in the specialised asset management market.

Our Asset Management business is multi-strategy, mainly servicing the local market. Given Sasfin's size relative to many other competitors in asset management, we see great opportunity for growth. We are focused on solutions where we have a competitive edge to remain differentiated, where it matters for our clients. In this regard, our ability to provide quality global investment management is meeting the evolving expectations of our clients, given the shifting risk profiles locally and globally.



Institutional Consulting

Institutional Consulting operates independently from both Private Clients and Asset Management, with separate governance structures to support its independence. The business serves institutional clients by providing quality independent advice, bespoke and implemented investment strategies and solutions and appropriate member outcomes.

We continue embedding the partnership model, working with a variety of employee benefit consultants and participating employers in solving for a broad range of member needs.

Our focus on the opportunities in healthcare continues with development initiatives and product innovation, to provide more inclusive and cost effective products coming to market. Sasfin has commenced a contract with a prominent financial institution to provide independent healthcare consulting on a white-label basis to lower-income clients. Opportunities have been identified in wellness programmes with corporate clients, as well as emanating from gap cover growth as a result of member downscaling.

Developments in the government's proposed National Health Insurance are being monitored, but consensus suggests that there is a long road ahead before any policy certainty or formalisation is seen.

In Fixed Income, an improvement in liquidity in the repo market and good brokerage performance supported earnings in 2023.

Wealth continued

Enhancing our ESG impact

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




The Sasfin BCI Prudential fund as well as the Sasfin BCI Horizon Multi Managed Diversified Growth Fund, both have an ESG A-Rating from MSCI.

Our investment in 11Fifty, a start-up business focussed on digital delivery of cost-effective investment solutions, is aligned to Sasfin's purpose in its focus on financial inclusion, by providing savings and investment products for historically marginalised groups. As a fintech company, 11Fifty uses AI to do a paper-free financial needs analysis for the customer, after which they can select appropriate savings and investment products, managed entirely from their smart phone.

There is increasing demand from asset owners for investment solutions that contribute to measurable social, economic or environmental impact, alongside financial returns. When considering the 17 Sustainable Development Goals (SDGs) and South Africa's Development Plan (NDP), the majority of financing will need to come from the private sector to meet the scale of unemployment, poverty, income inequality and environmental degradation that we are faced with.

As such, Sasfin Asset Managers has entered the private markets impact investing space through a joint venture with RBN Fund Managers. We recently launched a private credit fund, featuring a risk reducing guarantee structure backed by National Treasury's Jobs Fund initiative. The objective of the fund is to provide funding to growing local businesses, where the investment translates into real and measurable job creation while proving an appropriate risk adjusted return to investors.

Recent awards received

	 Raging Bull Awards	 Morning Star Awards	Top Private Banks and Wealth Managers Awards	 Top Securities Broker Awards
2023	Winner Sasfin BCI High Yield Fund (Best South African Interest-Bearing Short-Term Fund)	Finalist Sasfin BCI Stable Fund (Best Cautious Allocation Fund)		Top 3 Top Lumpsum Archetype Award Top 5 Overall Broker Award
2022	Winner Sasfin BCI Flexible Income Fund (Best South African Multi-Asset Income Fund)	Winner Sasfin BCI Stable Fund (Best Cautious Allocation Fund)	Top 3 Boutique Wealth Manager Award Top 3 People's Choice Wealth Manager Award Top 3 Retiree Archetype Wealth Manager Award	Winner Top Full-service Broker Award Winner Top Lumpsum Archetype award Top 3 People's Choice Award
2021				Winner Top Full-service Broker Award Top 3 People's Choice Award



Looking ahead

Our priorities over the short term to deepen our competitiveness and differentiation:

- Focus on growing our high profile and competent team
- Innovate across our broad set of global solutions, including multi-asset, differentiated and alternative products
- Unlock opportunities to grow our client base and assets, locally and offshore, through distribution as well as potential corporate action
- Grow our position as an asset manager
- Enhance our client experience and platforms, including future-proofing the business through process optimisation and technology

Social report

Social and Ethics Committee report



Eileen Wilton

*Chair:
Social and Ethics
Committee*

Primary activities in 2023

- Developing and recommending the Group sustainability and integrated thinking framework
- Approving the social and ethics risk dashboard
- Continuing to advance transformation as a key strategic imperative
- Setting revised employment equity (EE) targets and approving the Group EE and skills development targets for the next financial year
- Reviewing a high-level overview of Sasfin's ethical tax practices
- Overseeing the ethics management process and reviewing whistle-blower reporting
- Approving the reprioritisation of a comprehensive ethics strategy

Highlights

- Achieved Level 1 B-BBEE contributor status
- Sasfin and RBN partnership commenced to support job creation
- STC commenced operation to integrate sustainability and transformation into strategy, operating model and day-to-day processes
- Initial gap analysis conducted on climate change reporting by Group Risk
- Revised corporate social investment (CSR) strategy approved
- Reviewed and updated the Group's management succession plan

Challenges

- Managing the impact on our people in a difficult economy, during the strategic reset and in the context of the remediation programmes
- Focus on ensuring that the Group was well placed to navigate the challenges appropriately which resulted in reprioritising work including deferring processes to operationalise the Group sustainability and integrated thinking framework

"The ethos of the Group is a commitment to doing business ethically, responsibly and with integrity."

Our mandate

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

The SEC operates against a multi-year strategy and work plan that seeks to amplify Sasfin's role in society in terms of transformation, social impact, stakeholder value creation and sustainability (including the environment) – framed by and aligned to the Group's purpose.

The SEC ensures that:

- The ethos of the Group, as set by the Board, is in place and is embedded in the Group's strategy and integrated into the day-to-day activities of each individual working 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
- Transformation practices are relevant and aligned with our purpose, as opposed to merely following a scorecard tick-box approach
- As a statutory committee, we effectively discharge our duties in terms of Regulation 43 of the Companies Act

The SEC deliberately focused on reprioritising requirements of management to ensure that the management team was well placed to effectively conduct and execute on the strategic review, address gaps identified through the remediation programs and positively deliver value to key stakeholders. This provided time for the committee to oversee key strategic and operational shifts for the Group within the SEC's ambit. This included the strategic shifts in Business and Commercial Banking, focus on the remediation program, the process and control environment upgrades in compliance, and ensuring that we effectively supported our people from an ethical and labour perspective.

While progress on some projects slowed during 2023, the SEC continued to perform its mandated functions to ensure the Group continues to operate as a good and ethical corporate citizen. The SEC was involved in the appointment of the new Head of Compliance, who is bringing fresh thinking to upgrade the Group's compliance function and related business processes. Overseen by the Group Ethics Officer and Head of Group Internal Audit, an implementation approach for the Ethics Framework was approved by the SEC, to commence rollout in the 2024 financial year. The comprehensive ethics strategy considers the outcomes of forensic investigations related to historical misconduct of former employees.

The SEC approved the revised CSR strategy, which ensures greater strategic alignment of CSR activity with Sasfin's purpose. Our CSR programmes seek to go beyond regulatory requirements with a focus on the people impacted by these efforts. Also, they seek to involve Sasfin's people – by creating a sense of belonging and of purpose. This approach of going beyond regulation extends to transformation.

We continued to review quarterly compliance reports, providing governance oversight for TCF, health and safety, CSR activities, employment equity, skills development and diversity management.

Sustainability and ESG

The Group sustainability and integrated thinking framework was developed to define our sustainability ambitions in line with our purpose. However, as the Group adjusted its strategic focus during the year, the framework will be revised in line with our updated strategic priorities with implementation set to commence in 2024. The management level STC was constituted in 2022 to support Group Exco in overseeing and managing the formal integration of sustainability and transformation into our strategy, operating model and day-to-day processes to drive impact.

The framework brings together the Group's materiality themes, strategy and value drivers, and creates clear lines of accountability, underlying projects, and metrics and targets to create a holistic and evidence-based way to manage and report on sustainability. 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.

Group Risk has completed an initial climate change gap against the BCBS Principles for the effective management and supervision of climate-related financial risks. This will inform our climate change reporting in time.

Transformation

The SEC is pleased that the Group's focus on transformation is reflected in achieving and maintaining its Level 1 B-BBEE contributor status. Sasfin's commitment extends beyond the scorecard, forming part of the purpose of the Group. As a result, our efforts to drive meaningful transformation continue, especially as they pertain to our core business in supporting financial inclusion and education, SME development and growth, job creation and wealth creation. Each pillar delivers against this objective through their specialism, and in partnerships to drive further impact: Asset Finance in facilitating NASIRA loans, Business and Commercial Banking in providing low-cost transactional banking through alliances, and through Wealth's partnership with RBN Fund Managers to manage a Jobs Fund grant.

We are intentional in our efforts to drive diversity and inclusion in our workforce, supported by dedicated skills development and training programmes. While we have room for improvement in diversity at senior management levels, our pipeline of talent is strong and continues to improve representation year-on-year. Further, we continue to influence our supply chain through supplier and enterprise development and drive progress in employee diversity and equity. Accordingly, Group Exco and pillar management committees are incorporating transformation targets for employment equity and skill development into management KPIs.

Ethics

Our 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)).

Our Code of Ethics is evolving 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 policies related to ethics are updated and easily accessible for employees, with elevated ethics training to be provided throughout the organisation via a dedicated campaign.

Using the results of the ethics risk assessment and the ADKAR change management model (often applied in project management at Sasfin), the Group Ethics Officer submitted an approach for implementing Sasfin's organisational ethics programme, which was approved for implementation by the SEC. This will form the basis of the new approach, with the required governance and management structures, codes and policies, and monitoring and reporting frameworks to drive the programme.

Scheduled for 2024, the ethics training and awareness programme will launch the aspirational code of ethics across the Group. We will also identify and train ethics champions in each business to reiterate training and awareness programme messages. Ethics is now included as an induction programme component.

Ethics surveys

In 2023, we used the results of ethics and employee surveys and other metrics to inform the development of the ethics programmes and to enhance processes. These included reviewing policies related to our lending practices, anti-bribery and corruption, personal account trading, conflicts of interest and gifts. We have focused extensively on the whistle-blowing policy and processes.

The Group will be conducting the ethics survey every two years, with the next survey scheduled to commence in November 2023.

Whistle-blowing: Deloitte Tip-Offs Anonymous

Our whistle-blowing and investigation function is managed by the Group Ethics Officer. We received 50 whistle-blowing reports through the Tip-Offs Anonymous hotline (2022: 11), which is independently managed by Deloitte. One matter related to employee misconduct and all the matters were investigated and closed. Other matters related to transactional banking fraud by third parties which were investigated and closed.

The Whistle-blowing Policy is being revised to become a Protected Disclosures Policy, with a focus on the systems and processes to protect whistle-blowers as well as the ethical imperative to report unethical and illegal activity. Part of ethics training will include the need for reporting and how Sasfin ensures their safety as whistleblowers, how to use the whistle-blowing hotline, backed up by ongoing assessments of the effectiveness of our approach.

Ethical tax practice

During 2023, the Group FD conducted a review of the Group's tax practices using an ethical lens. This assessed the finance function's compliance with South African tax regulations and our standing with SARS. The review found no deficiencies relating to our compliance and ethical tax practice.

This review is a starting point for a more comprehensive ethical tax practice review to be undertaken in 2024, extending the scope to developing ethical tax principles and a Group-wide monitoring and independent review mechanism.

Fines and sanctions

No fines or other sanctions were imposed on Sasfin in 2023, 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 Group has raised a contingent liability in anticipation of a potential sanction in relation to financial misconduct discussed elsewhere in this report.

The SEC's focus areas for 2024

- Ongoing focus on transformation
- Further development and implementation of the Group sustainability and integrated thinking framework
- Ethics strategy rollout and communication
- Employee engagement and ethics surveys and interventions to enhance culture
- Brand and reputation assessment

People and culture



Naseema Fakir

*Head:
Group Human Capital*

2023 Highlights

- Our people remained steadfast in our values, and we retained our key employees
- We reassigned our high-performance talent and expertise to areas where needed ensuring operational stability
- The hybrid operating model added value to our employee value proposition
- Improved our people platforms

Challenges

- Motivating employees during a time of change, uncertainty and media scrutiny
- Sustain and build the Sasfin culture given the amount of change, exiting certain businesses coupled with hybrid operating model
- Operational changes related to the hybrid model
- The impact of change management interventions related to strategic shifts

“We are purpose-led and focus on building a diverse and inclusive workforce and culture with an impactful contribution to society as an active corporate citizen.”

Our employees are our most valuable asset in delivering against the Group's purpose. They drive our high-touch, client centric approach. We strive to create a diverse, equitable and inclusive environment for our workforce, where everyone can reach their full potential.

As a result of the major strategic reset and remediation efforts by the Group a number of critical human capital interventions were required. The Group effectively reduced its head count in Business and Commercial Banking by 40 permanent staff from its peak in February 2023 as well the strengthening of Group Compliance and Foreign Exchange business through the introduction of highly skilled and experienced executives and senior management teams into these areas. This was in addition

to the ongoing strengthening of the Finance function and processes within the Group and inside the Pillars. These changes were done transparently, fairly and ethically, while retaining the key people across the Group during a period of uncertainty, ensuring continuity.

Much focus was placed on the wellbeing of our people and ongoing change management interventions which have been applied. We have ensured that Group-level initiatives are rolled out consistently, with targeted support within the pillars where required. We are confident that the strategic reset will drive the Group's high-performance culture journey accounting for the demands of each pillar in a value-centred approach.

Focus areas for 2024

- Strengthening the Sasfin culture to support the ambitions of the strategic reset
- Ensuring appropriate rewards structures for staff aligned with the strategic reset and the Sasfin values
- Analyse and take action based on the outcomes of the employee engagement survey
- Enhancing succession planning and career development
- Intentional leadership engagement across the organisation

Human Capital governance

Each pillar has distinct human capital requirements and specialist skills that enable them to compete successfully in their respective industries. To support our strategic direction, our core businesses are supported by dedicated Human Capital managers.

Board committees

Group Human Resources and Remuneration Committee (REMCO)

REMCO assists the Board to set the human capital and remuneration strategy and oversees the adequacy and efficiency of the remuneration practices and human capital policies that are applied within the Group. It ensures that Sasfin remunerates fairly, responsibly and transparently. The Group Human Capital Management Committee develops and recommends Sasfin's people and remuneration policies to REMCO for approval, and oversees and monitors policy implementation across the Group. The pillar HC Manco oversees the implementation of, and compliance with, policies at a pillar level.

Social and Ethics Committee (SEC)

The SEC oversees the Group's approach to societal transformation and, in the context of human capital, focuses on culture, ethics, diversity, transformation, inclusion and people development, as well as oversight of FSC scorecard compliance.

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.

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.

Sustainability and Transformation Committee

The SEC oversees the Group's approach to societal transformation and, in the context of human capital, focuses on culture, ethics, diversity, transformation, inclusion and people development, as well as oversight of FSC scorecard compliance.

The Sustainability and Transformation Committee is a management committee that supports the strategic integration of sustainability and transformation into the Group's operating model and day-to-day operations. It oversees the sustainability and transformation plans developed by the pillars to implement the Group sustainability framework and ambitions.

Our people practices

Our people are key to the Group delivering against its purpose. Sasfin operates in a market which is characterised by a fierce war for talent. While there is an oversupply of skills for junior roles (and high levels of unemployment in these areas), specialised skills are in high demand. We continue to explore options to address skills shortages and enhance the mobility of skilled employees in specific areas.

We seek to attract employees who want to be part of a purpose driven culture where they can make a meaningful contribution and be recognised for it. Each pillar is developing an employee value proposition that suits their unique environment, while aligning to the overarching Sasfin purpose and values.

We continue to focus on succession planning which is a dynamic process and the basis for maintaining sufficient bench strength across key roles in the organisation over time. We aim to have a comprehensive Group-wide succession plan in place by February 2024.

Human Capital rolled out a number of guidelines to support management and employees, e.g. hybrid work and semi-gration. The Sage 300 People system was upgraded to broaden access to people data.

Business and Commercial Banking

BCB required significant focus given the strategic reset. Group Human Capital provided support in finalising the mutual separation agreements and the Section 189 process ensuring procedural fairness and compliance with labour legislation. Thereafter, we focused extensively on initiatives to support change management.

Asset Finance

Asset Finance enhanced team interaction by embedding their hybrid model ways of work in a manner that supports their culture. Human capital initiatives were aligned to the pillar's 90-day strategic cycle to ensure focus and quick delivery. We continue to drive wide-ranging development programmes in Asset Finance, across leadership coaching for potential successors, customer centricity, process training and soft skills training.

Wealth

Wealth is seen as a place for employees to grow, learn and succeed. The “Women in Wealth” programme has been implemented to identify career driven females within Wealth looking to occupy senior roles in the future, given these roles are predominately occupied by males within the industry.

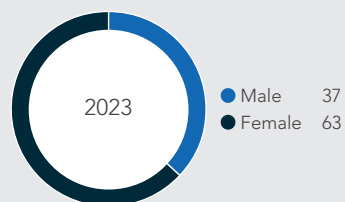
Wealth has implemented programmes and initiatives to support employee experience, which includes Money Management that holistically looks at your financial wellbeing. myLearning aims to

empower the employee to take charge of their personal and professional growth, and myCulture which assess the attitudes and behaviours of employees within Wealth through the Claritywave platform.

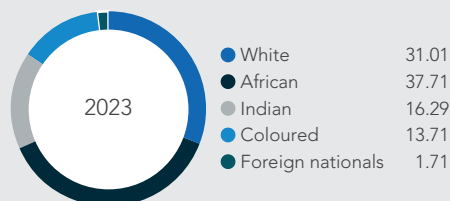
We have moved our annual bonus payment cycle to October (from September previously). This has simplified the process and reduced pressure on REMCO and management, who were previously finalising bonus decisions directly after finalising year-end results.

Group diversity

Gender (%)



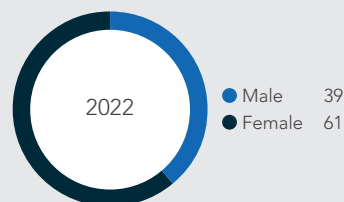
Diversity (%)



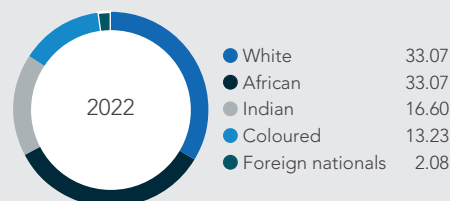
Diversity, equity, inclusion and belonging

Sasfin supports diversity, equity, inclusion and belonging for current and potential employees. A true spirit of diversity and inclusion is not always captured in a scorecard. We strive to incorporate all aspects of diversity, including gender, age, sexual orientation and background, in how we conduct our business.

Gender (%)



Diversity (%)



We are introducing an initiative to broaden awareness of what constitutes a disability, as well as diversity training for managers and teams to improve our understanding of the impact of unconscious bias and the support needed by people with disabilities to participate fully in the work environment. Besides the formal programmes, Human Capital teams across the business facilitate conversations and interventions, where required, to support employees.

Health, safety and wellness

The Ask Nelson employee wellness programme provides counselling and wellness services to our employees and their dependants, having provided counselling to 154 employees in 2023.

A number of financial wellness programmes including money management courses and financial coaching have been helpful in the current economic environment. The support extends to teams, where Ask Nelson provides group interventions and engagement opportunities to teams. 314 employees attended our wellness day this year.

We promote a culture of openness and transparency to support employee well-being and combat burnout. We have shifted our policy towards greater flexibility around workplace attendance, preferring an output-focused performance management approach.

Learning and development

We provide opportunities for our employees to enhance their skills to be best equipped to perform their roles and to upskill them. This covers formal qualifications as well as sub-skills training that enhances effectiveness in the workplace. We offer support to junior-level employees who are unable to afford tertiary education for their dependants. We monitor and provide access to continuous professional development for our employees as part of our performance review processes.

We have a long standing successful graduate programme. Given our size and organisational structure, our environment provides for a meaningful learning experience and an opportunity for each graduate to contribute to the business. It enables exposure to learning opportunities not necessarily accessible to graduates in other organisations.

We employ high performing graduates who align with our culture.

Invested in learning and development / skills development in 2023

R10.4 million

2022: R10.1 million 69.1%

Employees who benefitted from training

69.1%

2022: 82.5%

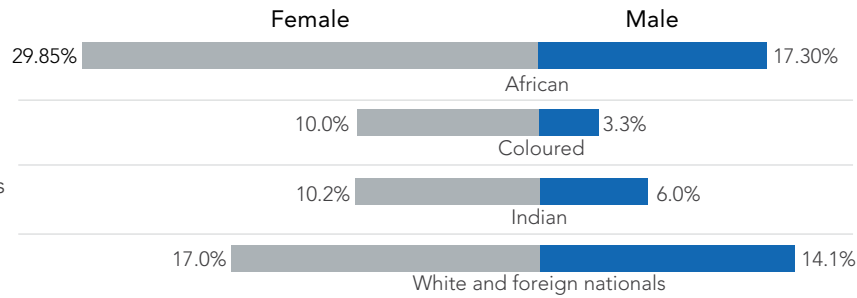
Learning and development highlights

Group training and development

Training offered

- Customer-centricity workshops
- Regulatory and compliance
- IT – Agile, systems and non-technical
- Leadership programmes
- Soft skills
- Coaching programmes
- Launched the Internal Audit Trainee programme

Training and development spend by race and gender



55 employees received bursaries, of which 49 were ACI
2022: 88 employees, 83 ACI

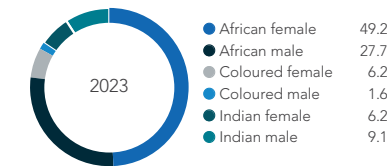
69.1% of employees benefitted from training
2022: 82.5%

Graduates

Number of graduates recruited in 2023

65

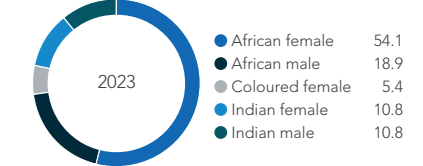
Race and gender split (%)



Number of graduates placed

37

Race and gender split (%)



CA trainees

Number of CA trainees on our programme

8

Race and gender split

African female	2
African male	1
Indian female	2
White male	3

Disabled learners

Number of disabled learners

22

Race and gender split

African female	18
African male	2
Coloured male	2

Sector Education and Training Authority (SETA) rebates

2023

R1 491 149

2022

R902 365

2021

R680 185

Transform our society



Elisheva Gilbert
Chief Marketing
Officer

CSR objectives

We demonstrate our commitment to the broader social aspect of our purpose through our CSR initiatives. Our key objectives are to deliver tangible and measurable positive impact through these initiatives, and drive awareness to permeate involvement across the Group. Internally, our CSR activities foster a sense of belonging and meaning. Externally, they help to deepen relationships and encourage greater involvement, activation and enablement with our key partners.

We seek to go beyond CSR as a regulatory requirement and focus on the positive difference we can make to people and their stories.

At Sasfin, our purpose is to contribute to society by going beyond a bank to enable the growth of the businesses and global wealth of our clients. This reflects an intentional decision to place our commitment to society front and centre in how we approach business and understand our place in society. Our purpose drives our performance in delivering growth to our clients through our core offering, but also extends to creating positive social impact. We consider society to include our Sasfin community and broader society.

“Corporate social responsibility is not a department in Sasfin, but a Group-wide imperative.”

Strategic alignment of CSR with Sasfin’s purpose

In February 2023, the SEC approved the revised CSR strategy. This seeks to ensure greater strategic alignment of CSR activity with Sasfin’s purpose and provides a framework for our approach to CSR in the centre and across the pillars.

Our CSR strategy

We have focused our strategy on supporting organisations that offer entrepreneurial development that enables the growth of business and drives job creation, with the aim of transforming society in South Africa. This is specifically aligned with Sasfin’s purpose and our core business. To this end, we increased our contribution to partners in this area, namely:

- **Junior Achievement South Africa** (Junior Achievers)
Junior Achievers is an NPO that provides leading-edge experiential learning in entrepreneurship, financial literacy and work readiness to create pathways for employability and job creation and has been a partner since 2017.
- **Noble B-BBEE Advisory**
Noble specialises in creating tailored strategies, leveraging innovation, and driving growth for businesses across industries and has been a partner since 2017.

Consequently, we have increased our CSR spend in the Consumer Education element of the B-BBEE scorecard by 13% (from 22% in 2022 to 35%) and also by 13% in Entrepreneurship (from 37% in 2022 to 50%).

Pillar partnerships

Our objective is to enable the permeation of Group partnerships and initiatives into the pillars which will deepen relationships and allow for greater involvement and activations. In this regard, Sasfin Wealth has elected to partner with ORT SA, Afrika Tikkun and Hospice Wits. Significant progress has already been made whereby the Wealth team collected and filled five shelves with reading and numeracy books in an Afrika Tikkun centre in Alexandra Township. Another team conducted a successful perishable food collection: “Your CAN, make a Difference!” for Hospice Wits. A Padel fundraiser was successfully concluded for ORT SA.

The Asset Finance pillar has decided to partner with Impumelelo Day Care Centre in Kanana Park, Gauteng as well as Durbanville Kinderhuis in the Cape. Introductions have been made and the finalisation of initiatives are underway.

Fostering good relationships with our employees and society

We understand the importance of purpose in providing meaningful work. This is enhanced by the need to contribute to something greater than oneself. Accordingly, we provide opportunities for all our people to participate in programmes and initiatives that extend into society and provide opportunities for growth, development and fun.



Talk Tuesdays

An hour is set aside bi-monthly on a Tuesday to provide support, inspiration, relaxation and fun to aid mental and physical wellbeing. A variety of activities and topics were covered, including themed dance and aerobics classes, happiness workshops, parenting insights and how to manage stress, among others.

Talk Tuesday – staff feedback

- The past two sessions were incredibly fun, and we look forward to the next one!
- My stress levels have gone down tremendously, I must say these events really help me in every way
- The session was refreshing and very much needed
- I had so much fun, I also needed the session
- My cup has been refilled – thank you
- Such an amazing event
- We need more of this
- I didn't know how much I needed these sessions until yesterday – they really do something for the soul and are an incredible way to fill one's cup



Mindful Mondays

Our Mindful Mondays continued over the year, providing a regular, short communication that focuses on #MentalHealthMatters. Topics covered in 2023 included wellness strategies to help deal with stress and anxiety, setting boundaries, financial wellness, building mental resilience, and overcoming self-doubt.

First Thursdays

We introduced a new initiative called First Thursdays, where a pillar is tasked with hosting a themed get-together for all employees on the first Thursday of every month. Themes have included a celebration of Women's Month, a Mexican fiesta and a games evening.

Special days

We celebrate our employees at Sasfin on special days, including Valentine's Day, Mother's Day, Father's Day, Spring Day, and Halloween. The office is themed, and we place gifts and notes in the pause areas.

Transform our society continued

Mandela Day

Mandela Day is celebrated annually on 18 July and is a global call to action encouraging individuals and organisations to dedicate 67 minutes of their time to community service in honour of Nelson Mandela's 67 years of political activism. Sasfin chose to recognise the people who dedicate their lives to community service, opening Restaurant 67, a temporary Mandela Day restaurant on the rooftop of Sasfin's headquarters in Sandton. Restaurant 67 was created to serve the members and beneficiaries of SA Harvest, an NPO with a mission to end hunger, and to thank them for the work they do. The morning started with arts and crafts as employees gathered to decorate table runners, welcome and farewell signs in the 11 official languages, and beaded serviette holders. Others acted as a welcome and farewell committee, greeting and escorting our guests of honour with lively song and dance.



Jillian Johnson, a Sasfin employee said that community support runs deep in Sasfin: "I've been with Sasfin for 35 years and this has always been part of the Sasfin culture, long before Mandela Day started. It comes as second nature. This is one day I wouldn't miss. Days like this bring the whole bank together."

Women's Month

In August 2023, employees and clients attended the launch of Gloria Tomatoe Serobe's book, 'An Ode to My Mother-in-Law, Winnie Serobe: a Mentorship of Love and Honour'. It brings to life the story of her mother-in-law, Winnie Serobe, who served those around her every day. She fought for the rights of all to be educated, buried with dignity, and be provided with quality healthcare – particularly mothers and their unborn and newborn babies. She reframed marriage, family and service for young Gloria, lessons which are shared in this book. Gloria is a founding member and CEO of WIPHOLD, who owns 25.1% of Sasfin's shares, and is recognised for her leadership in business and community activism.



Talk Tuesday Sip and Paint event held for Women's Month.

The Sasfin Wish List

We launched the Sasfin Wish List more than 10 years ago as an initiative to help employees in Sunlyn which has grown to serve employees across the Group. The Wish List provides support to employees based on need, such as paying school fees, helping cover the cost of urgent medical treatment or providing groceries when an employee is experiencing difficulties. An employee requests assistance from the Wish List through their line manager or by sending a request directly to the Wish List administrator. The venue hire fee for external parties using our 14th floor lounge and deck at our Sandton office is donated to the Sasfin Wish List. An agreement is in place for the use of the space, with two rentals in 2023 and further bookings lined up for 2024.

For 2023:

R203 444
Amount disbursed

R73 710
Staff donations
and venue rental
income

Championing SMEs

We provide tools for small businesses on our digital platforms, including:

Dashboard	Payroll	Quotes and invoices
A full overview of accounts with the B\\YOND® platform dashboard.	Perform payroll management simply and for free, from paying employees to generating SARS-compliant payslips in real time.	Generate and send personalised quotes and invoices, with company name, VAT number and logo directly through internet banking.
Account classification and tagging	Unlimited transaction history	Beneficiary management
Account classification and tagging of transactions to manage revenue and expenses, and easily keep track of projects.	Available at no extra charge via the B\\YOND® platform.	Move, import or add beneficiaries easily.
Intuitive user experience	Multiple transactions	Single sign-on
Mobile-friendly, intuitive user experience that allows card and account detail management online.	Multiple transactions such as account transfers in one action	Seamlessly switch between portfolios – business and personal – without needing to log into two separate platforms.

Small Business Newsletter

Sasfin's Small Business Newsletter was a compilation of curated content authored by thought leaders and tailored for distribution to a database of over 2 500 SMEs. The success of this newsletter surpassed the engagement rates of any other communication sent to our Business Banking database. The newsletter's topics on small business funding solutions and the importance of saving and investing were particularly well-received by our audience. These topics successfully positioned Sasfin as a bank dedicated to entrepreneurs, as a financial institution built by entrepreneurs themselves.

Small Business Showcase

We recognise the unique challenges faced by small businesses. To support their growth and resilience, we leveraged our brand reach and digital platforms to assist – proudly presenting the second season of the Small Business Showcase in partnership with Suits & Sneakers' CEO, Mark Sham. Through this platform, we created much-needed awareness around the showcased businesses to help them connect with a wider audience and potential clients. Between July 2022 and May 2023, 19 businesses were successfully profiled, each serving as an inspiring example of South Africa's entrepreneurial spirit. The campaign's success was further amplified through in-person events.

Highlights

- 100% of the businesses profiled during this period are still operational
- Over 30 000 views garnered across YouTube, LinkedIn and Facebook (on Sasfin and Mark Sham's profiles)
- A successful Small Business Showcase event in November was attended by over 300 entrepreneurs

Technology review



Josh Souchon

Group Chief Information Officer

The capabilities unlocked by our IT strategy are critical to the Group's operations and sustainability. Our core information systems have been implemented and we continue to make progress in decommissioning legacy systems.

Over the past five years, the Group has made significant progress in ensuring that the IT strategy is a critical enabler of Sasfin's strategy, operations and controls. We continue to refine our existing platforms and consider new digital technology to strengthen our capabilities and support innovation.

Our focus is ensuring our technology platforms and data provide strategic value for the Group.

How we govern IT

IT infrastructure is governed from the centre, with dedicated IT capabilities embedded in each pillar to provide them with the support needed to meet their specific strategic requirements. This gives the pillars the ability to own and manage their specific IT systems, where appropriate.

Group IT policies, standards, procedures and frameworks apply across all business units and are reviewed regularly to ensure they remain current. Project implementation is overseen by Group Exco and managed by the Project Steering Committee and are executed in terms of a formal project management standard that includes an independent project assurance model provided by Group Internal Audit. IT projects are being prioritised through an established assessment process and are overseen from project initiation, delivery to client and business adoption by ensuring efficient management of resources with quality control.

Board

The Board is responsible for governing information and technology across the Group.

IT Committee

- Sets and monitors the development and execution of the IT strategy through the IT governance framework, policies and procedures
- Oversees, monitors and evaluates significant IT investments and expenditure
- Oversees information security, cybersecurity and governance of IT risk
- Evaluates the progress of IT change programmes

Operational management committees

- Executive IT & Change Committee
 - Assesses the prioritisation and impact of IT projects
- Group IT Manco (inclusive of each pillar IT)
 - Ensures alignment of IT projects to Group strategy
 - Oversees the execution of projects
 - Operational management, governance and security

2023 Highlights

- Industry recognition for technology and innovation initiatives
- Technology and data enablement to provide strategic value and insights
- Deepening the strength of our internal and external IT partnerships

Challenges

- War on talent, particularly specialised IT skills
- Realising the value and benefit from systems
- Information and data and its protection, adoption, management and analysis
- Cyber risk

IT strategy

Our strategic imperatives are assessed and updated annually during the strategic review. These contribute to the Group's strategic execution by meeting the needs of Sasfin's businesses and enabling teams with the right tools. We use a human factors lens in ensuring that our technology helps Sasfin's people deliver value and in informing our approach to cybersecurity.

Our strategic focus areas are:

People and culture

Put people first and lead

Business enablement

Running Sasfin optimally

Design and build

Stop, reflect, re-group and proceed

Cybersecurity

People are our first defence

Performance in 2023

With the federated model bedded down and accountable IT teams in each pillar, Group IT is ensuring that we are actively managing risks and opportunities across the Group. This includes considering the natural trade-offs between Group and pillar initiatives, including cost management and resourcing which are enabled by clear lines of accountability, embedded controls and communication across all functions related to IT.

We are shifting our approach from 'best of breed' to 'best of need'. Within this frame, the federated model is enabling pillar IT teams to focus their expertise on unique pillar requirements around client engagement, product development and delivery, and regulatory and reporting needs. This supports agility in the pillars to adapt to market shifts and initiate platform enhancements and product innovations that match client need.

Client experience remains a primary consideration in our projects across all pillars, ensuring they serve the Group's high-touch service model that is key to our brand strength and reputation. This requires comprehensive testing on digital enhancements and innovations prior to launch. While this may lengthen project development timelines, it ensures that client experience is preserved. We also believe that digital solutions cannot be imposed – they should rather form part of a hybrid approach to maintaining deep relationships within the high-touch model.

Contributing to operational excellence

During the annual strategic review, we undertook a structured review of the IT projects underway. This included assessing how the Group prioritises technology investments, initiates projects and releases funding, how resources and skills are allocated to deliver projects, including the change management processes required, and the value realised by the Group from the investment made.

The following process is being followed:

Stop	<ul style="list-style-type: none">Review all projects and categorise them in order of priority and benefit versus cost
Reflect and review	<ul style="list-style-type: none">Review the priority projects against specific criteria and lessons learnt on recent projects
Re-group	<ul style="list-style-type: none">Prioritise projects following a critical review by a multi-disciplinary team
Proceed	<ul style="list-style-type: none">Establish clear success criteria and plan to monitor and measure progress in delivering quality business outcomes

Considering the current economic climate and fast-evolving technology environment, the Group IT function is using this process to narrow the number of active projects. This will ensure successful delivery of critical projects and focus our efforts on extracting maximum value. Cost management is challenging due to rising technology costs that are vulnerable to Rand weakness and pricing that has remained stubbornly high, despite global supply chain challenges abating. We are assessing the viability of localising platforms and services where possible to minimise exchange rate and global inflation risks. There is limited scope for reducing costs for critical operational systems, especially from a compliance and cybersecurity perspective.

Our people

During the year, the IT function dedicated significant resources towards the multi-disciplinary teams undertaking remediation projects, including the compliance systems within Business and Commercial Banking. Within the balance sheet substantiation at Group and Asset Finance, we have developed and institutionalised tools to automate reconciliations to reduce error and enhance controls, which is proving to be beneficial.

Partnerships are critical to the IT function in delivering secure, stable and value-adding platforms within budget. We are engaging with specific partners on an outsourced consulting basis to advise and support certain technical aspects of the remediation projects, ensuring efficient resolution and to enhance platform stability. This is supported by internal change management interventions as required.

The hybrid working model continues to add value, in providing flexibility to employees as part of our value proposition and in increasing our access to a pool of talent beyond geographic boundaries. As a new way of working, it requires a shift in mindset in managing a workforce – from monitoring time and attendance, to measuring clearly defined outputs. We are guided by the concept that work is something that you do, not a place – and work requires purpose. We thus have a deliberate approach to enabling collaboration, synergy, and learning and development in the delivery of the hybrid model. We have an initiative running to understand the functionality of different teams and how they collaborate remotely, the learnings of which will be applied to enhance the hybrid model. A critical element remains face-to-face interaction and understanding the balance between remote and office-based tasks.

We provide ongoing training to drive the hybrid model and upskill employees in digital and technology developments through continuous learning, coaching and targeted leadership development programmes.

Attracting specialist IT skills remains challenging, especially as we are competing for talent across industries and geographies. Our value proposition is rooted in the culture of Sasfin, where our smaller size relative to Tier 1 banks and multi-nationals allow each individual to be valued and acknowledged in delivering against our purpose.

Awards received in 2023

Finnovex South Africa Awards

2023

Excellence in Data Innovation

Sasfin's Data Services team

This was based on their white paper submission on the technical solution and data quality management implemented for Sasfin's BCBS239 programme

CIO South Africa Awards

2023

Digital Innovation Award and IT Project of the Year

Sasfin's Chief Information Officer, Josh Souchon

Finnovex South Africa Awards

2023

CDO of the year

Sasfin's Chief Data and Analytics Officer, Esther Munyi

These awards recognise the efforts of pioneers who are transforming the field of financial services.

Cybersecurity roadmap



Information management

Information management is overseen by the Data Services team, which includes business intelligence and data governance. Data is owned by the relevant pillars, with Group IT providing the tools to manage, move and secure data. The Group's network infrastructure is designed to ensure continuity, and we continuously maintain and upgrade our core infrastructure. Formal disaster recovery plans and backup strategies are in place, and these are tested and updated regularly.

Managing and analysing data effectively is critical to the ongoing success of the Group. Data is at the heart of what we do and enables insight-driven decision-making to drive a better client experience. Enhanced business intelligence allows us to better understand client needs and creates opportunities for business growth through cross-selling and improved client retention. In addition, using data intelligently reduces risk and enhances our compliance with regulations.

Cybersecurity and data protection

Cybersecurity risks in the global operating environment remain elevated, especially for financial services. Our cybersecurity roadmap provides a sound foundation for a stable and safe environment for the Group. An external party regularly reviews the Group's cybersecurity framework and performs cyber simulations to assess the Group's cybersecurity performance.

People are our first line of defence in our cybersecurity efforts, with our employees and clients being a critical pillar in our approach to minimising cyber risk, supplemented by internal systems and a network of cybersecurity partnerships. We continue to see the effectiveness of ongoing cyber awareness training with employees and clients, also part of a human factors approach to delivering effective technology.

Data protection efforts include privileged access protocols that are aligned to regulatory requirements.

Looking ahead

Our focus is on ensuring that our technology infrastructure enables the Group strategy, guided by Group IT's strategic imperatives:

- Deliver safe and secure platform to service all Sasfin's businesses
- Enhance trust in our technology and data
- Ongoing cybersecurity investment
- Finalise review of existing systems as part of benefits realisation exercise, with particular focus on LeaseWave and Calypso
- Invest in future-proofing the business, including through disruptive technology and streamline business processes

04

Governance practices and outcomes

Corporate governance report

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

The Board strives to achieve the following corporate governance outcomes identified by King IV:















Corporate governance practices and outcomes

Our governance framework enables the proper allocation of authority and responsibility in terms of which Sasfin's business and affairs are conducted, 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. In particular, this is applicable to 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.

Key governance practices

 <p>The majority of non-executive directors are independent.</p>	 <p>The Board charter articulates the policy on the balance of power.</p>	 <p>Board-approved policy for the appointment of directors and executive officers.</p>
 <p>The Board charter outlines the role of the lead independent director.</p>	 <p>Annual independence assessments are performed.</p>	 <p>Self-evaluations of the Board and its committees are conducted annually, with external evaluations every three years.</p>
 <p>Annual written declarations of director's interests are obtained and are updated and when changes occur.</p>	 <p>Conflicts of interest are required to be declared at every meeting.</p>	 <p>Board member's external directorships and time commitments are assessed annually.</p>
 <p>A policy on obtaining independent professional advice is in place.</p>	 <p>New directors receive induction training and there is a programme of continuous director's professional development and training.</p>	 <p>A policy governing share trading by directors and employees is in place.</p>

Governance framework

Our governance framework is flexible enough to enable the fast-paced, innovative culture that is required to support our business and clients. Our foundation of ethical leadership and the alignment of our organisational culture with the principles of integrity promote an environment that upholds compliance, focus and accountability.



* During the year, special ad hoc committees were constituted to oversee remediation programmes. All the remediation programmes have been formalised under the GovCo Remediation Steerco, which is chaired by the Group CEO. The GovCo Remediation Steerco reports into the Remediation Oversight Committee (ROC), a newly constituted sub-committee of the Board.

Corporate governance objectives set by the Board

The Board is of the opinion that the Group's governance practices are appropriate and suitable in the context of our business and the needs of our stakeholders. They support our client-centric approach and entrepreneurial spirit without compromising on the need for adequate control and effective oversight.

The Board has set eight corporate governance objectives, aligned to King IV, that provide an overarching guide against which they assess their performance annually with due consideration of the processes, policies and practices that are in place and any relevant events that occurred during the year under review:

- 1 The Board leads the Group in its commitment to doing business ethically and with integrity and ensures a purpose- and values-led entrepreneurial culture is maintained.
- 2 In their decision-making, individual Board members 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 ensure they are informed about matters presented for decision-making and that they adhere to the Companies Act requirements in relation to the declaration of personal financial interests.
- 3 Directors actively engage in the affairs of the Group and keep abreast of material changes in the Group's business and the external environment, and act in a timely manner to protect the long-term interests of the Group.
- 4 The Board provides leadership and vision to the Group that will ensure sustainable growth and appropriate corporate citizenship for the benefit of all stakeholders of the Group.
- 5 The Board ensures that 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.
- 6 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.
- 7 The Board ensures 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.
- 8 The Board will oversee the development and implementation of a sustainability strategy and framework for the Group to ensure sustainability risks are regularly reviewed and managed, and that an effective governance framework for sustainability is established.

Good corporate governance practices underpinning value creation by applying the King IV principles

1 PRINCIPLE **Leadership** ✓

The governing body should lead ethically and effectively.

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. Members of the Board, both individually and collectively, cultivate and present the following characteristic in their duty: integrity, competence, responsibility, accountability, fairness, and transparency.

The Board, as the ultimate governing body for the Group, assumes responsibility for governance across the Group. The Board is guided by the principles and practices recommended in King IV, as well as the legal requirements pertaining to our business. The Board is satisfied that Sasfin complies with the provisions of the Companies Act, its MOI and the principles and practices recommended by King IV.

2 PRINCIPLE **Ethics** ✓

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

The Board, assuming responsibility for the governance of ethics, sets the ethical tone and direction for the Group 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. Sasfin's Code of Ethics 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. Sasfin's Code of Ethics is centred on the society we serve and is an aspirational credo that supports our way of doing business, underpinned by our organisational culture and values.

Leadership is seen to live the ethical values that are integral to effective and mutually beneficial stakeholder relationships. The Board, while simultaneously exercising ongoing oversight, holds management accountable for ethical leadership by linking performance to ethical behaviour and values. This practice is applied to all employee performance contracts throughout the Group. The primary management responsibility for ethics oversight and co-ordination rests with the Group Ethics Officer. Other functions like Group Human Capital, Group Risk, Group Compliance and the Group Company Secretary also play a role in the management of ethics-related activities.

Governance of ethics

The Board is accountable for monitoring the risks and activities relating to organisational ethics and the governance thereof.

GRCMC

- Monitors whether ethics, fraud and corruption risk mitigation are adequate and effective.
- Monitors strategic, business and operational risks, with due consideration to the reputational impact of any ethical risks.

DANC

- Oversees the effectiveness of the Group's corporate governance frameworks and activities that enable governance of ethics.
- Receives reports on ethics oversight and coordination, including whistle-blowing hotline reporting, gifts policy, personal account share trading, and fraud.

REMCO

- Responsible for ensuring fair and transparent pay practices, together with the SEC.
- Reviews general Human Capital and remuneration policies, and terms and conditions of employment.

GAC

- Oversees compliance with all relevant laws and Regulations to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.
- Mandated to undertake investigations, such as forensic or fraud investigations.

SEC

- Monitors the implementation of the ethics strategy and the adequacy and relevance of ethics management.
- Ensures that measures are in place to achieve a sustainable, ethical culture, including ensuring that appropriate policies and procedures are in place.
- Collaborates with other Board committees to ensure that ethical outcomes are achieved.

Ethics management framework

The Group's Ethics Framework aims to drive initiatives that help employees live the commitment to ethical business conduct and practices.



Key codes and policies

Our policies aim to mitigate market abuse, conflicts of interest, bribery and other unethical conduct. Policies promoting positive ethics are shared with employees. The following codes and policies support the governance of ethics at Sasfin:

The Sasfin **Code of Ethics**

The **Anti-Bribery and Anti-Corruption Policy** sets out the Group's minimum requirements, aligned to local and international regulations and frameworks. The Group has a zero-tolerance approach to bribery and corruption.

The Sasfin **Code of Banking Practice** is a voluntary code that sets out the minimum standards for service and conduct with regard to the services and products we offer our clients.

The **TCF Policy** aligns Sasfin's objectives with the TCF principles, ensuring that clients are treated fairly by integrating the principles into our business to achieve the desired outcomes.

The **Whistle-blowing Policy** provides overall guidance for reporting concerns and encourages employees to raise concerns through appropriate channels

The **Anti-market Abuse Policy** 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 assisting clients.

The **Complaints Policy** outlines Sasfin's commitment to maintaining communication and good relationships with our clients.





PRINCIPLE

Responsible corporate citizenship ✓

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

The Board, together with the SEC, assesses and assume responsibility for our business activities, CSR policies and strategy, and their implementation to ensure we contribute to society as a responsible and ethical corporate citizen. Decision makers consider the impact the business has on all its stakeholders, including employees, the environment and local communities.

The Group has developed a Sustainability Management Framework that formalises our sustainability priorities, including economic and ESG factors. The framework will bring together the material themes, strategy and value drivers to create clear lines of accountability. It will identify the projects, metrics and targets to create a holistic and evidence-based approach to managing and reporting on sustainability.

The Board and Group Exco recognise the importance of setting sustainability priorities and ensuring that they are aligned to the Group's purpose and thereby continue to create value for all stakeholders while supporting the long-term sustainability of the Group.

The Board is satisfied that Sasfin's efforts towards being a responsible corporate citizen include compliance with the law, the Constitution of South Africa, leading standards, and our own internal codes and policies.



PRINCIPLE

Elements of value creation ✓

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

The Board delegates the formulation of strategy to management, via the Group Exco. The strategy is considered and approved by the Board, including financial and non-financial performance measures and targets over the short, medium and long term in line with an integrated thinking approach.

The Board also oversees the implementation of strategy within the overall operating context and evaluates management's performance against the targets set, the Group's purpose and strategic focus areas.

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 in terms of value creation for all stakeholders.

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 financial year, the Board identifies the Group's top risks and risk 'deep dives' are undertaken from time to time to assist the Board in assessing and managing risk in the context of the broader Group strategy. Board meetings include standing agenda items, including feedback on key matters considered by Board committees, updates from the Group 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 reviews to evaluate progress against strategic goals.



PRINCIPLE

Reporting ✓

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

The Board oversees the Group's reporting suite. It is responsible for approving the interim and year-end communications, all SENS announcements, disclosures made in terms of Regulation 43 of the Banks Act and other media statements. All such reports and communications are published on Sasfin's website and/or other appropriate platforms for access by stakeholders.

Robust governance and assurance structures and processes are in place to review the completeness and accuracy of reports and information. We are committed to ensuring that our formal and informal communication with stakeholders is transparent and honest.

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, provide clear guidelines on the application of governance processes, and management is responsible for implementing the necessary procedures to ensure compliance.

The Board receives feedback from subsidiary companies to ensure that corporate governance practices and the strategic initiatives of the Group are being consistently and adequately applied. This allows the Group 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.

Reporting assurance

The GAC oversees Sasfin's combined assurance framework, which covers four lines of defence. It outlines the assurance that supports the Board in assessing the report's integrity. The sources of assurance provided over various aspects of the reporting suite are shown in the table below, together with the key frameworks or standards applied to the reporting process.

Sasfin combined assurance framework for reporting

Reporting content	First line of defence	Second line of defence	Third line of defence	Fourth line of defence (external assurance providers)	Frameworks/ standards
Financial reporting	<ul style="list-style-type: none"> Group Finance Group Exco 	N/A	<ul style="list-style-type: none"> Group Internal Audit 	<ul style="list-style-type: none"> External auditors 	<ul style="list-style-type: none"> IFRS, Companies Act and JSE Listings Requirements MOI
Regulatory reporting	<ul style="list-style-type: none"> Group Finance Group Treasury 	<ul style="list-style-type: none"> Group Risk Group Compliance 	N/A	<ul style="list-style-type: none"> External auditors 	<ul style="list-style-type: none"> Banks Act Basel Framework
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 	<ul style="list-style-type: none"> Group Internal Audit 	N/A	<ul style="list-style-type: none"> King IV, Companies Act and JSE Listings Requirements Company MOI
Non-financial information (environmental, social and governance)	<ul style="list-style-type: none"> Group Exco Company Secretary Group Finance Group Human Capital Group Marketing 				<ul style="list-style-type: none"> Internal models, policies and frameworks
Internal controls and risk management	<ul style="list-style-type: none"> First line business units 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"> External auditors. Not all financial reporting controls form part of the external auditor's scope. The nature, timing and extent of their work are based on their risk assessment and audit approach 	<ul style="list-style-type: none"> International Standards for the Professional Practice of Internal Auditing Basel Framework Banks Act, King IV, JSE Listings Requirements
B-BBEE status	<ul style="list-style-type: none"> Group Exco Group Procurement Group Human Capital 	N/A		<ul style="list-style-type: none"> AQRate (Pty) Ltd 	<ul style="list-style-type: none"> B-BBEE Codes of Good Practice Financial Sector Codes

Role and responsibilities of the Board ✓

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

The Board ensures applicable governance practices and principles are adhered to and is responsible for the performance and strategic direction of the Group. The Board is supported by the DANC which considers, monitors and reports to the Boards on the key risks arising from and associated with the Group's corporate governance requirements. The Board has adopted a charter that sets out its responsibilities, duties and accountabilities, which is reviewed annually.

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.

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 appropriately delegates certain functions to its committees and reviews each committee's charter annually. Reporting and governance processes are in place to ensure that the Board remains informed of how committee's discharge their duties.

Certain 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

The Board is satisfied that it has fulfilled its responsibilities in accordance with the Board Charter for the current reporting period.

The Board's top priorities in 2023:

- Considering and approving the Group's strategy, and in particular, the review of the BCB strategy
- Continued oversight of addressing legacy issues related to the process of reconciliation and balance sheet substantiation that commenced in 2022
- Finalising the forensic investigations and prosecutions related to historic unethical behaviour and misconduct of former employees in our Foreign Exchange business area
- Reviewing and enhancing our governance, risk and compliance frameworks and programmes as well as operational controls, and monitoring progress against remediation programmes aimed at ensuring that historic practices are not repeated or retained within our culture
- Ongoing monitoring of the credit environment, credit risk and collections
- Focus on strengthening capital, funding and liquidity positions with a strong emphasis on cost saving measures

Composition of the Board ✓

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 has a unitary Board with the necessary collective knowledge and balance of skills, experience and diversity to guide the business effectively. The Board's composition promotes the balance of power and authority and precludes any one director from dominating decision-making. 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 which includes independence assessments, tenure, skills (fit and proper) and experience requirements.

The Board consists of 11 directors, excluding alternate directors, at 30 June 2023. The size of the Board is considered appropriate and in line with the requirements of the banking industry. Four of the Board committees are statutory in nature and maintain adequate levels of independence in terms of their constitution.

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 specialisms to drive the appropriate strategy and create value for all stakeholders.

The Board assesses the appropriate mix of skills, diversity, knowledge and experience of the directors, with the support of the DANC and is confident that the Board has the right balance of skills, knowledge, experience and diverse perspectives needed to fulfil our fiduciary responsibilities and to provide the necessary oversight over the development and implementation of strategy.

The Board is cognisant of the need to achieve balance in terms of race, age, culture and gender diversity and has set targets for its composition. Our gender and black representation targets are both 35%. The Board remains committed to reaching the agreed diversity targets and continues to prioritise the recruitment of candidates from diverse backgrounds.

There have been no changes to the Board in the year under review.

The Board held four schedule meetings during the year under review and eight special meetings, including two strategy deep dives to review and agree the strategic focus and implementation plans going forward.

The DANC also considers the following in terms of Board composition:

- Board dynamic and culture
- Continuity and skills transfer
- Tenure and age
- Flow of fresh thinking
- Diversity of thought
- Optimal Board size and Board committees' composition
- Competencies and skills required
- Organisational expertise
- Reputation

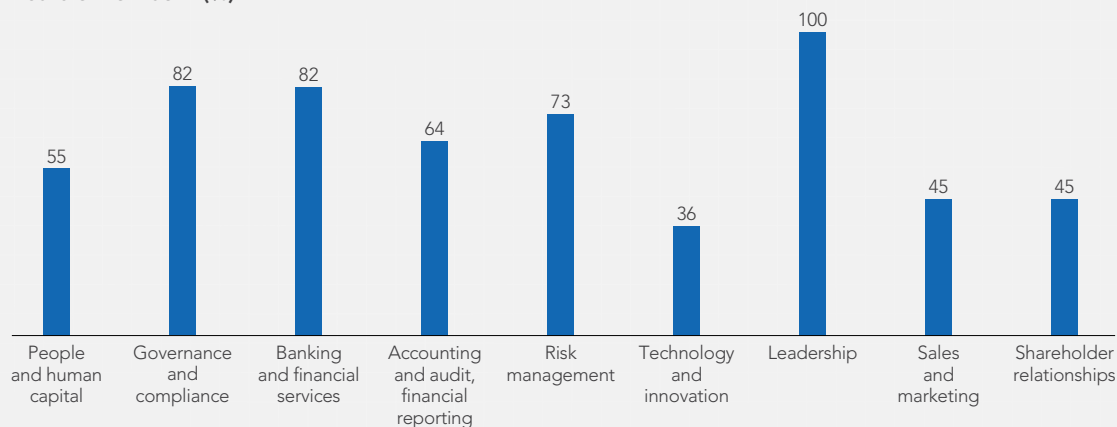




Board attendance in 2023

	Attendance
Deon de Kock	12/12
Richard Buchholz	12/12
Harriet Heymans	12/12
Tapiwa Njikizana	12/12
Nontobeko Ndhrazi	11/12
Gugu Dingaan	11/12
Michael Sassoon	12/12
Roland Sassoon	11/12
Mark Thompson	12/12
Eileen Wilton	12/12
Tienie van der Mescht	12/12
Shaun Rosenthal (alternate)	12/12

Board skills matrix (%)



PRINCIPLE 8

Committees of the Board ✓

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

The Board delegates specific roles and 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 ensures the membership of committees is managed effectively to ensure an appropriate spread of responsibility and independence.

The Group 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.

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 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 Board and committees need clear visibility of business-as-usual matters, as well as matters outside the normal course of business, to facilitate good decision-making. Committees' priorities have been reviewed during the year to assess the need for re-prioritisation and the risks associated with deferring or postponing any non-critical work to focus on high priority matters. During the year, the Board constituted a special ad hoc sub-committee, the ROC, to oversee the Group's remediation programmes on behalf of the Board.

The Board committees support the Board in its governance role and the Board is satisfied that the committees have fulfilled their responsibilities in accordance with their terms of reference. A summary of each committee's responsibility, meeting attendance and focus areas are set out in the pages that follow.

Credit and Large Exposures Committee (CLEC)

Mark Thompson
CLEC chair

Responsibilities

- Credit risk management policy and procedures
- Defining credit policy and guidelines
- Reviewing compliance with approved credit and investment policies
- Assessing, approving and valuing the Group's large exposures
- Approving new investments in private equity and private property equity
- Monitoring the management, measurement and reporting of all risks in accordance with the RDARR principles of accuracy, comprehensiveness, clarity and usefulness, frequency and distribution

Committee composition at 30 June 2023

Members	Attendance	Appointed to the committee
Chair		
Mark Thompson	16/16	Member – 21/06/2019 Chair – 25/11/2021
Members		
Richard Buchholz	15/16	07/03/2018
Harriet Heymans	16/16	04/04/2022
Maston Lane	16/16	28/05/2002
Magda Oosthuysen	15/16	20/02/2018
Shaun Rosenthal	16/16	13/12/2017
Michael Sassoon	16/16	13/02/2014
Roland Sassoon	16/16	01/01/2020
Stewart Tomlinson	15/16	14/02/2019
Tienie van der Mescht	15/16	25/11/2021

The committee is chaired by an independent non-executive director. The committee held six scheduled and 10 unscheduled/special meetings during the year.

Key matters the committee focused on included:

- Reviewed and recommended appropriate impairments for the Land Bank and other large exposures
- Monitored the credit environment, credit risk and collections and specifically analysed the impact of load shedding on credit risk
- Developed and approved cash flow, ROE, and other metrics to enhance credit worthiness analyses of potential clients
- Recommended approval of a revised Master Credit Policy
- Analysed the ranking of priority of post commencement finance (PCF) and other creditors in Business Rescue proceedings
- Evaluated the effectiveness and performance of the committee, with no material matters of concerns raised

Directors' Affairs and Nominations Committee (DANC)

Deon de Kock
DANC Chair

Responsibilities

- Assists the Board with its corporate governance and related responsibilities, including fulfilling the responsibilities of a Nomination Committee
- Evaluates the adequacy, efficiency and appropriateness of the Group's corporate governance structures and practices
- Oversees the Board and committees' composition, directorship continuity and succession planning, and makes recommendations to the Board
- Monitoring directors' responsibilities and oversees the evaluation of the Board as a collective and directors' individual performance
- Statutory functions in terms of Section 64B of the Banks Act

The committee is chaired by an independent non-executive director. The committee held four scheduled meetings during the year and one unscheduled / special meeting.

Committee composition at 30 June 2023

Members	Attendance	Appointed to the committee
Chair		
Deon de Kock	5/5	Member – 15/09/2020 Chair – 25/11/2021
Members		
Richard Buchholz	5/5	07/03/2018
Gugu Dingaan	5/5	07/03/2018
Nontobeko Ndhrazi	5/5	15/09/2020
Tapiwa Njikizana	5/5	26/05/2021
Shaun Rosenthal (alternate)	5/5	13/12/2017
Roland Sassoon	5/5	01/01/2020
Mark Thompson	5/5	21/06/2019
Tienie van der Mescht	5/5	24/02/2022
Eileen Wilton	5/5	06/08/2019

Key matters the committee focused on included:

- Reviewed the succession planning strategy and principles and continuity of the Board and its committees
- Monitored the Board's performance against agreed corporate governance objectives and compliance with regulation 39 (18) of the regulations of the Banks Act
- Considered the organisational, governance and management structure as it relates to the strategic review and the finalisation of investigations; reprioritising non-critical work to focus on high priority matters and ensuring sufficient management capacity

Group Risk and Capital Management Committee (GRCMC)

Richard Buchholz
GRCMC chair

Responsibilities

- Monitoring the Group's risk universe and overseeing the mitigation of risks
- Reviewing risk management policies and procedures
- Reviewing capital management policies
- Reviewing capital planning activities
- Reviewing and monitoring adherence to the Board risk appetite and other tolerance levels, and reporting any breaches to the Board
- Monitoring the functions and receive reports from the ALCO
- Monitoring the management, measurement and reporting of all risks to the committee in accordance with the RDARR principles of accuracy, comprehensiveness, clarity and usefulness, frequency and distribution

The committee is chaired by an independent non-executive director. The committee held four scheduled and three unscheduled/special meetings during the year.

Committee composition at 30 June 2023

Members	Attendance	Appointed to the committee
Chair		
Richard Buchholz	7/7	Member and Chair – 07/03/2018
Members		
Harriet Heymans	7/7	14/04/2022
Tapiwa Njikizana	7/7	27/05/2021
Shaun Rosenthal	7/7	13/12/2017
Mark Thompson	7/7	23/02/2022
Stewart Tomlinson	7/7	19/11/2018
Eileen Wilton	7/7	01/10/2019

Key matters the committee focused on included:

- Reviewed and revised the Group's top risks in line with strategic focus areas and the evolving external environment
- Overlaid the strengthening of the Group's liquidity position
- Recommended approval of additional Tier 1 and Tier 2 capital instruments to enhance the capital adequacy ratio and the net stable funding ratio
- Recommended approval of revised Group Risk policies including Outsourcing Policy to align with the International Organisation of Securities Commissions (IOSCO) and a revised Funds Transfer Policy
- Reviewed the Internal Capital Adequacy Assessment Plan (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP), Group Recovery Plan and Basel Pillar III returns and recommended same to the Board for approval
- Received reports from the Model Governance Committee whose objective is to embed model governance across the Group
- Evaluated the effectiveness and performance of the committee, with no material matters of concerns raised

Group Audit Committee (GAC)

Tapiwa Njikizana
GAC chair

Responsibilities

- Overseeing financial reporting, financial risk management, regulatory and legal compliance, internal control systems and practices, the internal audit function and external audit

The committee is chaired by an independent non-executive director and comprises independent non-executive directors only. The committee held four scheduled and five unscheduled/special meetings during the year

Committee composition at 30 June 2023

Members	Attendance	Appointed to the committee
Chair		Member – 13/05/2021 Chair – 25/11/2021
Tapiwa Njikizana	9/9	
Members		
Mark Thompson	9/9	25/11/2021
Richard Buchholz	9/9	07/03/2018

Key matters the committee focused on included:

- Approved the required trading updates and financial reporting information provided to investors, including the Integrated Report
- Monitored balance sheet substantiation and reconciliation programmes and received reports and considered the outcome of management's investigations in terms of certain prior period transactions which were found to not have been correctly accounted for, including the internal and external auditors' review of the work performed by management
- Recommended the re-appointment of PricewaterhouseCoopers (PwC) as the audit firm, and Mr C Natsas as designated audit partner. The committee 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 and employees) as well as its performance.
- Reviewed and approved the annual internal audit plan and amendments thereto made during the year, and approved the Internal Audit budget

- Reviewed audit reports issued by Internal Audit and monitored management actions taken to address findings including a review of the internal audit tracking methodology
- Oversaw the activities of the Group Compliance function as contemplated in the Banks Act, including effective management of regulatory and supervisory responsibilities
- Increased its focus on AML and financial crime compliance activities as well as compliance management in general:
 - Approved a revised Risk Management and Compliance Programme
 - Reviewed and approved the Group Compliance work plan for 2023
 - Received reports on and monitored the Group's AML, combating the financing of terrorism (CFT) and sanctions compliance levels, and the outcomes of inspections by the SARB and other regulators
 - Approved the AML remediation programme
- Evaluated the effectiveness and performance of the committee, with no material matters of concerns raised

Human Resources and Remuneration Committee (REMCO)

Eileen Wilton
REMCO chair

Responsibilities

Oversight and guidance in terms of:

- Remuneration governance including fairness of pay and ensuring that Sasfin remunerates responsibly and transparently
- Remuneration risk management
- Alignment of the Group's remuneration and people structures, policies and practices to its strategic objectives and value drivers
- Overseeing the compensation system design and operation

The committee is chaired by an independent non-executive director and comprises independent non-executive directors only. The committee held four scheduled and one unscheduled/special meeting during the year.

Committee composition at 30 June 2023

Members	Attendance	Appointed to the committee
Chair Eileen Wilton	5/5	Member – 01/10/2019 Chair – 30/11/2020
Members Deon de Kock	5/5	19/08/2020
Tienie van der Mescht	5/5	26/11/2021

Key matters the committee focused on included:

- Reviewed and updated the Group's senior management succession plan
- Assessed and oversaw a review of the Group's organisational culture and employee value proposition that is ongoing
- Reviewed and updated the Group's Human Capital and remuneration policies
- Considered the findings of an annual remuneration benchmarking review conducted by external consultants and approved the annual pay scales, principles and mandates for annual increases across the Group
- Commenced the development of a revised senior management incentive scheme
- Approved annual increase and incentive payments including changes required to align same to the Group's achievement of the objectives of the strategic review and to encourage individual performance
- Considered and addressed shareholder votes against remuneration-related AGM resolutions, and incorporated, where possible, enhancements to remuneration disclosures in our Integrated Report
- Reviewed and approved executives' key performance indicators
- Evaluated the effectiveness and performance of the committee, with no material matters of concerns raised

Information Technology Committee (ITC)

Eileen Wilton
ITC Chair

Responsibilities

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

The committee is chaired by an independent non-executive director. The committee held four scheduled and two unscheduled/special meetings during the year.

Committee composition at 30 June 2023

Members	Attendance	Appointed to the committee
Chair Eileen Wilton	6/6	Member and Chair – 01/10/2019
Members Deon de Kock	6/6	19/08/2020
Tapiwa Njikizana	6/6	23/02/2022
Shaun Rosenthal	6/6	13/12/2017
Michael Sassoon	6/6	16/03/2018

Key matters the committee focused on included:

- Reviewed the IT strategy and monitored implementation thereof, and recommended the IT budget to the Board for approval
- Approved an alternative project approval process to promote the prioritisation of projects and limit excessive cost increases within the project funding pool approved by the Board
- Monitored the implementation and execution of IT projects
- Continued digital transformation and monitoring data quality and automation across the business
- Continued to oversee the implementation of new IT systems, including the adoption and utilisation of RDARR
- Continued to oversee the sunsetting of old systems
- Reviewed existing systems as part of a benefits realisation exercise with particular focus on LeaseWave and Calypso
- Oversaw the implementation and effectiveness of the federated operating model to embed IT capability in the pillars, which included the implementation of the Group IT and pillar IT measurement dashboards
- Evaluated the effectiveness and performance of the committee, with no matters of concerns raised

Social and Ethics Committee (SEC)

Eileen Wilton
SEC chair

Committee composition at 30 June 2023

Members	Attendance	Appointed to the committee
Chair Eileen Wilton	4/4	Member and Chair – 01/12/2019
Members Gugu Dingaan	3/4	07/03/2018
Nontobeko Ndhrazi	4/4	13/11/2020
Michael Sassoon	4/4	01/01/2018
Tienie van der Mescht	4/4	27/06/2022

Responsibilities

- Good corporate citizenship
- Social and economic development
- Environmental, health and public safety
- ESG investment and sustainability initiatives
- Consumer relationships
- Labour and employment matters
- Ethical practices and transformation initiatives
- B-BBEE compliance
- FSC compliance

The committee is chaired by an independent non-executive director. The committee held four scheduled meetings during the year.

Key matters the committee focused on included:

- Developed and recommended the Group sustainability (ESG) and integrated thinking framework underpinned by Sasfin's material business themes and material matters
- Approved the social and ethics risk dashboard
- Continued to advance transformation as a key strategic imperative
- Set revised EE targets and approved the Group EE and Skills Development targets for the next financial year
- Reviewed a high-level overview of Sasfin's ethical tax practices
- Oversaw the Ethics management process and received updates from the Ethics Officer, including whistle-blowers reports. The committee approved the reprioritisation of a comprehensive Ethics strategy pending finalisation of the forensic investigations and prosecutions related to historic unethical behaviour and misconduct of former employees
- Approved a revised CSR strategy
- Evaluated the effectiveness and performance of the committee, with no matters of concerns raised

Remediation Oversight Committee (ROC)

Richard Buchholz
ROC chair

Committee composition at 30 June 2023

Members	Appointed to the committee
Chair Richard Buchholz	Member and Chair – 01/06/2023
Members Tapiwa Njikizana	01/06/2023
Nontobeko Ndhrazi	01/06/2023
Tienie van der Mescht	01/06/2023
Eileen Wilton	01/06/2023

The Board constituted a sub-committee in June 2023 to oversee all remediation programmes underway at Sasfin.

Responsibilities

- Oversight for the remediation programmes underway on behalf of the Board
- This is a special ad hoc Committee

The committee did not hold any meetings during the year as it has been newly constituted. Meetings commenced in July 2023.

Key matters the committee focused on included:

- Evaluated and approved the scope of remediation for each remediation stream

More will be reported in terms of this committee's responsibilities and focus areas in the 2024 Integrated Report, as the committee's work commenced in July 2023.

Evaluation and performance of the Board ✓

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

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 annually. The Board is satisfied with the outcome of the independent review undertaken in 2023 and areas identified for improvement will receive attention in 2024.

Although good governance guidelines are in place, we believe that respect, trust and candour are also important and inseparable elements to building an involved and effective Board.

Board performance evaluation for 2023

An independent governance expert was appointed to facilitate an external board performance evaluation through a combination of self-evaluation questionnaires, interviews and peer assessments. This review provided an opportunity to identify the Board's strengths and areas where change is needed to effectively lead the Group and to strengthen governance practices, given a challenging year for Sasfin. It also presented an opportunity to reset the expectations of directors and management, and to strengthen the Board's relationship with management.

The results of the review indicated the Board operates effectively with the necessary leadership, skills, knowledge and expertise, underpinned by a culture of transparency. The Board composition is characterised by diversity in terms of skills, background, gender and culture, and the size of the Board is appropriate given the demands of the complex banking environment and the Board successfully leverages the collective experience of directors. The work of the Board is covered well by means of oversight exercised by the committees of the Board and feedback to the Board is appropriate. All committees add value and are executing effectively on their mandates.

The review further highlighted that the Board has displayed commitment and appropriately supported management during a difficult year, with a deep understanding of the Group's business model and what drives or limits our success, as well as the challenges the Group is facing. Focus areas for improvement include assignment of responsibilities and stronger processes of delegation, deeper insight into and forward-looking strategic risk management. Succession planning and continuity of senior leaders will receive more attention to ensure the development of the next generation of future leaders. Distinct governance focus areas for the Board include ensuring that the strategic advantages of IT are enhanced, compliance and financial crime risk management, continuous learning for the Board and management, and strengthening assurance processes.

Independence

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

- Annual independence assessments of individual directors by DANC and as part of the Board evaluation assessment and peer review using the King IV independence criteria as a guideline
- Declarations of interests, annually and as and when changes occur

Should a director wish to take on any additional commitments, they are required to discuss and agree this with the Chair prior to doing so. This ensures that these commitments do not present a potential conflict of interest that would affect their ability to exercise their fiduciary duties.

Following 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 exist that are likely to affect or could appear to affect the objectivity of the directors.

Appointment of and delegation to management ✓

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

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

Sasfin's policy on the balance of power, succession planning and the appointment of directors and executive officers is articulated in the Board charter.

Board succession planning

Succession planning is key to securing Sasfin' 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 the REMCO. The DANC is responsible for overseeing the Board's succession plan. We strive to achieve a balance of independence, diversity, skills,

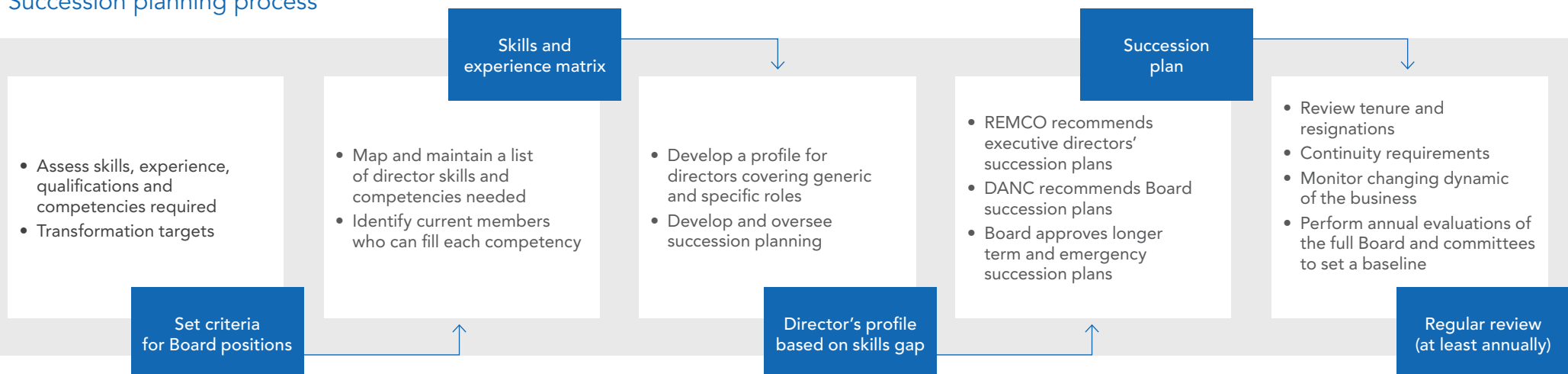
abilities and experience that are aligned with our strategy and risk landscape. Planned rotation and exits allow for good transition and retention of skills.

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. These principles include:

- Board and committee chairs must be independent non-executive directors

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

Succession planning process



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.

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

Board training programmes during the year included:

- AML and CFT, as well as developments in relevant legislation
- Cyber risk: overview of legal aspects and threats
- Institute of Directors of South Africa 'boardroom bytes' webinars and King IV updates

Training planned for 2024 includes:

- Board's responsibilities in respect of Sasfin's risk management and compliance programme and risk-based approach
- ESG
- Ongoing legal and regulatory updates

Delegation of authority

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 managed by the Group Company Secretary.

Management committees ensure managerial oversight, integrity of information and peer review of reports prior to submission 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.

Group Company Secretary

The Group Company Secretary, Charissa de Jager, is responsible for the administration of all Board matters, ensuring the 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, who is not a member of the Board.

The Board has 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.

11

PRINCIPLE

Risk management ✓

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

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.

The Board is responsible for risk management. The Board is supported by the GRCMC, Group Exco and the Executive Governance Committee in discharging its duties as well as other Board committees as it relates to specific risks.

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. The four lines of defence model is used to ensure accountability and to distinguish between owning and managing risk, overseeing risk and providing independent assurance.

The effectiveness of risk structures and practices is assessed on an annual basis. The Chief Risk Officer provides and annual affirmation to the GRCMC and Board that Sasfin has a fit-for-purpose ERM process and framework in place. In addition, site visits, ad hoc reviews and

prudential meetings are conducted by the SARB PA to review the effectiveness of risk policies, frameworks and processes, including the applicable governance structures.

The Board defines and sets the risk appetite and approves the policies and limits that are applied throughout the Group through risk appropriate tolerance limits and structures.

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



PRINCIPLE

12

Information and technology governance ✓

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

The ITC oversees IT governance and monitors the development and execution of the Group's IT strategy through the 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.



PRINCIPLE

13

Compliance governance ✓

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.

The Group's independent compliance function focuses on areas including banking regulation, AML, market conduct, statutory compliance, exchange control and regulatory interaction, and is responsible for mitigating compliance risk. The Board acknowledges its accountability and provides the necessary guidance for managing compliance risk to ensure that it obtains sufficient assurance. The Board delegates specific oversight responsibility to the GAC (effective from November 2022, previously to the DANC).

The Board is ultimately accountable for compliance risk, which is one of the top risk types identified. Compliance is a material risk for the Group and the Board understands and appreciates its fiduciary obligations in respect of compliance. The Board is responsible for reviewing the adequacy of Group systems of governance, risk, compliance risk and compliance controls that are implemented to ensure that the Group complies with regulatory requirements. Compliance is an essential governance aspect that supports Sasfin's commitment to a values-led culture.

As previously reported, there were allegations of financial misconduct among clients of Sasfin's foreign exchange business unit going back to 2014. Sasfin is cooperating with the relevant authorities in their investigations and has terminated relationships with implicated clients. Sasfin commissioned an investigation by a leading international audit firm to thoroughly investigate the allegations and determine whether any employees or clients were involved, and how the alleged financial misconduct had occurred. The evidence gathered from the investigation demonstrated that a Group of Sasfin employees in the foreign exchange business unit had colluded with the implicated clients to enable the circumvention of exchange control and anti-money laundering regulations, as well as to subvert our system of internal controls. All implicated employees have been dismissed, and criminal cases have been opened where appropriate.

As part of the outcome of the investigations, the Board recognised the need to enhance the Group's compliance risk management processes and steps have been taken in this regard; extensive remediation efforts are ongoing and/or planned in response to the outcome of the investigations, many of which will continue into 2024 under the oversight of the Board ROC. The adequacy and effectiveness of these actions will be affirmed through assurance reviews, which will be overseen by the GAC as part of its mandate to oversee compliance in the Group.

Compliance governance structures

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

Ongoing compliance requirements relating to regulations that include the Banks Act, JSE Listings Requirements, FICA, FAIS and POPIA, are managed and implemented by first-line business and monitored by Group Compliance on a daily basis. Irregular issues including 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 on a monthly basis and quarterly to the GAC (which assumed primary oversight from DANC in November 2022). This provides assurance to the Board regarding the effectiveness of compliance management within the Group.

The Group Compliance function is periodically reviewed by Group Internal Audit, based on its annual risk-based audit plan. Group Compliance is also subject to regular reviews by the various regulators regarding its effectiveness.

The Board and its committees oversee compliance across the Group and our relationship with regulators. The GAC has primary oversight of compliance and assists the Board to execute its compliance duties.

Head: Group Compliance

- Reports directly to the CEO, provides continuous strategic compliance risk management leadership and independent compliance risk monitoring (of compliance in the first line), sets the Group compliance framework, and works closely with the pillars on compliance matters
- Monitors the compliance universe (new and current laws / regulations)

- Evaluates policies in line with regulatory developments
- Reports to the Board, GAC and SEC on the effectiveness of compliance as well as any non-compliance
- Plays a key role in managing relationships with regulators
- Money-Laundering Control Officer

Group Compliance Function

- Monitors the compliance universe and ensures the Group's policies, processes and systems enable compliance with regulatory and statutory obligations
- Partners with management and business units to identify and manage regulatory risks, enable effective monitoring of compliance and enhance the culture of compliance

- Coordinates compliance activities across the Group in line with the regulatory framework introduced by the Financial Sector Regulation Act, 2017 (referred to as Twin Peaks)
- Maintains the Compliance Manual, Compliance Coverage Plan and Compliance Training Plan
- Compliance training

Executive Governance Committee

- Monitors and oversees material issues relating to compliance, including reviewing and recommending policies, processes and systems

- Reviews the adequacy and effectiveness of the group-wide Compliance Risk Management Programme
- Investigates or requests reports from any area of the business on indicators relating to compliance
- Oversight of remediation programmes

Group AML Steering Committee

- Considers all high-risk matters and client onboarding relating to AML regulations and requirements



14

PRINCIPLE

Remuneration governance ✓

The governing body should ensure that 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.

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 to the strategic direction, values and risk appetite of the Group through a combination of fixed and variable pay.

The Group's remuneration policy and the implementation thereof are subject to non-binding votes by shareholders. REMCO considers feedback received from shareholders in formulating remuneration policies.



15

PRINCIPLE

Assurance ✓

The governing body should ensure that 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.

The GAC has oversight responsibility for ensuring that internal assurance functions and external assurance services facilitate an effective control environment. It uses a combined assurance model 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 oversee the implementation of controls and related review processes.

The Group Chief Risk Officer leads the combined assurance approach enabling assurance providers to deliver deeper insights on governance, risk, and control management to senior management and the GAC. The Group's approach to combined assurance ensures alignment of control validation/assurance approaches and efforts across the Group, driving efficiency and the appropriate levels of comfort.

Our risk-based approach to combined assurance ensures:

- Application of a common risk and assurance language
- Coordinated and relevant assurance efforts are directed to the risks that matter most
- Commitment to enhance controls is demonstrated
- Consolidated reporting / dashboards that provide an integrated, insightful view
- Assurance activities produce valuable, integrated data, based on collaboration and not silos
- Reduction in assurance costs through elimination of duplication and better resource allocation
- A reduction in the repetition of reports by different committees, resulting in improved and more efficient reporting
- A comprehensive and prioritised approach in tracking remedial actions on identified opportunities/weaknesses

The forums are split into an executive forum and an operational forum and consist of representatives from Internal Audit, Group Risk and Group Compliance. The Combined Assurance forums function as influential bodies independent from business. Their activities are overseen by the GovCo and the GAC.

PRINCIPLE 16

Stakeholders ✓

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.

The Board has identified all its key stakeholders and recognises the importance of maintaining good quality relationships with them. It manages stakeholder risk as an integral part of the overall risk management framework and business model. The Board seeks to ensure that legitimate stakeholder concerns are addressed and that routine engagement with key stakeholders is undertaken. Input from stakeholders is used to guide the Group's future strategy and business model.

PRINCIPLE 17

Responsible investing ✓

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

The Group has a social and environmental management system policy framework, which guides the Group's lending, client practices and investment activities, ensuring the Group's activities do not breach international, social or environmental norms. The framework is integrated into operational processes. 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. Adherence to the standard is overseen by the SEC and GRCMC.



Our leadership

Board of directors*

The Board is the ultimate custodian of good corporate governance and leads the Group in its commitment to doing business ethically and with integrity.

Committee key:
 CLEC – Credit and Large Exposures Committee
 DANC – Directors' Affairs and Nominations Committee
 GAC – Group Audit Committee
 GRMC – Group Risk and Capital Management Committee
 ITC – Information Technology Committee
 REMCO – Group Human Resources and Remuneration Committee
 SEC – Social and Ethics Committee



Deon de Kock ⁶⁸

Independent non-executive chair

Appointment date
August 2020

Appointment as Chair
November 2021

Qualifications

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

Key strengths and experience

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

Other directorships

None

Committee membership

DANC (chair) • ITC • REMCO

BOARD MEETING ATTENDANCE 100%



Richard Buchholz ⁶⁵

Lead independent non-executive director

Appointment date
March 2018

Qualifications
BCom, CA(SA)

Key strengths and experience

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

Other directorships

Octodec Investments Limited

Committee membership

CLEC • DANC • GAC • **GRMC** (chair)

BOARD MEETING ATTENDANCE 100%



Tapiwa Njikizana ⁴⁷

Independent non-executive director

Appointment date
May 2021

Qualifications
CA(SA)

Key strengths and experience

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

Other directorships

Lewis Group Limited

Committee membership

DANC • **GAC** (chair) • GRMC • ITC

BOARD MEETING ATTENDANCE 100%

* Board as at 30 June 2023

Board of directors continued



Mark Thompson ⁷¹

*Independent
non-executive director*

Appointment date
June 2019

Qualifications
BCom, LLB, BAcc, CA(SA)

Key strengths and experience

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

Other directorships
Hudaco Industries Limited
PPC Limited
Bravo Group Limited

Committee membership
CLEC (chair) • DANC • GAC • GRMC

BOARD MEETING ATTENDANCE 100%



Tienie van der Mescht ⁶⁵

*Independent
non-executive director*

Appointment date
November 2021

Qualifications
BSc, MBA

Key strengths and experience

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

Other directorships
None

Committee membership
CLEC • DANC • REMCO • SEC

BOARD MEETING ATTENDANCE 100%



Eileen Wilton ⁶³

*Independent
non-executive director*

Appointment date
August 2019

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

Key strengths and experience

- 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

Other directorships
Growthpoint Properties Limited
Shoprite Holdings Limited

Committee membership
DANC • GRMC • ITC (chair) • REMCO (chair) • SEC (chair)

BOARD MEETING ATTENDANCE 100%



Gugu Dingaan ⁴⁷

Non-executive director

Appointment date
December 2017

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

Key strengths and experience

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

Other directorships
RCL Foods Limited

Committee membership
DANC • SEC

BOARD MEETING ATTENDANCE 91.7%

Board of directors continued



Nontobeko Ndhlaazi ⁴⁸

Non-executive director

Appointment date
August 2020

Qualifications
BCom, Postgraduate Diploma in Accounting

Key strengths and experience

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

Other directorships
None

Committee membership
DANC • SEC



Roland Sassoon ⁷⁸

Non-executive director

Appointment date
January 2020

Qualifications
FCIS

Key strengths and experience

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

Other directorships
None

Committee membership
CLEC • DANC



Michael Sassoon ⁴¹

*Executive director:
Group CEO*

Appointment date
As director October 2015 and
as CEO in 2019

Qualifications
BCompt, MBA

Key strengths and experience

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

Committee membership
CLEC • ITC • SEC



Harriet Heymans ⁴⁸

*Executive director:
Group FD*

Appointment date
April 2022

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

Key strengths and experience

- 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

Committee membership
CLEC • GRCCMC

BOARD MEETING ATTENDANCE 91.7%

BOARD MEETING ATTENDANCE 91.7%

BOARD MEETING ATTENDANCE 100%

BOARD MEETING ATTENDANCE 100%



Shaun Rosenthal ⁵⁹

Alternate non-executive director

Appointment date
August 2018

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

Key strengths and experience

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

Other directorships

None

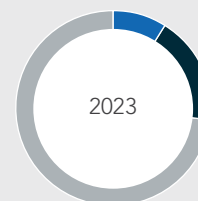
Committee membership

CLEC • DANC • GRMC • ITC

BOARD MEETING ATTENDANCE 100%

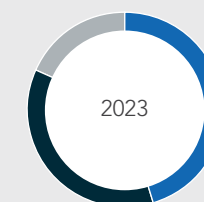
2023 Board metrics

Race diversity (%)



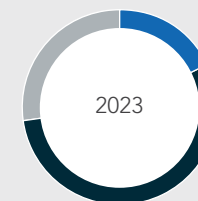
Black male	9
Black female	18
White	73

Age (%)



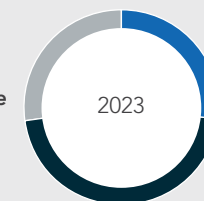
40 – 49 years	45
60 – 69 years	36
Over 70 years	18

Independence (%)



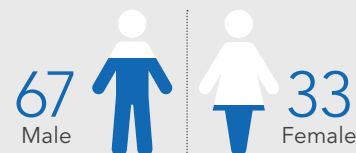
Executive	18
Independent non-executive	55
Non-independent non-executive	27

Tenure (%)



Less than 3 years	27
3 – 5 years	46
Greater than 6 years	27

Gender diversity (%)



Group Executive Committee

The Group Exco is a diverse and experienced management team led by the Group CEO. The Group Exco develops the Sasfin strategy and budget for the Board to approve and regularly reviews the Group's performance and progress against its strategic objectives.



Michael Sassoon ⁴¹

Group Chief Executive Officer

Tenure

14 years' service at Sasfin



Harriet Heymans ⁴⁸

Group Financial Director

Tenure

One year's service at Sasfin



Linda Fröhlich ⁵⁴

Chief Executive: Asset Finance

Exco appointment 2013

Qualifications

Diploma in Financial Management (Damelin)

Tenure

21 years' service at Sasfin



Maston Lane ⁵⁷

*COO Bank and Group and Caretaking
Chief Executive: Business and
Commercial Banking*

Exco appointment 2003

Qualifications

National Certificate (United Institute of Credit Management), SIRM (UK)

Tenure

23 years' service at Sasfin



Erol Zeki ⁴⁷

Chief Executive: Wealth

Exco appointment 2017

Qualifications

Chartered Financial Analyst (CFA), BCom (Hons) and BCom (University of Pretoria)

Tenure

Six years' service at Sasfin



Howard Brown ⁵⁸

Head: Group Legal

Exco appointment 2006

Qualifications

BA (Wits), LLB (Wits), HDip Corporate Law (Unisa) (cum laude), Admitted Attorney

Tenure

17 years' service at Sasfin



Naseema Fakir ⁵¹

Head: Human Capital

Exco appointment 2006

Qualifications

BCom Honours (Unisa), MBL (Unisa)

Tenure

22 years' service at Sasfin



Elisheva Gilbert ⁵⁰

Chief Marketing Officer

Exco appointment 2019

Qualifications

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

Tenure

Six years' service at Sasfin



Dhesegan Govender ⁴⁸

Group Treasurer

Exco appointment 2018

Qualifications

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

Tenure

11 years' service at Sasfin



Salomi Naidoo ⁵⁴

Head: Group Compliance

Exco appointment 2023

Qualifications

BProc, LLB (University of KwaZulu Natal), LLM (Tax) (University of Pretoria), Admitted Attorney

Tenure

Nine months service at Sasfin

Group executive committee continued



Magda Oosthuysen ⁵⁹

Head: Credit

Exco appointment 2017

Qualifications

BCom (Hons) (University of Johannesburg), HDip Tax Law (Wits), CA(SA)

Tenure

Six years' service at Sasfin



Andrew (Josh) Souchon ⁵⁸

Group Chief Information Officer

Exco appointment 2016

Qualifications

BEng (Hons) (Imperial College, University of London, UK)

Tenure

Seven years' service at Sasfin



Stewart Tomlinson ⁵⁸

Chief Risk Officer

Exco appointment 2018

Qualifications

BCom (Wits), Hons, BCompt (UNISA), CA(SA)

Tenure

Five years' service at Sasfin

Permanent invitees to Exco



Charissa De Jager ⁴⁶

Group Company Secretary

Qualifications

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

Tenure

Four years' service at Sasfin



Karien Jones ⁴⁹

*Chief Operating Officer,
Group Finance*

Qualifications

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

Tenure

Three years' service at Sasfin



Ingrid Ravenscroft ⁴⁴

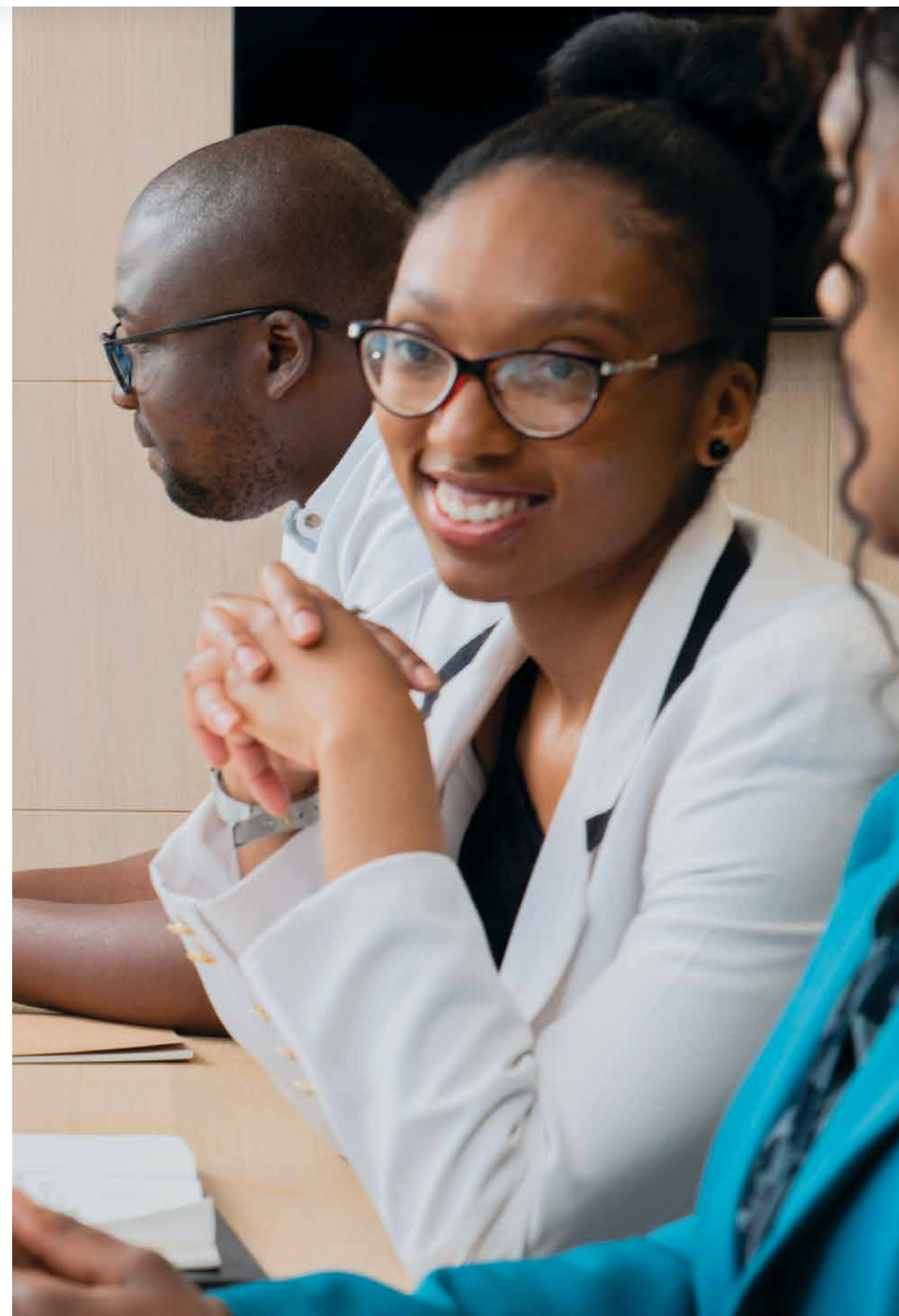
Head: Internal Audit

Qualifications

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

Tenure

Two years' service at Sasfin



Remuneration report

"REMCO continued to be guided by the Group's purpose in balancing reward and performance in a challenging operating context."

Chair's letter and overview of activities



Eileen Wilton

*Chair:
Human Resources
and Remuneration
Committee*

Sasfin's remuneration philosophy is underpinned by remuneration practices that are fair, transparent and responsible. We aim to reward performance in line with the Group's strategic objectives and strive to demonstrate that the work of our employees is valued and appreciated.

Our remuneration policy aims to maximise stakeholder value creation while maintaining good governance practices.

We recognise that fair, transparent and responsible remuneration practices are essential to fulfil our purpose, deliver on our strategy and drive performance aligned to our desired culture and values. Our approach to remuneration aligns with the recommendations of King IV, the BCBS Governance Guidelines and other applicable regulations.

This year has been marked by ongoing strain in the global economic environment, which has contributed to the pressures faced by South African consumers and businesses. The Group, too, has been through a challenging 2023. Following the strong performance in 2022, when the Group was able to reward employees well, the macro environment has continued to deteriorate in South Africa. In addition, there have been unique challenges that Sasfin has faced requiring leadership to focus their efforts on strategic initiatives across the Group.

The additional stress the operating environment places on our employees has required a different approach from leadership. The Group has had to make tough decisions to respond to the macro conditions. This included revisiting the strategy and realigning the focus on core business. In this instance, the corporate transactions announced and steps taken to strengthen the control environment, as well as mutual separation agreements and Section 189's, are an outcome of this.

Considerations in awarding remuneration

REMCO acknowledges the strain that the above mentioned factors have placed on the Group and its people, as well as their dedication and passion in responding to the challenges faced. Despite the Group's subdued performance, we considered factors beyond the performance of the Group, including the macro context, scarcity of skills and what is fair for our people and incorporated this in the reward decisions made for the year under review.

There have been no changes to Sasfin's remuneration policy. What is key to note is that REMCO has been more strategic in its approach to ensure that the policy implementation recognises the efforts of our people and the business needs of the Group in this time of strain, as well as the retention mechanisms available to REMCO. In this regard, a retention scheme was introduced to recognise and retain key talent over the next two years.

Remuneration practices and job roles are benchmarked annually by Old Mutual REMchannel (Proprietary) Limited. In 2023, REMCO approved an average increase of 5.9% (2022: 5.9%) across the Group. Specific increases were determined based on individual personal performance, current pay relative to pay scales and reward level, with due consideration to our definition of a living wage and the wage gap.

REMCO continues to assess the pay levels across the Group. We ensure all employees are in the range of at the least our minimum pay scales to meet our definition of a decent living wage, as well as assess the employees who exceed the pay scales in relation to market demand and critical skills needed by the Group.

The number of employees that REMCO considered underpaid has been reduced significantly, down from 141 employees to only 25 who are all within 90% of our minimum scale.

Succession planning

Within its human capital mandate, REMCO has continued to assess progress made on succession planning processes in the Group. The approach to succession planning at a Board and executive level has been completed, including identifying the capability of individuals, additional skills needed, and appropriate development initiatives to meet the current and future needs of the business.

Succession planning is a process that continually evolves and is regularly reviewed by REMCO and the Board. The approach Sasfin is taking is informed and requires a shift in mindset around talent management and enhances how succession planning is managed more proactively. This will enable leadership to respond appropriately by ensuring that a plan is in place for all the critical roles in the Group.

REMCO remained resolute in fulfilling its mandate and duties during this time of strategic change at Sasfin. The committee has met its fiduciary obligations as well as applied itself to ensuring that appropriate remuneration has been considered within the prescriptions of our remuneration policy for the business at this time.

Governance

The remuneration policy and implementation report are tabled annually for separate non-binding advisory votes by shareholders at the Sasfin AGM. At the AGM on 28 November 2022, a total of 99.66% of the shareholder votes were for the remuneration policy (2022: 98.14%) and 99.66% for the implementation report (2022: 98.14%). Given the increasing votes endorsing the policy and implementation report and this being above the King IV requirement, REMCO did not engage with a wider group of shareholders. The Board and REMCO will continue to consider the views expressed by shareholders and engage with them as needed to address any concerns raised relating to the Group's remuneration policy and its implementation.

The approach the Board takes in assessing director succession, including its composition and other factors that inform our approach is discussed in more detail.

The REMCO's focus areas for 2024

- Deepen succession planning processes and implementation
- Assess bespoke incentive scheme options for each pillar to better align to sector-specific performance and benchmarking
- Evaluate the impact of upcoming legislation on remuneration committees
- Align our people policies and processes to the changing needs and strategy of the business, in keeping with fair and equitable best practice

Remuneration governance

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

Board

- Governs remuneration at a Group level, provides a mandate to REMCO, and approves changes to the remuneration policies and practices of the Group

REMCO

- Develops and recommends Sasfin's general policy on human capital and remuneration
- Approves executive appointments and remuneration
- Approves incentive schemes across the Group

Group HC Manco

- Develops the Group reward strategy and policies for approval by REMCO
- Executes remuneration philosophy, policies and practices
- Approves senior management appointments and remuneration

Group HC Pillar Manco

- Recommends divisional incentive schemes and reward structures to Group HC Manco for support before submission to REMCO for approval
- Approves middle management appointments and remuneration

Management and Human Capital

- Oversee, adhere to and implement approved policies and processes
- Approve junior management appointments and remuneration

Employees

- Adhere to and benefit from reward policies and processes

Shareholders

- Approve non-executive directors' fees
- Non-binding advisory vote on the remuneration policy and implementation report

GRCMC

- Provides oversight and input on risk and reward
- Advises REMCO on appropriate risk adjustments in remuneration structures if and when applicable

Independent advisors

- Provide independent advice on best practice, benchmarking and remuneration governance

The GRCMC reviews and approves the remuneration decision that may have implications for the Group's risk appetite – for example, changes to the Group or pillar incentive schemes – to minimise the risk of unintended consequences when these are applied.

The Group CEO, Chief Risk Officer and Head: Human Capital attend REMCO meetings as invitees and report on employee matters of concern.

Remuneration practices

Fair and responsible remuneration

Sasfin regularly performs an assessment to understand what constitutes a living wage in South Africa. While the legislated minimum wage is R4 067 per month, we are guided by the Labour Research Service median monthly income guidance for a decent standard of living of R8 327. This represents the median monthly income required to access a collection of goods and service and participate fully in society. 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 Sasfin's 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.

The Group's bonus payment cycle has been changed from September to October, to align with the annual increase cycle.

Benchmarking

All positions are benchmarked individually, at least every second year. Independent remuneration consultants, which include, inter alia, REMchannel and Gary Norton Associates, perform the benchmarking. Job evaluations that are supported by independent benchmarking provide REMCO with the assurance that roles are graded correctly and that 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 blindly 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, values and approach to risk, 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

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.

How remuneration is structured

Total remuneration comprises both fixed and variable remuneration.

Fixed remuneration

Fixed remuneration aims to attract and retain talent and provide fair market-related remuneration. All employees are eligible and there is no performance hurdle or deferral. There were no changes to the remuneration policy in 2023.

Basic remuneration and benefits

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

How this is determined

Pay scales and annual increase guidelines are set after 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
- Individual performance and good standing/conduct

Variable remuneration

Sasfin's variable remuneration links reward to performance to provide transparency to employees. Performance is assessed and rewarded based on individual, pillar and Group performance against key performance indicators (KPIs) that are agreed in advance and reviewed regularly. We also consider adherence to Sasfin's values, responsible risk-taking and cultural fit, measured by key risk indicators (KRIs) and key value indicators (KVIIs).

Variable remuneration can comprise discretionary annual cash bonuses as well as short- and long-term incentive awards. Incentive payments are awarded at REMCO's discretion, and employees who do not meet their KPIs, KRIs or KVIIs, or who have a current disciplinary record, do not qualify for annual increases or discretionary incentive awards. Our variable remuneration includes short- and long-term elements, with deferred payments falling due over a period of up to three years from the date of award. In exceptional circumstances, the deferral period will be four years. This deferral facilitates a clawback of bonuses paid, in the event of poor financial or personal performance or misconduct.

Discretionary performance bonuses

Comprises:

- Annual bonus for employees not on any incentive scheme.

How this is determined

REMCO determines the annual incentive pool based on Group performance and if the Group's base return on capital employed target is achieved.

In 2023, the annual bonus comprises a cash payment and discretionary bonuses ranged from 25% of a 13th cheque to 338% of a 13th cheque, depending on pillar and individual performance.

Linking individual remuneration and Group performance

In addition to the personal KPI score, Group and pillar financial targets are measured. A non-financial component is also included, which includes items relating to compliance, risk, strategy implementation, stakeholder expectations, transformation and ethics.

Short-term incentive (STI) indicators are reviewed regularly to ensure they drive the required behaviour. The calculations underlying the payments consider exceptional items and associated costs. In recognition of the 2023 financial year (current year) performance, bonuses averaging 65% (2022: 102%) of the total monthly cost-to-company of all employees were awarded across the Group. These bonuses were accounted for in the 2023 financial year and paid out in October 2023.

Performance incentive scheme: short- and long-term incentives

The performance incentive scheme aims to attract and retain talent, and align Sasfin's executive and senior management performance targets to stakeholder value creation, including shareholder returns. There were no policy changes in 2023. The incentive scheme comprises initial and deferred cash payments.

To be eligible, identified senior executives and managers must be in good standing and not underperforming in terms of KPIs, KRIs or KVIIs. The scheme excludes individuals who participate in bespoke schemes in a particular pillar.

How this is determined

The incentive depends on Group, pillar and individual performance, and is driven by the ROE target set annually by REMCO.

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.

Linking individual remuneration and Group performance

The incentive scheme is linked to Group ROE and individual KPI, KRI and KVI ratings. Sasfin must 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. 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 KVIIs in line with market and competitor benchmarks.

Since the ROE target was not achieved, no incentive pool was created, and no awards were made in terms of this scheme.

Retention scheme

A retention scheme has been introduced in 2023 to recognise and retain key talent over the next two years to September 2025. 56 employees have been identified to participate in the scheme. Awards range from 1.2 – 4.7 of an employee's monthly cost to company (CTC).

Objectives of the retention scheme

The retention scheme aims to recognise and reward the commitment and performance of key employees during the implementation and transition phase of the strategic reset.

This will allow the group to:

- Motivate and reward employees to achieve strategic objectives
- Retain corporate memory and specialised knowledge
- Ensure that the deferred portion is meaningful enough to retain talent

Retention scheme terms

The incentive comprises a bonus award that is paid in two tranches, 12 months apart, with a commitment to remain employed at Sasfin for a period of 12 months from the date of each payment, continuing until September 2025. Therefore, if a participant leaves within 12 months of the last bonus payment being received, the full pre-tax amount will need to be repaid.

Participants must achieve a performance rating of three or higher and be in good standing. A scheme participant leaves on a no-fault basis such as retrenchment or the conclusion of a mutual separation agreement, then the participant will forfeit any future payments due but will not be required to pay back any bonus payment already received.

The bonus award is the guaranteed minimum bonus that a participant may receive, based on the annual CTC at the time of award. Additional discretionary bonus awards may be approved, subject to Group financial performance, pillar and business unit financial performance, and individual personal performance and good standing status.

Remuneration implementation report

Fixed remuneration

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 relate to the appointment of key employees at competitive and market related salaries.

An overall payroll increase of 5.9% was implemented for the 2023 financial year (effective October 2023). There were no restraint payments made. We paid R300 000 in retention payments to three employee/s (2022: R100 000 to one employee). We paid R2.2 million in mutual separation agreements entered into with 18 individuals (2022: no mutual separation agreements).

Variable remuneration

Employee annual bonuses

Total short- and long-term bonus payments across the Group amounted to R33.7 million (2022: R47 million) for the 2023 financial year. General bonuses awarded to employees who do not qualify for participation in any specific incentive schemes amounted to an average of 68% of monthly cost-to-company (2022: 68%).

Performance incentive scheme

Based on Sasfin's performance, no bonuses were awarded in line with the scheme rules.

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 2023 performance evaluation

The Group CEO's performance was assessed as part of the Board evaluation process as well as separately by the REMCO and the Chair of the Board.

KPI	Performance	
	Weighting (%)	(out of 5)
Driving financial performance	45.0	3.0
People, transformation and culture	10.0	3.2
Enhance operational excellence and internal control	10.0	2.8
Enhance, adapt and execute the strategy	10.0	3.0
Key risk indicators	10.0	3.3
Key value indicators	10.0	3.5
Weighted average score		3.0

Group FD 2023 performance evaluation

The Group FDs performance was assessed as part of the Board evaluation process as well as separately by the REMCO and the Chair of the Board.

KPI	Weighting (%)	Performance (out of 5)
Driving financial performance	20.0	3.3
People, transformation and culture	20.0	3.9
Enhance operational excellence and internal control	30.0	3.7
Enhance, adapt and execute the strategy	10.0	3.3
Key risk indicators	10.0	4.0
Key value indicators	10.0	4.0
Weighted average score		3.7

Pay mix and potential remuneration of executive directors and prescribed officers

The performance of each prescribed officer, disclosed alongside, 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 3.0 out of 5 and a retention bonus of R1.6 million was awarded, with R900 000 vesting in October 2023. An annual increase of 6% was approved by the REMCO
- The Group FD achieved a performance rating of 3.7 out of 5 and a bonus of R1.4 million was awarded, with R800 000 vesting in October 2023. An annual increase of 10% was approved by the REMCO

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 the table below. Other benefits comprise provident fund, medical aid, group life insurance, company car and sign-on bonuses.

	Services as directors R	Cash package ¹ R	Other benefits ² R	Incentive bonus ³ R	TOTAL R
2023					
Executive directors					
H Heymans	–	3 200 421	425 984	500	3 626 905
MEE Sassoon	–	4 079 842	749 389	1 441 667	6 270 898
Independent non-executive directors					
RWR Buchholz	911 584	–	–	–	911 584
DP de Kock (Chair)	1 280 884	–	–	–	1 280 884
TH Njikizana	664 963	–	–	–	664 963
MR Thompson	712 710	–	–	–	712 710
T van der Mescht	937 998	–	–	–	937 998
EA Wilton	726 988	–	–	–	726 988
Non-independent non-executive director					
RDEB Sassoon	465 840	–	–	–	465 840
Prescribed officers					
LR Fröhlich	–	3 130 964	440 984	2 655 000	6 226 948
MG Lane	–	2 883 432	760 988	1 142 167	4 786 587
S Shabalala ^a	–	3 042 405	606 345	2 250 000	5 898 750
S Tomlinson	–	2 073 420	686 879	615 666	3 375 965
E Zeki	–	2 836 390	606 616	1 550 626	4 993 632
	5 700 967	21 246 874	4 277 185	9 655 626	40 880 652

* G Dingaan, N Ndhrazi and S Rosenthal receive compensation through a management fee paid to WIPHOLD, refer to Note 40.2 of the Annual Financial Statements.

a Resigned effective 30 June 2023.

1 The remuneration of the Executive Directors is paid by subsidiaries of the Company.

2 Other benefits comprise: provident fund, medical aid, group life, company car and sign-on bonuses.

3 Relates to the Group's and individual's performance in the 2022 financial year.

Non-executive directors' (NED) fees

In setting Sasfin's NED remuneration, the Remco and management have consistently considered a range of factors, including the reasonability of remuneration in relation to the important role that directors play, Sasfin's growth and financial performance, complexity of the business, alignment to management increases, directors' workload and the general 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 for noting via the DANC. Increases are presented to and approved by shareholders at the AGM.

An overall increase of 5.8% in non-executive directors' fees has been proposed for 2024 across all committees and including board fees. External benchmarking of non-executive directors' fees is done every second year and will be performed by an independent consultant in 2024.

Currently, annual retainer fees are 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.

The Board and committees' annual retainer fees include a number of ongoing duties such as:

- Serving on ad hoc or sub-committees
- Attending training and induction as well as interviews with potential candidates for appointment to the Board
- Attending to urgent matters that cannot reasonably be postponed until the next meeting
- Consideration of and voting on written resolutions
- Committee chairs duties include the discussion and settlement of agenda, which may include a meeting with executive directors or the company secretary and dealing with matters within the ambit of the relevant committee's mandate which arise between meetings

The REMCO has recommended the introduction of a special meeting fee to be paid in respect of ad hoc or special committees constituted by the Directors subject to certain criteria approved by the DANC and the REMCO, including but not limited to:

- a) Instances where special (not business as usual) circumstances exist that require the constitution of an ad hoc or special subcommittee with a specific mandate, approved by the DANC and constituted by a delegation of the Board.
- b) Instances where significant director involvement is required in a specific and time-limited major issue such as restructuring, remediation, acquisitions or in a time of crisis. The work of the ad hoc or special subcommittee may not constitute consulting services and it is acknowledged that the work is onerous, regular and repeatable / frequent (monthly or at shorter intervals).
- c) Instances where there is justification for directors to contribute time and attention to the matter over and above what would be considered an "ordinary" commitment.
- d) The payment of a fee will be approved by the DANC and will be equal to 15% of a director's quarterly retainer fee for membership of the Board.

A framework and principles for payment and approval of ad hoc or special sub-committee fees is recommended as follows (subject to approval by shareholders at the AGM).



Remuneration implementation continued

Board member fees

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.

	2022/2023		2023/2024	
	Annual fee: member R	Annual fee: chair R	Annual fee: member R	Annual fee: chair R
Sasfin Holdings and Sasfin Bank Boards	299 854	1 218 525	317 245	1 289 200
Group Audit Committee (GAC)	95 764	219 789	101 321	232 536
Group HR and Remuneration Committee (REMCO)	76 905	134 995	81 369	142 824
Social and Ethics Committee (SEC)	55 871	91 770	59 111	97 092
Group Risk and Capital Management Committee (GRCMC)	93 960	211 939	99 409	224 231
Credit and Large Exposures Committee (CLEC)	76 909	137 881	81 369	145 878
Information Technology Committee (ITC)	62 824	115 591	66 467	122 295

Non-executive directors' fees are exclusive of VAT.



05

Additional information

Glossary

ABL	African Bank Limited
ACI	African, Coloured and Indian
ADKAR	Awareness, Desire, Knowledge, Ability, and Reinforcement model
AGM	Annual General Meeting
AI	Artificial intelligence
ALCO	Asset and Liabilities Committee
AML	Anti-money laundering
AUM/AUA	Assets under management and advice
Banks Act	Banks Act, No. 94 of 1990 and the Regulations relating to Banks as amended
BASA	Banking Association of South Africa
B-BBEE	Broad-based Black Economic Empowerment
B-BBEE Act	Broad-based Black Economic Empowerment Act, No. 46 of 2013, as amended
BCB	Business and Commercial Banking
BCBS	Basel Committee on Banking Supervision
CAR	Capital adequacy ratio
CA	Chartered Accountant
CEO	Chief Executive Officer
CLEC	Credit and Large Exposures Committee
Companies Act	Companies Act, No. 71 of 2008, as amended
COO	Chief Operating Officer
CSR	Corporate Social Responsibility

CTC	Cost to company
CTF	Combatting the financing of terrorism
DANC	Directors' Affairs and Nominations Committee
ECL	Expected credit loss
EE	Employment equity
ERM	Enterprise risk management
ESG	Environmental, social and governance
EVP	Employee value proposition
Exco	Executive Committee
FATF	Financial Action Task Force
FD	Financial Director
FIC	Financial Intelligence Centre
Fintech	Financial Technology
FMO	Dutch Entrepreneurship Development Bank
FSCA	Financial Sector Conduct Authority
GAC	Group Audit Committee
GDP	Gross domestic product
GovCo	Governance Committee
GRCMC	Group Risk and Capital Management Committee
HEPS	Headline earnings per share
ICAAP	Internal Capital Adequacy Assessment Plan
IFRS	International Financial Reporting Standards

ILAAP	Internal Liquidity Adequacy Assessment Process
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
IRRBB	Interest Rate Risk in the Banking Book
ITC	Information Technology Committee
JSE Listings Requirements	Listings Requirements of the JSE Limited
King IV	King Report on Corporate Governance for South Africa, 2016
KPI	Key performance indicators
KRI	Key risk indicator
KVI	Key value indicator
MOI	Memorandum of Incorporation
MW	Megawatt
NDP	National Development Plan
NED	Non-executive director
NGO/NPO	Non-governmental or non-profit organisation
NPLs	Non-performing loans
PA	Prudential Authority
POPIA	Protection of Personal Information Act
PwC	PricewaterhouseCoopers Inc.
RCF	Revolving Credit Facility
RDARR	Risk data aggregation risk reporting
REMCO	Group Human Resources and Remuneration Committee
ROC	Remediation Oversight Committee
ROE	Return on equity

SaaS	Software-as-a-service
SARB	South African Reserve Bank
SARS	South African Revenue Services
Sasfin or the Group	Sasfin Holdings Limited and its subsidiaries
SDGs	Sustainable Development Goals
SEC	Social and Ethics Committee
SETA	Sector Education and Training Authority
SMEs	Small- to medium-sized enterprises
STC	Sustainability and Transformation Committee
SteerCo	Steering Committee
STI	Short-term incentive
TCF	Treating Customers Fairly
the Board	Board of directors of Sasfin Holdings Limited

Corporate information

Country of incorporation and domicile
South Africa

Company registration number
1987/002097/06

Tax reference number
9300/204/71/7

Board of directors
Independent non-executive chair
Deon de Kock

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)

Executive directors

Michael Sassoon (Group CEO)
Harriet Heymans (Group FD)

Group Company Secretary
Charissa De Jager

Transfer secretaries

**Computershare Investor
Services (Proprietary) Limited**

Rosebank Towers, 15 Biermann Avenue, Rosebank
Johannesburg, 2196

Sponsor

**Questco Corporate Advisory
Services (Pty) Limited**

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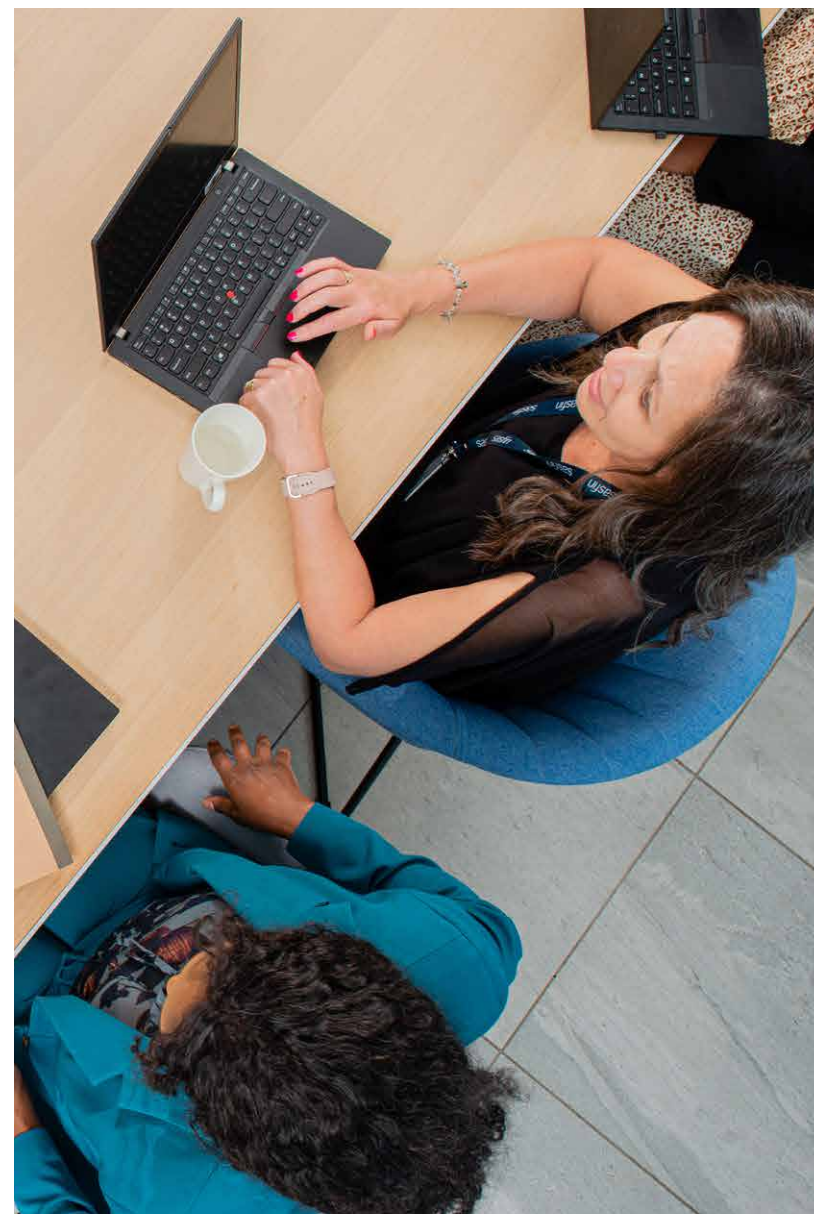
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