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FINBOND MUTUAL BANK

Corporate Governance Checklist February 2013

Key:

- ✓ Compliant
- # Partially compliant
- ★ Under review
- ✗ Non-compliant

Ethical leadership and corporate citizenship

- Effective leadership based on an ethical foundation ✓
- Responsible corporate citizen ✓
- Effective management of company's ethics ✓
- Assurance statement on ethics in integrated report ✓

Board and directors

- The board is the focal point for and custodian of corporate governance ✓
- Strategy, risk, performance and sustainability are inseparable ✓
- Directors act in the best interest of the company ✓
- The chairman of the board is an independent non-executive director ✓
- Framework for the delegation of authority has been established ✓
- The board comprises a balance of power, with a majority of non-executive directors independent ✓
- Directors are appointed through a formal process ✓
- Formal induction and ongoing training of directors is conducted ✓
- The board is assisted by a competent, suitably qualified and experienced company secretary ✓
- Regular performance evaluation of the board, its committees and the individual directors ✓
- Appointment of well-structured committees and an oversight of key functions ✓
- An agreed governance framework between the group and its subsidiary boards ✓
- Directors and executives are remunerated fairly and responsibly ✓
- Remuneration of directors and certain senior executives is disclosed ✓
- The company's remuneration policy is approved by its shareholders ✓

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Finbond Group Limited *Registration Number*: 2001/015761/06
Authorised Financial Service Provider: FSP No. 39570

DIRECTORS: Chairman: Dr MDC Motlatla* (BA, DCom (Unisa)); **Chief Executive Officer:** Dr W van Aardt (BProc (Cum Laude), LL.M (UP), LL.D (PU CHE) Admitted Attorney of The High Court of South Africa, QLTT (England and Wales), Solicitor of the Supreme Court of England and Wales); **Chief Compliance Officer:** HJ Wilken-Jonker (BCom Hons (Unisa)); **Chief Financial Officer:** GT Sayers (CA (SA), BCom (Hons) (UNP), BCom (Hons) (Unisa)); DC Pentz* (CA (SA), BCom Hons); Adv J Noeth* (B Juris LLB); RN Xaba* (CA (SA) BCom, BCom (Hons) (Unisa)) *Non-Executive.

Secretary: CD du Plessis – Sekretari

Audit committee

Effective and independent	✓
Suitably skilled and experienced independent, non-executive directors	✓
Chaired by an independent non-executive director	✓
Oversees integrated reporting	✓
A combined assurance model is applied to improve efficiency in assurance activities	✓
Satisfies itself of the expertise, resources and experience of the company's finance function	✓
Oversees internal audit	✓
Integral to the risk management process	✓
Oversees the external audit process	✓
Reports to the board and shareholders on how it has discharged its duties	✓

The governance of risk

The board is responsible for the governance of risk and setting levels of risk tolerance	✓
The risk committee assists the board in carrying out its risk responsibilities	✓
The board delegates the risk management plan to management	✓
The board ensures that risk assessments and monitoring is performed on a continual basis	✓
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓
Management implements appropriate risk responses	✓
The board receives assurance on the effectiveness of the risk management process	✓
Sufficient risk disclosure to stakeholders	✓

The governance of information technology

The board is responsible for information technology (IT) governance	✓
IT is aligned with the performance and sustainability objectives of the company	✓
Management is responsible for the implementation of an IT governance framework	✓
The board monitors and evaluates significant IT investments and expenditure	✓
IT is an integral part of the company's risk management	✓
IT assets are managed effectively	✓
The risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓

Compliance with laws, codes, rules and standards

The board ensures that the company complies with applicable laws	✓
The board and directors have a working understanding of the relevance and implications of non-compliance	✓
Compliance risk forms an integral part of the company's risk management process	✓
The board has delegated to management the implementation of an effective compliance framework and processes	✓

Internal audit

Effective risk-based internal audit	✓
Written assessment of the effectiveness of the company's system of internal control and risk management	✓
Internal audit is strategically positioned to achieve its objectives	✓

Governing stakeholder relationships

- Appreciate that stakeholders' perceptions affect a company's reputation ✓
- Management pro-actively deals with stakeholder relationships ✓
- There is an appropriate balance between its various stakeholder groupings ✓
- Equitable treatment of shareholders ✓
- Transparent and effective communication with stakeholders ✓
- Disputes are resolved effectively and timeously ✓

Integrated reporting and disclosure

- The board ensures the integrity of the company's integrated report ✓
- Sustainability reporting and disclosure is integrated with the company's financial reporting ✓
- Sustainability reporting and disclosure is independently assured ✓