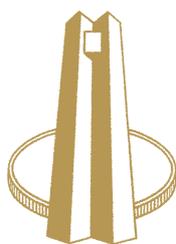


Minutes of the eighty-ninth annual general meeting of shareholders

2009

**Held at the Head Office of the South African Reserve Bank
in Pretoria on Thursday, 17 September 2009, at 10:30**



South African Reserve Bank

Minutes of the eighty-ninth annual general meeting of shareholders

The eighty-ninth annual general meeting of shareholders was held at the Head Office of the Bank in Pretoria on Thursday, 17 September 2009, at 10:30.

The Governor, Mr T T Mboweni who presided over the meeting, stated that the agenda of the meeting would be as follows:

1. To approve the minutes of the annual general meeting of shareholders held on 18 September 2008.
2. To receive the annual financial statements and the reports of the Board of Directors and the auditors of the Bank for the financial year ended 31 March 2009.
3. To determine the remuneration of the auditors of the South African Reserve Bank for the past audit.
4. To appoint auditors for the 2009/10 financial year.
5. To elect a representative of the shareholders representing Commerce or Finance to the Board of Directors.
6. To transact any other business to be transacted at an annual general meeting.

The Chairperson declared the meeting duly constituted in terms of the regulations framed under the South African Reserve Bank Act, 1989 (Act No. 90 of 1989), as amended (the Act).

The minutes of the meeting of 18 September 2008 were taken as read and adopted.

The Chairperson presented the *Annual Report* of the Bank for the year ended 31 March 2009, which includes the economic report that provides background information on the state of the South African economy.

The Chairperson moved that the *Annual Report*, incorporating the economic report, the annual financial statements, and the reports of the directors and auditors for the year ended 31 March 2009 be adopted. The motion was seconded by Mr D Botha.

Mr N H Lang, a shareholder, indicated that he had proxies from shareholders who wished to vote against the adoption of the *Annual Report*. Mr M B Pretorius, another shareholder, moved that voting on this and all subsequent items take place by means of a poll in terms of regulation 24(2) of the Act. The Chairperson acceded to Mr Pretorius's request, and ruled that the motion and all other subsequent items be decided by ballot. Shareholders were invited to cast their votes by secret ballot.

Voting commenced for the following items:

- (i) The adoption of the *Annual Report*, incorporating the economic report, the annual financial statements for the year ended 31 March 2009, and the reports of the directors and auditors.
- (ii) The recommendation for the payment of R5 549 704,00 to the independent auditors of the Bank for auditing the accounts of the Bank for the financial year ended 31 March 2009.

- (iii) The endorsement of the recommendation of the Board of Directors of the Bank in terms of section 30 of the Act that PricewaterhouseCoopers Incorporated and SizweNtsaluba vSP be appointed as auditors for the accounts of the Bank for the financial year 2009/10.
- (iv) The election of one shareholders' representative, representing Commerce or Finance. Two candidates, Messrs S M Goodson and N H Lang, had been duly nominated for the vacancy in terms of regulation 39 of the Act. Mr Goodson was the incumbent director on the Board of Directors of the Bank and his term of office was due to expire on 18 September 2009.

[The meeting was adjourned for the counting of votes and reconvened for the announcement of results and continuation of the business of the meeting.]

The Chairperson requested the scrutineers, nominated for this purpose by the Bank's independent auditors, to report on attendance, ballot papers and proxies.

Mr N Essop, on behalf of the scrutineers, reported that

1. the total number of shares issued in the ordinary share capital of the Bank held by its shareholders was 2 000 000 (two million);
2. 42 shareholders were present in person;
3. 35 shareholders were represented by proxy;
4. 1 241 votes were exercisable by the shareholders present, holding duly certified ballot papers for this purpose;
5. 1 722 votes were exercisable by means of proxy;
6. there were no spoilt proxies; and
7. 1 proxy was disallowed as it was received from a non-resident.

The scrutineers confirmed that nothing had come to their attention indicating that any shareholder attending the meeting or wishing to vote by means of proxy was refused the right to vote.

The Chairperson requested the scrutineers to inform the shareholders of the election results, which were as follows:

1. 66 shareholders present in person or represented by proxy (representing 66,7 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy at the meeting) had voted in favour of the adoption of the *Annual Report*, incorporating the economic report, the annual financial statements for the year ended 31 March 2009, and the reports of the directors and auditors (of which 636 votes were cast by the Chairperson in terms of proxies). 9 shareholders present in person or represented by proxy (representing 33,2 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy at the meeting) had voted against the adoption of the *Annual Report* for the year ended 31 March 2009 (of which zero votes were cast by the Chairperson in terms of proxies). Of the shareholders present in person or represented by proxy (representing 0,9 per cent of the total number of votes exercisable by shareholders and voting in person or by proxy at the meeting), 1 had abstained from voting. Zero proxies and 2 ballot papers were spoilt.

2. 69 shareholders present in person or represented by proxy (representing 63,9 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy at the meeting) had voted in favour of the approval of the remuneration of auditors for the year ended 31 March 2009 (of which 586 votes were cast by the Chairperson in terms of proxies). Of the shareholders present in person or represented by proxy (representing 33,7 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy at the meeting), 8 had voted against the approval of the remuneration of auditors for the financial year ended 31 March 2009 (of which zero votes were cast by the Chairperson in terms of proxies). Of the shareholders present in person or represented by proxy, 1 had abstained from voting. One proxy and zero ballot papers were spoilt.
3. 67 shareholders present in person or represented by proxy (representing 62,9 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy at the meeting) had voted in favour of the endorsement of the appointment of PricewaterhouseCoopers Incorporated and SizweNtsaluba vSP as auditors of the accounts of the Bank for the financial year 2009/10 (of which 586 votes were cast by the Chairperson in terms of proxies). Of the shareholders present in person or represented by proxy (representing 34,8 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy), 10 had not endorsed the appointment of PricewaterhouseCoopers Incorporated and SizweNtsaluba vSP (of which zero votes were cast by the Chairperson in terms of proxies). Of the shareholders present in person or represented by proxy, 1 had abstained from voting. Zero proxies and zero ballot papers were spoilt.
4. 63 shareholders present in person or represented by proxy (representing 61,2 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy at the meeting) had voted in favour of Mr Goodson as a shareholders' representative for Commerce or Finance to the Board (of which 636 votes were cast by the Chairperson in terms of proxies). 25 shareholders present in person or represented by proxy (representing 38,2 per cent of the total number of votes exercisable by shareholders and voting either in person or by proxy at the meeting) had voted in favour of Mr Lang (of which zero votes were cast by the Chairperson in terms of proxies). Of the shareholders present in person or represented by proxy (representing 0,4 per cent of the total votes), 1 had abstained from voting. Zero proxies and zero ballot papers were spoilt.

On the basis of the scrutineers' report, the Chairperson declared that Mr Goodson had been re-elected as a shareholders' representative for Commerce or Finance to the Board of Directors of the Bank.

Mr Goodson was congratulated on his re-election. The reappointment would, in terms of sections 4 and 5 of the Act, read with regulation 37, be effective from 18 September 2009 for a period of three years.

The Chairperson requested the General Counsel, Dr J J de Jager, to report on the matters raised by Mr M Duerr for discussion at the annual meeting of shareholders.

The meeting noted that six issues had been received from Mr Duerr, with a proposal that they be dealt with as special business at the meeting.

The first item of business proposed was that "the auditors' report to the members of the Bank had to comply with all the requirements of the International Financial Reporting Standards (IFRSs), since the Bank is a listed and public company". The proposed

business was not placed on the agenda as it related to financial statements, which were part of the business of the annual general meeting and could be raised at the meeting.

The second item of business proposed was that “the Bank had to enter into active investor relationships to give a wider audience the possibility to be part of the owners of the company”. Dr de Jager indicated that the motivation for the item suggested that the Bank be relisted on the Johannesburg Securities Exchange. The item was not placed on the agenda because the meeting could not do anything about the proposal, since shareholders had limited powers in respect of the business of the Bank. Furthermore, the Bank was not a profit-making institution, but had a public interest role to play.

The third item of business proposed was that “the SARB has to increase its dividend payment to 10 per cent of the profit after tax”. Dr de Jager informed the meeting that the role and nature of the Bank as a non-profit-making institution did not allow for profit sharing by shareholders. The meeting of shareholders had no authority to amend the Act, in terms of which the dividend of a 10 per cent return on shares currently paid to shareholders was provided. A similar motion passed by the annual general meeting of shareholders in 2003 was referred to the Minister of Finance, who then held that the Act could not be amended in this regard due to the unique nature of the Bank and the determination of a fixed dividend, which was in line with practices adopted by other central banks with private shareholding.

The fourth item of business proposed was that “Articles 22 and 23 of the SARB Act be clarified by Parliament with public hearings in the Portfolio Committee for Finance”. It was inferred that the articles referred to by the shareholder meant sections 22 and 23 of the Act. Section 22 dealt with the limitation of 10 000 shares per shareholder and section 23 dealt with the limitations on shareholders who were not resident in South Africa and who were, for that reason, barred from voting. The meeting of shareholders did not have the authority to prescribe to Parliament to hold public hearings to discuss such legislative provisions. Dr de Jager advised shareholders to obtain legal advice at their cost if they were uncertain about the content or implications of the said provisions of the Act.

The fifth item of business proposed was to “vote for an extraordinary general meeting within three months to determine the future of the share trading of SARB shares”. Dr de Jager stated that the meeting of shareholders could not, in terms of the Act, decide on the future of trade in the shares of the Bank. The regulations further prescribed the requirements for requesting a special meeting by shareholders. The Act would have to be amended to accommodate the request.

The sixth and last item of business proposed was that “annual reports and more detailed financial information have to be issued to shareholders at the same time as to the Ministry of Finance and have to contain more in-depth and consistent particulars”. Dr de Jager advised that the proposal did not clearly state what “more in-depth” and “consistent particulars” meant. Annual reports and financial information were provided to the Minister of Finance within three months after the end of the financial year as required by the Act. No such provision was made for shareholders. An amendment to the Act would be required to effect the proposal.

After the report of the General Counsel, the Chairperson called upon the Head of the Financial Services Department, Mr G Terblanche, to respond to Mr Duerr’s point on the statement of the auditors that the accounts of the Bank did not comply with the IFRSs.

Mr Terblanche explained that the accounts did not comply with the IFRSs where the Act specifically prescribed how matters were to be dealt with. In particular, the valuation of

gold was treated as a financial asset on the balance sheet of the Bank and not as a commodity. A statutory price, which equated the actual fixing on the London market on the last day of the financial year, was used for this purpose. Any valuation, profits and losses that arose from the changes in the value of the rand in terms of other currencies would be for the account of the government and not for the income statement of the Bank. The IFRSs required that valuation adjustments to such financial investments be routed through the income statement, which was inappropriate since the Act specifically stipulated that they were not part of the income statement. There were other dealings with the government that could also not be fully disclosed. A full disclosure on the financing of a banking institution in distress would also not be made at the time when it happened as it could have systemic implications. The IFRSs were, however, generally used as a guideline and followed as far as was possible. Mr Terblanche reported that the Audit Committee had discussed the matter extensively and concurred fully with the reporting. The auditors of the Bank were also aware of the constraints, but were obliged to report as they did in terms of the International Accounting Standards.

Mr T Boardman, the Chief Executive Officer of Nedbank, proposed a vote of thanks on behalf of the shareholders and the banks.

The Chairperson thanked the Presidency, the government and Parliament for their continued support of the Bank. The Chairperson acknowledged the maintenance of the good working relationship that had been built with the National Treasury and facilitated by an organised system of bilateral committees. The Chairperson thanked the previous Minister of Finance, Mr T Manuel, for his support over the years and the Deputy Ministers that he had worked with, which support had also benefited senior staff members of the Bank through working with their counterparts at the National Treasury. The Chairperson thanked members of the Board of Directors for the work they had done for the benefit of the Bank, and for their co-operation and guidance. The Chairperson also congratulated Mr A D Mminele on his appointment as Deputy Governor and member of the Board. Once again, the Chairperson thanked the Presidency for the privilege and the great honour bestowed on him to serve as Governor. He congratulated Ms G Marcus on her nomination as Governor of the Bank as of 9 November 2009, and thanked the shareholders for demonstrating their commitment and defending that which was right for the Bank, including shareholders who held different views and whose views he conceded needed to be considered, deliberated and discussed.

There being no further business to transact at the meeting, the Chairperson thanked shareholders for their attendance and participation and declared the proceedings closed.

T T Mboweni
Chairperson

17 September 2009