South African Reserve Bank and Prudential Authority annual reports for 2022/23

Presentation to the Standing Committee on Finance

30 August 2023

SOUTH AFRICAN RESERVE BANK

Presentation outline

Section 1: SARB Annual Report

1. About the South African Reserve Bank
2. Macroeconomic overview and outlook
3. Financial stability
4. Highlights from the SARB Annual Report 2022/23
5. Highlights from the Prudential Authority Annual Report 2022/23

Section 2:

The SARB's findings on the Phala Phala investigation

Section 1:
SARB Annual Report

About the South African Reserve Bank

The SARB’s mandate

Primary mandate

- To protect the value of the currency in the interest of balanced and sustainable economic growth

Statutory mandate

As prescribed by the Financial Sector Regulation Act 9 of 2017 (FSR Act):

- To protect and enhance financial stability

The SARB acts independently and without fear, favour or prejudice in the interests of the economic well-being of all South Africans.

The SARB's key functions

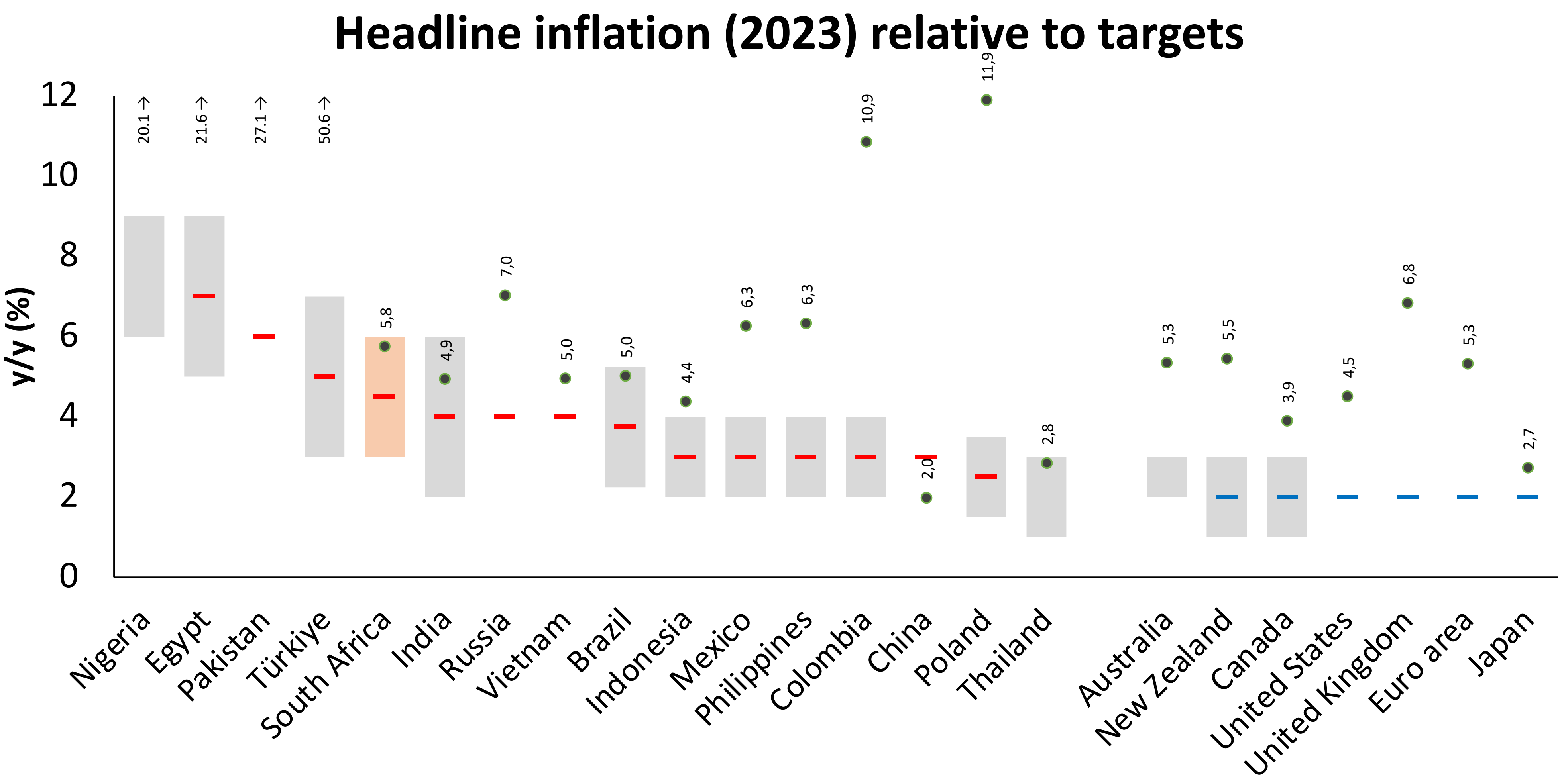
- Formulating and implementing monetary policy.
- Promoting financial stability.
- Compiling economic statistics and conducting analysis and research.
- Acting as banker to the government.
- Ensuring the effective functioning of the national payment system (NPS).
- Administering the country's prudential and capital flow measures.
- Regulating and supervising financial institutions, including banks, insurance entities and financial market infrastructures.
- Managing the official gold and foreign exchange reserves of the country.
- Issuing and destroying banknotes and coin.

Macroeconomic overview and outlook

Overview

- Global inflation remains elevated, but activity showing signs of resilience
- Domestic growth outlook remains subdued
- Headline inflation lower, but core inflation remains sticky
- Policy focused on keeping inflation comfortably within target range

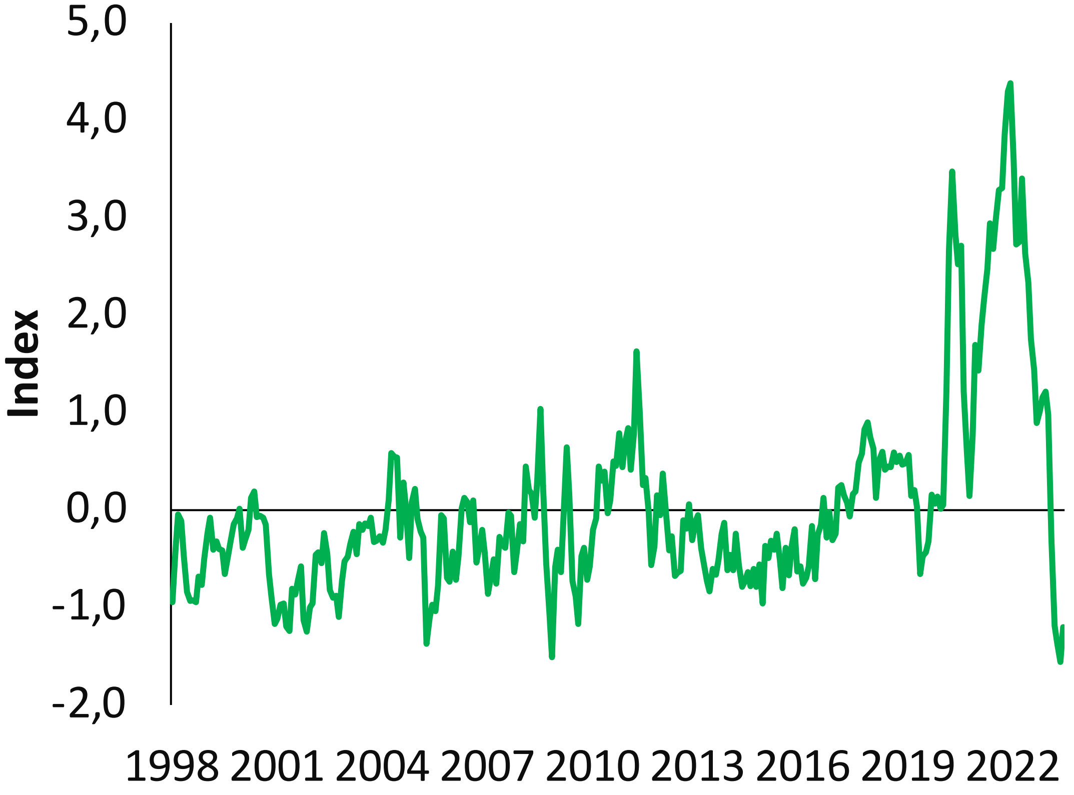
Global inflation remains uncomfortably high



Sources: IMF and SARB

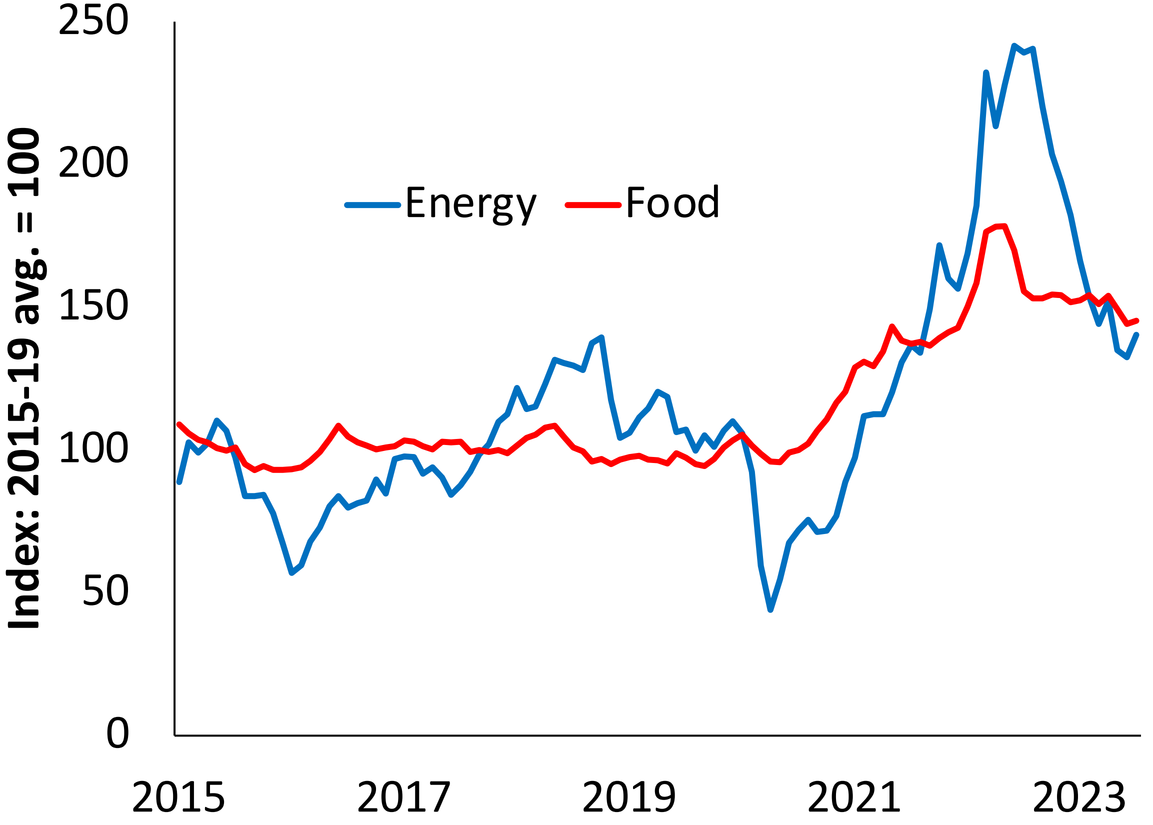
Disinflation supported by global factors

Global supply chain pressures



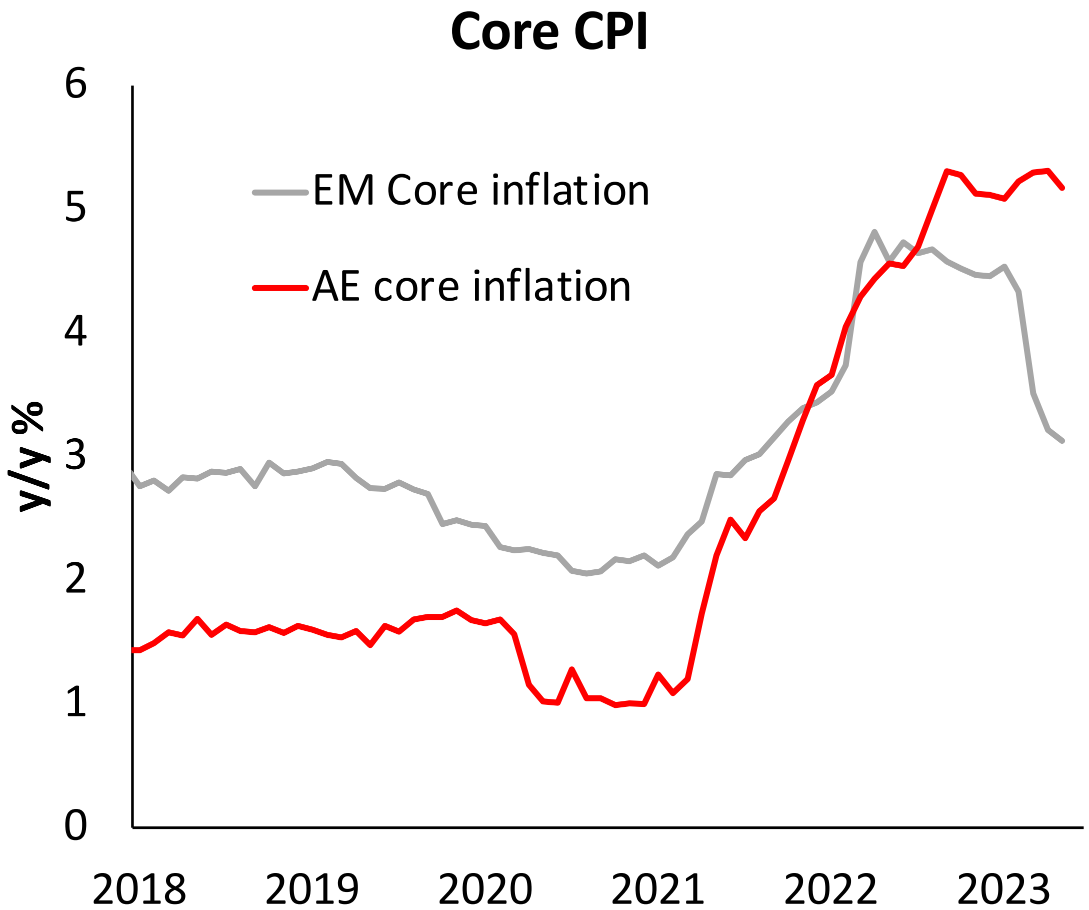
Source: Bloomberg

Commodity prices

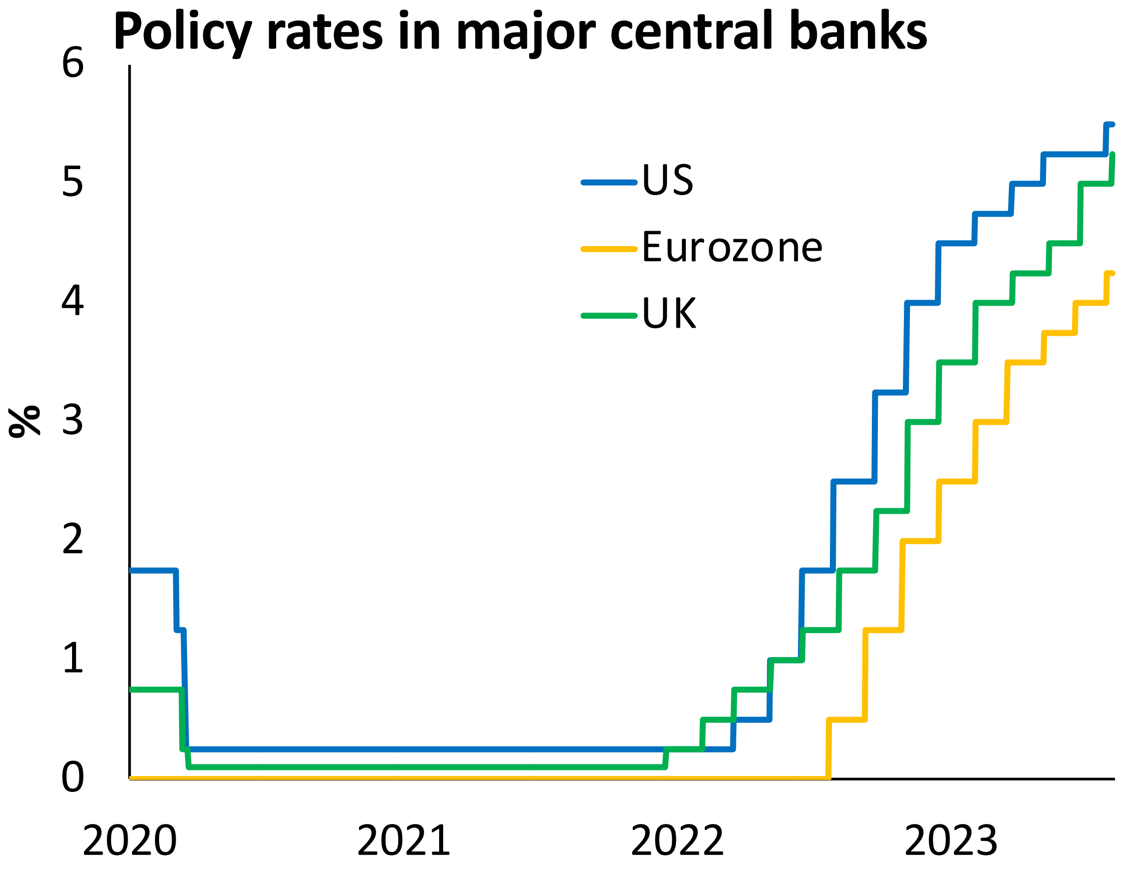


Sources: World Bank and SARB

Sticky underlying inflation in advanced economies keeping policy tight



Source: Bloomberg and SARB



Source: Bloomberg

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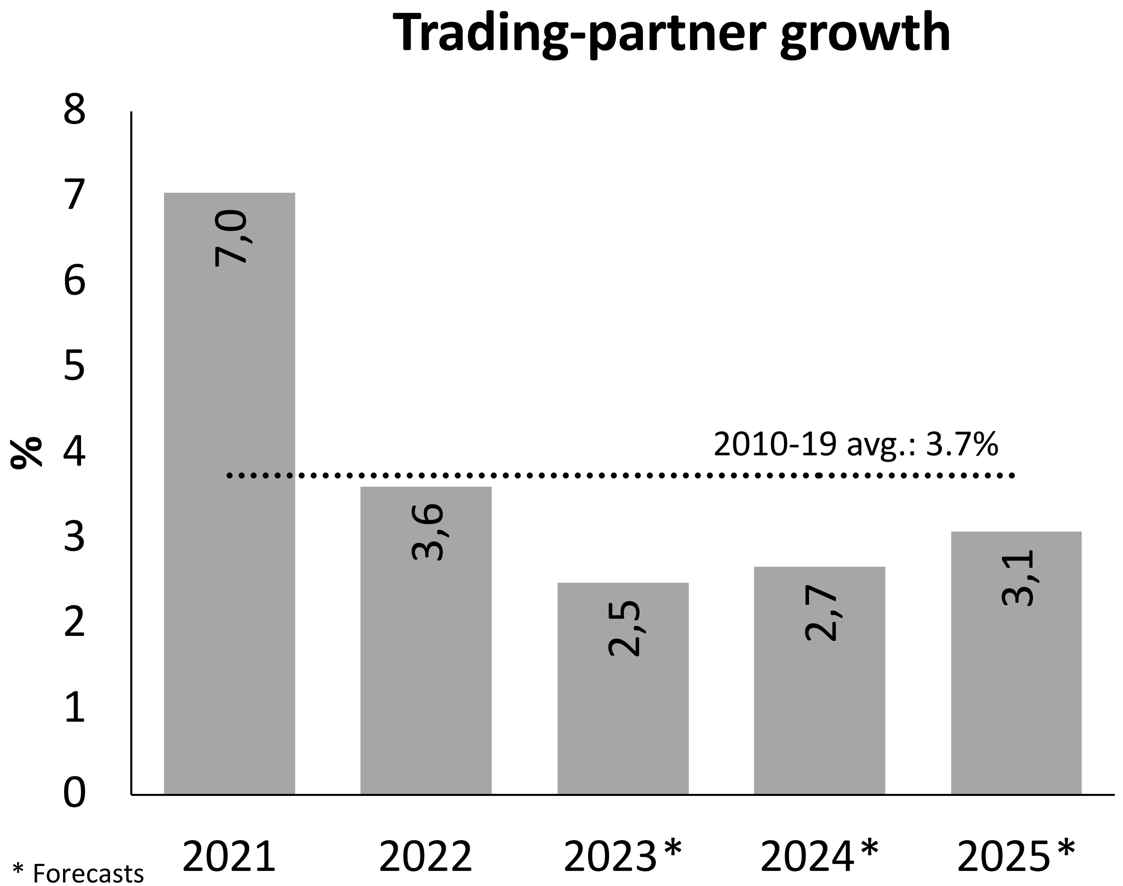
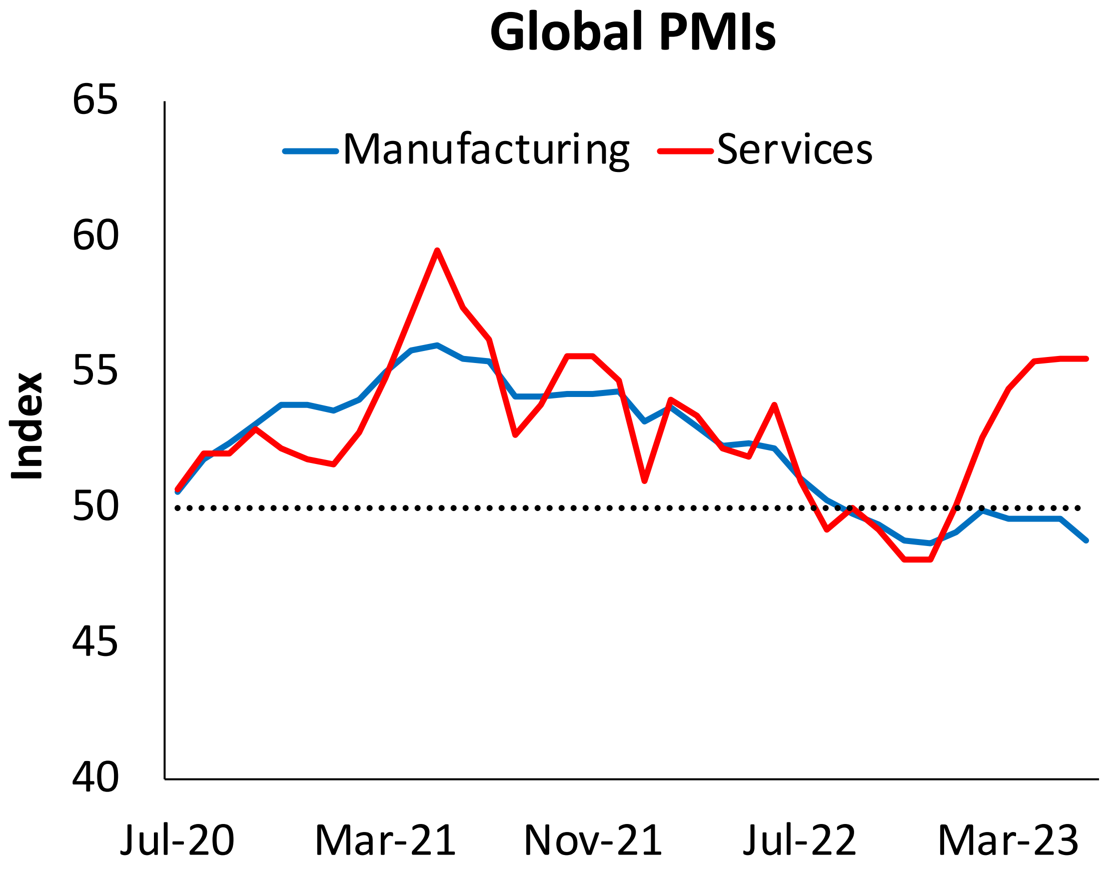
Global economic activity showing signs of resilience



* Forecasts
Source: SARB



Source: Bloomberg

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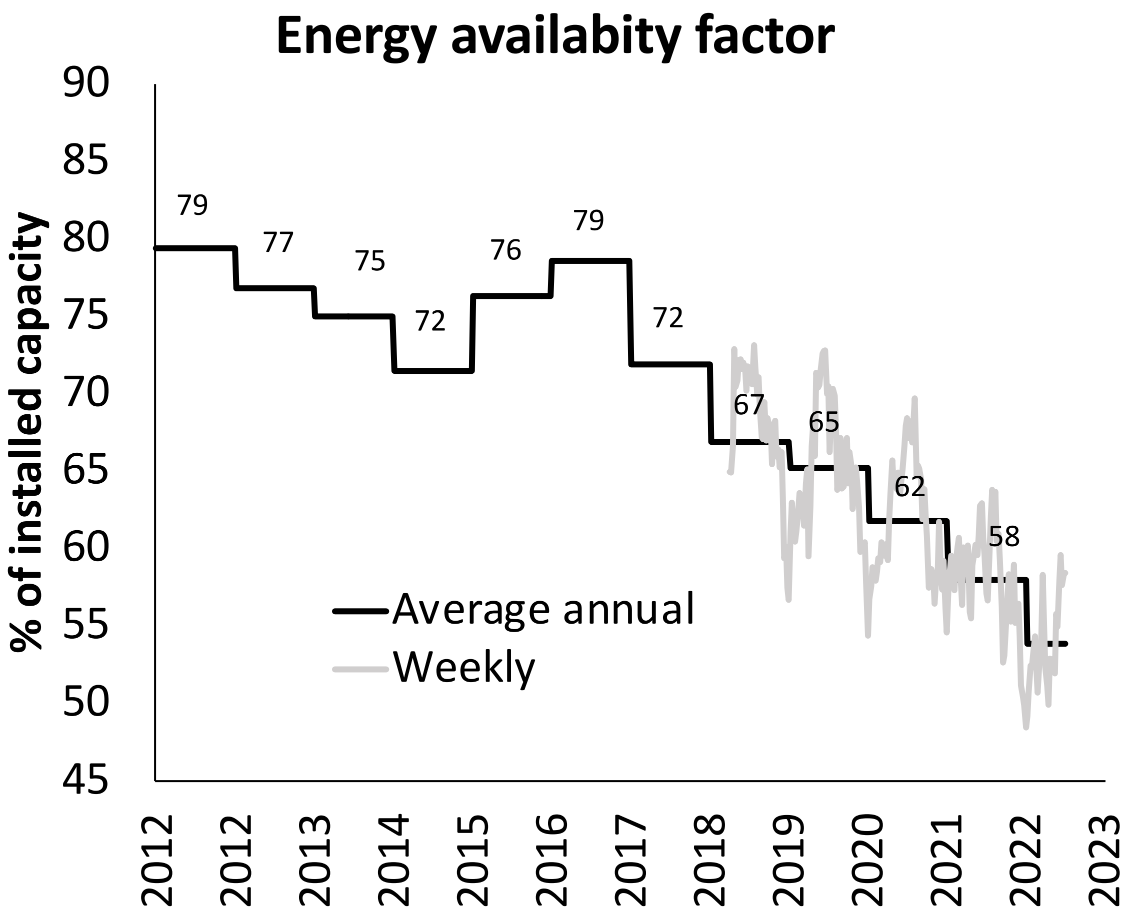
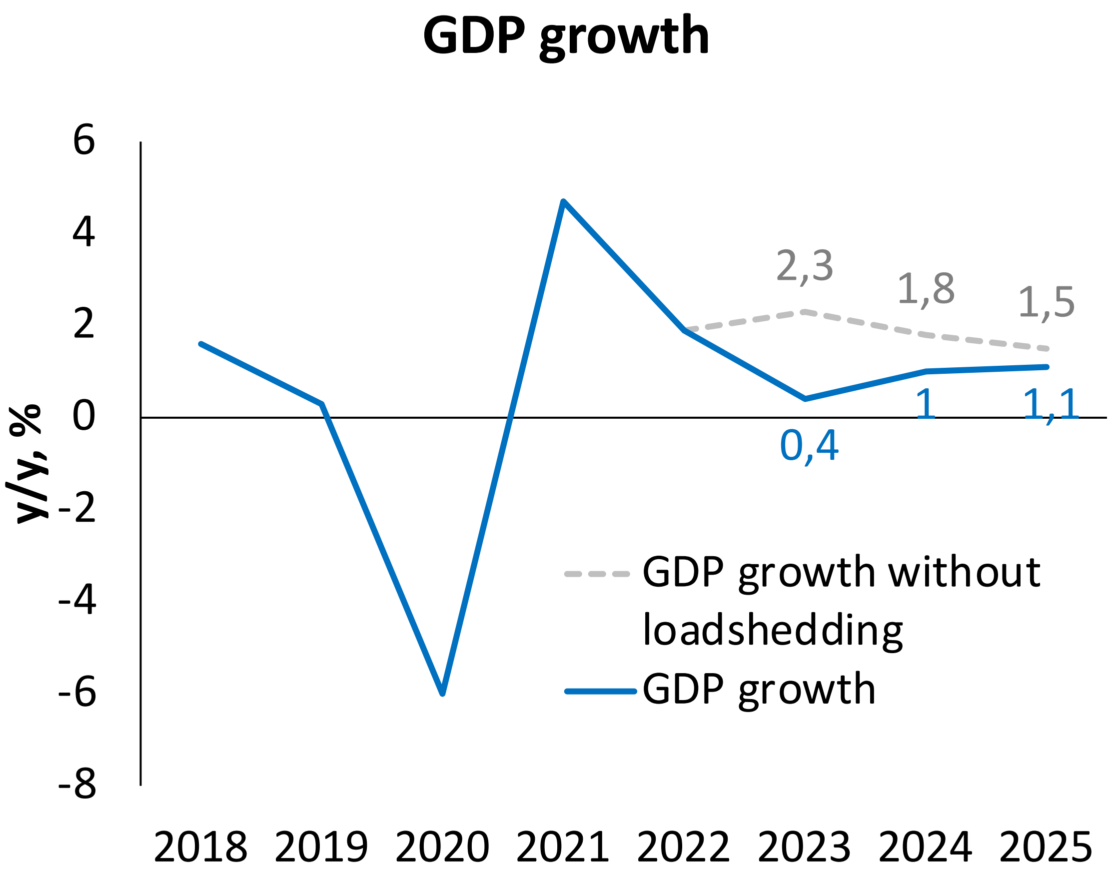
SA economy faced with numerous domestic challenges

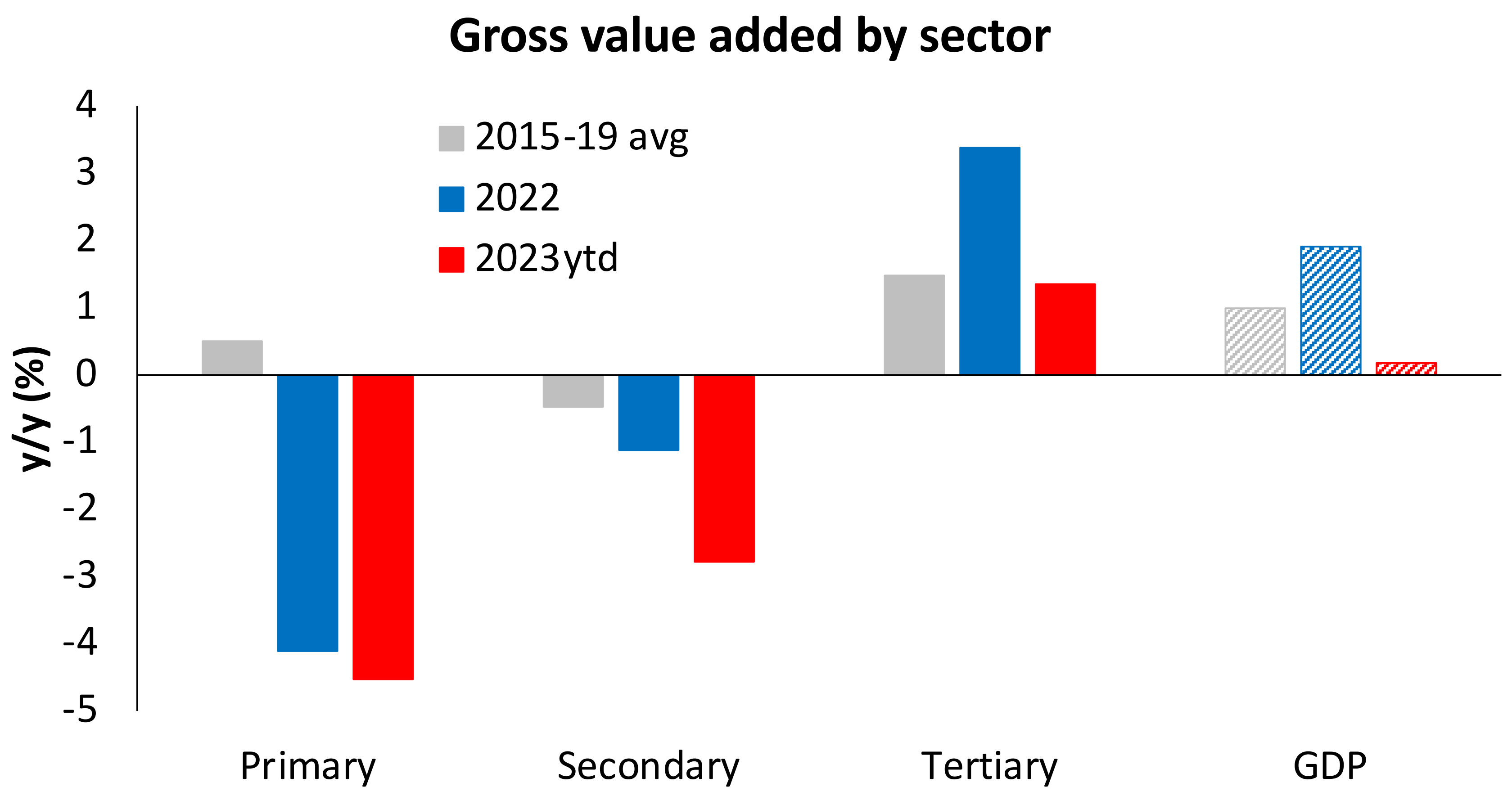


Sources: Eskom and SARB



Sources: Stats SA and SARB

Energy crisis has significant impacts on primary and secondary sectors, and risks to inflation



Sources: Stats SA and SARB

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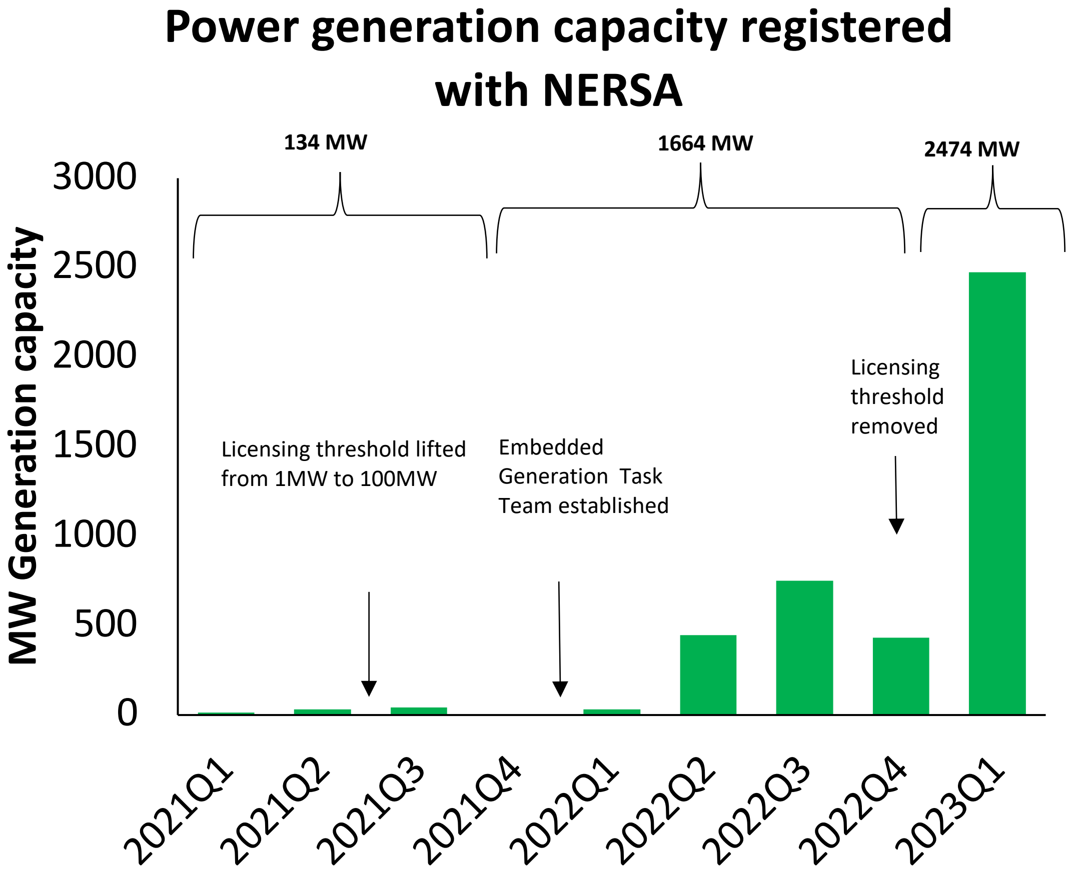
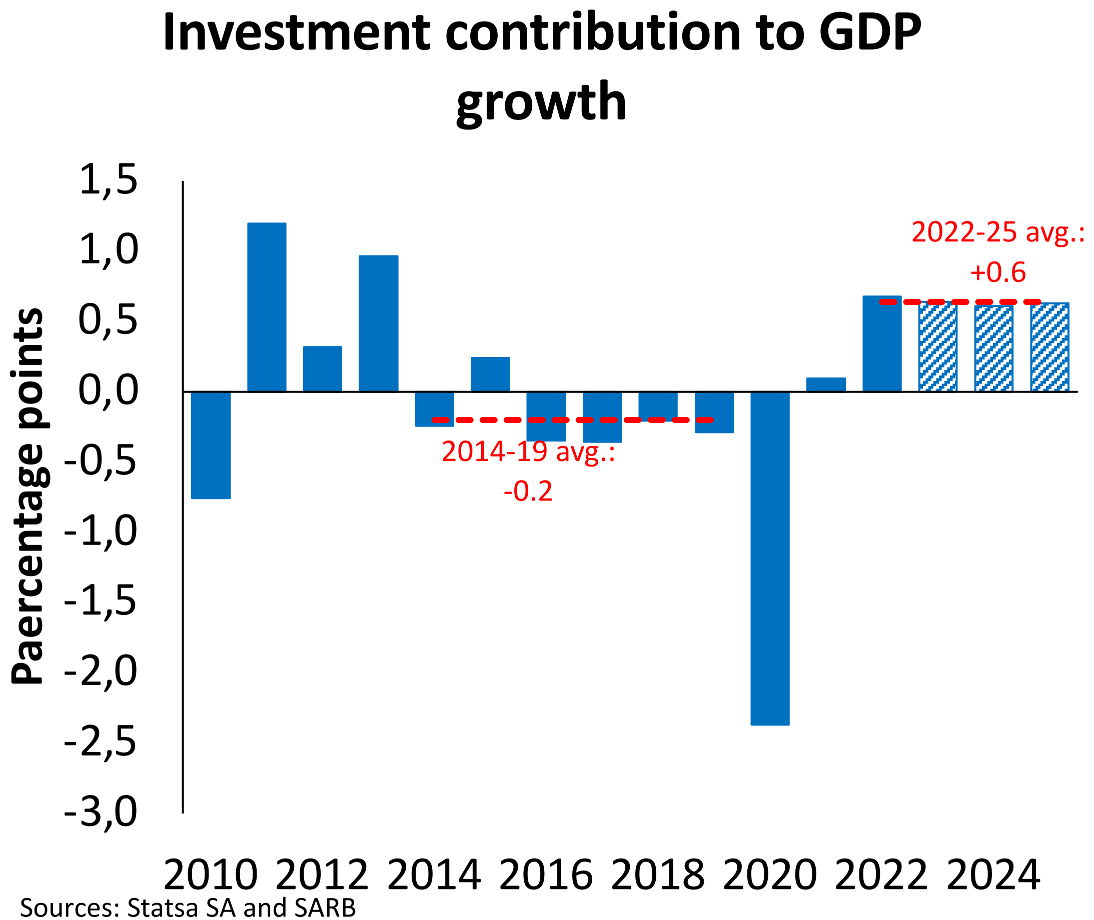
Investment in energy projects should support medium-term growth



Source: National Treasury



Sources: Statsa SA and SARB

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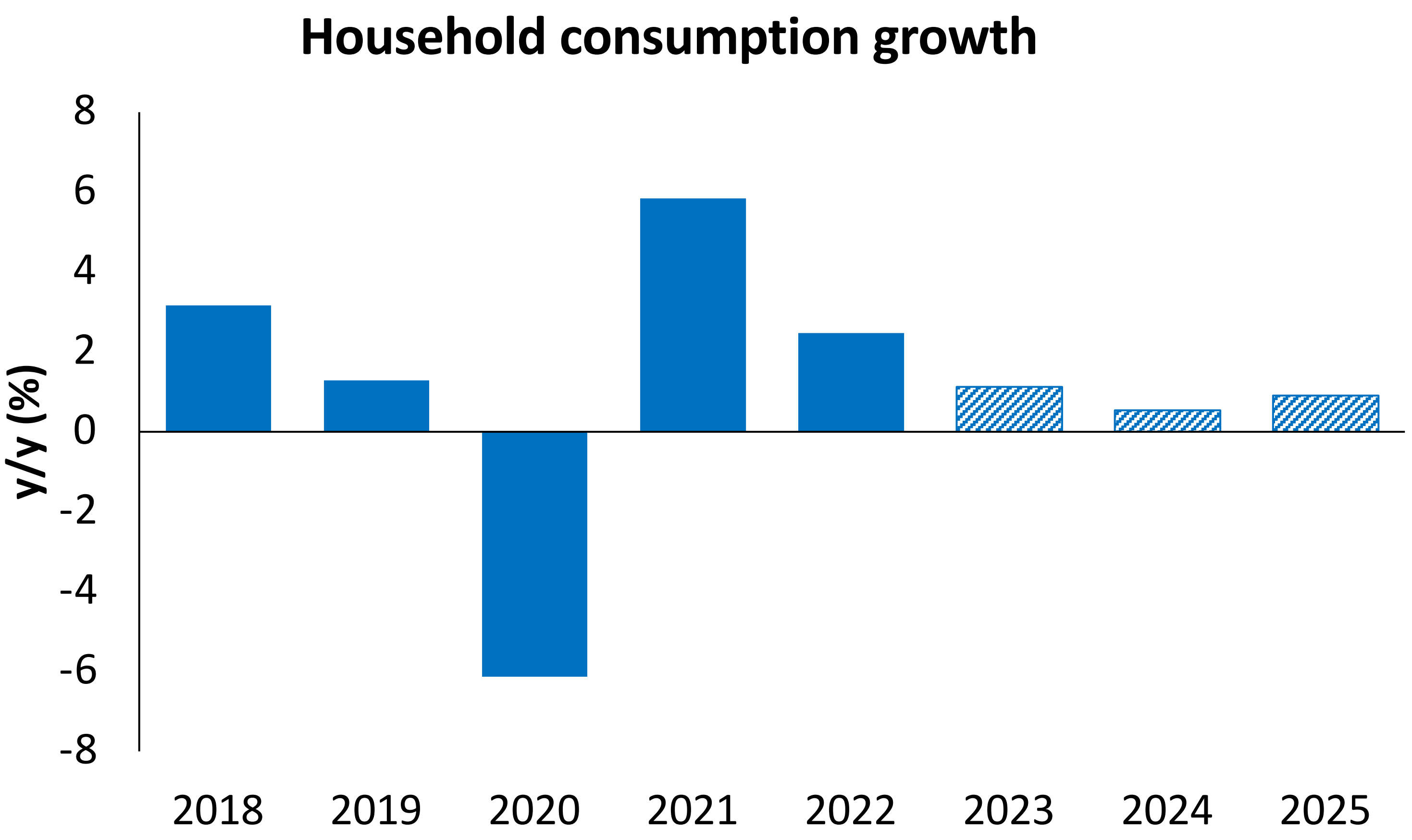
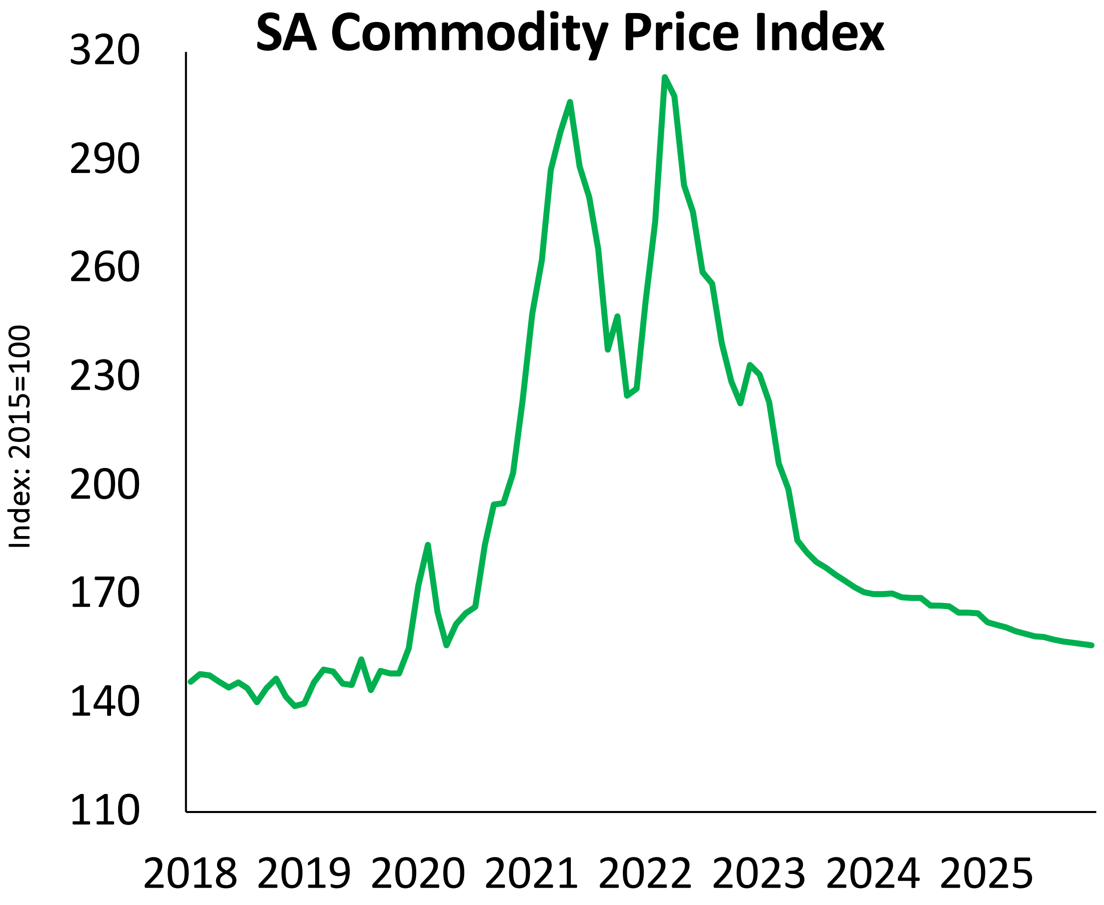
Household consumption modest but positive in real terms

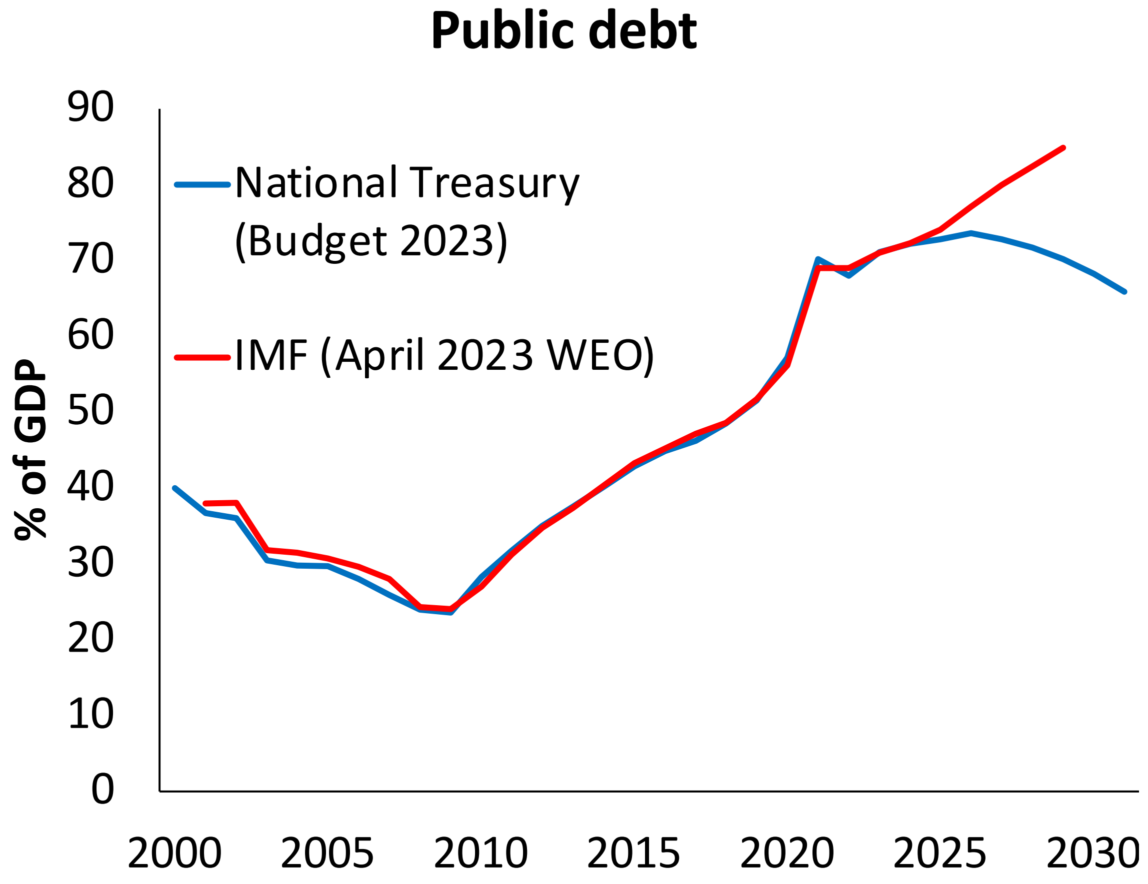


Sources: Stats SA and SARB

Tax revenues under pressure, risking fiscal slippage

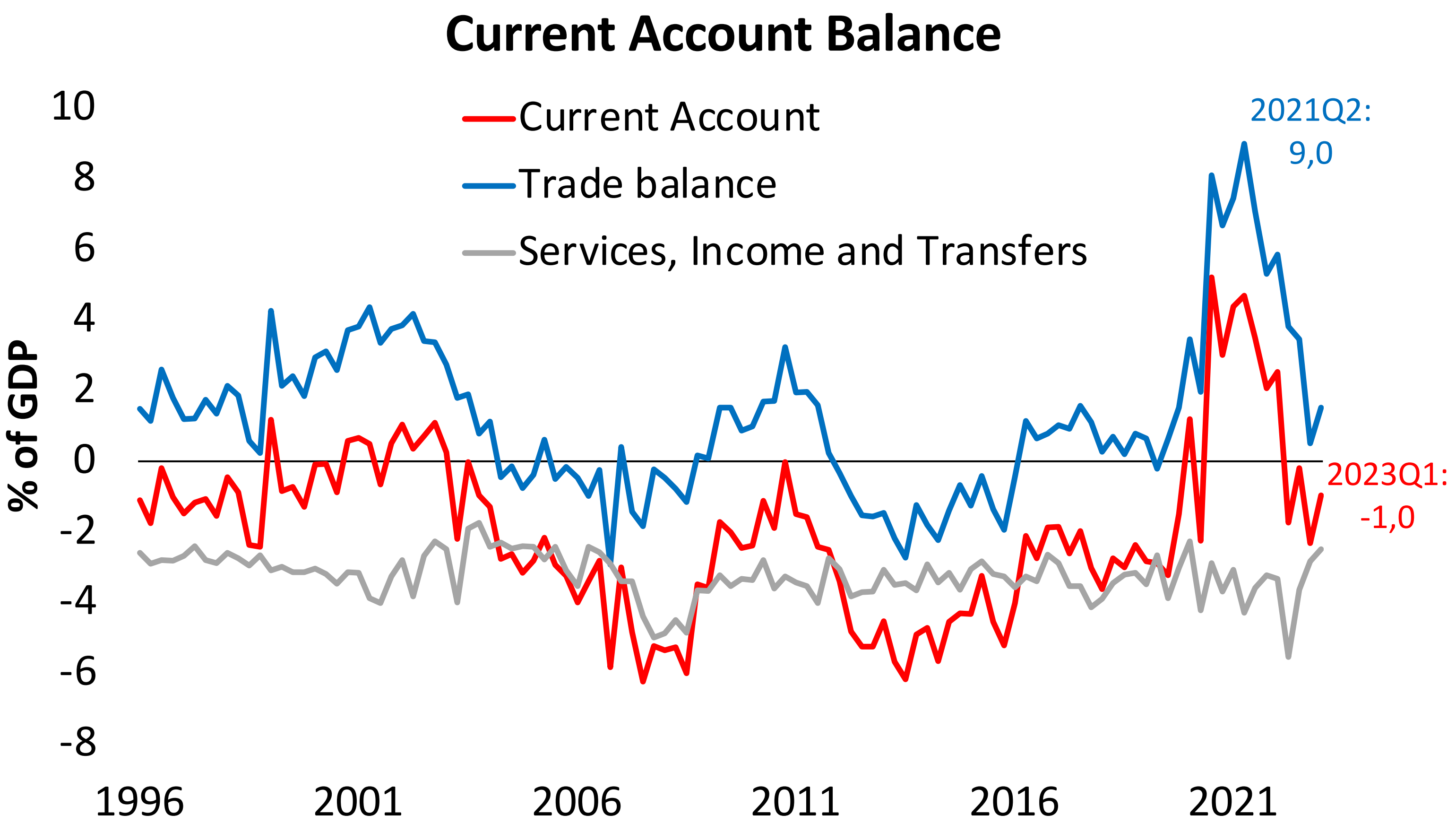


Source: SARB



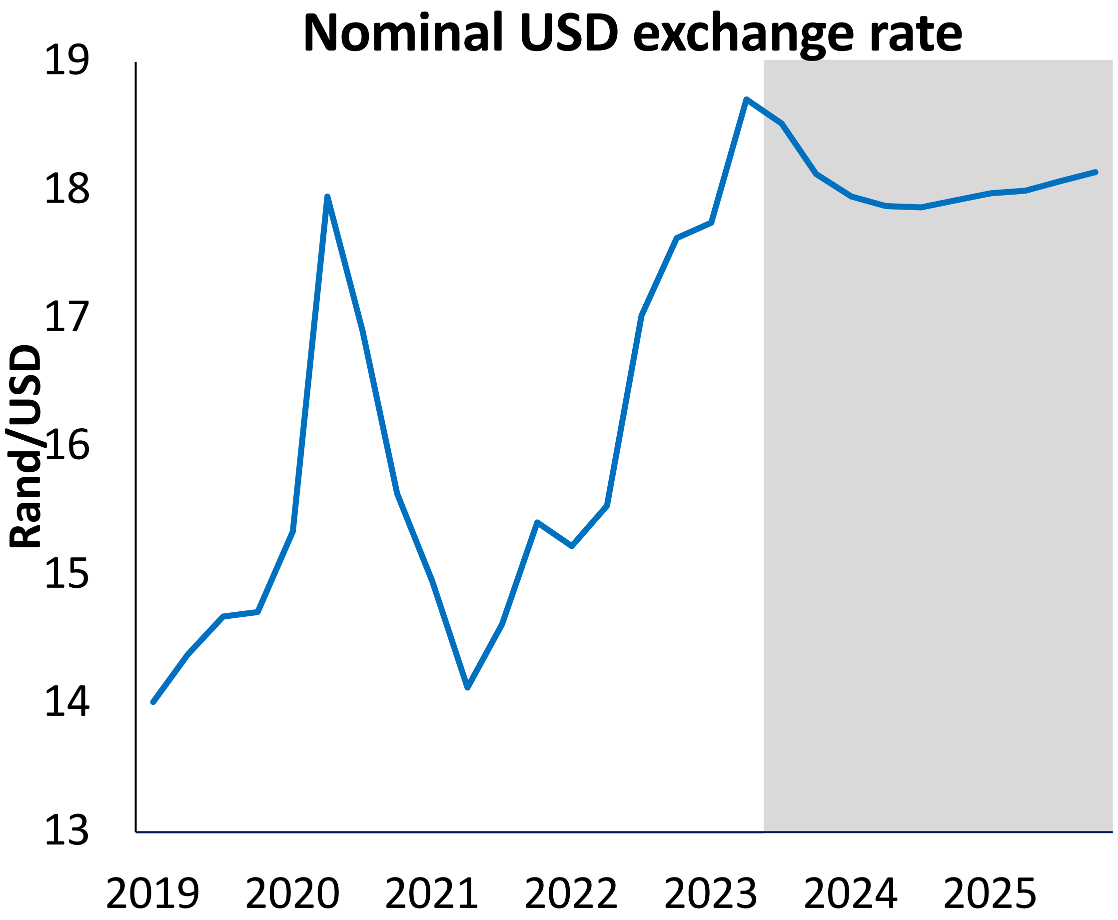
Sources: IMF and National treasury

Current account expected to widen

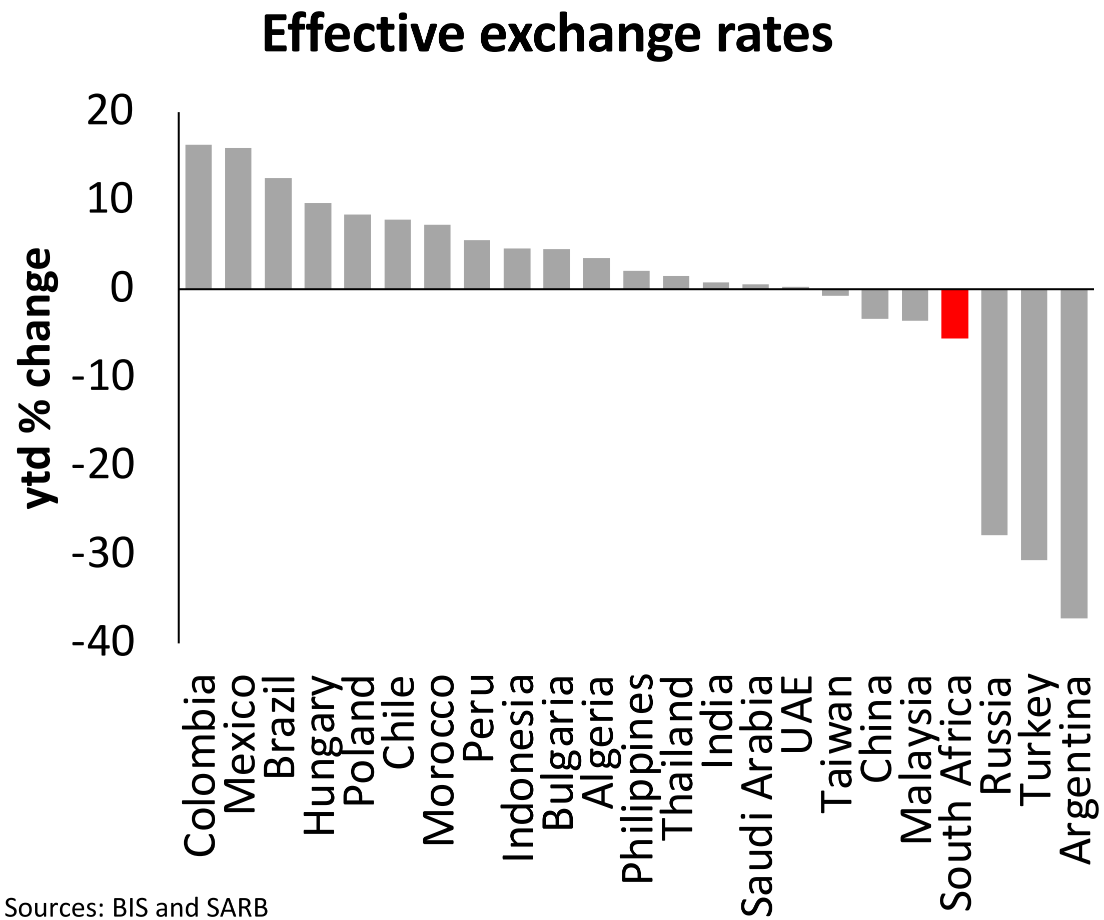


Sources: BIS and SARB

Rand has depreciated by more than most EMs



Source: SARB



Sources: BIS and SARB

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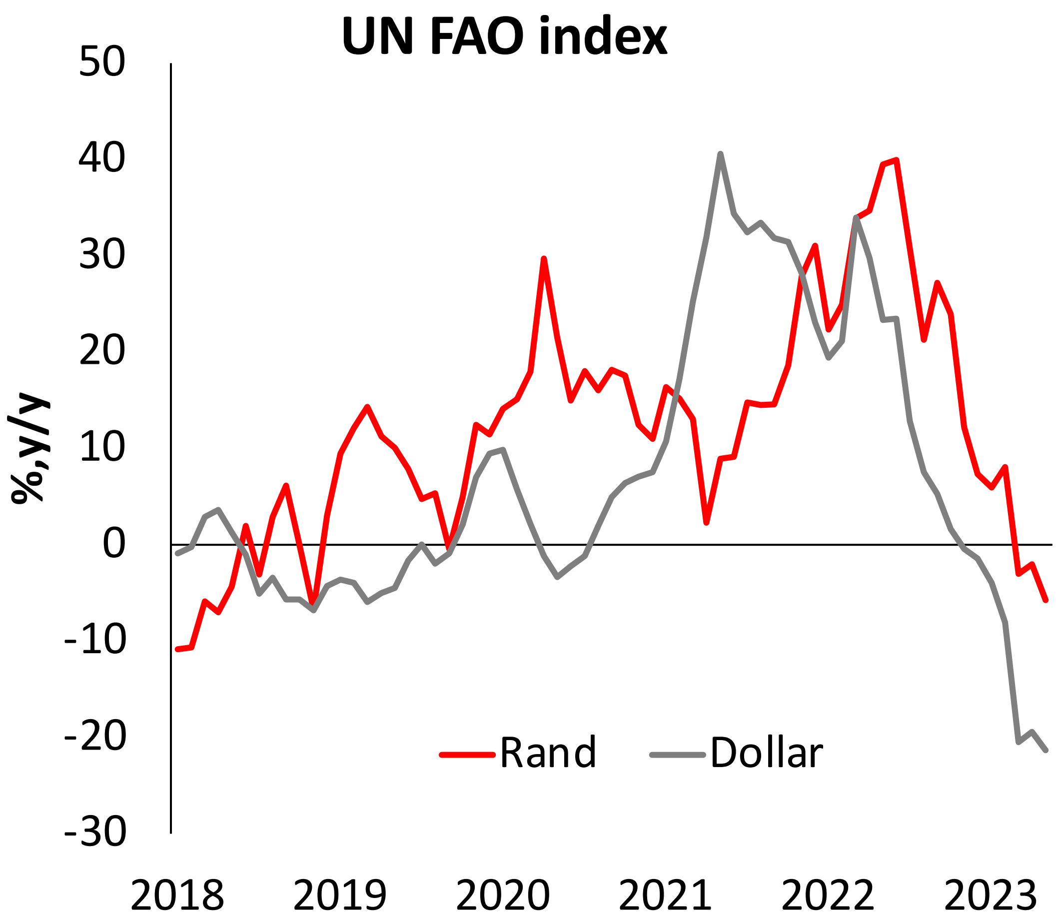
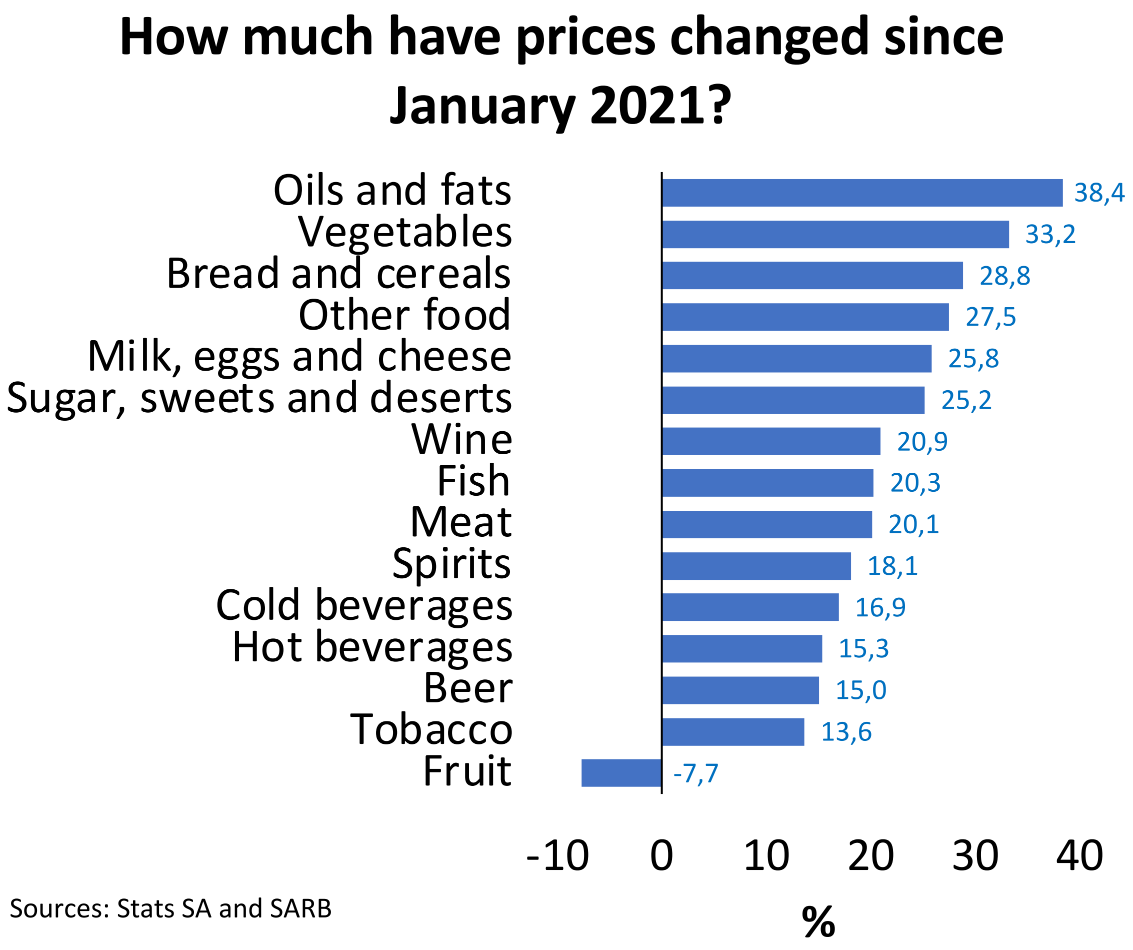
Weaker rand kept food inflation high

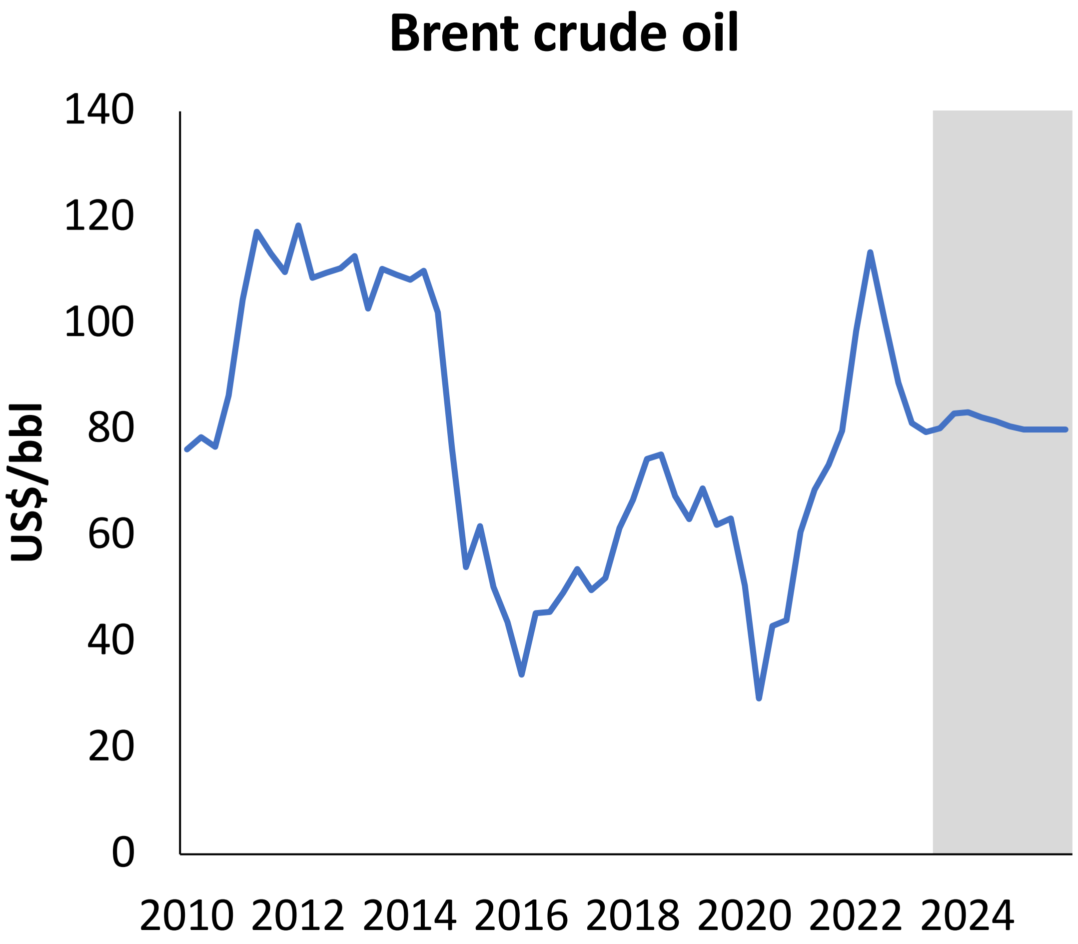


Source(s): UN FAO, TSA

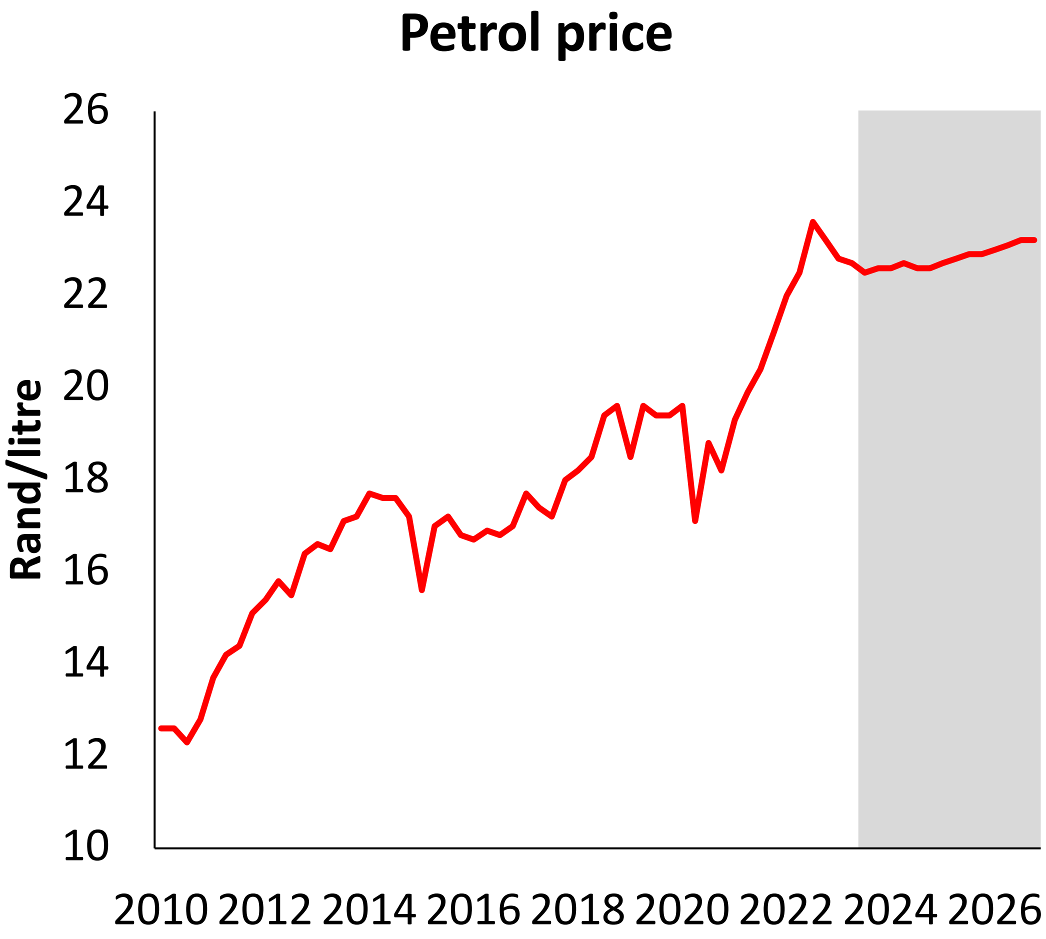


Sources: Stats SA and SARB

Fuel prices to stabilise

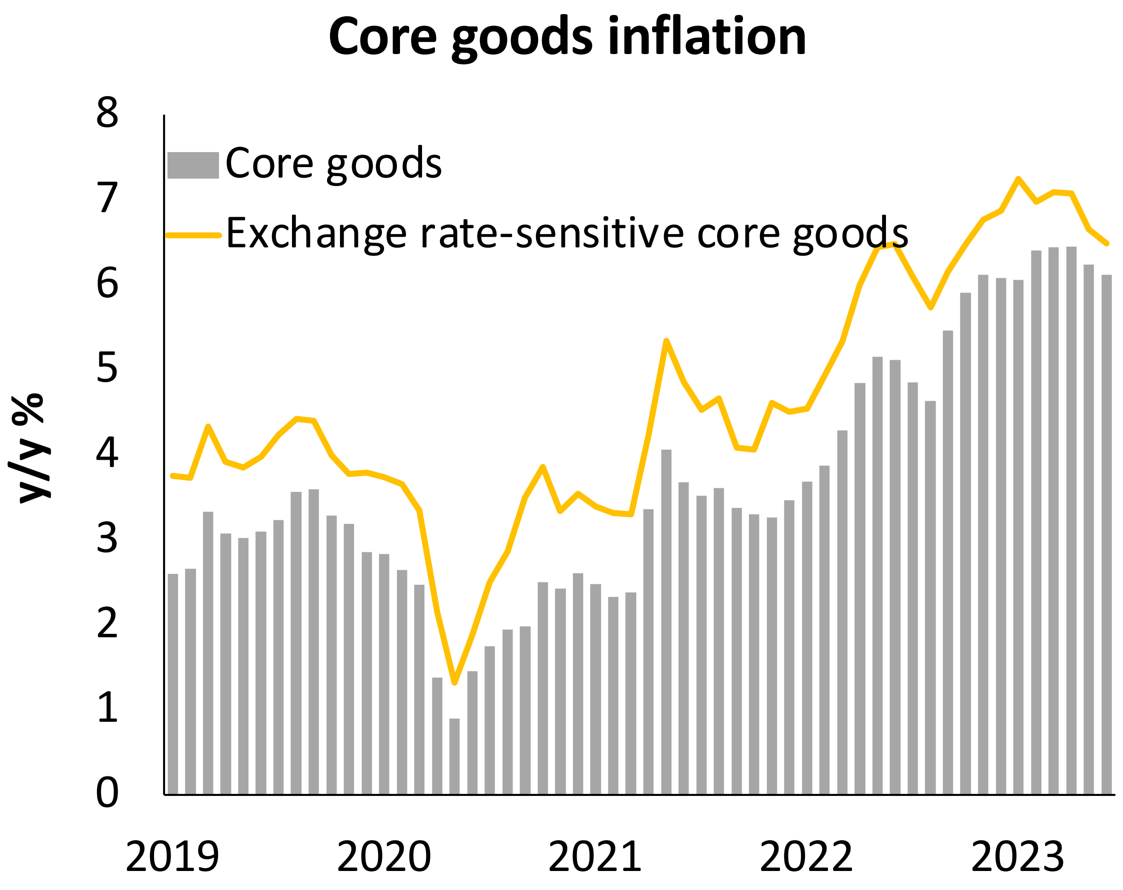


Sources: Bloomberg and SARB

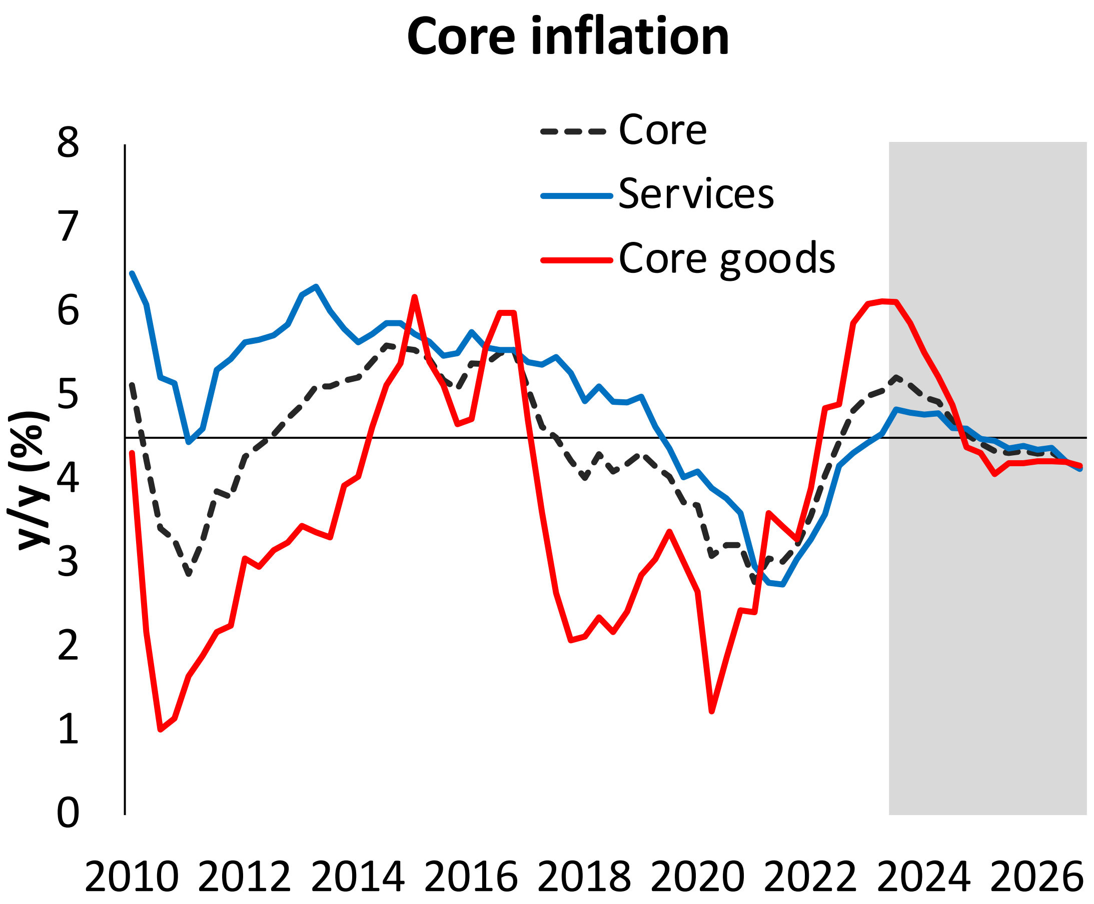


Sources: DMRE and SARB

Underlying inflation higher, with moderation expected in outer years



Sources: Stats SA and SARB



Sources: Stats SA and SARB

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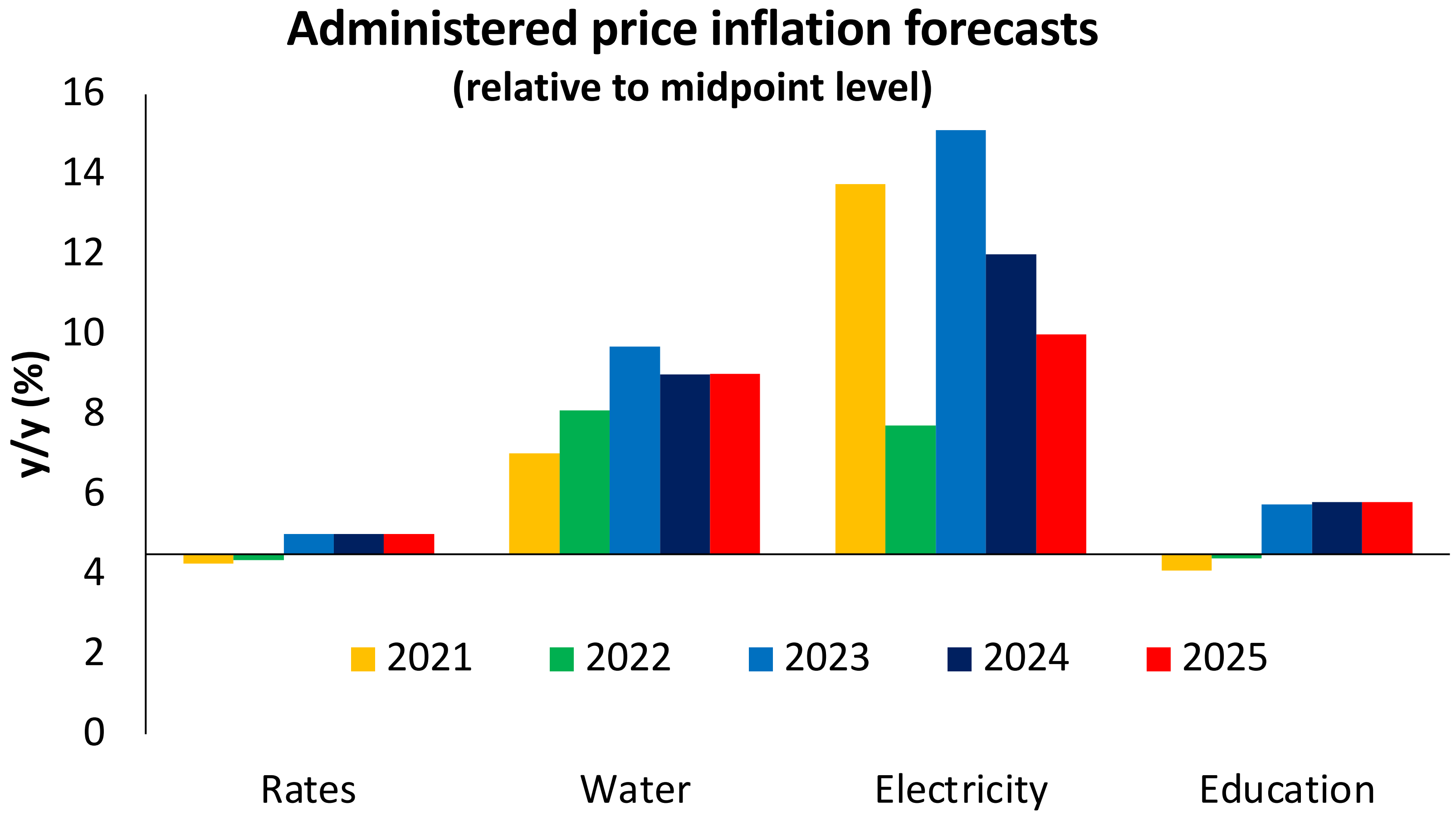
Sticky administered prices complicate the disinflation process



Source: SARB

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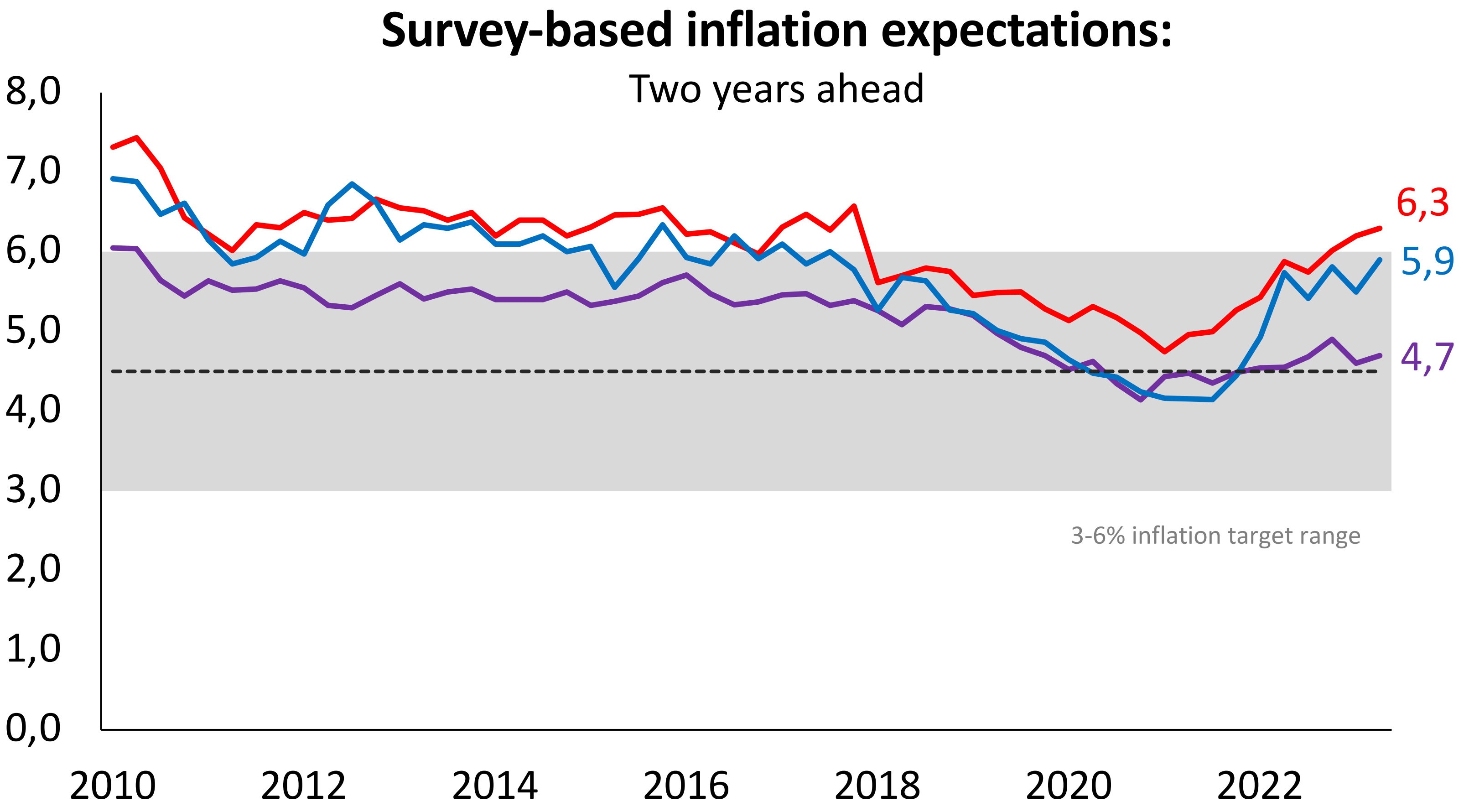
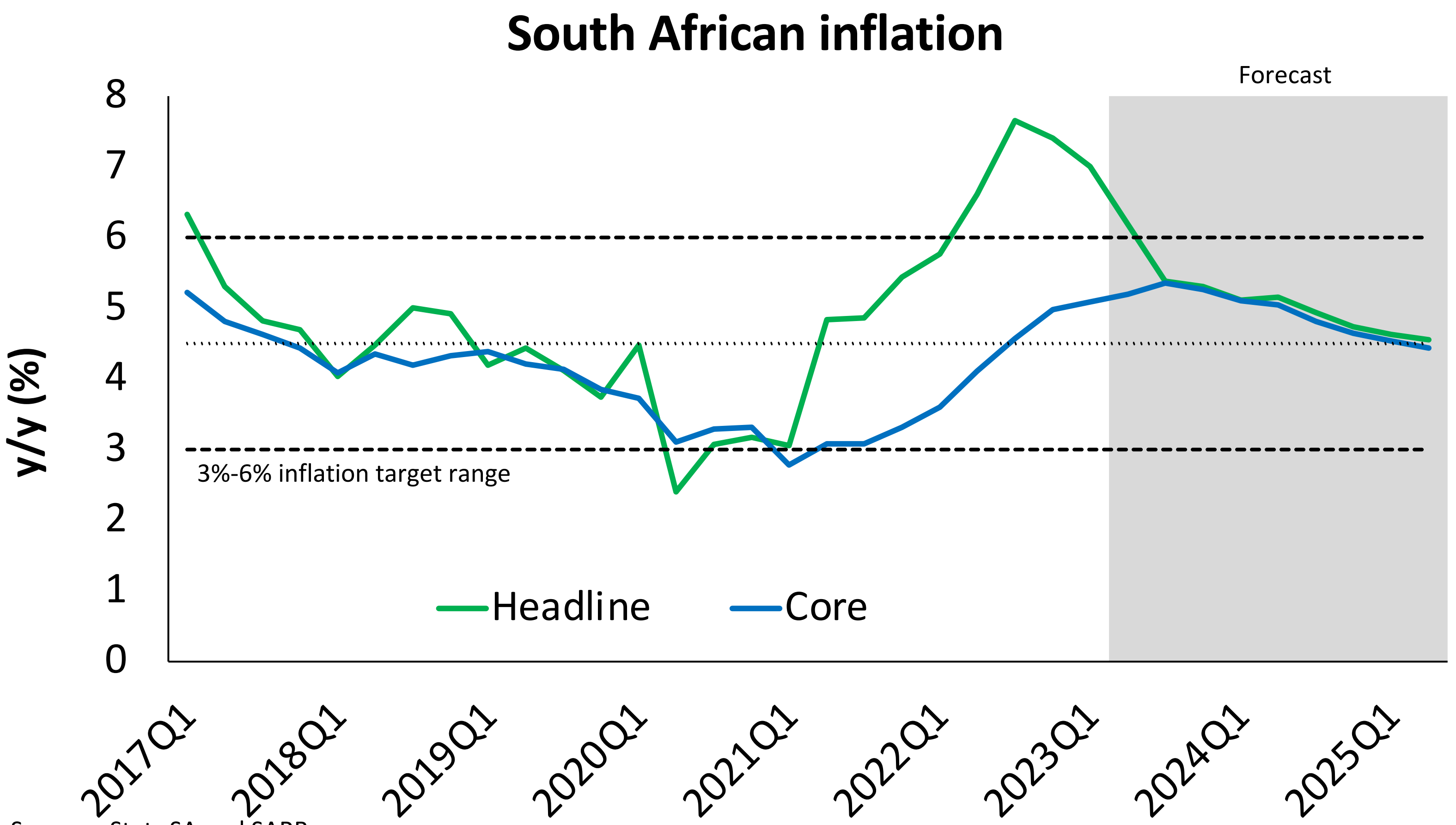
Rising inflation expectations by price setters risk embedding higher-for-longer inflation



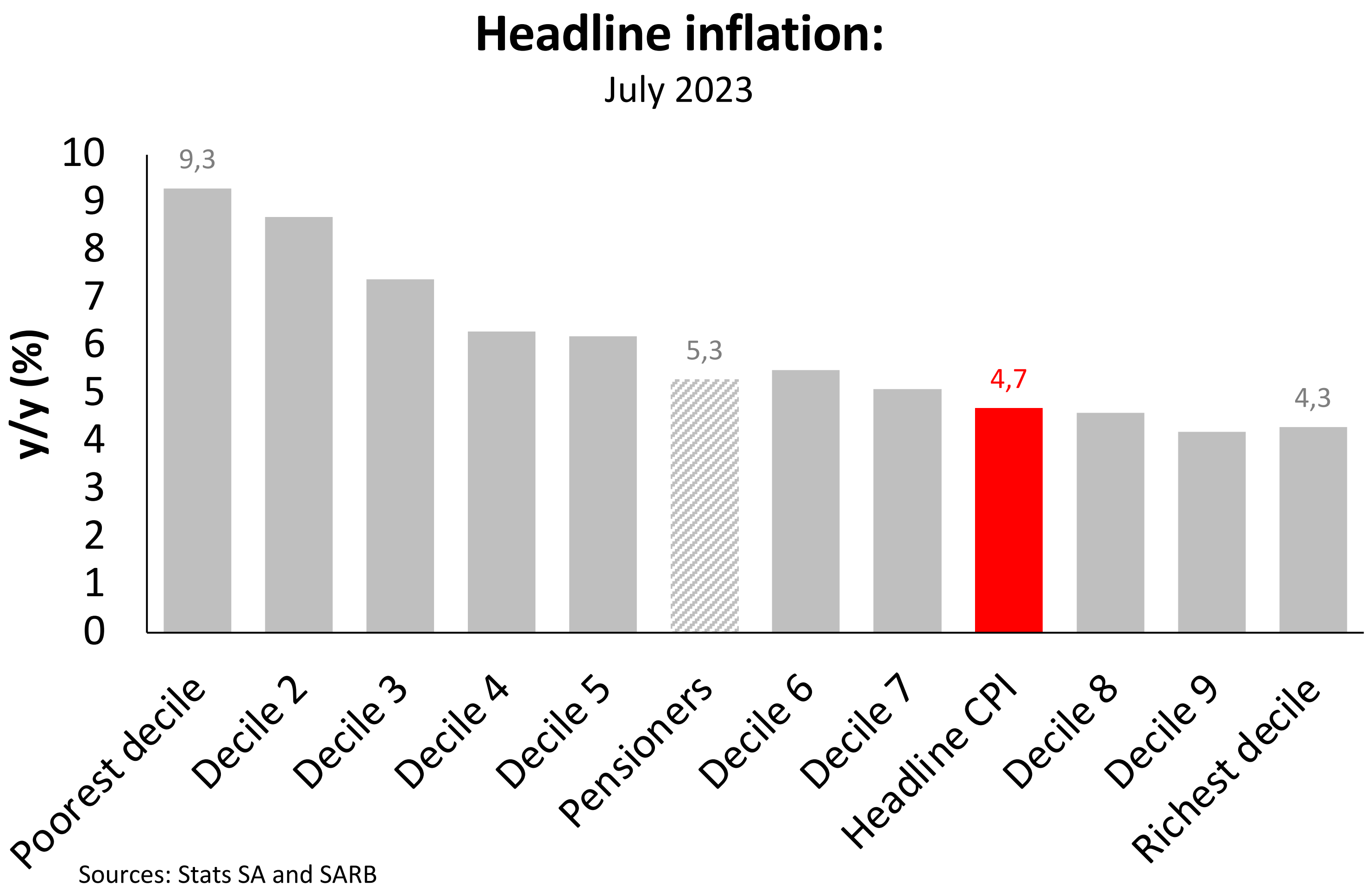
Source: BER

Inflation expected to return to midpoint over medium term



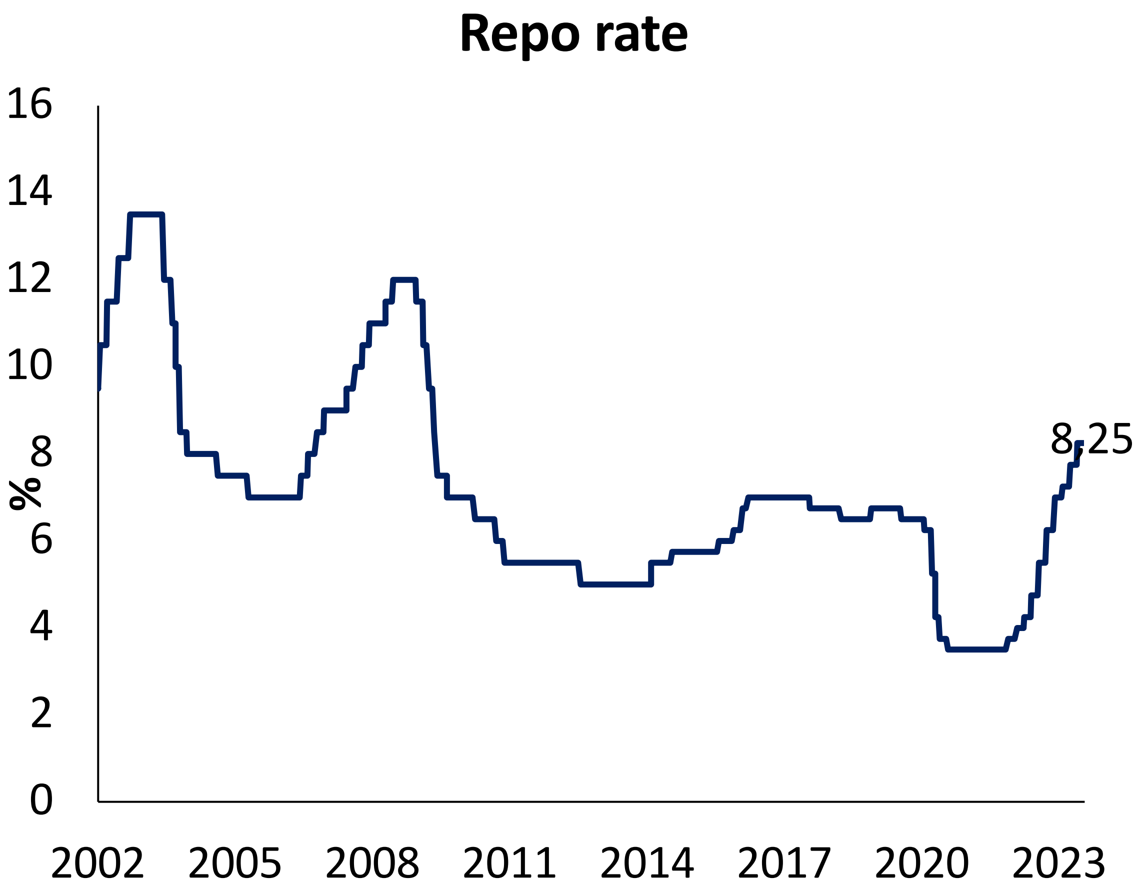
Sources: Stats SA and SARB

Inflation by far highest for SA's most vulnerable

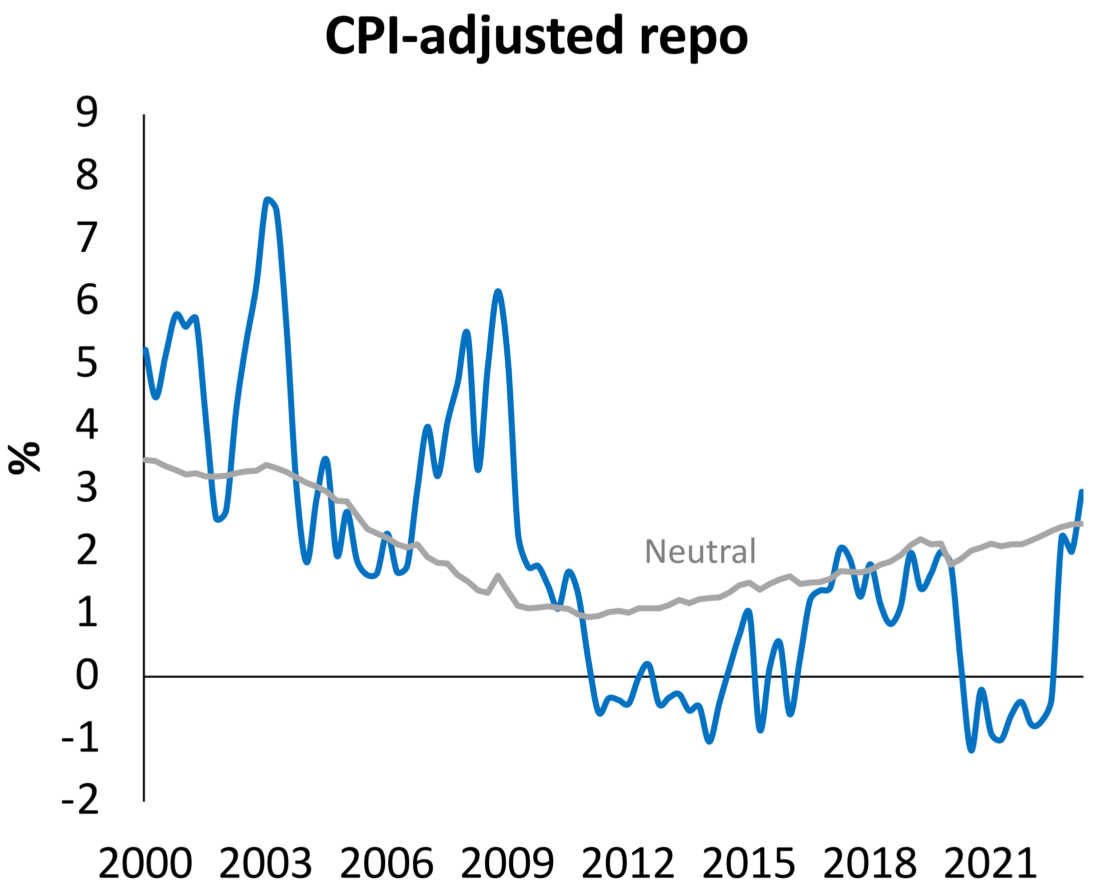


Sources: Stats SA and SARB

Policy has tightened, but remains below long-term trends



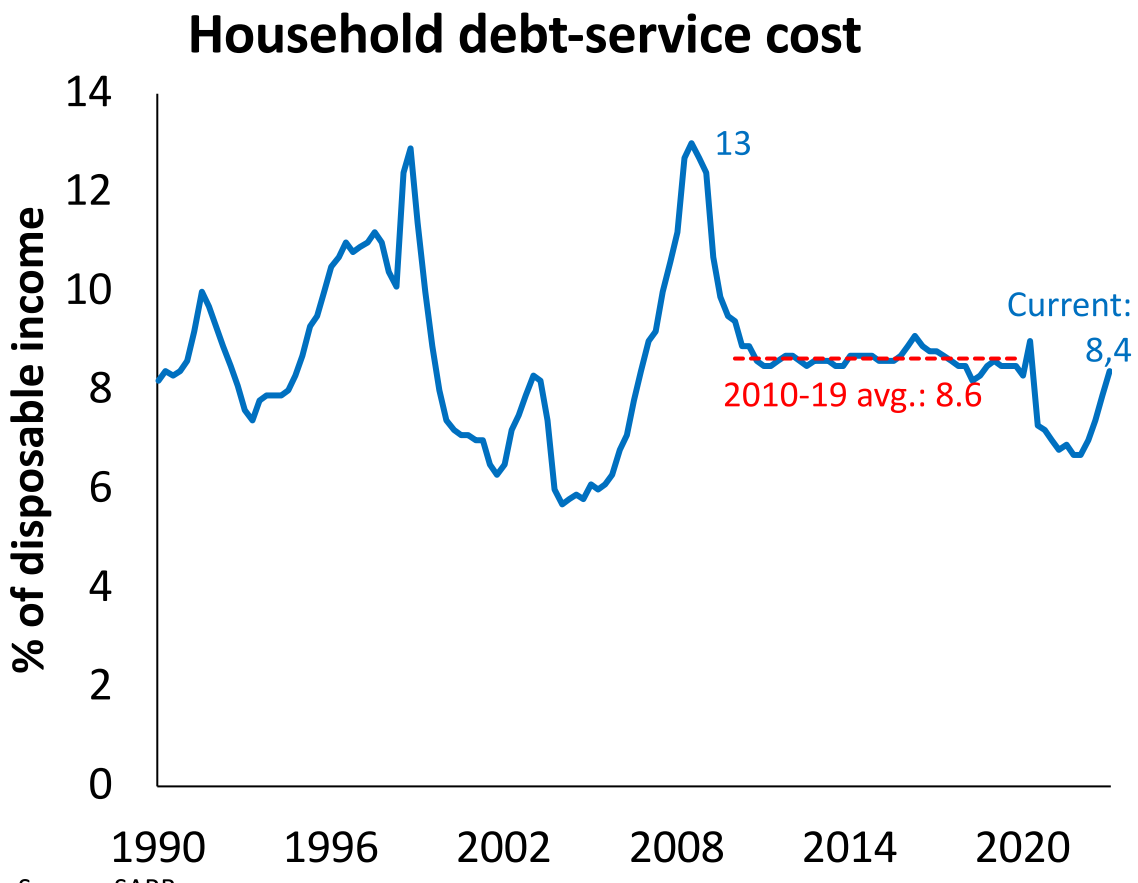
Source: SARB



Source: SARB

Households have been able to absorb higher interest rates

Source: SARB



Source: SARB

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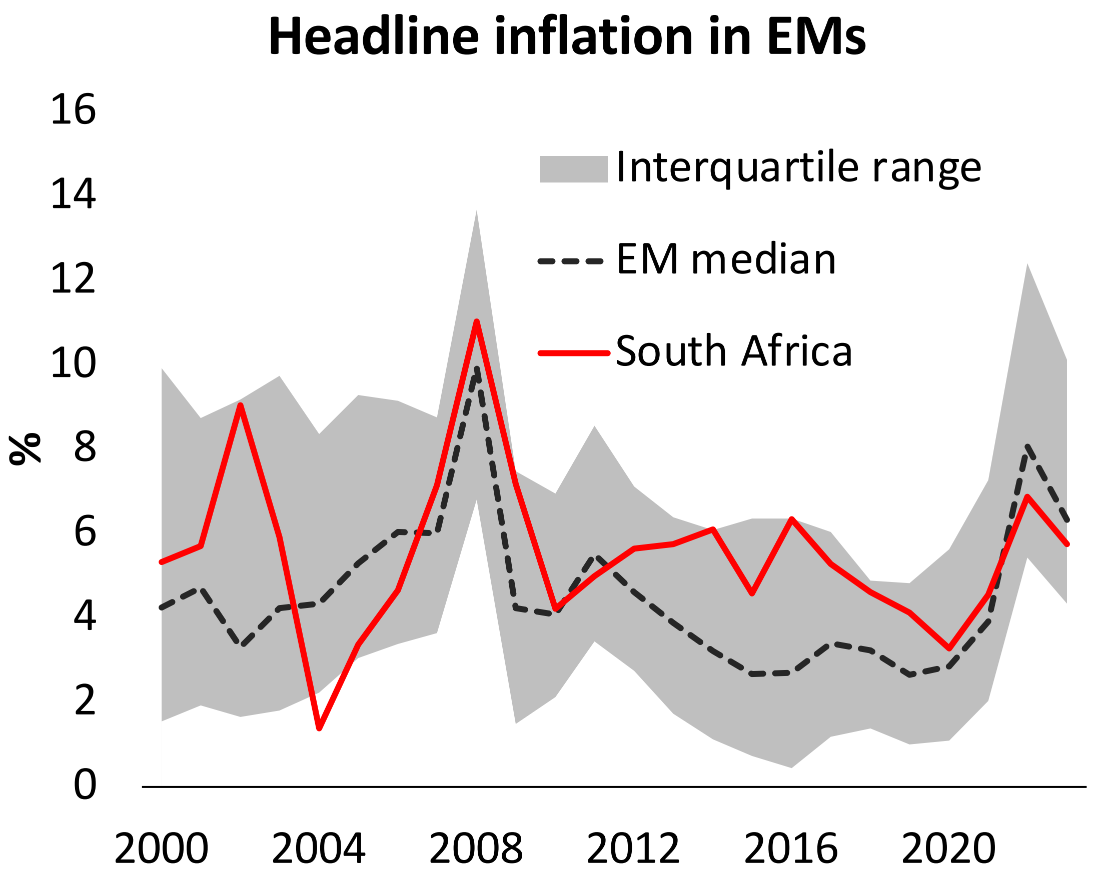
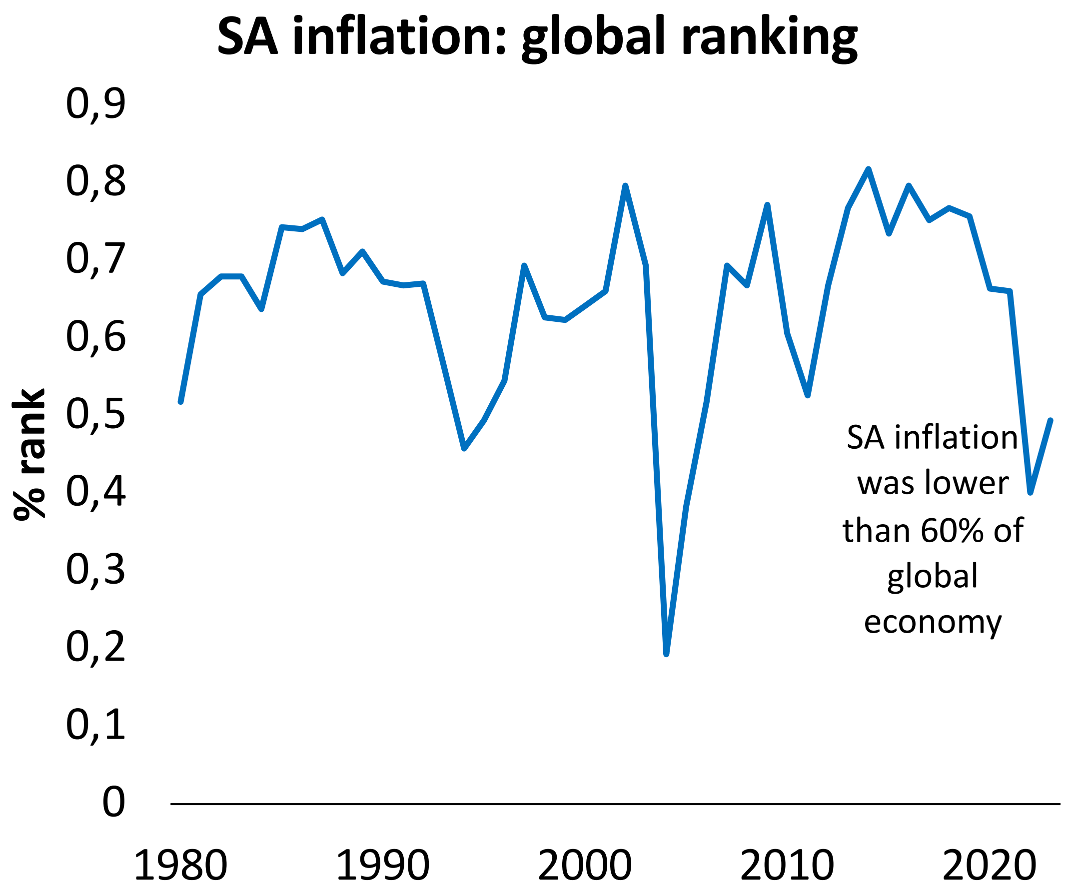
Moving early prevented an even larger inflation problem



Sources: IMF and SARB



Sources: IMF and SARB

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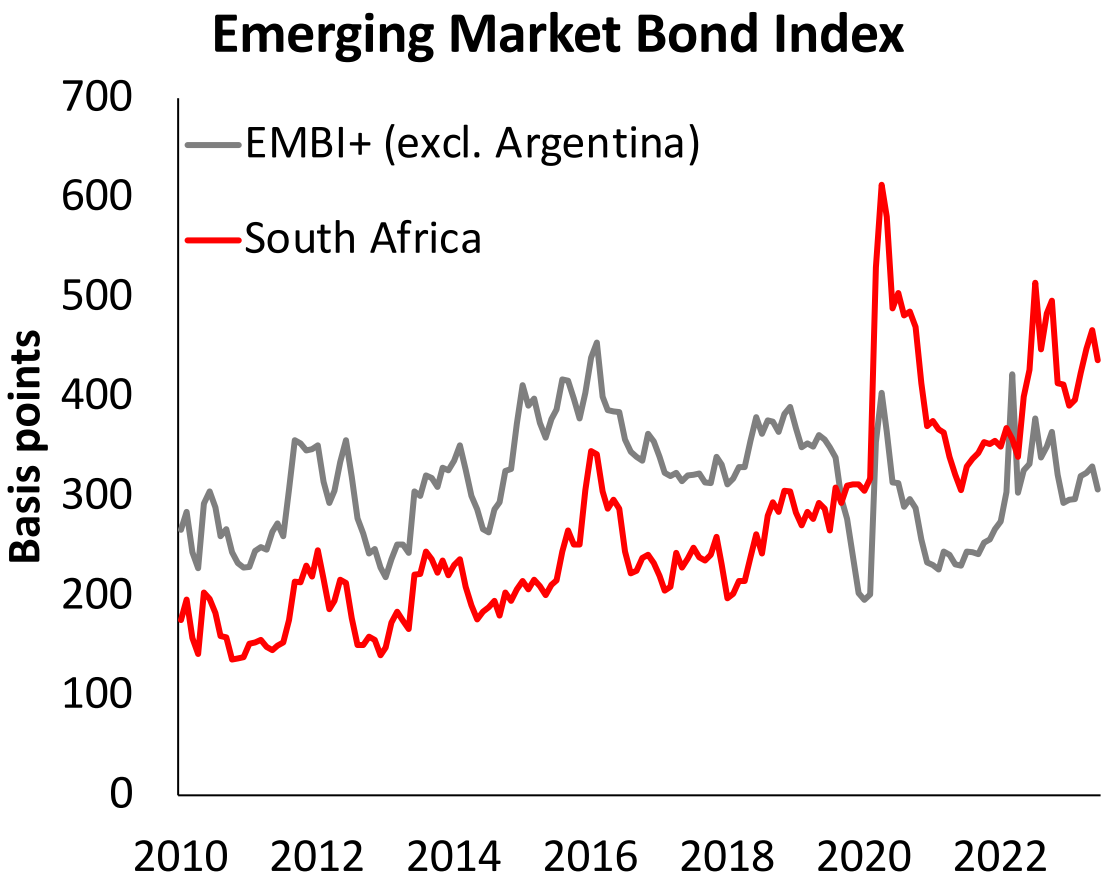
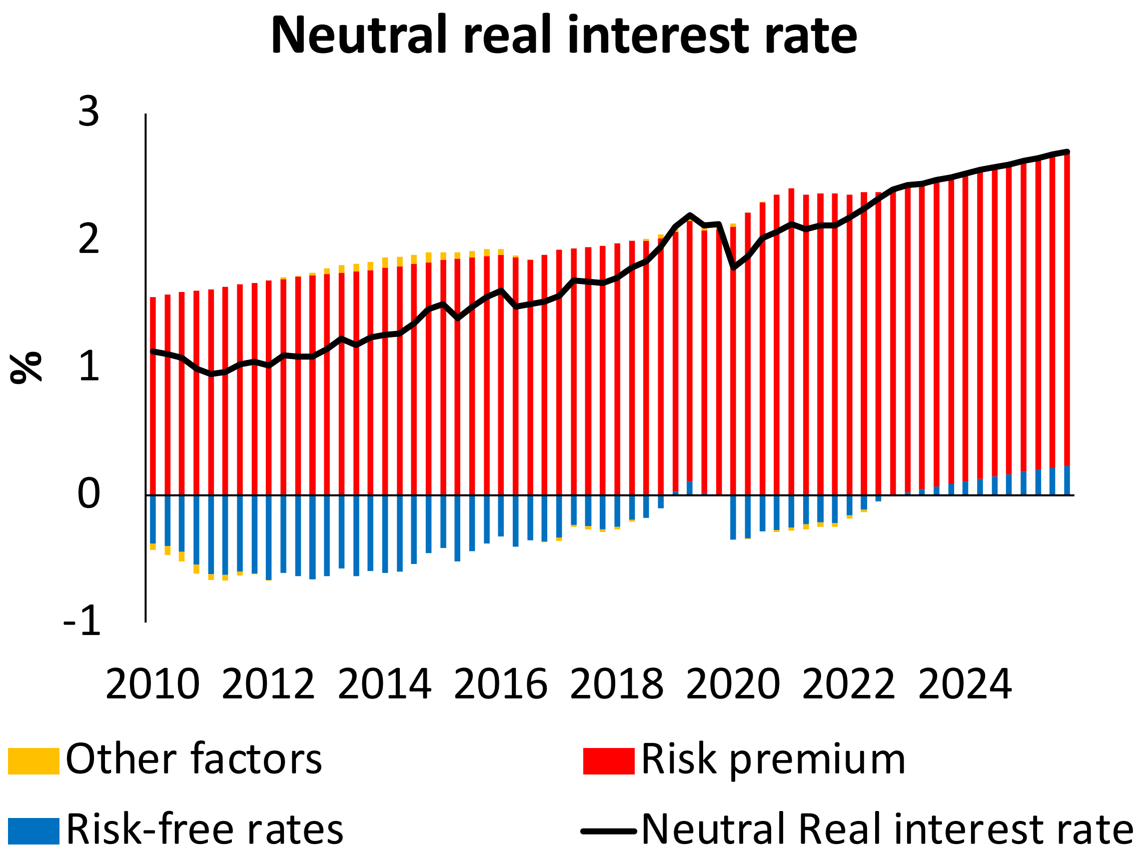
Lower fiscal risk would help bring down long-term interest rates



Sources: JP Morgan



Source: SARB

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Concluding remarks

- The economy is showing signs of resilience, but stronger long-term growth requires a shift towards more investment.
- SA inflation has performed comparatively well, but underlying inflation is still too high.
- The main priority now is getting underlying inflation back to 4.5%; load-shedding, food, fuel and exchange rate risks are delaying the disinflation process.

Financial stability

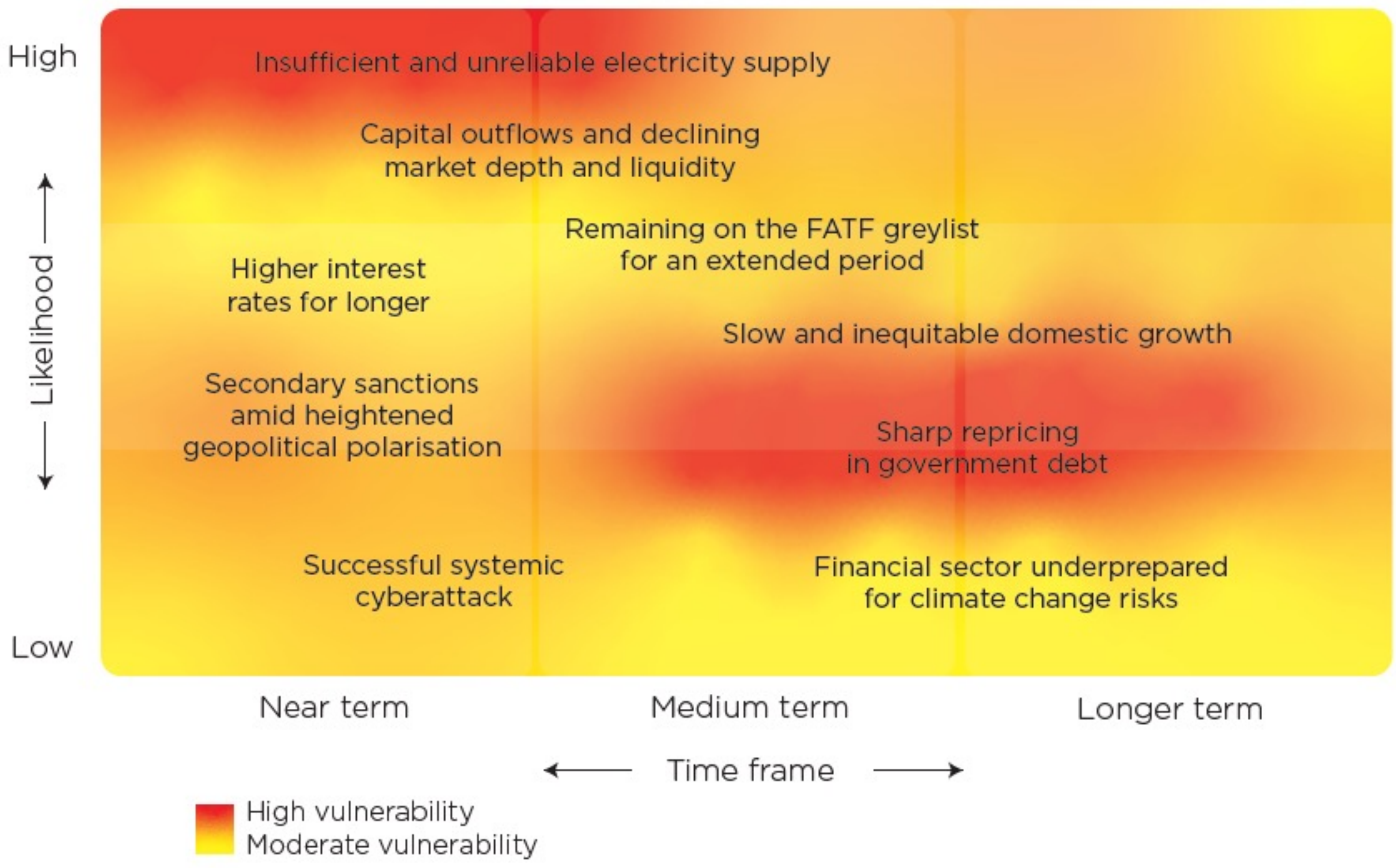
SARB’s assessment of financial stability

- The South African financial system remained resilient amid the global banking sector turmoil and resulting volatility.
- However, even slower and more inequitable domestic economic growth will likely test this resilience beyond the forecast period.
- Prudentially regulated **domestic financial institutions, in aggregate, remain resilient**, as measured by their ability to maintain **adequate capital and liquidity buffers** to absorb the impact of shocks.

Financial stability risks highlighted in the Risk Vulnerability Matrix (RVM)

- Global factors: persistently high inflation, interest rates higher for longer, recession fears, volatility and geopolitical tensions
- Domestic risk factors:
  - FATF greylisting increases South Africa's cost of doing business
  - Insufficient and unreliable electricity supply affects costs and service delivery in the financial sector
  - Risk of secondary sanctions if SA's neutrality continues to be questioned
  - Slow and inequitable economic growth may change business models
  - The financial sector's high exposure to government debt makes it vulnerable to a sharp repricing

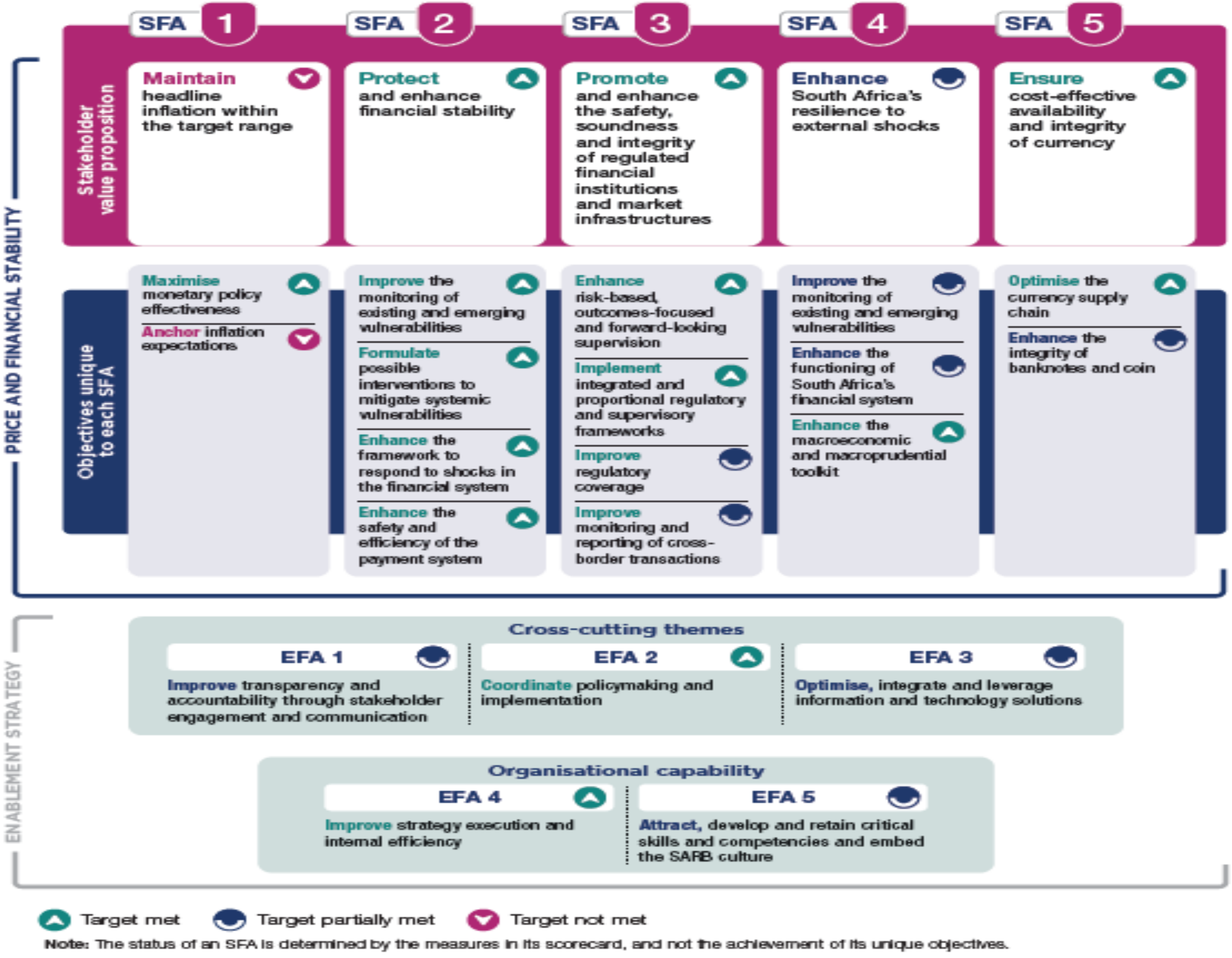
RVM published in the May 2023 *Financial Stability Review*



South African Reserve Bank

Highlights from the SARB Annual Report 2022/23

Progress against strategy



- The SARB's strategy is designed to fulfil its price and financial stability mandates, and the additional priorities that various laws assign to the organisation
- This strategy is articulated through five strategic focus areas (SFAs) – prioritised outcomes that the SARB considers essential to achieving its mandate.
- Though the SARB remained constrained by COVID-19 in this period, strategic delivery progressed alongside the enablement focus areas (EFAs), which contain many of the SARB's transformational programmes.

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Progress against SFAs

SFA1:
Headline inflation breached the upper end of the target range in the second quarter of 2022. For the full 2022 calendar year, headline inflation came out at 6.9%. As at March 2023, the SARB's forecast of headline inflation for 2023 is 6%, and for 2024 is slightly lower at 4.9%. The SARB expects headline inflation to return to the 4.5% midpoint of the target range in 2025.

SFA2:
There were no systemic events in the financial system during the 2022/23 financial year. Continued effort was made to enhance frameworks to identify and simulate systemic events. Initiatives are underway to improve the methodologies, indicators and frameworks to assess vulnerabilities. Resolution planning and crisis preparedness will be further developed to enhance the SARB's ability to respond to shocks.

SFA 3:
The PA continued to collaborate with other regulators and entities on issues affecting the financial sector. Systematically important financial institutions (SIFIs) remain relatively sound, profitable and well capitalised. With no failures of SIFIs across the financial sector, the PA continues to make inroads in its supervisory processes. With regard to non-SIFIs, there is one insurer in curatorship, four in liquidation, one in statutory management and one bank in curatorship. None of these entities present a systemic risk to the banking and insurance industries.

SFA4:
The SARB continued to monitor external vulnerabilities, while developing the policy toolkit used to support financial market functioning. Gross foreign exchange reserves rose to US$61.85 billion as at March 2023, up from US$58.2 billion for March 2022 and US$53.0 billion for March 2021.

SFA5:
The subsidiaries producing banknotes and coins have fulfilled the annual orders, and buffer stock levels are sufficient to meet public demand. The reported counterfeit notes are within the threshold. The feasibility study of a central bank digital currency (CBDC) was completed and is being reviewed for further steps.

Financial summary: SARB Group profit breakdown

CPD

- 2023: R537 million profit
- 2022: R455 million profit
- VAR: R82 million increase in profit

1. Fair value loss on Land Bank notes of R303 million in 2023 versus R167 million reversal in 2022
2. ECL reversal of R22 million in 2023 versus R62 million reversal in 2022
3. Net interest income of R217 million in 2023 versus R232 million in 2022

SA Mint

- 2023: R381 million after tax
- 2022: R360 million after tax
- VAR: R21 million increase in profit after tax (Group share)

1. Sales (including Prestige Bullion) decreased by R800 million (i.e.14%)
2. Cost of sales decreased by R600 million
3. However, net profit attributable to the SARB increased by R21 million, largely due to an increased shareholding in Prestige Bullion from 60% to 80%

SABN

- 2023: R161 million after tax
- 2022: R205 million after tax
- VAR: R44 million decrease in profit after tax

1. Sales increased by R200 million (i.e.13%)
2. Cost of sales increased by R200 million
3. Net profit after tax decreased by R44 million due to higher waste costs, operating costs and scrapping of assets

SARB

- 2023: R0.8 billion profit after tax
- 2022: R2 billion loss after tax
- VAR: R2.8 billion increase in profit after tax

1. Fair value income increased by R4.3 billion due to flattening yields in the FX reserves portfolio
2. Operating costs increased by R817 million
3. Dividend income decreased by R450 million
4. Tax expense decreased by R950 million
5. Reversal of ABHL investment impairment of R621 million

GROUP

SARB Group:

2023: R1.8 billion profit after tax

2022: R1.7 billion loss after tax

VAR: R3.5 billion increase in profit after tax

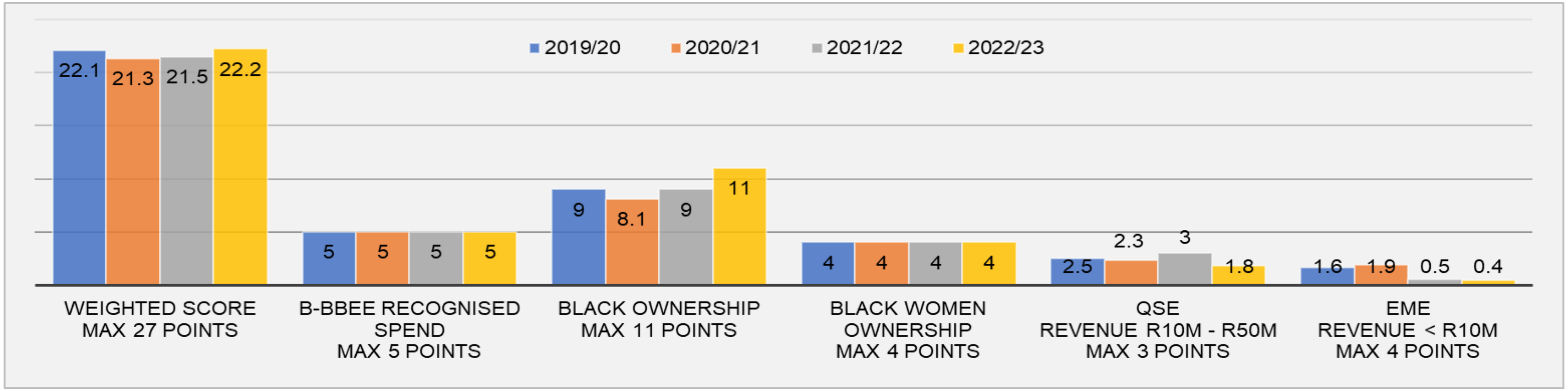
Financial summary: Group profit breakdown, 31 March 2023

Group profit after tax

	2023	2022	Variance	
	R'000	R'000	R'000	%
CPD	**536 757**	454 911	81 846	18%
SA Mint (attributable to SARB)	**381 325**	360 420	20 905	6%
SABN	**160 622**	205 234	-44 612	-22%
ABHL share of profit net of impairment	**168 499**	228 447	-59 948	-26%
Impairment loss on investment in associate	**-**	-228 447	228 447	-100%
Subsidiaries' and associate profit contribution	**1 247 203**	1 020 565	226 638	22%
SARB's net loss after taxation	**780 743**	-2 035 591	2 816 334	138%
Less: intercompany **dividends (SA Mint)**	**-260 940**	-676 743	415 803	61%
Total Group profit attributable to the parent	**1 767 006**	**-1 691 769**	**3 458 775**	**204%**

- CPD profit increased by 18%.The increase was mainly driven by fair value gains on Land Bank notes of R303 million (2022: R167 million) and ECL on Inter-Governmental Cash Coordination reversal of R22 million (2022: R62 million), offset by a decrease in net interest income of R15 million.
- SA Mint contributed a net profit after tax of R0.4 billion to the Group, an increase of 6% from the prior year. However, the SA Mint Group profit (including the minority's share interest) decreased by R64 million due to a lower operating profit.
- SABN profit decreased by 22% to R161 million from R205 million in the prior year. This was mainly due an increase in operating expenses of R108 million, offset by increases in gross profit of R9 million and interest income of R42 million, as well as a decrease in taxation expense of R11 million.
- SARB profit increased by 138%, mainly due to:
  - an increase in fair value gains of R4.3 billion (2023: R3.8 billion fair value gains; 2022: R0.5 billion fair value loss) due to actively managed and long-term FX reserves portfolios yielding positive returns towards the end of the 2023 financial year and the depreciation of the rand against major currencies;
  - a reversal of impairment on the ABHL investment of R621 million (2022: Rnil); offset by:
    - an increase in operating costs of R817 million (2023: R8 billion; 2022 R7.2 billion);
    - a decrease in dividends received from the SA Mint and BIS of R0.4 billion and R50 million respectively, offset by a R50 million dividend received from ABHL; and
    - a recognition of a lower calculated deferred tax asset due to a lower assessed loss in the current year of R50 million (2022 R1.0 billion).

Preferential procurement



During this financial year, the SARB formulated a B-BBEE strategy to expedite its drive to direct more of its spend towards historically disadvantaged individuals. The SARB's B-BBEE score increased from 21.5 points in 2021/22 to 22.2 points in 2022/23.

The 0.7 increase was mainly due to increasing the spend with black-owned organisations and maintaining the spend with black women-owned organisations, for which we achieved full points in both categories. It is a highlight that this was the first year that the SARB achieved maximum points in the black-owned category.

The SARB has consistently maintained maximum points for the black women-owned category since the 2016/17 financial year, which marks seven consecutive years of solid performance in this area.

Unfortunately, spend in both the Qualifying Small Enterprises and Emerging Micro Enterprises categories decreased, and it should be noted that these are the key areas targeted for improvement in the B-BBEE strategy.

Corporate Social Investment

The SARB's CSI initiatives focus on education. The programme works to:

- expand the understanding of monetary policy at high school level;
- develop human capital in the fields of monetary policy and financial stability;
- enhance economic and financial journalism;
- support students with funding;
- and provide support to special-needs schools.

Corporate Social Investment objective	2020/21 Spend	2021/22 Spend	2022/23 Spend
Develop human capital in the fields of monetary policy and financial stability	R5.7 million 73 beneficiaries	R5.2 million 43 beneficiaries	R6.440 million 20 beneficiaries
Improve the quality of economics and financial journalism in South African and on the continent	R2.8 million 31 beneficiaries	R4.4 million 46 beneficiaries	R3.334 million 33 beneficiaries
Grow the understanding of monetary policy at a high school level	R777 000	R828 000 1407 beneficiaries	R4.1 million 1 603 beneficiaries
Support tertiary students with funding	R13.4 million 95 beneficiaries	R16.4 million 104 beneficiaries	R20.114 million 200 beneficiaries
Provide support to special-needs schools	0	0	R3 million
Total CSI spend	**R22.7 million**	**R26.8 million**	**R36.988 million**

* Erratum: the budget for 2019/20 and 202/21 has been corrected to reflect actual spend

I The MPC Schools Challenge was cancelled due to COVID-19, however, workshops were conducted prior to cancellation

Human Resources highlights

- The SARB continues to maintain high levels of employee engagement, rising to 70.9% in 2022/23, as measured by its annual Employee Engagement Survey.
- The SARB's total staff composition is 84% black (African, Coloured and Indian) and 16% white.
- The composition of the SARB's highest decision-making body – the Governors' Executive Committee (GEC) – is 86% black and 14% white.
- We have seen a 3 percentage point increase in the number of black people occupying top and senior management positions.
- African female representation in senior management increased to 61% in 2022/23, from 58% in 2021/22.
- Investment in staff training continues: 99% of staff has attended a training intervention, and we have spent R69.7 million on training.
- The coverage ratio of critical roles decreased from 90.8% to 85.0% in 2022/23 (target: 85%).
- The regrettable turnover ratio remained within target at 1.7% in 2022/23 (target: < 4%).

South African Reserve Bank

Highlights from the Prudential Authority Annual Report 2022/23

Overview of regulated sectors

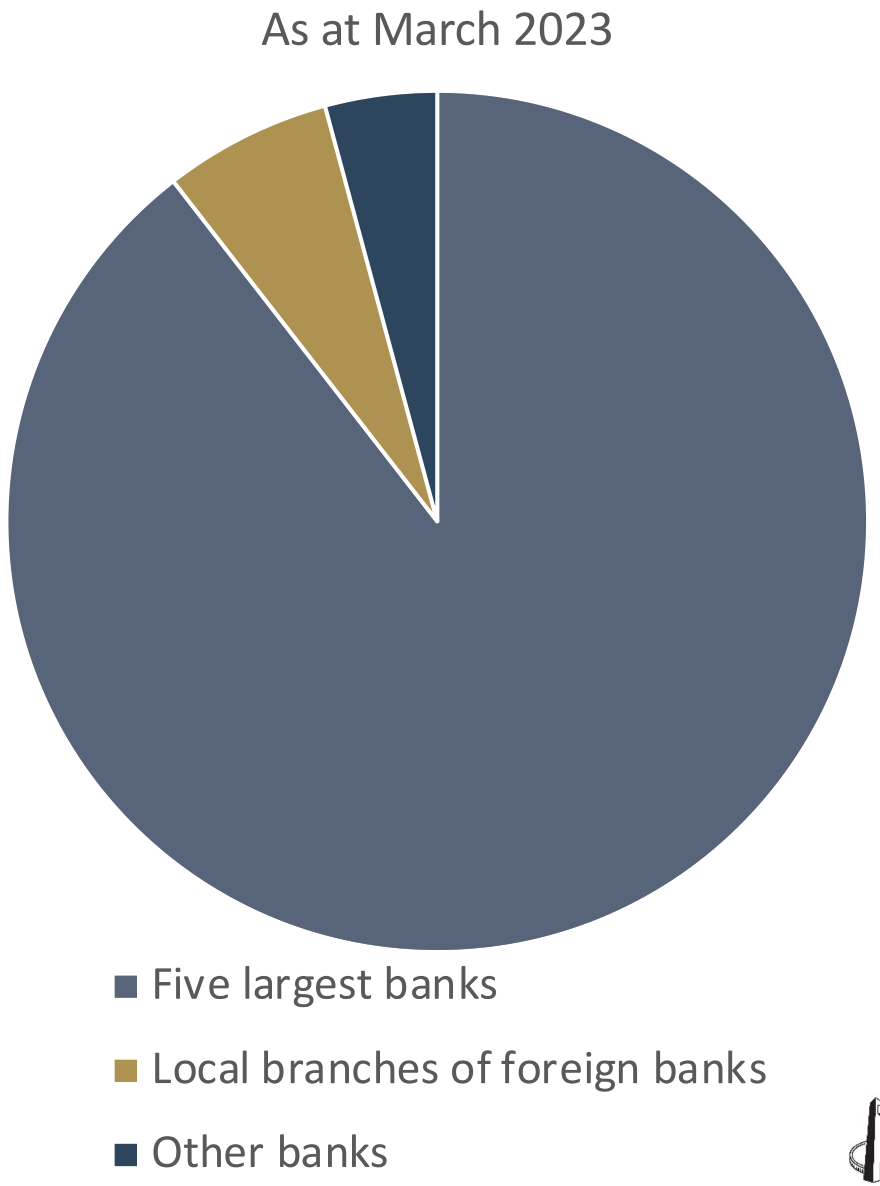
Registered entities	Number of entities
Banks* (registered banks and local branches of foreign banks)	30
Mutual banks	3
Co-operative banks	5
Co-operative financial institutions	23
Life insurers**	75
Non-life insurers	70
Composite microinsurers	4
Reinsurers	9
Market infrastructures	7

**   The number of registered banks includes Ubank and Habib Overseas Bank.*
*** The total number of insurers includes 3Sixty Life (currently in curatorship), Constantia Insurance Company Limited (CICL) as well as other insurers in run-off.*

Deposit-taking financial institutions

South Africa's banking sector is dominated by the five largest banks, which collectively held **89.5%** of the total banking sector assets as at 31 March 2023 (March 2022: 89.79%)

Local branches of international banks accounted for **6.25%** of banking sector assets at the end of March 2023 (March 2022: 5.97%) while other banks represented **4.25%** at the end of March 2023 (March 2022: 4.24%)



Co-operative banks and CFIs

	Number		Members		Deposits (R millions)		Assets (R million)	
February*	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Co-operative banks	5	5	5 356	5 585	368	405	413	453
Co-operative financial institutions	24	24	23 844	25 339	100	110	135	137
Total	**29**	**29**	**29 200**	**30 924**	**468**	**515**	**548**	**590**

** The financial year-end of all co-operative banks and CFIs is 28 February*

Co-operative banks:

- The **balance sheet** size increased by **9.55%** year on year from R413 million in February 2022 to **R453 million** in February 2023.
- **Net loans** amounted to **R314 million** for the period under review and increased by **27.68%** from the R246 million reported in February 2022.

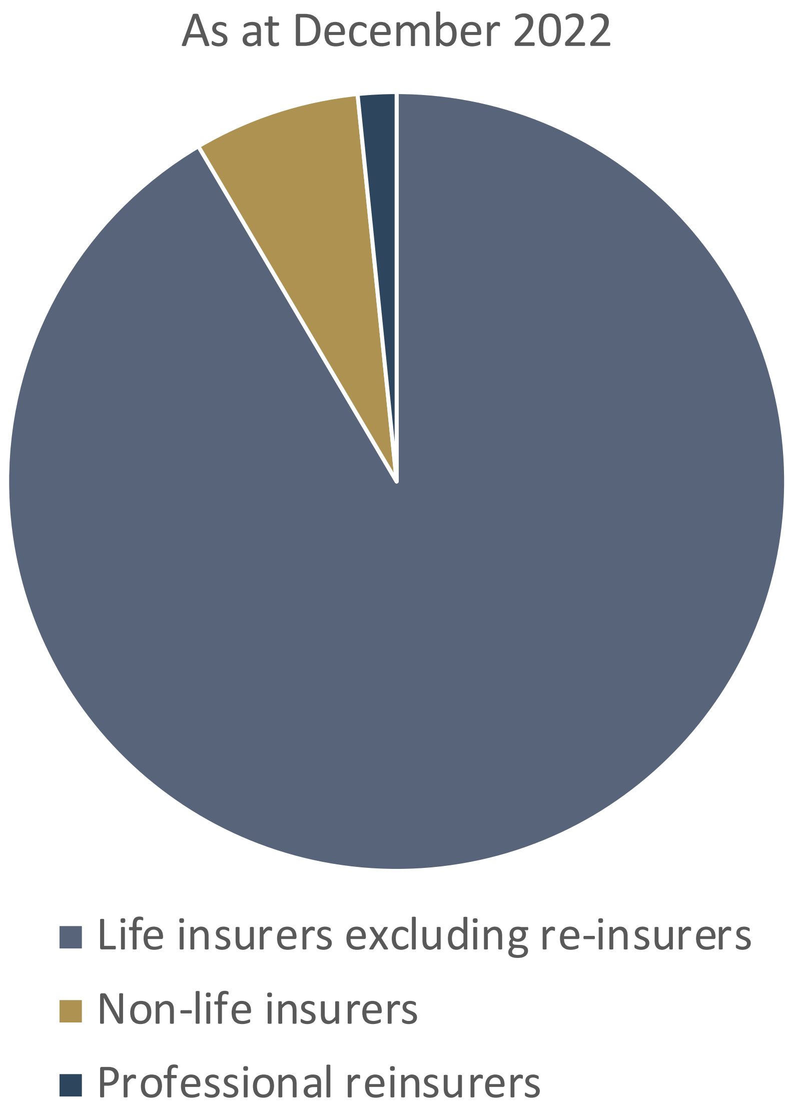
Co-operative financial institutions (CFIs):

- Total assets in respect of **CFIs increased slightly** by 1.45% during the period under review.
- **Net loans** amounted to **R55 million** for the period under review, **decreasing by 21.51%** from the R70 million reported in February 2021.

Insurance sector

South Africa's life insurance sector is dominated by the five largest insurers, which collectively held **72%** of the total assets, while the non-life insurance sector is dominated by eight large insurers, which held 60.4% of gross premiums.

All nine professional reinsurers are foreign-owned with less than 2% of the total sector assets.

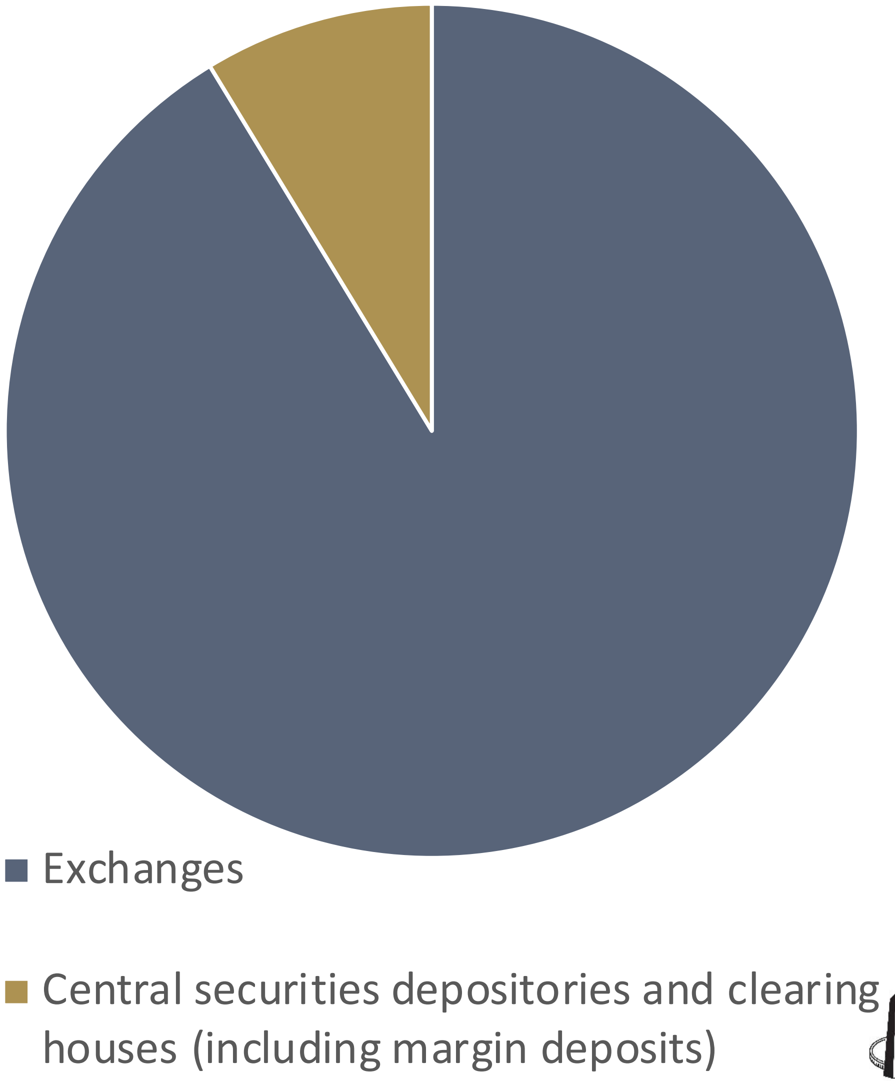


Market infrastructures

Total assets including margin deposits and total assets excluding margin deposits were at R60 743 billion and R5 459 billion respectively at the end of December 2022 (December 2021: R60 886 billion and R5 814 billion respectively).

Total assets of market infrastructures

As at December 2022



Administrative sanctions and penalties

During the period under review, the PA imposed administrative sanctions and penalties on the following institutions:

Name of institution	Sanction/penalty
Land Bank Insurance Company SOC Limited (LBIC)*	R5 000 000, with R3 000 000 of the administrative penalty suspended for a period of three years from the date the penalty was imposed
Land Bank Life Insurance Company SOC Limited (LBLIC)*	R2 064 000, with R1 376 000 of the administrative penalty suspended for a period of three years from the date the penalty was imposed
Escap SOC Limited (Escap)*	R5 000 000, with R3 000 000 of the administrative penalty suspended for a period of three years from the date the penalty was imposed
Lloyd's and Lloyd's Underwriters	R117 500
Nedbank Limited	R35 million and a caution not to repeat the conduct which led to the non-compliance, with 15 million suspended for a period ranging between 12 and 24 months, subject to the entity adhering to the conditions imposed

** The matter was referred to the Tribunal*

Other PA decisions

- **3Sixty Life**

  3Sixty Life was placed under provisional curatorship with effect from 21 December 2021 and was placed under final curatorship on 30 September 2022. The High Court of South Africa appointed the final curator of 3Sixty Life on 21 February 2023, following multiple legal challenges that led to the curator being changed twice. The appointed curator and the team are currently in the process of finalising the outstanding 2020, 2021 and 2022 audits.

- **Ubank**

  Ubank was unable to raise additional shareholder funding as capital to restore its regulatory capital adequacy requirements. The Minister of Finance, in consultation with the PA, placed Ubank under curatorship with effect from 16 May 2022. The PA authorised the African Bank acquisition of Ubank's assets and liabilities, and Ubank's depositors and debtors are currently being integrated into African Bank.

- **Habib Overseas Bank**

  On 26 March 2023, the Minister of Finance, upon the recommendation of the PA, placed Habib under curatorship to address its governance, compliance and operational failures. This decision followed multiple investigations and reviews that confirmed the bank's non-compliance with various financial sector laws, including violations of exchange control regulations.

  The National Treasury, through the SARB, issued a guarantee to enable the repayment of up to R100 000 per qualifying depositor. This guarantee was announced on 5 June 2023, with payments commencing on 12 June 2023. After a thorough evaluation of various options and the application of objective criteria for depositors to access their funds, FirstRand Bank Limited, operating through its retail and commercial banking division First National Bank (FNB), was chosen to facilitate the repayment of eligible deposits.

  As of now, 74.58% of customers have received payments totalling R51 265 058.30, while 481 qualifying customers are still awaiting payment.

- **Constantia Insurance Company Limited (CICL)**

- CICL was placed under provisional curatorship with effect from 26 July 2022 and it's licence suspended in terms of section 27 of the Insurance Act, 2017 prohibiting it from conducting any new business. CICL was liquidated on 14 September 2022 due to the fact that its liabilities exceed its assets, making it factually insolvent.

South African Reserve Bank

Additional information

Licensing applications

	Approved	In progress	Declined
Banks/mutual banks/co-operative banks	2	4	1
Branches of foreign banks	0	1	0
Representative offices	3	1	0
Co-operative financial institutions	0	3	0
Insurers	5	8	2

Inspections relating to illegal deposit-taking schemes

Total number of schemes	Schemes carried over from previous year	New schemes	Schemes finalised in year of review	Schemes still under investigation
8	8	0	5	3

Inspections relating to unlicensed insurance business

Total number of schemes	Schemes carried over from previous year	New schemes	Schemes finalised in year of review	Schemes still under investigation
103	24	79	67	36

Financial Action Task Force (FATF) Mutual Evaluation

- At its Plenary meeting in February 2023, the FATF recognised South Africa's extensive efforts to address the recommendations highlighted in the Mutual Evaluation Report of October 2021.
- This included the following:
  - Various remedial actions to address and enhance the application of its risk-based approach to supervision relating to anti-money laundering and countering the financing of terrorism (AML/CFT).
  - The PA issued guidance and directives to supervised entities, introduced a mandatory requirement for the submission of risk returns, developed an automated risk tool to profile accountable institutions, conducted regular outreach with the banking and insurance sectors, and issued the second round of sector risk assessment reports.
- Due to a few remaining areas requiring further action, the FATF added South Africa to its list of jurisdictions under increased monitoring (greylisting).
- Work in the areas identified by the FATF for further remediation has been prioritised to meet the deadline of January 2025 for South Africa to be removed from the list.

Section 2:
The SARB's findings on the Phala Phala investigation

Mandate of the SARB on exchange controls

- The investigation by FinSurv dealt only with the alleged contravention of Exchange Control Regulations in relation to the foreign currency allegedly stolen from Phala Phala Farm on 9 February 2020
- Regulation 6(1) is the applicable Regulation in relation to the declaration of foreign currency within 30 days after becoming entitled thereto
- Scope and purpose of FinSurv's investigation and the Report are limited to whether there was an exchange control violation
- Other matters which may relate to a breach of any other law are to be addressed by the relevant authorities and not the SARB

Exchange Control Regulations | Regulation 6(1)

- Regulation 6(1) provides that:
  - Every person resident in the Republic who becomes entitled to sell or to procure the sale of any foreign currency, shall within thirty days after becoming so entitled, make or cause to be made, a declaration in writing of such foreign currency to the Treasury or to an authorised dealer
- The Exchange Control Regulations generally do not apply to non-residents of the Republic
- Currency, including foreign currency, physically introduced into the Republic is dealt with in terms of the Customs and Excise legislation and by SARS
- The mere "possession" of foreign currency is not what is regulated in terms of the Exchange Control Regulations.

Investigation / Findings

- Based on its mandate, FinSurv investigated the matter and this included obtaining statements and affidavits from the persons involved including the President and employees of Ntaba Nyoni Estates CC and Mr Hazim
- Interviews were also conducted with the relevant individuals
- The evidence available to the SARB indicated:
  - that an unconditional agreement for the sale of the buffalos was not concluded on 25 December 2019
  - there were conditions precedent that attached to the sale transaction

Investigation / Findings continued…

- Mr Hazim gave the money to Mr Ndlovu to secure the buffalos. However, the sale transaction was subject to conditions, including:
  - the final total price had to be confirmed
  - several administrative steps needed to be completed in order to arrange for export and delivery
  - the outcome of the process was itself subject to various tests and veterinary procedures which included
    - the State Vet testing the buffalos
    - negative test results would be required and that the buffalos were not diseased
    - permits would be required
  - the whole process could take between 3 to 18 months

Investigation / Findings continued…

- The core evidence considered by the SARB indicated that:
  - Mr Hazim left the money as a security deposit
  - Mr Ndlovu confirmed that the sale could not be finalized because additional approvals were required and thereafter further processes were required such as calling the State Vet (as addressed above)
  - the President's account of events was that there could not be a binding contract of sale until all matters were concluded including the completion of testing and this was consistent with the description of standard industry practice
- The foreign currency was stolen before the conditions precedent to the sale transaction could be fulfilled
- The investigation and approach was not premised on the unquestioning acceptance of the versions placed before the investigators and that all truth has been told. It is premised on the need to reach conclusions on the relevant evidential facts which restrict the investigation to the scope and purpose of the SARB's mandate

Investigation / Findings continued…

- Based on the information available and the fact that the sale was subject to conditions precedent :
  - the transaction was not a perfected transaction which gave rise to a legal entitlement by Ntaba Nyoni Estates CC to the foreign currency
  - the obligation under Regulation 6(1) was not triggered on the part of Ntaba Nyoni Estates CC upon receipt of the foreign currency from Mr Hazim (a non-resident of the Republic)
- Accordingly, on the facts available, the SARB could not conclude that there was a contravention of the Regulation 6(1) by Ntaba Nyoni Estates CC or the President

Section 33 of the Reserve Bank Act

- In relation to the report, the SARB is constrained by the requirements of section 33 of the South African Reserve Bank Act, which prevents disclosure of, amongst others:
  - any information relating to the affairs of the SARB; or
  - any information acquired by directors, officers or employees of the SARB in the course of his or her participation in the affairs of the SARB.
- Transgression of the restrictions is a criminal offense.
- The aforementioned restrictions apply unless disclosure is required before a court of law or under any law.

Additional slides

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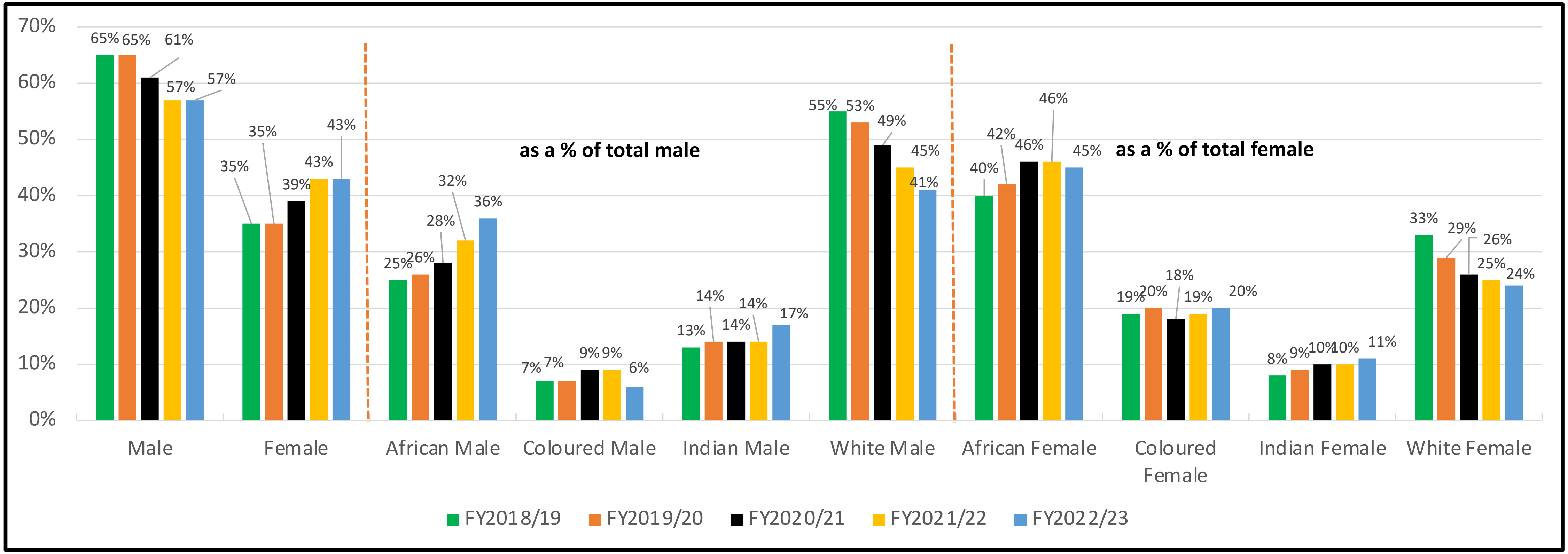
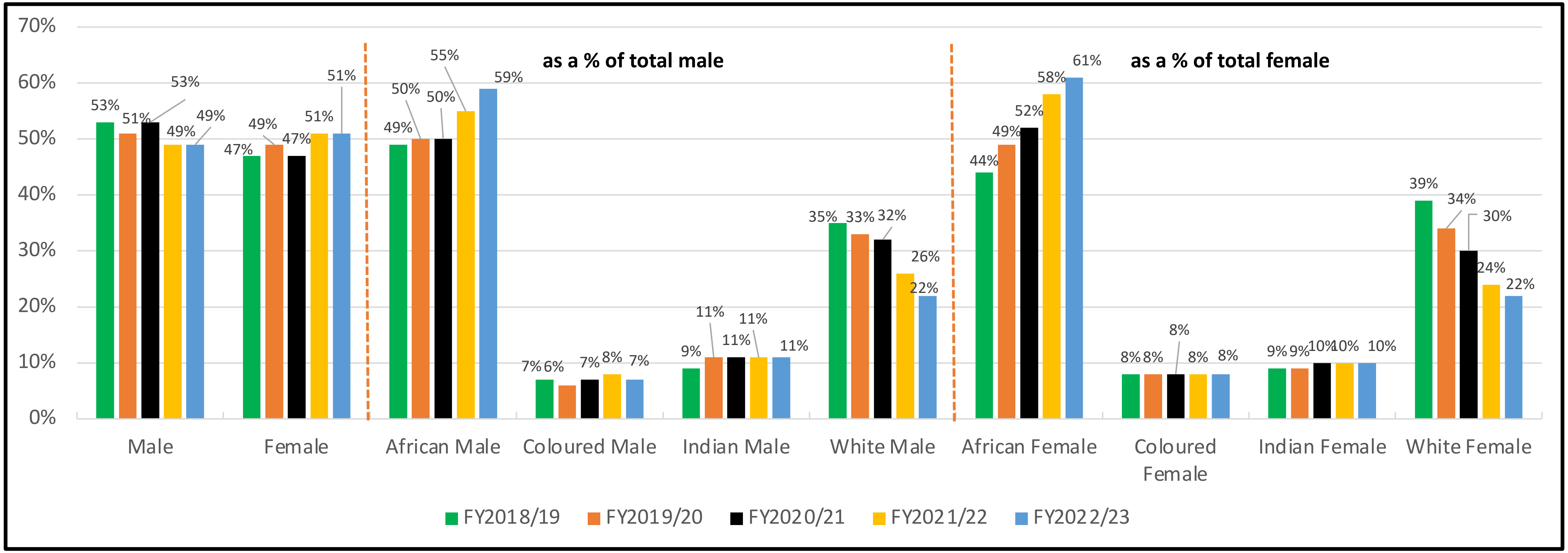
Staff composition: top management



- Female and male representation remained the same at 43% and 57% respectively compared to the previous year.
- African female representation decreased marginally from 46% in 2021/22 to 45% in 2022/23.
- African male representation increased from 32% in 2021/22 to 36% in 2022/23.
- Coloured male representation decreased by 3% and Coloured female representation increase by 1% compared to the previous year.
- Indian male and female representation increased by 3% and 1% respectively compared to the previous year.
- White male representation decreased from 45% in 2021/22 to 41% in 2022/23.
- White female representation decreased from 25% in 2021/22 to 24% in 2022/23.

SOUTH AFRICAN RESERVE BANK

Staff composition: senior management



- Female and male representation remained the same at 51% and 49% respectively compared to the previous year.
- African female representation increased from 58% in 2021/22 to 61% in 2022/23.
- African male representation increased from 55% in 2021/22 to 59% in 2022/23.
- Coloured female and Indian female representation remained the same at 8% and 10% respectively compared to the previous year.
- White male representation decreased by 4% and white female representation decreased by 2%.

South African Reserve Bank

THANK YOU

SOUTH AFRICAN RESERVE BANK