South African Reserve Bank

Group Annual Financial Statements

for the year ended 31 March 2015

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Directors' report

for the year ended 31 March 2015

South African Reserve Bank

Introduction

The directors are pleased to report on the activities of the South African Reserve Bank (the Bank) and its subsidiaries (the Group) and its financial results for the year under review.

The Annual Report, which is being issued in terms of the South African Reserve Bank Act 90 of 1989, as amended (SARB Act) and its regulations, addresses the performance of the Group and relevant statutory information requirements.

It is the directors' responsibility to prepare the Group annual financial statements and related financial information that present the Group's state of affairs. These financial statements were prepared on a going-concern basis, taking cognisance of certain unique aspects relating to the Bank's ability to create and withdraw domestic currency, its role as lender of last resort, its responsibilities in the areas of price and financial stability, and its relationship with government concerning foreign-exchange and gold transactions.

The Group annual financial statements include appropriate and responsible disclosure, and are based on accounting policies that have been consistently applied and that are supported by reasonable and prudent judgements and estimates.

The Group annual financial statements were audited by its independent external auditors who were given unrestricted access to all financial records and related data, including minutes of all the meetings of the Board and its committees as well as of executive management meetings.

The directors are responsible for governance in the Bank, which is monitored on an ongoing basis. The Bank applies the *King Report on Corporate Governance* in South Africa 2009 *(King III)* principles and guidelines where appropriate, and where they do not contravene the SARB Act.

Nature of business

The Bank is the central bank of South Africa and is regulated in terms of the SARB Act. Its primary objective is to protect the value of the currency in the interest of balanced and sustainable economic growth. In pursuance of this objective, as well as that of financial stability, the Bank assumes responsibility for the functions set out on page 3 of this report.

Subsidiaries

The wholly owned subsidiaries of the Bank are involved in the following activities:

- The South African Mint Company (PF) Proprietary Limited (SA Mint) – including its own subsidiary, Prestige Bullion (RF) Proprietary Limited (Prestige Bullion) – produces circulation, bullion, and numismatics coins.
- The South African Bank Note Company (RF) Proprietary Limited (SABN) produces banknotes.
- South African Reserve Bank Captive Insurance Company (RF) Limited (SARBCIC) manages certain short-term insurable risks of the Group.
- The Corporation for Public Deposits (CPD) receives and invests call deposits from government and public entities.

Information on the Bank's financial interest in its subsidiaries is reflected in Note 29.1 on page 45.

The Board resolved to replace SARBCIC with an alternative, outsourced insurance arrangement with effect from 1 April 2014. This was done to avoid a conflict of interest when the Bank assumes responsibility for the prudential supervision of the insurance industry as part of the Twin Peaks Regulatory Model, which is expected to be implemented in the 2015/16 financial year (refer to Note 29.5).

The Bank's subsidiaries passed no special resolutions which may be material to the Bank's affairs in the year under review.

Achievement of objectives

The Group Annual Report includes the Bank's achievements against its objectives, including the achievement of its main objective, namely to protect the value of the currency in the interest of balanced and sustainable economic growth in South Africa.

Financial results

It has been eight years since the onset of the global financial crisis, the aftermath of which continues to impact the financial results of the Bank and therefore of the Group, characterised by a low interest rate environment. The interest income of the Bank increased by R3,5 billion and is derived mainly from foreign investments and accommodation to banks. As a result, the Bank has made a profit after taxation of R0,4 billion (2013/14: R1,6 billion loss) for the year ended 31 March 2015.

In 2014/15, the SA Mint (including its own subsidiary, Prestige Bullion) made a profit after taxation attributable to the parent of R138,5 million (2013/14: R92,2 million).

In the same period, the SABN made an after-tax profit of R93,1 million (2013/14: R46,6 million).

During the year under review, SARBCIC made a net profit after taxation of R5,3 million (2013/14: R5,8 million) and declared a dividend of R88,0 million to the Bank due to the imminent dissolution of the company. Refer to Note 29.5 on page 46 for further detail.

In 2014/15, the CPD recorded a profit after taxation of R80,0 million (2013/14: R55,2 million), of which R79,8 million (2013/14: R45,0 million) was transferred to government in accordance with the Corporation of Public Deposits Act 46 of 1984 (CPD Act).

Further details on the Group's financial information for 2014/15, including its statement of profit or loss and other comprehensive income, appear on page 7 of the Group annual financial statements.

Financial position

The Group's total assets grew by R68,4 billion (2013/14: R68,9 billion), driven largely by a R42,3 billion (2013/14: R63,1 billion) increase in gross gold and foreign assets, accommodation to banks of R15 billion (2013/14: R0,7 billion), and cash and cash equivalents of R9,3 billion (2013/14: R0,7 billion).

The increase was mainly as a result of the movement in the rand and an increase in the price of gold.

The total liabilities of the Group increased by R68,1 billion (2013/14: R70,6 billion) while the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) (used for the currency revaluation of gold and foreign assets which is for government's account) increased by R25,5 billion (2013/14: R52,3 billion). Deposit accounts increased by R15,4 billion (2013/14: R13,3 billion) during the year, mainly due to increases in the Bank's reserve accounts and call deposits held with the CPD. Notes and coin increased by R14.8 billion (2013/14: R4,3 billion) due to an increase in demand.

The contingency reserve increased by R0,4 billion (2013/14: decreased by R1,6 billion) due to the profit after taxation achieved for the year.

The statement of financial position appears on page 6 of the Group annual financial statements.

Dividends
An interim dividend of five cents per share for the 2014/15 financial year was paid to shareholders on 24 October 2014; the final dividend, also of five cents per share, was paid on 8 May 2015. The total dividend paid for the 2014/15 financial year was R200 000.

When approving both the interim and the final dividends for the 2014/15 financial year, the directors took into account that the SARB Act permits the Bank to declare dividends from its accumulated profits (i.e. reserves).

Directors
The composition of the Board as at 31 March 2015 appears on pages 36 to 41 of the *Annual Report 2014/15*. One vacancy, for a Deputy Governor, arose on 9 November 2014 when E L (Lesetja) Kganyago was appointed as the Governor.

The President of South Africa appointed K (Kuben) Naidoo as Deputy Governor for a period of five years with effect from 1 April 2015.

The term of office of A M (Anthony) Chait will expire at the 2015 AGM on 30 July 2015. He is not available for re-election. On 6 May 2015, the Panel selected three non-executive directors as candidates to be presented to the shareholders for possible election at the 2015 AGM.

All the Board positions are currently filled.

As at 31 March 2015 and to date, none of the directors in office held any direct or indirect shareholding in the Bank.

Directors' fees for their services during the financial year under review are reflected on page 47 of the Group annual financial statements.

Group Secretary of the Bank
S L (Sheenagh) Reynolds

Business address:
370 Helen Joseph (formerly Church) Street
Pretoria
0002

Postal address:
P O Box 427
Pretoria
0001

The Group annual financial statements were approved by the Board on 11 June 2015 and signed on its behalf by:

E L (Lesetja) Kganyago
Governor

R J G (Rob) Barrow
Non-executive director
and Chairperson of the Audit Committee

N (Naidene) Ford-Hoon
Group Chief Financial Officer

S L (Sheenagh) Reynolds
Secretary of the Bank

Statement by the Secretary of the Bank

In my capacity as Secretary of the Bank, I certify that all the returns required to be submitted, in terms of the SARB Act, for the year ended 31 March 2015, have been completed and are up to date.

S L (Sheenagh) Reynolds
Secretary of the Bank

11 June 2015

Report of the Audit Committee

for the year ended 31 March 2015

South African Reserve Bank

The Audit Committee is a committee of the Board. All its members are independent non-executive directors. The responsibilities of this committee are detailed in its terms of reference, which are reviewed annually and approved by the Board.

The Audit Committee confirms that, in the period under review, it carried out its functions responsibly and in compliance with its terms of reference.

The Bank's executive management, internal auditors, external auditors and other assurance providers attend this committee's meetings in an ex officio capacity. Management and both internal and external auditors meet independently with the Audit Committee, as appropriate.

Roles and responsibilities

The Audit Committee assists the Board in fulfilling its oversight role regarding the Bank's financial reporting processes, the system of internal financial controls and the Bank's process for monitoring compliance with laws and regulations as they relate to financial reporting.

Internal control (including internal financial controls)

The Bank's internal control system is designed to ensure:

- the integrity and reliability of financial information;
- compliance with all applicable laws and regulations;
- the accomplishment of objectives;
- economy and efficiency of operations; and
- the safeguarding of assets.

The Audit Committee is satisfied that the Bank's system of internal financial controls is adequately designed and effectively operated to form a sound basis for the preparation of reliable financial reports. This assessment is based on reports from both internal and external auditors and management.

The Audit Committee considered, and is satisfied with, the expertise and experience of the Group Chief Financial Officer (CFO). The finance function in the Bank has the expertise and adequate resources to support the Group CFO.

Integrated reporting, annual financial statements and combined assurance

The Audit Committee is satisfied with the progress being made towards integrated reporting and combined assurance within the Bank. It is anticipated that it will take a number of years for a comprehensive, integrated report to be presented.

The Committee reviewed the Group audited annual financial statements of the Bank and the external auditors' report thereon, and recommended their approval to the Board.

The Bank implemented the three-lines-of-defence combined assurance model, in line with *King III* principles, to enhance governance, risk management, control and audit in the interest of reaching a higher level of assurance. The Audit Committee monitored the implementation of the combined assurance model and confirmed the levels of assurance provided by the assurance providers through its review of the combined assurance framework.

Internal audit

The Audit Committee reviews and approves the Internal Audit Charter – which defines the purpose, authority and responsibility of the internal audit function. The committee also approved the annual internal audit plan.

The Audit Committee reviewed the reports of the Internal Audit Department's (IAD) reports on control weaknesses and management's corrective actions.

The IAD is independent and appropriately resourced to provide assurance on the adequacy and effectiveness of the internal control environment of the Bank. The Chief Internal Auditor (CIA) reports functionally to the Audit Committee and administratively to both the Chairperson of the Audit Committee and the Governor.

External audit

The Audit Committee is satisfied with the independence of the external auditors of the Bank. This assessment was made after considering the independence letters from the external auditors, continuous monitoring and approval of non-audit services, and a formal partner rotation process.

In consultation with executive management, the Committee reviewed the external auditors' proposed audit scope, approach, and audit fees for the year under review.

The Audit Committee is satisfied with the formal procedures that govern the provision of non-audit services by the external auditors. This is monitored through reporting such activities to each Audit Committee meeting.

Compliance

The Audit Committee is satisfied that the Bank implemented appropriate processes and controls to ensure compliance with all applicable laws and regulations as they relate to financial reporting. This is based on the committee's review of reports received from both internal and external auditors, as well as from the executive management and relevant departments.

Information technology

The Audit Committee is satisfied that the Bank is able to manage its IT capability and that its IT controls are appropriate to support the integrity of financial reporting. This is based on the committee's continuous review of reports from IT management as well as the internal and external auditors.

Whistle-blowing

Based on combined submissions from the Risk Management and Compliance Department and the IAD, the Audit Committee is satisfied that procedures have been established to receive, retain and resolve complaints regarding accounting, internal controls or auditing matters, including procedures for confidential and anonymous submissions in this regard.

R J G (Rob) Barrow
Chairperson of the Audit Committee

Reporting framework

The Group annual financial statements have been prepared in accordance with the SARB Act and the accounting policies set out in Note 1 to the financial statements.

The SARB Act is not prescriptive regarding the accounting framework that the Bank should adopt, except for sections 25 to 28, which deal with the accounting treatment of gold and foreign-exchange transactions. These sections are in conflict with International Financial Reporting Standards (IFRSs). The Bank has chosen to use IFRSs as a guide in deciding on the most appropriate accounting policies to adopt, and as a model for the presentation and disclosure framework followed in its financial statements.

The SARB Act, however, takes precedence over IFRSs in the areas noted above and, as a result, the recognition and measurement criteria as set out in IFRSs have not been followed in these circumstances. In addition, the Bank considers certain recognition and measurement principles as well as disclosures inappropriate to its functions. The Bank's financial statements, therefore, disclose less detail than would be required under IFRSs. The significant departures from IFRSs as a consequence of the above are summarised as follows:

Recognition and measurement

1. According to the SARB Act,
   a. realised and unrealised valuation gains and losses on gold, and realised and unrealised foreign-exchange gains and losses on foreign-denominated assets and liabilities are for the account of government, and have therefore not been accounted for in profit or loss, as required by International Accounting Standard (IAS) 21, *The Effects of Changes in Foreign Exchange Rates*; and
   b. gold is valued in terms of section 25 of the SARB Act at the statutory gold price. Gold has been recognised as a financial asset of the Bank.

2. Deferred taxation assets

   Deferred taxation assets are recognised for all deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Deferred taxation assets are not reduced to the extent that it is no longer probable in the medium term that the related taxation benefits will be realised. This is a departure from IFRSs, which requires that deferred taxation assets are reduced to the extent that it is no longer probable, in the medium term, that the related taxation benefit will be realised. A taxable profit for 31 March 2015 decreased the deferred taxation asset in the current year.

   The principles of IAS 12 require an entity to demonstrate convincing evidence that future taxable profits will be available where the entity has unused tax losses. Management is unable to provide evidence, within the requirements of IAS 12, when and to what extent future taxable profits will be available against which the carried forward tax losses can be offset; however, it is also of the view that the continued recognition of deferred taxation assets with respect to deductible temporary differences, in particular carried forward tax losses, remains appropriate. Management has considered that United States (US) dollar and euro interest rates (a primary source of the Bank's income) are currently at historically low levels when measured in absolute terms, and market observable forward interest rates indicate that investment income will recover over the longer term as global interest rates rise. It also takes comfort that tax losses do not expire in terms of the Income Tax Act 58 of 1962 so long as the Bank continues to trade. Furthermore, deferred taxation assets are measured on an undiscounted basis. The Bank is mandated, as per the SARB Act, to operate as the sole central bank in South Africa and has been doing so for the past 94 years. The continuity of the Bank is therefore protected by statute and not dependent on market forces.

Presentation

In the Group annual financial statements,

1. not all information as required by IFRS 7, *Financial Instruments Disclosures*, is disclosed. This relates specifically to a sensitivity analysis for each type of market risk to which the Bank is exposed at the reporting date, showing how profit or loss and equity/other comprehensive income would have been affected by changes in the relevant risk variables that were reasonably possible at that date. In addition, the credit quality and contractual maturity analysis of financial assets is not disclosed; and
2. assets and liabilities relating to securities lending activities and financial derivative products used for portfolio management purposes have been disclosed, but offset in Note 6 to the financial statements because it is considered inappropriate to gross up the foreign-exchange reserves of the Bank.

Independent auditors' report to the shareholders of the South African Reserve Bank

South African Reserve Bank

We have audited the Group annual financial statements and the annual financial statements of the South African Reserve Bank (the Bank), set out on pages 6 to 58, which comprise of the statements of financial position as at 31 March 2015, and the statements of profit or loss and other comprehensive income, statements of cash flows and statements of changes in equity for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the financial statements). The financial statements have been prepared by management of the Bank in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the South African Reserve Bank Act 90 of 1989, as amended (SARB Act).

Directors' responsibility for the financial statements

The Bank's directors are responsible for the preparation and presentation of these financial statements in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the South African Reserve Bank Act. The Bank's directors are further responsible for determining that the basis of presentation is acceptable in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Group annual financial statements and the annual financial statements of the Bank for the year ended 31 March 2015 have been prepared, in all material respects, in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the South African Reserve Bank Act.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the purpose as described therein. As a result, the financial statements may not be suitable for any other purpose.

PricewaterhouseCoopers Inc.
SizweNtsalubaGobodo Inc.

PricewaterhouseCoopers Inc.
Director: Thomas Magill
Registered Auditor

Johannesburg
11 June 2015

SizweNtsalubaGobodo Inc.
Director: Dumisani Manana
Registered Auditor

Johannesburg
11 June 2015

PricewaterhouseCoopers Inc. 2 Eglin Road, Sunninghill, 2157 Private Bag X36, Sunninghill, 2157, South Africa Tel: +27 (11) 797 4000 Fax: +27 (11) 797 5800, www.pwc.com Africa Senior Partner: S P Kana. Management Committee: H Boegman, T P Blandin de Chalain, B M Deegan, J G Louw, S N Madikane, P J Mothibe, T D Shango, S Subramoney, A R Tilakdari, F Tonelli. The company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection. PricewaterhouseCoopers Inc. is an authorised financial services provider. Registration number: 1998/012055/21, VAT Registration number: 4950174682

SizweNtsalubaGobodo Inc. Head office 20 Morris Street East Woodmead 2191 P O Box 2939 Saxonwold 2132 Tel: (011) 231 0600 Fax: (011) 234 0933

Executive: Victor Sekese (Chief Executive)

A comprehensive list of all directors is available at the company offices or registered office. SizweNtsalubaGobodo Inc. Registration number: M2005/034639/21

Statements of financial position

at 31 March 2015

South African Reserve Bank

	Notes	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Assets					
Cash and cash equivalents	2	**12 777 046**	3 445 872	**0**	0
Amounts due by subsidiaries	29.3	**0**	0	**33 323**	324 363
Accommodation to banks	3	**38 530 325**	23 414 104	**38 530 325**	23 414 104
Investments	4	**15 156 368**	14 140 245	**0**	0
Other assets	5	**347 753**	338 453	**173 103**	203 052
Gold and foreign exchange	6	**564 988 869**	522 731 620	**564 988 869**	522 731 620
Inventories	7	**401 168**	453 122	**5 009**	4 870
Forward exchange contract assets	8	**1 023 075**	722 124	**1 023 075**	722 124
Loans and advances	9	**21 521 151**	21 943 128	**63 920**	65 274
South African government bonds	10	**8 443 629**	7 882 261	**8 029 907**	7 882 261
Equity investment in Bank for International Settlements	11	**438 971**	427 308	**438 971**	427 308
Investment in subsidiaries	29.1	**0**	0	**1 401 765**	1 401 765
Property, plant and equipment	12	**3 154 702**	2 922 235	**1 346 037**	1 103 598
Deferred taxation assets	13	**2 467 786**	2 468 117	**2 452 023**	2 452 806
Total assets		**669 250 843**	600 888 589	**618 486 327**	560 733 145
Liabilities					
Notes and coin in circulation	14	**122 170 165**	107 385 475	**122 170 165**	107 385 475
Deposit accounts	15	**231 212 116**	215 825 037	**179 159 974**	171 105 892
Amounts due to subsidiaries	29.3	**0**	0	**3 192 626**	6 247 911
Foreign loans and deposits	16	**94 414 334**	84 353 679	**94 414 334**	84 353 679
Other liabilities	17	**801 756**	653 236	**547 785**	388 594
South African Reserve Bank debentures	18	**7 910 100**	6 289 950	**7 910 100**	6 289 950
Forward exchange contract liabilities	8	**146 245**	244 811	**146 245**	244 326
Deferred taxation liabilities	13	**56 690**	2 229	**0**	0
Post-employment benefits	19	**2 516 081**	1 833 782	**2 323 565**	1 655 377
Gold and Foreign Exchange Contingency Reserve Account	20	**203 396 438**	177 913 406	**203 396 438**	177 913 406
Total liabilities		**662 623 925**	594 501 605	**613 261 232**	555 584 610
Capital and reserves[(1)]					
Share capital	21	**2 000**	2 000	**2 000**	2 000
Accumulated profit		**1 296 431**	1 147 524	**0**	0
Statutory reserve		**395 164**	395 164	**395 164**	395 164
Contingency reserve		**5 035 643**	4 700 526	**4 946 601**	4 611 484
Bond revaluation reserve		**406 751**	309 539	**406 751**	309 539
Post-employment benefits remeasurement reserve		**(544 569)**	(188 454)	**(525 421)**	(169 652)
Non-controlling interest	29.2	**35 498**	20 685	**0**	0
Total capital and reserves		**6 626 918**	6 386 984	**5 225 095**	5 148 535
Total liabilities, capital and reserves		**669 250 843**	600 888 589	**618 486 327**	560 733 145

(1) Further detail on capital and reserves is provided in the statements of changes in equity.

Statements of profit or loss and other comprehensive income

for the year ended 31 March 2015

South African Reserve Bank

	Notes	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Interest income	31	**10 464 061**	5 812 382	**7 000 069**	3 497 464
Interest expense	31	**(5 884 453)**	(4 097 430)	**(2 564 461)**	(1 871 014)
Net interest income		**4 579 608**	1 714 952	**4 435 608**	1 626 450
Dividend income		**30 367**	40 166	**118 567**	40 366
Operating income		**1 007 654**	1 089 303	**447 542**	338 140
Total income	22.1	**5 617 629**	2 844 421	**5 001 717**	2 004 956
Operating costs	22.2	**(4 772 189)**	(4 685 307)	**(4 565 066)**	(4 227 763)
Profit/(loss) before taxation	22	**845 440**	(1 840 886)	**436 651**	(2 222 807)
Taxation	23	**(218 603)**	523 463	**(101 334)**	617 181
Profit/(loss) for the year		**626 837**	(1 317 423)	**335 317**	(1 605 626)
Attributable to:					
The parent		**564 024**	(1 406 108)		
Non-controlling interest		**62 813**	88 685		
		626 837	(1 317 423)		
Other comprehensive income (net of taxation)					
Items that will not be reclassified to profit or loss					
Remeasurement of post-employment benefits		**(356 115)**	81 065	**(355 769)**	96 719
Items that may subsequently be reclassified to profit or loss					
Unrealised gain/(loss) on available-for-sale financial assets		**138 178**	(389 769)	**138 178**	(389 769)
Realised gain/(loss) on sale of available-for-sale financial assets		**(40 966)**	0	**(40 966)**	0
Total comprehensive profit/(loss) for the year (net of taxation)		**367 934**	(1 626 127)	**76 760**	(1 898 676)
Attributable to:					
The parent		**305 121**	(1 714 812)		
Non-controlling interest		**62 813**	88 685		
Total comprehensive profit/(loss)		**367 934**	(1 626 127)		

Statements of cash flows

for the year ended 31 March 2015

South African Reserve Bank

	Notes	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Cash flows from operating activities					
Cash generated from operating activities	25	**11 460 075**	4 158 352	**416 129**	240 883
Taxation received		**0**	711	**0**	0
Taxation paid		**(62 595)**	(84 012)	**0**	0
Dividends paid (Notes 24 and 29.2)		**(48 200)**	(68 200)	**(200)**	(200)
Transfer to government[1]		**(44 956)**	(86 909)	**0**	0
Net cash flows generated from operating activities		**11 304 324**	3 919 942	**415 929**	240 683
Cash flows utilised by investing activities		**(1 973 150)**	(3 239 325)	**(415 929)**	(240 683)
Purchase of property, plant and equipment		**(553 092)**	(376 196)	**(416 751)**	(240 697)
Disposal of property, plant and equipment		**1 257**	14	**822**	14
Acquisition of investments		**(1 421 315)**	(2 863 143)	**0**	0
Net increase in cash and cash equivalents		**9 331 174**	680 617	**0**	0
Cash and cash equivalents at the beginning of the year		**3 445 872**	2 765 255	**0**	0
Cash and cash equivalents at the end of the year	2	**12 777 046**	3 445 872	**0**	0

[1] Further detail on the transfer to government is provided in the statements of changes in equity.

Statement of changes in equity: Group

for the year ended 31 March 2015

South African Reserve Bank

	Share capital R'000	Accumulated profit R'000	Statutory reserve R'000	Contingency reserve R'000	Bond revaluation reserve R'000	Post-employment benefit remeasurement reserve R'000	Total R'000	Non-controlling interest Total R'000	Total R'000
Balance at 31 March 2013	**2 000**	**1 002 962**	**395 164**	**6 296 352**	**699 308**	**(269 519)**	**8 126 267**	**0**	**8 126 267**
Total comprehensive loss for the year	0	(1 406 108)	0	0	(389 769)	81 065	(1 714 812)	88 685	(1 626 127)
Unrealised loss on available-for-sale financial assets	0	0	0	0	(389 769)	0	(389 769)	0	(389 769)
Remeasurement of post-employment benefits	0	0	0	0	0	81 065	81 065	0	81 065
Loss for the year	0	(1 406 108)	0	0	0	0	(1 406 108)	88 685	(1 317 423)
Transfer to government	0	(44 956)	0	0	0	0	(44 956)	0	(44 956)
Transfer from reserves	0	1 595 826	0	(1 595 826)	0	0	0	0	0
Dividends paid (Notes 24 and 29.2)	0	(200)	0	0	0	0	(200)	(68 000)	(68 200)
Balance at 31 March 2014	**2 000**	**1 147 524**	**395 164**	**4 700 526**	**309 539**	**(188 454)**	**6 366 299**	**20 685**	**6 386 984**
Total comprehensive profit for the year	0	564 024	0	0	97 212	(356 115)	305 121	62 813	367 934
Unrealised gain on available-for-sale financial assets	0	0	0	0	138 178	0	138 178	0	138 178
Remeasurement of post-employment benefits	0	0	0	0	0	(356 115)	(356 115)	0	(356 115)
Realised gain on available-for-sale financial assets	0	0	0	0	(40 966)	0	(40 966)	0	(40 966)
Profit for the year	0	564 024	0	0	0	0	564 024	62 813	626 837
Transfer to government	0	(79 800)	0	0	0	0	(79 800)	0	(79 800)
Transfer to reserves	0	(335 117)	0	335 117	0	0	0	0	0
Dividends paid (Notes 24 and 29.2)	0	(200)	0	0	0	0	(200)	(48 000)	(48 200)
Balance at 31 March 2015	**2 000**	**1 296 431**	**395 164**	**5 035 643**	**406 751**	**(544 569)**	**6 591 420**	**35 498**	**6 626 918**

Explanatory notes

Statutory reserve

The statutory reserve is maintained in terms of section 24 of the SARB Act, which stipulates that one-tenth of the surplus of the Bank, after provisions normally provided for by bankers and payment of dividends, has to be credited to the statutory reserve.

Contingency reserve

In terms of section 24 of the SARB Act and section 15 of the CPD Act, contingency reserves are maintained to provide against risks to which the Bank and the CPD respectively are exposed.

Bond revaluation reserve

Gains and losses arising from a change in fair value of available-for-sale financial assets are recognised in other comprehensive income. When these financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

Post-employment benefit remeasurement reserve

Actuarial gains and losses relating to the remeasurement of the post-employment benefits, and arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise. These gains and losses will not subsequently be reclassified to profit or loss.

Transfer to government

In terms of section 24 of the SARB Act, nine-tenths of the surplus of the Bank, after provisions normally provided for by bankers and payment of dividends, has to be paid to government. No amount was transferred to government by the Bank. In terms of section 15 of the CPD Act, the balance of net profits after transfers to reserves and payment of dividends has to be paid to government. For the year ended 31 March 2015 an amount of R79,8 million (2014: R45,0 million) was transferred to government by the CPD.

Statement of changes in equity: Bank

for the year ended 31 March 2015

South African Reserve Bank

	Share capital R'000	Accumulated profit R'000	Statutory reserve R'000	Contingency reserve R'000	Bond revaluation reserve R'000	Post-employment benefit remeasurement reserve R'000	Total R'000
Balance at 31 March 2013	**2 000**	**0**	**395 164**	**6 217 310**	**699 308**	**(266 371)**	**7 047 411**
Total comprehensive loss for the year	0	(1 605 626)	0	0	(389 769)	96 719	(1 898 676)
Unrealised loss on available-for-sale financial assets	0	0	0	0	(389 769)	0	(389 769)
Remeasurement of post-employment benefits	0	0	0	0	0	96 719	96 719
Loss for the year	0	(1 605 626)	0	0	0	0	(1 605 626)
Transfer from reserves	0	1 605 826	0	(1 605 826)	0	0	0
Dividends paid (Note 24)	0	(200)	0	0	0	0	(200)
Balance at 31 March 2014	**2 000**	**0**	**395 164**	**4 611 484**	**309 539**	**(169 652)**	**5 148 535**
Total comprehensive profit for the year	0	335 317	0	0	97 212	(355 769)	76 760
Unrealised gain on available-for-sale financial assets	0	0	0	0	138 178	0	138 178
Remeasurement of post-employment benefits	0	0	0	0	0	(355 769)	(355 769)
Realised gain on available-for-sale financial assets	0	0	0	0	(40 966)	0	(40 966)
Profit for the year	0	335 317	0	0	0	0	335 317
Transfer to government	0	0	0	0	0	0	0
Transfer to reserves	0	(335 117)	0	335 117	0	0	0
Dividends paid (Note 24)	0	(200)	0	0	0	0	(200)
Balance at 31 March 2015	**2 000**	**0**	**395 164**	**4 946 601**	**406 751**	**(525 421)**	**5 225 095**

Explanatory notes

Statutory reserve

The statutory reserve is maintained in terms of the SARB Act, which stipulates that one-tenth of the surplus of the Bank, after provisions normally provided for by bankers and payment of dividends, has to be credited to the statutory reserve.

Contingency reserve

In terms of section 24 of the SARB Act, a contingency reserve is maintained to provide against risks to which the Bank is exposed.

Bond revaluation reserve

Gains and losses arising from a change in fair value of available-for-sale financial assets are recognised in other comprehensive income. When these financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

Post-employment benefit remeasurement reserve

Actuarial gains and losses relating to the remeasurement of the post-employment benefits, and arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise. These gains and losses will not subsequently be reclassified to profit or loss.

Transfer to government

In terms of section 24 of the SARB Act, nine-tenths of the surplus of the Bank, after provisions normally provided for by bankers and payment of dividends, has to be paid to government. No amount was transferred to government by the Bank.

1. Accounting policies

The principal accounting policies adopted in the preparation of these Group annual financial statements are set out below. These accounting policies should be read together with the financial framework on page 4.

The accounting policies have been applied consistently to all years presented, unless otherwise stated.

1.1 Basis of presentation

These Group annual financial statements have been prepared in accordance with the SARB Act and the accounting policies set out in this note.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies of the Group. The areas with a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 1.17 and the relevant notes.

1.1.1 Changes in accounting standards

New and amended standards adopted by the Group

Amendments to IAS 32, *Financial Instruments (Presentation),* effective in the current year were assessed by management and had no impact on the consolidated financial statements of the Group.

There are no other new and amended standards adopted by the Group for the financial year ended 31 March 2015.

New standards, amendments and interpretations not yet adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 April 2014, and have not been early adopted in preparing these consolidated annual financial statements. None of these are expected to have a significant impact on the consolidated financial statements of the Group, except for the following:

- IFRS 9, *Financial Instruments*, addresses the classification, measurement and recognition of financial assets and financial liabilities. A complete version of IFRS 9 was issued in July 2014 and is mandatorily effective for periods beginning on or after 1 January 2018. It replaces those parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: (i) those measured at fair value; and (ii) those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main changes identified include: (i) where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch; and (ii) the impairment model requires the recognition of credit losses based on expected credit losses, either 12-month expected credit losses or lifetime expected credit losses, for amortised cost assets, debt instruments at fair value through other comprehensive income (FVOCI), loan commitments and financial guarantees. The Group is in the process of assessing the full impact of IFRS 9.
- The core principle of IFRS 15, *Revenue from Contracts with Customers,* is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. This standard will remove inconsistencies and weaknesses in the previous revenue requirements, improve comparability among revenue recognition practices across entities, industries, jurisdictions and capital markets, and simplify the preparation of financial statements by reducing the number of requirements which entities are required to meet. IFRS 15 is effective for annual periods beginning on or after 1 January 2017. The Group is in the process of assessing the full impact of IFRS 15.

There are no other IFRSs or International Financial Reporting Interpretations Committee (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.2 Consolidation

The Group annual financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank and its subsidiaries. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the Bank and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.2 Consolidation (continued)

1.2.1 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related asset or liability of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, where applicable.

No goodwill has arisen on acquisition of subsidiaries.

On consolidation, the accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group, with the exception of the Bank's policy on foreign currency translation (refer to Note 1.5 on page 17). These foreign-exchange profits or losses are for the account of government and are thus transferred to the GFECRA in terms of sections 25 to 28 of the SARB Act.

1.3 Investment in subsidiaries

The Bank uses the purchase method of accounting for its investments in subsidiaries as the basis for recording an acquisition. Investments in subsidiaries are stated at cost less allowance for impairment losses where appropriate, and include loans to subsidiaries with no repayment terms where these are considered part of the investment in subsidiaries.

1.4 Financial instruments

Classification

Financial instruments include all financial assets and financial liabilities, including derivative instruments, but exclude investments in subsidiaries, post-employment benefit plans, provisions, property, plant and equipment, deferred taxation, inventories and taxation payable or prepaid. Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are classified as follows:

Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss (including held-for-trading); loans and receivables; and available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this classification at each reporting date.

All financial assets are initially recognised at fair value plus transaction costs, except those carried at fair value through profit or loss. The best evidence of fair value on initial recognition is the transaction price, unless fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on discounted cash flow models and option-pricing valuation techniques whose variables include only data from observable markets.

Purchases and sales of financial assets that require delivery are recognised on trade date, being the date on which the Group commits itself to purchasing or selling the asset. From this date, any gains or losses arising from changes in the fair value of the assets and liabilities are recognised. Financial assets are derecognised when the rights to receive cash flows from the assets have expired, or where the Group has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, the fair values of financial assets are based on quoted bid prices, excluding transaction costs.

(a) Financial assets at fair value through profit or loss

This category comprises two subcategories: (i) financial assets held-for-trading, and (ii) those designated as fair value through profit or loss at inception.

A financial asset is classified as 'held-for-trading' if it is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking or if so designated by management. Derivatives are also classified as held-for-trading, unless they are designated as hedges at inception.

A financial asset is designated as 'fair value through profit or loss' when either it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the asset, or recognising the gains or losses on it, on a different basis; or it forms part of a portfolio of financial assets that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the portfolio is provided internally on that basis to key management personnel; or it forms part of a contract containing one or more embedded derivatives and IAS 39 permits the entire combined contract (asset or liability) to be designated as fair value through profit or loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. This category does not include those loans and receivables that the Group intends to sell in the short term or that it has designated as fair value through profit or loss or available-for-sale.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any provision for impairment. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

1.4 Financial instruments (continued)

(b) Loans and receivables (continued)

An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Objective evidence that receivables are impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as default or delinquency in payment; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The allowance for impairment is the difference between the carrying amount and the recoverable amount of the assets, being the present value of expected cash flows discounted at the original rate of interest for similar borrowers. The amount of the allowance is recognised as a charge to profit or loss.

(c) Held-to-maturity financial assets

No financial assets have been designated as 'held-to-maturity'.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those intended to be held for an indefinite period and may be sold in response to liquidity needs or changes in interest rates, exchange rates or equity prices. Financial assets that are either designated in this category or not classified in any of the other categories are classified as 'available-for-sale' financial assets.

Subsequent to initial recognition, available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income until the financial asset is derecognised or impaired. Interest income and dividend income received on available-for-sale financial assets are recognised in profit or loss.

Impairment of financial assets

An asset is impaired if its carrying amount is greater than its estimated recoverable amount.

(a) Financial assets carried at amortised cost

The Group assesses whether financial assets need to be impaired at each reporting date. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset, that can be estimated reliably.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in profit or loss.

(b) Financial assets carried at fair value

The Group assesses whether there is objective evidence that a financial asset carried at fair value is impaired at each reporting date. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Financial liabilities

The Group classifies its financial liabilities into the following categories: financial liabilities at fair value through profit or loss; and financial liabilities at amortised cost. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of financial liabilities at initial recognition and re-evaluates this classification at each reporting date.

Financial liabilities are initially recognised at fair value, generally being their issue proceeds net of transaction costs incurred, except for financial liabilities at fair value through profit or loss.

The best evidence of fair value on initial recognition is the transaction price, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on discounted cash flow models and option-pricing valuation techniques whose variables include only data from observable markets.

(a) Financial liabilities at fair value through profit or loss

Derivatives with negative fair values have been classified as financial liabilities at fair value through profit or loss.

(b) Other financial liabilities at amortised cost

The following liabilities have been classified as other liabilities: notes and coin issued; South African Reserve Bank (SARB) debentures; deposit accounts; amounts due to subsidiaries; foreign loans and deposits; the GFECRA; and other liabilities. Other liabilities are measured at amortised cost.

1.4 Financial instruments (continued)

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Measurement

(a) Initial measurement

A financial asset or financial liability is initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs directly attributed to the acquisition of the financial asset or liability.

(b) Subsequent measurement

Subsequent to initial recognition, these assets are measured at fair value. All related, realised and unrealised gains and losses arising from changes in fair value, excluding changes in fair value due to foreign-exchange movements as explained in Note 1.5, are recognised as interest income in profit or loss. The fair value of all derivatives is recognised in the statement of financial position and is only netted to the extent that a legal right of set-off exists and there is an intention to settle on a net basis.

Fair value through profit or loss financial assets and liabilities, and available-for-sale financial assets are carried at fair value.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined according to the fair value hierarchy based on the requirements in IFRS 13, *Fair Value Measurement*. Refer to Note 33, Fair value hierarchy disclosures, for further details.

(i) Derivatives

A derivative is a financial instrument whose value changes in response to an underlying variable that requires little or no initial investment and is settled at a future date. Fair values are obtained from quoted market prices (excluding transaction costs), dealer price quotations, discounted cash flow models and option-pricing models, which consider current market and contractual prices for the underlying instruments, as well as the time value of money.

(ii) Foreign marketable money-market investments

The fair value of foreign marketable money-market investments is based on quoted bid rates, excluding transaction costs.

(iii) Local and foreign portfolio investments including securities lending portfolio investments

The fair values of portfolio investments are valued using the quoted fair values as obtained from portfolio managers. Where these instruments are bank deposits, they are valued at nominal values plus accrued interest based on market rates. These values approximate fair values.

(iv) South African government bonds

Listed bonds are valued using quoted fair values at year-end as supplied by the JSE Limited.

Loans and receivables, and other liabilities

Loans and receivables, and other liabilities are measured at amortised cost, which approximates fair value, and are remeasured for impairment losses, except as set out below:

- Non-interest-bearing deposit accounts and amounts due by and to subsidiaries are accounted for at cost, as these do not have fixed maturity dates and are repayable on demand.
- Notes and coin issued and the GFECRA are measured at cost as these liabilities do not have fixed maturity dates. The banknotes and coin in circulation represent the nominal value of all banknotes held by the public and banks, including recalled and still exchangeable banknotes from the previous series.
- Accounts payable are stated at amortised cost, which approximates fair value, due to their short-term nature.

Amortised cost is calculated using the effective interest method that discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised in other comprehensive income. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss.

Gains and losses arising from a change in the fair value of financial assets and liabilities designated at fair value through profit or loss are recognised in profit or loss, except for gold and foreign-exchange activities, as explained in Note 1.5.

Hedge accounting

Hedge accounting has not been applied to any transactions for the year under review.

Set-off

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In addition, as set out in Note 6 to the financial statements, financial assets and liabilities arising from securities lending activities and derivative products have been offset.

1.5 Foreign currency activities

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The Group annual financial statements are presented in South African rand, which is the functional currency of the Group.

(b) *Foreign-exchange gains and losses arising in entity accounts*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Gains and losses of subsidiaries arising on conversion to the functional currency are recognised in profit or loss. Foreign-exchange profits or losses of the Bank, insofar as they arise from changes in the value of the rand compared to other currencies, are for the account of government and consequently all these profits or losses are transferred to the GFECRA in terms of sections 25 to 28 of the SARB Act. Investment returns on foreign-exchange reserves and interest paid on foreign loans are for the account of the Bank and are accounted for in profit or loss.

1.6 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined separately for each significant part of an item of property, plant and equipment, and is charged so as to write off the cost of the assets (other than land and items under construction) to their residual value over their estimated useful life, using the straight-line method. The estimated useful life of assets has been disclosed in Note 12.

Subsequent costs are included in the carrying amount of the asset only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in the profit or loss component of the statement of comprehensive income.

The residual values and useful life of assets are reviewed at each reporting date and adjusted if appropriate.

1.7 Impairment of other non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment, in which case their recoverable amount is estimated.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment loss are reviewed for possible reversal of the impairment at each reporting date.

A previously expensed impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised.

1.8 Gold

Gold is held by the Bank as part of its foreign reserves. In terms of section 25 of the SARB Act, gold is initially recorded at the prevailing rates at initial recognition, including transaction costs. Subsequent to initial measurement, it is valued at the statutory price. The statutory price is the quoted price at the reporting date. Gold loans are measured at the quoted price at the reporting date. In terms of section 25 of the SARB Act, all gains and losses on gold, held by the Bank, are for the account of the South African government and, consequently, all gains or losses are transferred to the GFECRA.

1.9 Taxation

The taxation expense for the period comprises current and deferred taxation. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

The charge for current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed for taxation purposes. It is calculated using taxation rates that have been enacted or substantively enacted by the reporting date, and any adjustment of taxation payable for previous years.

Deferred taxation is provided using the liability method, based on temporary differences. However, deferred taxation liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Temporary differences are differences between the carrying amount of assets and liabilities for financial reporting purposes and their taxation base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation laws enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss, except to the extent that it relates to a transaction that is recognised in other comprehensive income or in equity. In this case, the taxation is also recognised in other comprehensive income or in equity. The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

1.9 Taxation (continued)

Deferred taxation assets are recognised for all deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. In relation to the Bank only, deferred taxation assets are not reduced to the extent that it is no longer probable that the related taxation benefits will be realised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred taxation assets and liabilities relate to income taxation levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.10 Employee benefits

(a) Pension and retirement funds

The expected costs of post-employment defined benefits are charged to profit or loss over the expected service life of the employees entitled to these benefits according to the projected unit credit method. Costs are actuarially assessed, and expense adjustments and past-service costs resulting from plan amendments are amortised over the expected average remaining service life of the employees.

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past-service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised in profit and loss at the earlier of the following dates: (i) when the plan amendment or curtailment occurs or, (ii) when the entity recognises related restructuring costs or termination benefits.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity or fund. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due.

(b) Post-employment benefits

The Bank provides post-employment medical and group life benefits to qualifying employees and retired personnel by subsidising a portion of their medical aid and group life contributions.

Entitlement to these benefits is based on employment prior to a certain date and is conditional on employees remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that of defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss, to the extent that they relate to retired employees or past service.

The liability is provided for in an actuarially determined provision.

(c) Leave pay accrual

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees.

The leave pay accrual at the reporting date represents the present obligation to employees as a result of employees' services provided up to the reporting date. The accrual is measured as the amount that is expected to be paid as a result of the unutilised leave entitlement that has accumulated at the reporting date.

1.11 Sale and repurchase (repo) agreements

The Bank has entered into repo agreements as part of its monetary policy activities. Securities purchased under agreements to resell are recorded under accommodation to banks as loans and receivables. Securities sold under agreement to repurchase are disclosed as reverse repo agreements included in deposit accounts.

The underlying securities purchased under repo agreements are not recorded by the Bank. Likewise, underlying securities sold under repo agreements are not derecognised by the Bank.

The differences between the purchase and sale prices are treated as interest and accrued using the effective interest method.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Redundant and slow-moving inventories are identified and written down to their estimated economic or realisable values. Raw materials are valued at cost according to the first-in, first-out basis by subsidiaries. Some raw material is valued at standard cost, which closely approximates actual cost on a first-in, first-out basis.

Consumable stores are valued at the weighted-average cost price. Maintenance spares are valued at average cost.

Finished goods and work-in-progress are valued at direct costs of conversion and production overheads on a first-in, first-out basis. Production overheads are included in the cost of manufactured goods, based on normal operating capacity.

Note-printing and coin-minting expenses include ordering, printing, minting, freight, insurance and handling costs. These costs are recorded as part of work-in-progress for the SABN and the SA Mint, and are released to profit or loss when the currency is sold to the Bank.

1.13 Cost of new currency

The Bank recognises the cost of new currency in profit or loss when the banknotes and coin are delivered, and the significant risks and rewards of ownership are transferred to the Bank.

1.14 Cash flow

For the purpose of the cash flow statement, cash and cash equivalents include all cash on hand and bank overdrafts of subsidiaries. As far as the Bank is concerned, no cash and cash equivalents are shown because of the Bank's role as central bank in the creation of money.

1.15 Provisions

Provisions are liabilities of uncertain timing or amount and are recognised when the Group has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1.16 Other operating income

Interest income and expense are recognised on a time-proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity. Interest income and expense are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. Interest income includes changes in the fair value of the Bank's financial assets. Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate. Interest income and expense include the amortisation of any discount or premium, or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

Dividends are recognised when the right to receive payment is established.

Other revenue arising from the provision of services to clients is recognised on the accrual basis in accordance with the substance of the relevant transaction.

1.17 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The estimates and assumptions that are significant to the carrying amounts of assets and liabilities are addressed below.

(a) Fair value of financial instruments

If the market for a financial asset is not active or an instrument is an unlisted instrument, the fair value is estimated using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option-pricing models.

When a discounted cash flow analysis is used to determine the value of financial assets, estimated future cash flows are based on management's best estimates, and the discount rate at the reporting date is a market-related rate for a financial asset with similar terms and conditions. Where option-pricing models are used, inputs based on observable market indicators at the reporting date are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

(b) Post-employment benefits

Post-employment benefit obligations are calculated by independent actuaries. See Note 19 on page 31 for further details.

Discount rate

The rate used to discount post-employment benefit obligations should be determined by reference to market yields at the balance sheet date on high-quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds should be used. Per industry opinion, there is not a sufficiently deep market in corporate bonds in South Africa as yet, and as such the discount rate is set with reference to the Bond Exchange of South Africa Limited (BESA) zero-coupon yield curve.

1.17 Critical accounting estimates and judgements (continued)

Vesting period

IAS 19 requires the past-service cost to be recognised as an expense over the vesting period, with the end of the vesting period being the date when future service will lead to no material amount of further benefits.

The Governors' Executive Committee (GEC) changed the 'Policy on termination of service' effective from 1 April 2013: the option for employees to retire early between the ages of 50 and 55, with the GEC approval, has been discontinued; eligible employees between the ages of 55 and 60 can apply to the GEC for early retirement and will be assessed on a case-by-case basis, taking into account the Bank's operational requirements.

Where eligible employees, between the ages of 55 and 60 years, apply to the GEC and are granted early retirement, there is the possibility of the end of the vesting period moving to 55 years. However, as early retirement is only granted in exceptional cases, the vesting period is assumed to continue to end at 60 years of age.

The impact of a revision of the vesting period from 60 years to 55 years, should the Bank consent to employees retiring before 60 years, would be an increase in the liability recognised immediately in the operating costs line on the statement of profit or loss, as a past-service cost.

Note 19 provides detailed information about the key assumptions used in the determination of the post-employment benefit obligation, and of the detailed sensitivity analysis for these assumptions.

Medical inflation

Medical inflation is one of the key assumptions used in calculating the actuarial valuation of the post-employment medical benefit obligation. This is an assumption derived by the actuaries with reference to the amount by which medical inflation is expected to exceed consumer price inflation, and has no bearing on actual medical inflation rates.

Salary inflation

Salary inflation is one of the key assumptions used in calculating the actuarial valuation of the post-employment group life obligation. This is an assumption derived by the actuaries and has no bearing on actual salary increments.

Pension increase rates

The pension increase rates are key assumptions used in calculating the actuarial valuation of the retirement fund obligation. These increase assumptions are derived with reference to expected consumer price inflation, and the target increase relative to consumer price inflation for each pensioner category. These increases have no bearing on actual pension increments.

Critical judgements in applying the Group's accounting policies

(a) Deferred taxation assets

Deferred taxation assets have been recognised in the statement of financial position. Management has considered it appropriate to recognise the entire deferred taxation asset balance as it is of the opinion that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised.

(b) Consolidation of the Corporation for Public Deposits

The Bank holds 100 per cent of the shareholding in the CPD, which continues to be consolidated as part of the Group. Management considers that the Bank has control over the CPD given that the Bank manages the daily operations of the CPD, including the investment decisions, and the chairperson of the CPD Board, who has the casting vote in Board meetings, is required to be a Bank representative. In addition, the Bank has sufficient exposure to variable returns from the CPD – the Bank operates the CPD as part of its Banker to Government function, and as such, the daily flow of CPD funds between the Bank and the market has become an effective tool in the Bank's daily liquidity management operations.

(c) Investment in Prestige Bullion

The SA Mint has a 60 per cent shareholding in Prestige Bullion. The SA Mint has exposure to variable returns of Prestige Bullion and has the ability to exercise its power by appointing 50 per cent of the subsidiary's directors and the chairperson, who has the casting vote in Board meetings. Management has thus determined that the SA Mint controls Prestige Bullion.

1.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of taxation, from the proceeds.

2. Cash and cash equivalents

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Bank and cash balances	**8 466 655**	1 185 220	**0**	0
Short-term South African money-market investments	**4 310 391**	2 260 652	**0**	0
	12 777 046	3 445 872	**0**	0

Owing to its role in the creation and withdrawal of money, the Bank has no cash and cash equivalent balances in its statement of financial position. All other financial instruments of the Bank with an original maturity of less than three months are shown in the statement of financial position under appropriate headings.

Cash and cash equivalents exclude local and foreign short-term investments held to implement monetary policy or as part of foreign reserves. These reserves are disclosed in detail in Notes 3 and 6.

Included in short-term South African money-market investments are repurchase agreements. The following table represents details thereof:

Fair value of repurchase agreements	**660 830**	1 219 700	**0**	0
Fair value of collateral received	**655 878**	1 240 757	**0**	0
Fair value of collateral permitted to sell or repledge at the reporting date	**655 878**	1 240 757	**0**	0
Collateral cover	**99,25%**	101,73%	**0**	0
Maturity date	**7 April 2015**	30 April 2014		

At the reporting date, none of the collateralised advances were past due or impaired. The counterparties are exposed to interest rate risk on the various securities pledged as collateral for the repurchase agreements. The Group has the ability to sell or repledge these securities in the event of default.

3. Accommodation to banks

Repurchase agreements	**38 500 000**	23 400 000	**38 500 000**	23 400 000
Accrued interest	**30 325**	14 104	**30 325**	14 104
	38 530 325	23 414 104	**38 530 325**	23 414 104

Accommodation to banks represents short-term lending to commercial banks.

The repurchase agreements yield interest at the repurchase rate of the Bank	**5,75%**	5,50%	**5,75%**	5,50%

The following table presents details of collateral received for repurchase agreements (including accrued interest):

Fair value of collateral received (Note 28)	**38 671 399**	23 514 455	**38 671 399**	23 514 455
Fair value of collateral permitted to sell or repledge at the reporting date	**38 671 399**	23 514 455	**38 671 399**	23 514 455
Collateral cover	**100,37%**	100,43%	**100,37%**	100,43%
Maturity date	**1 April 2015**	2 April 2014	**1 April 2015**	2 April 2014

At the reporting date, none of the collateralised advances were past due or impaired. During the year under review, no defaults were experienced (2014: no defaults).

The counterparties are exposed to interest rate risk on the various securities pledged as collateral for repurchase agreements. The Bank has the ability to sell or repledge these securities in the event of default.

4. Investments

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Short-term South African money-market investments	**15 156 368**	14 140 245	**0**	0
Maturity structure				
Within 30 days	**0**	1 577 362	**0**	0
Between 1 and 12 months	**15 156 368**	12 562 883	**0**	0
	15 156 368	14 140 245	**0**	0
For investments that meet the definition of financial assets designated at fair value:				
Maximum exposure to credit risk	**15 156 368**	14 140 245	**0**	0

In terms of investment guidelines, approved by the Boards of Directors of the respective subsidiaries, all investments are placed with reputable financial institutions. The investments above relate to the CPD which utilises banking institutions with a minimum credit rating of BBB- by at least two of the agencies: Standard and Poor's, Fitch or Moody's. SARBCIC's remaining funds, that is, after the distribution of the R88,0 million dividend, are held in a call account with the CPD. The change in fair value due to changes in credit quality or spreads is not material and has therefore not been disclosed separately.

Changes in fair value due to credit risk are regarded as immaterial for investments that have remaining maturities of less than one month.

5. Other assets

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Financial assets	**256 900**	201 826	**98 447**	83 648
Non-financial assets	**90 853**	136 627	**74 656**	119 404
	347 753	338 453	**173 103**	203 052
Maturity structure of financial assets				
Within 30 days	**207 201**	201 826	**98 447**	83 648
Over 30 days	**49 699**	0	**0**	0
	256 900	201 826	**98 447**	83 648

Other assets consist mainly of receivables and prepaid expenses.

6. Gold and foreign exchange

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Gold and foreign-exchange holdings				
Gold coin and bullion	**58 187 016**	55 062 241	**58 187 016**	55 062 241
Money and capital-market instruments and deposits	**82 694 039**	69 000 722	**82 694 039**	69 000 722
Medium-term instruments	**349 037 138**	336 481 431	**349 037 138**	336 481 431
Portfolio investments	**75 069 041**	62 186 617	**75 069 041**	62 186 617
Accrued interest	**1 635**	609	**1 635**	609
	564 988 869	522 731 620	**564 988 869**	522 731 620

Gold coin and bullion consists of 4 025 351 fine ounces of gold at the statutory price of R14 455,14 per ounce (2014: 4 023 006 fine ounces at R13 686,84 per ounce).

The foreign-exchange balances yield investment returns achievable in the various currencies in which they are invested. It is not practicable to calculate effective yields on the portfolios due to the volatility caused by exchange rate fluctuations.

6. Gold and foreign exchange (continued)

Included in the gold and foreign-exchange holdings are the following items provided for additional information purposes:

6.1 Derivatives held-for-trading

The Bank utilises financial derivative products for portfolio management purposes, and seeks to minimise the effects of currency and interest rate risks by using such instruments to economically hedge the related risk exposures. The use of financial derivatives is governed by the Bank's policies approved by the GEC, which provides written principles on the use of derivative financial instruments. Compliance with policies and exposure limits is reviewed by management on a continuous basis. Risk management practices also include regular reporting to the Risk Management Committee (RMC) and Board Risk and Ethics Committee (BREC). The Bank does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

	Net fair value R'000	Fair value of assets R'000	Fair value of liabilities R'000	Contract/ Notional amount[(1)] R'000
Group and Bank 2015				
Forward exchange contracts	**1 439**	**97 029**	**(95 590)**	**9 684 557**
Futures contracts	**8 451**	**138 060**	**(129 609)**	**63 940 202**
Interest rate swaps	**(47 422)**	**10 252**	**(57 674)**	**2 751 551**
Total derivatives held-for-trading	**(37 532)**	**245 341**	**(282 873)**	**76 376 310**
Group and Bank 2014				
Forward exchange contracts	23 354	48 256	(24 902)	10 980 423
Futures contracts	(6 057)	31 072	(37 129)	57 720 908
Interest rate swaps	(14 760)	2 655	(17 415)	1 117 023
Total derivatives held-for-trading	2 537	81 983	(79 446)	69 818 354

(1) The notional amount of a financial instrument is the nominal or face value that is used to calculate payments made on that instrument. The amount generally does not change hands.

6.2 Offsetting financial assets and financial liabilities

The Bank is subject to enforceable master netting arrangements with its derivative counterparties. Under the terms of this agreement, offsetting of derivatives is permitted only in the event of the bankruptcy or default of either party to the agreement. There is no intention to settle on a net basis or realise the asset and settle the liability simultaneously. The following table presents details of this:

	Gross amounts presented in the derivatives held-for-trading R'000	Offset R'000	Net amounts presented in the derivatives held-for-trading R'000	Related amounts not set off in derivatives held-for-trading		
				Instruments which offset on default R'000	Collateral amount received R'000	Net amount R'000
As at 31 March 2015						
Forward exchange contract assets	**97 029**	**0**	**97 029**	**(41 865)**	**0**	**55 165**
Interest rate swap assets	**10 252**	**0**	**10 252**	**(7 354)**	**0**	**2 897**
Forward exchange contract liabilities	**(95 590)**	**0**	**(95 590)**	**41 865**	**0**	**(53 725)**
Interest rate swap liabilities	**(57 674)**	**0**	**(57 674)**	**7 354**	**0**	**(50 320)**
As at 31 March 2014						
Forward exchange contract assets	48 256	0	48 256	(14 444)	0	33 812
Interest rate swap assets	2 655	0	2 655	(2 180)	0	475
Forward exchange contract liabilities	(24 902)	0	(24 902)	14 444	0	(10 458)
Interest rate swap liabilities	(17 415)	0	(17 415)	2 180	0	(15 235)

6. Gold and foreign exchange (continued)

6.3 Securities lending activities

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Liabilities in respect of collateral received	**(51 071 693)**	(52 093 156)	**(51 071 693)**	(52 093 156)
Fair value of underlying investments	**51 004 069**	52 139 946	**51 004 069**	52 139 946
Net fair value adjustment included in foreign-exchange holdings	**(67 624)**	46 790	**(67 624)**	46 790

7. Inventories

	Group 2015	Group 2014	Bank 2015	Bank 2014
Raw materials	**156 312**	261 470	**0**	0
Work-in-progress	**81 272**	92 371	**0**	0
Consumable stores	**45 718**	41 277	**5 009**	4 870
Maintenance spares	**38 003**	18 505	**0**	0
Finished goods	**79 863**	39 499	**0**	0
	401 168	453 122	**5 009**	4 870

8. Forward exchange contract assets and liabilities

	Group 2015	Group 2014	Bank 2015	Bank 2014
Unrealised gain on forward exchange contracts	**1 023 075**	722 124	**1 023 075**	722 124
Unrealised loss on forward exchange contracts	**(146 245)**	(244 811)	**(146 245)**	(244 326)
Net gain	**876 830**	477 313	**876 830**	477 798
Net unrealised gain credited to Gold and Foreign Exchange Contingency Reserve Account (Note 20)[1]	**876 830**	477 798	**876 830**	477 798
Net unrealised loss debited to profit or loss (Note 22.2)	**0**	(485)	**0**	0

[1] These amounts represent unrealised gains and losses on forward exchange contracts, which will be for the account of government as and when they are realised. The forward exchange contracts are utilised in the operations of the Bank, to manage monetary policy operations.

The notional amount of the forward exchange contracts amounts to R32,3 billion (2014: R37,6 billion).

The Bank is subject to enforceable master netting arrangements with its derivative counterparties. Under the terms of these agreements, offsetting of derivatives is permitted only in the event of bankruptcy or default of either party to the agreement. There is no intention to settle on a net basis or realise the asset and settle the liability simultaneously. The following table presents details of this:

	Related amounts not set off in the balance sheet (R'000)					
	Gross amounts presented in the annual financial statements	Offset	Net amounts presented in the annual financial statements	Instruments which offset on default	Collateral amount received	Net amount
As at 31 March 2015						
Forward exchange contract assets	**1 023 075**	**0**	**1 023 075**	**(121 133)**	**0**	**901 942**
Forward exchange contract liabilities	**(146 245)**	**0**	**(146 245)**	**121 133**	**0**	**(25 113)**
As at 31 March 2014						
Forward exchange contract assets	722 124	0	722 124	(244 163)	0	477 961
Forward exchange contract liabilities	(244 811)	0	(244 811)	244 163	0	(648)

9. Loans and advances

	Group		Bank	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Secured foreign loan	63 920	65 274	63 920	65 274
Interest-bearing local loans	21 457 231	21 877 854	0	0
	21 521 151	21 943 128	63 920	65 274

Secured foreign loan

The loan facility of R75 million expires on 31 December 2015 if not renegotiated. Land Bank promissory notes have been pledged as collateral against the foreign loan. The following table presents details of collateral held:

Fair value of collateral received	82 024	82 048	82 024	82 048
Fair value of collateral permitted to sell or repledge at the reporting date	82 024	82 048	82 024	82 048
Collateral cover	128,32%	125,70%	128,32%	125,70%
Maturity date	29 May 2015	7 May 2014	29 May 2015	7 May 2014

At the reporting date, none of the collateralised advances were past due or impaired. During the year under review, no defaults were experienced (2014: no defaults).

The counterparties are exposed to interest rate risk on the various securities pledged as collateral for the foreign loan. The Bank has the ability to sell or repledge these securities in the event of default.

Interest-bearing local loans

The loans are advanced as part of the national government's Inter-Governmental Cash Coordination (IGCC) arrangement, in terms of which some state-owned entities and treasuries of provincial governments deposit excess funds with the CPD to form a pool of funds from the public sector. The national and the provincial treasuries are allowed to borrow money from the IGCC pool of funds. National Treasury guarantees that the deposits will be made available to depositors on demand.

The interest-bearing loans are unsecured, short term in nature and repayable on demand. The loans earn interest at a rate equal to the 91-day Treasury bill yield – the rate at the reporting date was 5,86 per cent (2014: 5,74 per cent).

10. South African government bonds

Listed bonds: Interest bearing	8 384 551	7 828 878	7 972 275	7 828 878
Accrued interest	59 078	53 383	57 632	53 383
	8 443 629	7 882 261	8 029 907	7 882 261
Effective interest rate	7,92%	8,14%	8,12%	8,14%
South African government bonds that do not qualify for derecognition (Note 15):				
Listed bonds pledged	3 035 114	6 361 689	3 035 114	6 361 689
Associated liability	3 037 735	6 349 575	3 037 735	6 349 575

The Bank is exposed to interest rate risk on the listed South African government bonds pledged as security. Government bonds are pledged as collateral for reverse repurchase agreements. The counterparty has the ability to sell or repledge these bonds in the event of default.

11. Equity investment in Bank for International Settlements

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Unlisted shares at cost	**438 971**	427 308	**438 971**	427 308

The shares held in the Bank of International Settlements (BIS) are held as part of the Bank's function as a central bank and are thus long-standing in nature. Shares are only transferable with the prior consent of the BIS. The Bank has no intention of selling the shares.

The Bank's investment in the BIS consists of 8 612 shares. Under IAS 39, the Bank's shareholding in the BIS is classified as 'available-for-sale'. The shareholding is valued at cost as no active market exists for these shares. The net asset value was adjusted by 30 per cent. The adjusted net asset value of the shares is based on special drawing rights (SDR)[1] of SDR 32 740 (2014: SDR 31 763) amounting to R3,3 billion (2014: R3,1 billion). Refer to Note 33 for further detail on the fair value hierarchy disclosures. Changes in value due to foreign-exchange movements are transferred to the GFECRA. For the year ended 31 March 2015, a movement of R11,7 million (2014: movement of R67,7 million) was transferred to the GFECRA.

[1] The SDR is a monetary unit of international reserve assets defined and maintained by the International Monetary Fund (IMF). The SDR also serves as the unit of account of the BIS, among other international organisations. The unit does not represent a currency, but represents a potential claim on the currencies of the IMF members for which it may be exchanged. It is based on a basket of international currencies comprising the US dollar, euro, Japanese yen and pound sterling.

12. Property, plant and equipment

12.1 Group: 2015

	Land R'000	Buildings R'000	Plant, vehicles, furniture and equipment R'000	Work-in-progress R'000	Total R'000
Cost					
Cost at 31 March 2014	39 000	728 935	3 602 270	295 249	4 665 454
Additions	0	7 585	84 947	460 560	553 092
Transfers in/(out)	0	8 695	405 593	(417 053)	(2 765)
Disposals	0	0	(96 133)	0	(96 133)
Cost at 31 March 2015	39 000	745 215	3 996 677	338 756	5 119 648
Accumulated depreciation					
Accumulated depreciation at 31 March 2014	0	265 419	1 477 800	0	1 743 219
Charge for the year	0	19 809	297 120	0	316 929
Disposals	0	0	(95 202)	0	(95 202)
Accumulated depreciation at 31 March 2015	0	285 228	1 679 718	0	1 964 946
Net book value at 31 March 2015	39 000	459 987	2 316 959	338 756	3 154 702
Estimated useful life (years)		50	2 to 28		
Group: 2014					
Cost					
Cost at 31 March 2013	39 000	713 204	3 229 080	358 148	4 339 432
Additions	0	755	15 164	360 277	376 196
Transfers in/(out)	0	14 976	404 866	(419 842)	0
Reclassification to profit or loss	0	0	0	(3 334)	(3 334)
Disposals	0	0	(46 840)	0	(46 840)
Cost at 31 March 2014	39 000	728 935	3 602 270	295 249	4 665 454
Accumulated depreciation					
Accumulated depreciation at 31 March 2013	0	244 033	1 266 109	0	1 510 142
Charge for the year	0	21 386	258 373	0	279 759
Disposals	0	0	(46 682)	0	(46 682)
Accumulated depreciation at 31 March 2014	0	265 419	1 477 800	0	1 743 219
Net book value at 31 March 2014	39 000	463 516	2 124 470	295 249	2 922 235
Estimated useful life (years)		50	2 to 28		

12. Property, plant and equipment (continued)

12.2 Bank: 2015

	Land R'000	Buildings R'000	Plant, vehicles, furniture and equipment R'000	Work-in-progress R'000	Total R'000
Cost					
Cost at 31 March 2014	29 305	493 078	1 393 957	243 206	2 159 546
Additions	0	392	149	416 210	416 751
Transfers in/(out)	0	8 640	339 850	(348 490)	0
Disposals	0	0	(39 901)	0	(39 901)
Cost at 31 March 2015	29 305	502 110	1 694 055	310 926	2 536 396
Accumulated depreciation					
Accumulated depreciation at 31 March 2014	0	193 011	862 937	0	1 055 948
Charge for the year	0	14 253	159 374	0	173 627
Disposals	0	0	(39 216)	0	(39 216)
Accumulated depreciation at 31 March 2015	0	207 264	983 095	0	1 190 359
Net book value at 31 March 2015	29 305	294 846	710 960	310 926	1 346 037
Estimated useful life (years)		50	5 to 15		
Bank: 2014					
Cost					
Cost at 31 March 2013	29 305	473 643	1 247 202	205 123	1 955 273
Additions	0	0	1 390	239 307	240 697
Transfers in/(out)	0	19 435	179 657	(199 092)	0
Reclassification to profit or loss	0	0	0	(2 132)	(2 132)
Disposals	0	0	(34 292)	0	(34 292)
Cost at 31 March 2014	29 305	493 078	1 393 957	243 206	2 159 546
Accumulated depreciation					
Accumulated depreciation at 31 March 2013	0	176 747	765 951	0	942 698
Charge for the year	0	16 264	131 176	0	147 440
Disposals	0	0	(34 190)	0	(34 190)
Accumulated depreciation at 31 March 2014	0	193 011	862 937	0	1 055 948
Net book value at 31 March 2014	29 305	300 067	531 020	243 206	1 103 598
Estimated useful life (years)		50	5 to 15		

13. Deferred taxation assets and liabilities

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Balance at the beginning of the year	**2 465 888**	1 734 581	**2 452 806**	1 721 662
Movements during the year				
Current year timing differences (Note 23)	**(141 586)**	602 764	**(101 334)**	617 407
Prior year adjustment (Note 23)	**(13 890)**	8 493	**0**	(226)
Other comprehensive income	**100 684**	120 050	**100 551**	113 963
Balance at the end of the year	**2 411 096**	2 465 888	**2 452 023**	2 452 806
Comprising:				
Deferred taxation assets	**2 467 786**	2 468 117	**2 452 023**	2 452 806
Deferred taxation liabilities	**(56 690)**	(2 229)	**0**	0
Net deferred taxation assets	**2 411 096**	2 465 888	**2 452 023**	2 452 806

Deferred taxation assets for the Bank are not reduced to the extent that it is no longer probable in the medium term that the related taxation benefits will be realised.

Deferred taxation assets and liabilities are attributed as set out in Notes 13.1 and 13.2.

13.1 Group

	2015 R'000	Amounts charged to statement of comprehensive income R'000	2014 R'000
Deferred retirement fund contributions	**4 110**	(3 601)	7 711
Post-employment benefits	**703 203**	190 850	512 353
Prepaid expenditure and other items	**9 299**	3 928	5 371
Property, plant and equipment	**(412 987)**	(59 233)	(353 754)
Employee benefits accrual	**92 358**	1 635	90 723
Tax loss	**2 015 113**	(188 371)	2 203 484
Total	**2 411 096**	(54 792)	2 465 888

13.2 Bank

	2015 R'000	Amounts charged to statement of comprehensive income R'000	2014 R'000
Deferred retirement fund contributions	**4 111**	(849)	4 960
Post-employment benefits	**650 598**	187 093	463 505
Prepaid expenditure and other items	**5 088**	281	4 807
Property, plant and equipment	**(69 844)**	(6 196)	(63 648)
Employee benefits accrual	**70 652**	3 976	66 676
Tax loss	**1 791 418**	(185 088)	1 976 506
Total	**2 452 023**	(783)	2 452 806

14. Notes and coin in circulation

	Group		Bank	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Notes	**117 018 768**	102 547 232	**117 018 768**	102 547 232
Coin	**5 151 397**	4 838 243	**5 151 397**	4 838 243
	122 170 165	107 385 475	**122 170 165**	107 385 475

The liability for notes and coin issued is the net liability after offsetting notes and coin held by the Bank and not yet issued into circulation, as cash held by the central bank does not represent currency in circulation.

15. Deposit accounts

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Non-interest bearing	**109 000 668**	97 646 273	**108 928 080**	97 598 913
Banks' reserve accounts	**76 504 548**	67 951 572	**76 504 548**	67 951 572
Government accounts	**31 782 082**	29 269 383	**31 709 494**	29 222 023
Other current accounts	**714 038**	425 318	**714 038**	425 318
Interest bearing	**122 211 448**	118 178 764	**70 231 894**	73 506 979
Reverse repurchase agreements	**3 037 735**	6 349 575	**3 037 735**	6 349 575
Government special deposit	**67 157 404**	67 157 404	**67 157 404**	67 157 404
Call deposits	**51 979 554**	44 671 785	**0**	0
Margin call	**36 755**	0	**36 755**	0
	231 212 116	215 825 037	**179 159 974**	171 105 892
Maturity structure of deposit accounts				
On demand	**84 512 429**	74 366 486	**32 460 287**	29 647 341
Subject to negotiation with National Treasury	**67 157 404**	67 157 404	**67 157 404**	67 157 404
Within 30 days	**79 542 283**	74 301 147	**79 542 283**	74 301 147
	231 212 116	215 825 037	**179 159 974**	171 105 892

Bank's reserve accounts

Commercial banks are required to maintain a minimum cash reserves balance with the Bank into which they are able to deposit at least such amounts as may be necessary to comply with the SARB Act. In addition, the commercial banks can utilise the cash reserve accounts to either fund short positions or deposit surplus funds. As at year-end, the balance was below the required minimum reserve balance by an amount of R4,9 billion (2014: R5,9 billion).

Reverse repurchase agreements

The reverse repurchase agreements are secured by collateral as presented below:

	Group 2015	Group 2014	Bank 2015	Bank 2014
Market value of South African government bonds	**3 035 114**	6 361 689	**3 035 114**	6 361 689
Collateral cover	**99,91%**	100,19%	**99,91%**	100,19%

The reverse repurchase agreements bear interest at market-related rates at or below the repo rate of the Bank.

Government special deposit

Government's special deposit bears interest at a rate equivalent to the return earned on foreign-exchange investments made by the Bank. The interest earned on the deposit was settled during the year under review.

16. Foreign loans and deposits

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Foreign deposits	**94 414 334**	84 353 679	**94 414 334**	84 353 679

Currently the Bank has no foreign loans (2014: none). Foreign deposits are placed by customers at market-related rates.

Analyses of the currency composition and maturity structure of these foreign deposits are set out in Note 28.

17. Other liabilities

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Accruals	**360 042**	344 683	**296 245**	265 991
Accounts payable	**175 353**	191 774	**85 004**	62 782
Other financial liabilities	**165 124**	34 960	**164 372**	33 989
Non-financial liabilities	**101 237**	81 819	**2 164**	25 832
	801 756	653 236	**547 785**	388 594
Maturity structure of financial liabilities (Note 28)				
Within 30 days	**675 262**	571 417	**545 621**	362 762
Over 30 days	**25 257**	0	**0**	0
	700 519	571 417	**545 621**	362 762

Other liabilities consist mainly of payables and accruals.

18. South African Reserve Bank debentures

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Capital	**7 891 000**	6 276 000	**7 891 000**	6 276 000
Accrued interest	**19 100**	13 950	**19 100**	13 950
	7 910 100	6 289 950	**7 910 100**	6 289 950

The SARB debentures are issued to the market on tender, normally on a 7-, 14-, 28- or 56-day term. The debentures are unsecured. Details of the debentures in issue at 31 March 2015 are as follows:

Maturity date	**Interest rate Per cent**	**Capital R'000**
1 April 2015	5,66	1 465 000
1 April 2015	5,70	1 986 000
1 April 2015	5,71	1 110 000
1 April 2015	5,60	400 000
8 April 2015	5,65	100 000
8 April 2015	5,60	35 000
8 April 2015	5,71	2 014 000
15 April 2015	5,65	706 000
15 April 2015	5,65	10 000
22 April 2015	5,65	35 000
29 April 2015	5,65	30 000
		7 891 000

19. Post-employment benefits

The Bank and its subsidiary (SABN) provide the following post-employment benefits to its employees:

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Amounts recognised in the statement of financial position				
Post-employment medical benefits (refer to (a) below)	**2 157 110**	1 798 326	**1 969 234**	1 623 869
Post-employment group life benefits (refer to (b) below)	**41 905**	35 456	**37 265**	31 508
Retirement fund obligation (refer to (c) below)	**317 066**	0	**317 066**	0
	2 516 081	1 833 782	**2 323 565**	1 655 377

(a) Post-employment medical benefits

Post-employment medical benefits are provided to retired staff in the form of subsidised medical aid premiums. This benefit has been closed to all new employees at the Bank since 1 September 2011 and at the subsidiary since 2003. A provision for the liability has been raised; this covers the total liability, that is, the accumulated post-employment medical benefit liability at 31 March 2015.

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Balance at the beginning of the year	**1 798 326**	1 756 166	**1 623 869**	1 616 779
Movement during the year				
Interest cost	**164 910**	140 335	**149 744**	127 360
Service cost	**56 801**	64 370	**52 947**	59 937
Benefits paid	**(64 000)**	(53 975)	**(58 300)**	(49 550)
Amount recognised in profit or loss (Note 22.2)	**157 711**	150 730	**144 391**	137 747
Financial assumption loss/(gain)	**159 273**	(264 638)	**146 045**	(242 385)
Demographic assumption loss	**27 475**	101 766	**26 682**	90 129
Experience loss on liabilities	**14 325**	54 302	**28 247**	21 599
Actuarial losses/(gains) recognised in other comprehensive income	**201 073**	(108 570)	**200 974**	(130 657)
Balance at the end of the year	**2 157 110**	1 798 326	**1 969 234**	1 623 869

	2015 Per cent	2014 Per cent
Key assumptions[1]		
Discount rate	**8,90**	9,39
Medical inflation	**7,50**	7,50
Net discount rate	**1,30**	1,76
Early retirement rates[2]		
55	**2,50**	2,50
56	**2,50**	2,50
57	**2,50**	2,50
58	**2,50**	2,50
59	**2,50**	2,50
Normal retirement age[2]	**60**	60
Valuation date	**31 March 2015**	31 March 2014

(1) The key assumptions of the Group and the Bank are the same.
(2) These assumptions were also used in the actuarial valuation of the post-employment group life liability – refer to Note 19(b).

19. Post-employment benefits (continued)

(a) Post-employment medical benefits (continued)

Sensitivity analysis	1% decrease R'000	Valuation basis R'000	1% increase R'000
The effect of a 1 per cent increase and decrease in the discount rate is as follows:			
Group			
Employers' accrued liability	2 571 892	2 157 110	1 836 519
Employers' service and interest cost[3]	290 939	259 814	234 861
Bank			
Employer's accrued liability	2 350 816	1 969 234	1 674 805
Employer's service and interest cost[3]	268 227	238 893	215 460
The effect of a 1 per cent increase and decrease in the medical inflation rate is as follows:			
Group			
Employers' accrued liability	1 835 073	2 157 110	2 566 839
Employers' service and interest cost[3]	216 073	259 814	316 534
Bank			
Employer's accrued liability	1 673 451	1 969 234	2 346 209
Employer's service and interest cost[3]	198 307	238 893	291 641

	1 year downward R'000	Valuation basis R'000	1 year upward R'000
The effect of a one-year increase and decrease in the post-retirement mortality rate is as follows:			
Group			
Employers' accrued liability	2 088 256	2 157 110	2 226 458
Employers' service and interest cost[3]	251 618	259 814	268 059
Bank			
Employer's accrued liability	1 906 378	1 969 234	2 032 546
Employer's service and interest cost[3]	231 365	238 893	246 466

[3] Forecast service and interest costs for the year ending 31 March 2016.

19. Post-employment benefits (continued)

(b) Post-employment group life benefits

Post-employment group life benefits are provided to retired staff in the form of subsidised group life premiums. This covers the total liability, that is, the accumulated post-employment group life benefit liability at 31 March 2015.

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Balance at the beginning of the year	**35 456**	36 386	**31 508**	32 400
Movement during the year				
Interest cost	**3 250**	2 854	**2 890**	2 543
Service cost	**1 523**	1 651	**1 345**	1 465
Benefits paid	**(1 701)**	(1 413)	**(1 473)**	(1 225)
Amount recognised in profit or loss (Note 22.2)	**3 072**	3 092	**2 762**	2 783
Financial assumption loss/(gain)	**4 655**	(4 215)	**4 190**	(3 755)
Demographic assumption loss	**546**	1 355	**476**	1 204
Experience gain on liabilities	**(1 824)**	(1 162)	**(1 671)**	(1 124)
Actuarial losses/(gains) recognised in other comprehensive income	**3 377**	(4 022)	**2 995**	(3 675)
Balance at the end of the year	**41 905**	35 456	**37 265**	31 508

	2015 Per cent	2014 Per cent
Key assumptions[4]		
Discount rate	**8,90**	9,39
Salary inflation	**7,00**	6,00
Net discount rate	**1,78**	3,50
Premium rate[2]	**0,37**	0,39
Pensioner mortality assumptions		
Active members	**SA 85-90 Light**	SA 85-90 Light
Pensioners	**PA (90) rated down by 2 years**	PA (90) rated down by 2 years
Valuation date	**31 March 2015**	31 March 2014

[4] The key assumptions of the Group and the Bank are the same.

19. Post-employment benefits (continued)

(b) Post-employment group life benefits (continued)

Sensitivity analysis	1% decrease R'000	Valuation basis R'000	1% increase R'000
The effect of a 1 per cent increase and decrease in the discount rate is as follows:			
Group			
Employers' accrued liability	47 989	41 905	36 954
Employers' service and interest cost[5]	6 197	5 698	5 284
Bank			
Employer's accrued liability	42 702	37 265	32 840
Employer's service and interest cost[5]	5 442	5 009	4 648
The effect of a 1 per cent increase and decrease in the salary inflation rate is as follows:			
Group			
Employers' accrued liability	39 637	41 905	44 468
Employers' service and interest cost[5]	5 274	5 698	6 186
Bank			
Employer's accrued liability	35 221	37 265	39 571
Employer's service and interest cost[5]	4 635	5 009	5 438

	1 year downward R'000	Valuation basis R'000	1 year upward R'000
The effect of a one-year increase and decrease in the post-retirement mortality rate is as follows:			
Group			
Employers' accrued liability	41 223	41 905	42 567
Employers' service and interest cost[5]	5 609	5 698	5 785
Bank			
Employer's accrued liability	36 662	37 265	37 850
Employer's service and interest cost[5]	4 931	5 009	5 085

[5] Forecast service and interest costs for the year ending 31 March 2016.

19. Post-employment benefits (continued)

(c) Retirement fund obligation

The Group has made provision for pension and provident plans substantially covering all employees. All employees are members of the retirement plans administered by the Group or are members of funds within the various industries in which they are employed. The assets of these plans are held in administered trust funds separate from the Group's assets and the funds are governed by the Pension Funds Act 24 of 1956.

The retirement fund is managed by a Board of Trustees, consisting of eight trustees. Four trustees are appointed by the Board of the Bank, namely one independent trustee who was a previous non-executive director of the Bank and three senior staff members. The other four trustees are elected by the members of the fund, three of whom are employees of the Bank and a pensioner of the Bank. The fund is assisted by a Principal Officer who is also a Board-appointed trustee. Statutory actuarial valuations are performed tri-annually and the next valuation is in the process of being completed in respect of the period ended 31 March 2015.

Interim actuarial valuations are concluded annually. Where a surplus in the fund is calculated, it is for the benefit of the members, and accordingly no asset is recognised in the financial statements of the Bank. The retirement fund is regulated by the Financial Services Board (FSB) and is a single scheme which caters for active members, pensioners on a living annuity, pensioners on a life annuity, and pensioners from the former defined benefit fund.

Active members participate on a defined contribution basis. The market risk lies fully with the active members until retirement. On retirement, former employees can commute up to one-third of their share of fund. They may use the remaining funds to buy either a living annuity or a life annuity (or a combination of both) from the fund. They may also choose to transfer their share of funds to another registered retirement annuity. The value of assets under management for active members as at 31 March 2015 was R3,8 billion (2014: R3,2 billion).

Living annuity pensioners bear the entire market risk on their funds; however, they also fully benefit from positive market returns.

The life pension quoted by the retirement fund is based on the amount of capital available to the employee, as well as marital status, gender and age. There are currently 608 pensioners. Once quoted a life pension, the rules of the fund stipulate that it will not be reduced, and thus, although the pensioner bears the market risk with regard to the annual increase granted, the employer will contribute if there is a shortage in the pension account which supports maintaining pensions at their existing level. This is in effect the only uncovered 'defined benefit' element in the fund. The risk for the retirement fund, and ultimately the Bank, in meeting this defined benefit, is market risk and life expectancy. An IAS 19 valuation of this defined benefit at 31 March 2015 was performed by an independent actuary, the result of which can be summarised as follows:

	Present value of obligation R'000	Fair value of plan assets R'000	Unrecognised due to paragraph 65 limit[6] R'000	Total R'000
As at 31 March 2014	583 112	(935 905)	352 793	0
Income statement				
Current service cost (Note 22.2)	14 586	0	0	14 586
Interest (expense)/income (Note 22.2)	100 069	(87 744)	0	12 325
Expenses	(4 401)	4 401	0	0
Cash movements				
Benefits paid	32 902	(32 902)	0	0
Employer contributions	0	(798)	0	(798)
Other comprehensive income				
Actuarial gain/(loss)	746 753	(103 007)	(352 793)	290 953
As at 31 March 2015	1 473 021	(1 155 955)	0	317 066

[6] In terms of paragraph 65 of IAS 19, the calculated surplus is for the benefit of the members of the retirement fund, and not the Bank.

19. Post-employment benefits (continued)

(c) Retirement fund obligation (continued)

It should be noted that the primary reason that the net R317 million liability has materialised in the current financial year, is the change in assumptions regarding future pension increases. In the prior financial year, a nil pension increase was assumed due to the fact that the pensioner bears the full market risk with regard to future pension increases. Further clarity on the interpretation of IAS 19 has been provided which indicates that pension increases should be provided for based on current market conditions, irrespective of the fact that the market risk for future increases is not borne by the sponsoring employer. The assumptions utilised in the valuation of this liability are as follows:

	2015 Per cent	2014 Per cent
Discount rate	**8,40**	8,70
Inflation rate	**6,00**	6,40
Salary increase rate	**7,00**	7,40
Pension increase rate:		
Category 1 and ex-pension	**6,00**	0
Category 2	**4,50**	0
Category 3	**2,70**	0

Sensitivity analysis	**1% decrease R'000**	**Valuation basis R'000**	**1% increase R'000**
The effect of a 1 per cent increase and decrease in the discount rate is as follows:			
Bank			
Employer's accrued net liability[8]	818 706	317 066	0
Employer's service and interest cost[7]	115 310	56 523	10 457
The effect of a 1 per cent increase and decrease in the salary increase rate is as follows:			
Bank			
Employer's accrued net liability	310 821	317 066	323 953
Employer's service and interest cost[8]	55 176	56 523	58 026
The effect of a 1 per cent increase and decrease in the base pension increase rate is as follows:			
Bank			
Employer's accrued net liability[8]	0	317 066	829 015
Employer's service and interest cost[7]	9 934	56 523	123 667

(7) Forecast service and interest costs for the year ending 31 March 2016.
(8) Where the employer's accrued net liability reflects as nil, this indicates that a net surplus has been calculated; however, this is not recognised as this surplus would accrue to the benefit of the members.

Management does not use the IAS 19 valuation in order to assess the health of the fund, nor as a base to inform management decisions with regard to the fund. Management utilises the interim and statutory actuarial valuations for such purposes due to the fact that these actuarial valuations recognise that the pensioner bears the market risk of future pension increases. The asset and liability of the pensioner is fundamentally linked, and the discount rate applied reflects the risk profile of the assets in which the fund is invested.

The assets and liabilities of the defined benefit fund, which has been closed to new members since 1 July 1995, were transferred to the retirement fund on 31 March 2011. At present, 276 pensioners qualify for the defined benefits. The benefits provided are based on the individual's years of membership and salary levels. These benefits were provided from contributions made by employees and the employer, and income derived from the assets of the plan. The actuarial risk in respect of current pension commitments has mainly been transferred to Sanlam through an insurance policy. In view of the transfer of the pension liability to Sanlam, which has a credit rating of AA (Fitch), no further financial disclosures are deemed necessary in respect of the defined benefit, as required by IAS 19. The actuarial liability as at 31 March 2014 amounted to R196 million, while the plan assets towards this liability amounted to R203 million.

19. Post-employment benefits (continued)

(c) Retirement fund obligation (continued)

Since its inception in 1995, there has not been a shortage in the pension account for any given year. The most recent valuation at 31 March 2014 found the fund fully funded, with the actuarial liability of pensions to be R722 million with plan assets of R835 million. The trustees of the retirement fund and the management of the Bank do not foresee a statutory liability for the Bank in terms of these pensioners.

The plan assets were invested in the following different asset classes as at 31 March 2014 per the interim valuation:

Local equities	35,50%
Local property	5,10%
Local fixed interest	24,90%
Cash	11,10%
Foreign investments	18,80%
Other	4,60%
	100,00%

20. Gold and Foreign Exchange Contingency Reserve Account

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Opening balance	**177 913 407**	125 551 618	**177 913 407**	125 551 618
Profit/(loss) on gold price adjustment account	**3 091 848**	(4 248 971)	**3 091 848**	(4 248 971)
Loss on forward exchange contract adjustment account	**(15 377 443)**	(18 386 139)	**(15 377 443)**	(18 386 139)
Profit on foreign-exchange adjustment account	**37 302 948**	75 429 259	**37 302 948**	75 429 259
Movement in unrealised gains/(losses) on forward exchange contracts	**399 032**	(460 469)	**399 032**	(460 469)
	203 329 792	177 885 298	**203 329 792**	177 885 298
Net payments	**66 646**	28 108	**66 646**	28 108
Amount due to government	**203 396 438**	177 913 406	**203 396 438**	177 913 406
Balance composition				
Balance currently due to government	**202 519 608**	177 435 608	**202 519 608**	177 435 608
Unrealised gains on forward exchange contracts (Note 8)	**876 830**	477 798	**876 830**	477 798
	203 396 438	177 913 406	**203 396 438**	177 913 406

The GFECRA, which is operated in terms of section 28 of the SARB Act, represents net revaluation profits and losses incurred on gold and foreign-exchange transactions, which are for the account of the South African government. Settlement of this account is subject to agreement, from time to time, between the Bank and government. During the reporting period under review, a net amount of R66,6 million was settled by government (2014: R28,1 million).

21. Share capital

Authorised and issued				
2 000 000 shares (2014: 2 000 000 shares) of R1 each	**2 000**	2 000	**2 000**	2 000

These shares qualify for a maximum dividend of 10 cents per share per annum.

22. Profit/(loss) before taxation

22.1 Total income is stated after crediting

	Group		Bank	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Income from investments	**95 795**	50 218	**87 264**	40 166
Dividends	**30 367**	40 166	**30 367**	40 166
Realised and unrealised profit on investments	**65 428**	10 052	**56 897**	0
Income from subsidiaries			**98 772**	13 801
Dividends			**88 200**	200
Interest			**3 951**	7 994
Management fees			**6 621**	5 607
Commission on banking services	**406 394**	266 212	**406 394**	266 212

Realised and unrealised profits and losses on the Bank's investments are included in interest income in terms of the Bank's accounting policies.

22.2 Operating costs include

	Group 2015 R'000	Group 2014 R'000	Bank 2015 R'000	Bank 2014 R'000
Directors' remuneration (Note 29.7)	**22 346**	20 514	**21 952**	20 147
For services as non-executive directors	**4 276**	4 013	**3 882**	3 646
For services as executive directors	**18 070**	16 501	**18 070**	16 501
Depreciation (Note 12)	**316 929**	279 759	**173 627**	147 440
Buildings	**19 809**	21 386	**14 253**	16 264
Plant, vehicles, furniture and equipment	**297 120**	258 373	**159 374**	131 176
Net (profit)/loss on disposal of:				
Plant, vehicles, furniture and equipment	**(340)**	144	**(137)**	88
Transfer of work-in-progress from property, plant and equipment	**0**	3 334	**0**	2 132
Auditors' remuneration	**29 190**	13 754	**24 647**	9 521
Audit fees	**14 037**	12 934	**9 686**	8 850
Fees for other services	**15 153**	820	**14 961**	671
Consulting fees	**184 767**	155 960	**158 146**	138 459
Retirement benefit costs	**445 169**	395 625	**385 503**	340 698
Normal contributions to funds	**172 556**	158 395	**147 746**	137 784
Additional contributions to funds	**5 818**	9 682	**5 818**	9 682
Provision for post-employment medical benefits (Note 19)	**157 711**	150 730	**144 391**	137 747
Medical aid premiums paid	**75 558**	70 382	**56 483**	51 416
Post-employment group life benefits (Note 19)	**3 072**	3 092	**2 762**	2 783
Post-retirement fund (Note 19)	**26 911**	0	**26 911**	0
Group life premiums paid	**3 543**	3 344	**1 392**	1 286
Remuneration and recurring staff costs	**1 841 838**	1 779 575	**1 498 531**	1 493 216
Cost of new currency	**485 098**	628 303	**1 873 847**	1 666 575
Unrealised loss on forward exchange contract (Note 8)	**0**	485	**0**	0
Other operating costs[1]	**1 447 192**	1 407 854	**428 950**	409 487

[1] Other operating costs comprise mainly business systems and technology costs, repairs and maintenance, building maintenance costs, travel and accommodation, and training expenses.

23. Taxation

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
South African normal taxation				
Current taxation	**(63 127)**	(87 794)	**0**	0
Deferred taxation				
Current year timing differences (Note 13)[1]	**(141 586)**	602 764	**(101 334)**	617 407
Adjustment in respect of prior years (Note 13)	**(13 890)**	8 493	**0**	(226)
	(218 603)	523 463	**(101 334)**	617 181
Reconciliation of taxation rate				
South African normal taxation rate	**28,00%**	28,00%	**28,00%**	28,00%
Adjusted for:				
Disallowable expenses	**0,72%**	(0,45%)	**1,26%**	(0,34%)
Exempt income and special deductions	**(2,86%)**	0,98%	**(6,05%)**	0,11%
Prior years	**0,00%**	(0,09%)	**0,00%**	0,00%
Effective taxation rate	**25,86%**	28,44%	**23,21%**	27,77%

[1] The current taxation for the Bank represents the tax charge on the revaluation of available-for-sale financial assets.

24. Dividend per share (cents)	**10**	10	**10**	10
Dividends were paid as follows:				
Final dividend of 5 cents per share for the 2014 financial year	**100**	100	**100**	100
Interim dividend of 5 cents per share for the 2015 financial year	**100**	100	**100**	100
	200	200	**200**	200

Earnings per share has not been calculated because the shares qualify for a maximum dividend of 10 cents per share per annum in terms of the SARB Act.

25. Cash generated from operating activities

	Group		Bank	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Reconciliation of loss before taxation to cash generated from operating activities				
Profit/(loss) before taxation for the year[1]	845 440	(1 840 886)	436 651	(2 222 807)
Adjustments for:				
Depreciation	316 929	279 759	173 627	147 440
Net (loss)/profit on disposal of fixed assets	(340)	144	(137)	88
Transfer of work-in-progress from property, plant and equipment	0	3 334	0	2 132
Unrealised foreign-exchange gain	(2 744)	(2 171)	0	0
Fair value adjustments to financial instruments	(8 530)	2 432	0	0
Post-employment benefits	187 694	153 822	174 064	140 530
Realised (gain)/loss on financial instruments	(56 897)	7 620	(56 897)	0
Coupon interest accrued	(4 248)	63 524	(4 248)	63 524
Amortisation of coupon interest	48 514	131 198	48 514	131 198
Net cash generated from/(utilised by) operating activities	1 325 818	(1 201 224)	771 574	(1 737 895)
Changes in working capital				
Amounts due by subsidiaries	0	0	291 040	(180 357)
Accommodation to banks	(15 116 221)	702 403	(15 116 221)	702 403
Other assets	8 268	(156 247)	29 949	(56 622)
Gold and foreign exchange	(42 257 249)	(63 144 959)	(42 257 249)	(63 144 959)
Inventories	141 495	(68 931)	(139)	342
Loans and advances	421 976	(2 861 605)	1 354	1 077
Equity investment in Bank for International Settlements	(11 663)	(67 681)	(11 663)	(67 681)
Notes and coin in circulation	14 784 690	4 249 174	14 784 690	4 249 174
Deposit accounts	15 387 079	13 323 012	8 054 082	6 094 516
Amounts due to subsidiaries	0	0	(3 055 285)	989 719
Other liabilities	11 076	86 094	159 191	92 840
Foreign loans and deposits	10 060 655	4 089 351	10 060 655	4 089 351
South African Reserve Bank debentures	1 620 150	(3 613 282)	1 620 150	(3 613 282)
Gold and Foreign Exchange Contingency Reserve Account	25 084 001	52 822 257	25 084 001	52 822 257
Cash generated from changes in working capital	10 134 257	5 359 576	(355 445)	1 978 778
Cash generated from operating activities	11 460 075	4 158 352	416 129	240 883

[1] Included in this amount is dividends received. Refer to Note 22.1.

26. Capital commitments

	Group		Bank	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred	**137 155**	95 443	**104 369**	45 977
Buildings	**7 171**	1 796	**4 907**	1 796
Plant, vehicles, furniture and equipment	**129 984**	93 647	**99 462**	44 181
Capital expenditure approved but not contracted for at the end of the reporting period	**149 487**	224 471	**14 367**	122 664
Buildings	**11 701**	34 637	**5 188**	33 577
Plant, vehicles, furniture and equipment	**137 786**	189 834	**9 179**	89 087
Total	**286 642**	319 914	**118 736**	168 641

These capital commitments will be funded from internal resources.

27. Events after the reporting date

No material events occurred between 31 March 2015 and 11 June 2015 requiring disclosure in, or adjustment to, the annual financial statements for the year ended 31 March 2015.

28. Risk management in respect of financial instruments

The policies and procedures of the Bank regarding risk management are dealt with in the section on risk management on pages 53 and 54 of the Annual Report, which is available on the Bank's website. Certain aspects of risk management specific to financial instruments are described below.

Interest rate risk

With the exception of South African government bonds, the rand-denominated financial assets and liabilities of the Bank respectively earn and bear interest at rates linked to South African money-market rates. The level of these rates is closely linked to the Bank's repo rate, which is set by the Monetary Policy Committee (MPC). The repricing of these assets and liabilities therefore occurs at approximately the same time as changes to the repo rate are announced by the MPC.

The Bank is exposed to interest rate risk in respect of its foreign investments. The risk tolerance and return expectations in respect of these financial instruments are embodied in the strategic asset allocation; this, together with the risk budget, is approved by the GEC.

Market risk

Market risk is the risk of loss resulting from changes in market prices of securities. The Bank manages its market risks responsibly utilising modern technology and appropriate organisational structures and procedures. Exposures and limits are measured continually and are routinely reviewed by management.

Assets used as collateral (refer to Note 3) are subject to a daily mark-to-market valuation. In order to protect the Bank against credit and market risks, participants in the repo transactions have to provide securities representing market values in excess of the exposures ('haircut valuations'). This means that the value of the securities divided by an appropriate ratio, as set out by the Bank, must at least be equal to the total repo price. Treasury bills and SARB debentures are valued at the most recent auction's discount rates.

Currency risk

The Bank's exposure to currency risk from holding gold and foreign-exchange reserves is limited by the fact that movements in gold and foreign-exchange rates against the rand are for the account of the South African government in terms of the SARB Act. The Bank has currency risk limits and monitors them actively to ensure that they are contained within the overall risk budget of the Bank.

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Credit risk arises from activities of the Bank such as advances to, and deposits made with, other institutions and the settlement of financial-market transactions.

Credit risk with respect to monetary policy operations is sufficiently mitigated, since all repo transactions are fully collateralised. Furthermore, in terms of the SARB Act, no unsecured lending is allowed with the exception of loans made to government, subsidiaries of the Bank and certain staff loans. The list of eligible securities is specified in the Operational Notice published on the Bank's website. Furthermore, operations in the foreign-exchange market can only be conducted with Authorised Dealers.

The minimum counterparty credit rating for placing deposits and investing in government bonds is 'A' by Standard & Poor's or its Moody's or Fitch rating equivalents, while the minimum rating for investments in corporate bonds is 'AA-'.

The rating of certain investment securities was below 'A' at year-end due to the downgrading of instruments or institutions by the rating agencies and due to the tightening of investment guidelines by the Bank, which resulted in passive breaches on some of the financial assets in the Bank's portfolios. Such securities have been retained in the portfolio because they are relatively close to maturity and the risk of default is deemed low.

28. Risk management in respect of financial instruments (continued)

Concentration risk

Concentration risk is the risk of significant exposure to a single counterparty or geographic region. Concentration risk is calculated on the basis of a percentage of the exposure to the counterparty of the Bank as a percentage of total exposures to all counterparties. This is actively monitored by the risk unit within the Financial Markets Department.

Concentration analysis

	Group		Bank	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Assets				
South African rand	**97 641 666**	71 709 177	**47 778 997**	32 491 773
Gold	**58 187 016**	55 062 241	**58 187 016**	55 062 241
United States dollar	**279 098 769**	234 330 793	**279 079 239**	234 294 195
Euro	**94 073 938**	115 836 625	**94 026 639**	115 832 841
Pound sterling	**35 343 024**	34 274 584	**35 343 024**	34 274 584
Other	**98 791 923**	83 695 068	**98 791 923**	83 695 068
Total financial assets	**663 136 336**	594 908 488	**613 206 838**	555 650 702
Liabilities				
South African rand	**564 156 465**	508 216 720	**515 167 526**	469 549 722
United States dollar	**73 847 769**	61 062 470	**73 845 372**	61 056 910
Euro	**13 113 009**	14 549 307	**13 089 931**	14 541 491
Other	**2 648 718**	2 768 078	**2 648 718**	2 768 078
Pound sterling	**6 183 956**	5 987 200	**6 183 956**	5 987 200
Total financial assets	**659 949 917**	592 583 775	**610 935 503**	553 903 401

Liquidity risk

Liquidity risk is the risk that an entity may not be able to accommodate decreases in liabilities or fund increases in assets in full at the time that a commitment or transaction is due for settlement. In the case of the Bank, this risk is not relevant to domestic assets and liabilities because of the Bank's ability to create rands when required. However, the Bank does face liquidity risk in respect of foreign assets and liabilities. The Bank manages its foreign liquidity risks through appropriate structuring of its foreign investment portfolios to ensure that the maturity profiles of foreign assets adequately match those of foreign commitments. This is monitored and managed on a daily basis. In addition, the Bank's foreign investment portfolio comprises mainly highly liquid investment instruments.

28. Risk management in respect of financial instruments (continued)

Liquidity risk (continued)

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date.

	Up to 1 month R'000	1 to 3 months R'000	4 to 6 months R'000	7 to 12 months R'000	More than 1 year R'000	Total R'000
Liabilities						
Group: 31 March 2015						
Notes and coin in circulation	**122 170 165**	**0**	**0**	**0**	**0**	**122 170 165**
Deposit accounts	**231 212 116**	**0**	**0**	**0**	**0**	**231 212 116**
Foreign loans and deposits[(1)]	**94 414 334**	**0**	**0**	**0**	**0**	**94 414 334**
Other financial liabilities (Note 17)	**675 262**	**24 636**	**98**	**196**	**327**	**700 519**
South African Reserve Bank debentures	**7 910 100**	**0**	**0**	**0**	**0**	**7 910 100**
Forward exchange contract liabilities	**146 245**	**0**	**0**	**0**	**0**	**146 245**
Gold and Foreign Exchange Contingency Reserve Account	**203 396 438**	**0**	**0**	**0**	**0**	**203 396 438**
Total financial liabilities	**659 924 660**	**24 636**	**98**	**196**	**327**	**659 949 917**
Group: 31 March 2014						
Notes and coin in circulation	107 385 475	0	0	0	0	107 385 475
Deposit accounts	215 825 037	0	0	0	0	215 825 037
Foreign loans and deposits[(1)]	84 353 679	0	0	0	0	84 353 679
Other financial liabilities (Note 17)	571 417	0	0	0	0	571 417
South African Reserve Bank debentures	5 932 156	357 794	0	0	0	6 289 950
Forward exchange contract liabilities	244 811	0	0	0	0	244 811
Gold and Foreign Exchange Contingency Reserve Account	177 913 406	0	0	0	0	177 913 406
Total financial liabilities	592 225 981	357 794	0	0	0	592 583 775
Bank: 31 March 2015						
Notes and coin in circulation	**122 170 165**	**0**	**0**	**0**	**0**	**122 170 165**
Deposit accounts	**179 159 974**	**0**	**0**	**0**	**0**	**179 159 974**
Amounts due to subsidiaries	**3 192 626**	**0**	**0**	**0**	**0**	**3 192 626**
Foreign loans and deposits[(1)]	**94 414 334**	**0**	**0**	**0**	**0**	**94 414 334**
Other financial liabilities (Note 17)	**545 621**	**0**	**0**	**0**	**0**	**545 621**
South African Reserve Bank debentures	**7 910 100**	**0**	**0**	**0**	**0**	**7 910 100**
Forward exchange contract liabilities	**146 245**	**0**	**0**	**0**	**0**	**146 245**
Gold and Foreign Exchange Contingency Reserve Account	**203 396 438**	**0**	**0**	**0**	**0**	**203 396 438**
Total financial liabilities	**610 935 503**	**0**	**0**	**0**	**0**	**610 935 503**
Bank: 31 March 2014						
Notes and coin in circulation	107 385 475	0	0	0	0	107 385 475
Deposit accounts	171 105 892	0	0	0	0	171 105 892
Amounts due to subsidiaries	6 247 911	0	0	0	0	6 247 911
Foreign loans and deposits[(1)]	84 353 679	0	0	0	0	84 353 679
Other financial liabilities (Note 17)	362 762	0	0	0	0	362 762
South African Reserve Bank debentures	5 932 156	357 794	0	0	0	6 289 950
Forward exchange contract liabilities	244 326	0	0	0	0	244 326
Gold and Foreign Exchange Contingency Reserve Account	177 913 406	0	0	0	0	177 913 406
Total financial liabilities	553 545 607	357 794	0	0	0	553 903 401

(1) Amounts reflected at fair value. Undiscounted cash flows approximate fair value due to the short-term nature of the instruments.

28. Risk management in respect of financial instruments (continued)

Foreign-exchange operations

The framework of control regarding market operations in foreign exchange, that is, in spot and forward foreign-exchange transactions, is rigorous. Trading limits exist for these instruments and compliance is monitored and reported daily. In terms of the SARB Act, all profits or losses on the gold price, foreign-exchange adjustments on assets and liabilities, and on any current or future forward exchange contract shall be for the account of the South African government.

Settlement risk

Settlement risk (i.e. the risk that the counterparty may not be able to complete a transaction) is mitigated in a number of ways. The Bank will only transfer funds after sufficient collateral has been secured.

For outright transactions in securities, settlement risk is eliminated through the use of systems that are based on delivery versus payment, that is, the simultaneous exchange of securities and cash. In addition to restricting foreign-exchange transactions to highly rated counterparties, a transaction limit is imposed on the total value of foreign currency transactions settling with a counterparty on a given day. Furthermore, the Bank is a participant in Continuous Linked Settlement, a clearing house that eliminates settlement risk in foreign exchange, allowing payment versus delivery in a number of major currencies. It eliminates ‘temporal’ settlement risk, making same-day settlement both possible and final.

Financial risk reporting in the Bank

Risk reporting is a formalised and clearly defined process within the Bank. A monthly risk report is compiled and distributed to senior management of the Bank, (e.g. Deputy Governor, CIA, Group CFO). A quarterly risk management report, which focuses on the management of risks relating to foreign-exchange reserves, is distributed to the Reserves Management Committee and the GEC. Moreover, a quarterly financial risk report is compiled and distributed to members of the Bank’s RMC and the BREC. The objective of these risk reports is to inform management of financial risk to which the Bank may be exposed, their possible impact on the key functions of the Bank, and how such risks are managed. The report, furthermore, attempts to highlight future risks that might adversely impact the activities of the Bank. In line with international best practice, key risk types discussed in the reports are market, credit and operational risk in relation to market, monetary policy implementation and reserves management operations.

29. Related party information

29.1 Investment in subsidiaries

	Authorised and issued share capital		Bank	
	Number of shares ’000	Percentage held Per cent	2015 R’000	2014 R’000
Corporation for Public Deposits	2 000	100	**2 000**	2 000
South African Mint Company (RF) Proprietary Limited	60 000	100	**206 000**	206 000
South African Bank Note Company (RF) Proprietary Limited	61 000	100	**1 183 765**	1 183 765
Share capital	61 000	100	**61 000**	61 000
Subordinated loan	0	0	**1 122 765**	1 122 765
South African Reserve Bank Captive Insurance Company (RF) Limited	10 000	100	**10 000**	10 000
Total			**1 401 765**	1 401 765

29. Related party information (continued)

29.1 Investment in subsidiaries (continued)

The subordinated loan to the SABN of R1,1 billion bears no interest and has no fixed terms of repayment.

The Bank may demand repayment of the loan provided the subsidiary's assets exceed its liabilities. When recalled, the subsidiary has the option to convert the loan to share capital.

The loan is included in the books of the subsidiary as a separate category of equity and is thus treated as an addition to the Bank's investment in subsidiary.

The contribution to the Group profit and loss attributable to the parent is as follows:

	2015 R'000	2014 R'000
Corporation for Public Deposits	**80 000**	55 156
South African Mint Company (RF) Proprietary Limited	**138 473**	92 229
South African Bank Note Company (RF) Proprietary Limited	**93 141**	46 576
South African Reserve Bank Captive Insurance Company (RF) Limited	**5 294**	5 757
Total	**316 908**	199 718

29.2 Transactions with non-controlling interests

Prestige Bullion

The SA Mint and Rand Refinery entered into an agreement to form Prestige Bullion whereby the SA Mint acquired 60 per cent of the interest and the Rand Refinery 40 per cent. The SA Mint will be responsible for the manufacturing, while the marketing and distribution of the coins will be done by Rand Refinery.

Rand Refinery has a 40 per cent interest, and therefore holds a non-controlling interest in Prestige Bullion		
Profit attributable to non-controlling interest	**62 813**	88 685
Accumulated non-controlling interest at 31 March 2015	**35 498**	20 685
Dividends paid to non-controlling interest	**48 000**	68 000

No significant restrictions on the Bank's ability to access or use the assets and settle the liabilities of the Group exist.

29.3 Amounts due by/to subsidiaries

Amounts due by subsidiaries	**33 323**	324 363
South African Bank Note Company (RF) Proprietary Limited: Loan	**33 323**	33 257
South African Bank Note Company (RF) Proprietary Limited: Trading account	**0**	146 644
Corporation for Public Deposits: Current account	**0**	144 462
Amounts due to subsidiaries	**3 192 626**	6 247 911
Corporation for Public Deposits: Call deposit	**3 189 916**	6 247 911
Corporation for Public Deposits: Current account	**2 710**	0

The loan to the SABN bears interest at the repo rate and is unsecured with no fixed repayment terms.

The SABN's trading account is an advance to assist the SABN with financing its operating activities. It does not bear interest and is repayable in the short term.

The call deposit placed with the Bank by the CPD earns interest at South African money-market rates.

Amounts due by or to subsidiaries are repayable on demand. The subsidiaries are all wholly owned and incorporated in the Republic of South Africa.

29. Related party information (continued)

29.4 Transactions between the Bank and its related parties

	2015 R'000	2014 R'000
Dividends received	88 200	200
Corporation for Public Deposits	200	200
South African Reserve Bank Captive Insurance Company (RF) Limited	88 000	0
Interest received	3 950	7 994
South African Bank Note Company (RF) Proprietary Limited	1 939	1 731
Corporation for Public Deposits	2 011	6 263
Interest paid		
Corporation for Public Deposits	382 180	587 114
Insurance premiums paid		
South African Reserve Bank Captive Insurance Company (RF) Limited	600	14 856
Rent paid		
South African Bank Note Company (RF) Proprietary Limited	2 850	2 687
Coin management fees paid		
South African Mint Company (RF) Proprietary Limited	2 327	2 206
Management fees received	6 169	5 607
Corporation for Public Deposits	2 443	2 443
South African Reserve Bank Captive Insurance Company (RF) Limited	495	463
South African Reserve Bank Retirement Fund	3 231	2 701
Cost of currency	1 408 279	1 036 294
South African Bank Note Company (RF) Proprietary Limited	1 022 350	780 411
South African Mint Company (RF) Proprietary Limited	385 929	255 883
Proceeds from insurance claims		
South African Reserve Bank Captive Insurance Company (RF) Limited	1 822	3 848
Pension fund contributions		
South African Reserve Bank Retirement Fund	153 564	147 466
Administrative services	7 926	6 227
South African Bank Note Company (RF) Proprietary Limited	6 968	5 696
South African Mint Company (RF) Proprietary Limited	958	531
Recovery of foreign exchange gains/(losses)		
South African Bank Note Company (RF) Proprietary Limited	19 530	(64 796)

All other significant balances are shown in the statement of financial position under the appropriate headings.

29.5 Dissolution of the South African Reserve Bank Captive Insurance Company (RF) Limited

The Twin Peaks Regulatory Model, once implemented, will result in the prudential supervision in respect of both long-term and short-term insurers moving from the FSB to the Bank. This presents a potential conflict of interest as the Bank would then be supervising its own insurer, SARBCIC. The Board has accordingly resolved to restructure the Group's short-term insurance portfolio by dissolving SARBCIC and replacing it with an appropriate and cost-effective alternative structure.

The restructuring of the Group's short-term insurance portfolio has been completed, with the respective portfolios having been placed with external insurers with effect from 1 April 2014.

Once all stakeholders are satisfied that SARBCIC has made satisfactory arrangements to discharge its obligations under all policies previously issued to its clients, its registration as a short-term insurer will be cancelled and the company will be deregistered. In order to expedite the dissolution of SARBCIC, the Bank purchased a Contingency Policy from an external insurer for the amount of R1,0 million, to which the outstanding claims for the amount of R0,7 million and insurance liabilities relating to incurred but not yet reported and possible disability claims in SARBCIC's books will be transferred. It is envisaged that this will be achieved during the financial year ending 31 March 2016.

29.6 Contingencies

Inventory held on behalf of the Bank by the SA Mint

At year-end, coin inventory to the value of R313,3 million (2013/14: R269,2 million) was held on behalf of the Bank. This inventory is insured by the SA Mint and a contingent liability exists for any losses that may be incurred by the SA Mint.

29. Related party information (continued)

29.7 Directors' remuneration

	2015 R'000	2014 R'000
Executive directors: Remuneration		
Governor E L Kganyago (1)		
Remuneration and recurring fringe benefits	4 673	3 726
Other fringe benefits	106	193
	4 779	3 919
Governor G Marcus (term ended 8 November 2014)		
Remuneration and recurring fringe benefits	2 666	4 457
Other fringe benefits	118	0
Cooling-off period payment (up to 31 March 2015)	2 054	0
	4 838	4 457
Deemed remuneration: Official residence (2)	320	550
	5 158	5 007
A D Mminele		
Remuneration and recurring fringe benefits	4 003	3 719
Other fringe benefits	58	81
	4 061	3 800
F E Groepe		
Remuneration and recurring fringe benefits	4 003	3 719
Other fringe benefits	69	56
	4 072	3 775
Total remuneration of executive directors	18 070	16 501
Non-executive directors: Remuneration for services		
T Nombembe (appointed 14 July 2014)	217	0
T N Mgoduso	371	355
J F van der Merwe	411	382
B W Smit	322	309
R le Roux	325	312
T Ajam	322	309
M Manyama-Matome	309	285
G M Ralfe	333	312
R J G Barrow	419	391
M S V Gantsho (term ended 10 June 2014)	93	389
A M Chait	368	305
F Cachalia	392	297
	3 882	3 646
Paid by subsidiaries		
Non-executive directors: Remuneration for services		
R J G Barrow	394	367
Total remuneration of non-executive directors	4 276	4 013
	22 346	20 514

(1) The total remuneration for Governor E L Kganyago relates to his term as both Deputy Governor (from 1 April 2014 to 8 November 2014) and Governor (from 9 November 2014 to 31 March 2015).

(2) The Bank provides accommodation to the Office of the Governor at the official residence. The deemed tax value of the benefit was R480 598 for the current year (2014: R823 886).

30. Segment reporting

Owing to the integrated nature of the activities of the Bank and its subsidiaries, the presentation of segmental information is not considered informative.

31. Gains/(losses) per category of financial assets and financial liabilities

	Total R'000	Held-for-trading R'000	Designated at fair value R'000	Loans and receivables R'000	Available-for-sale R'000	Other liabilities R'000
Group						
31 March 2015						
Interest income	**10 464 061**	**(1 059 888)**	**6 287 330**	**4 538 315**	**698 304**	
Interest expense	**(5 884 453)**			**(99)**		**(5 884 354)**
Dividend income	**30 367**				**30 367**	
Bond revaluation reserve	**135 017**				**135 017**	
Group						
31 March 2014						
Interest income	5 812 382	916 042	2 711 983	1 516 568	667 789	
Interest expense	(4 097 430)					(4 097 430)
Dividend income	40 166				40 166	
Bond revaluation reserve	(541 346)				(541 346)	
Bank						
31 March 2015						
Interest income	**7 000 069**	**(1 059 888)**	**5 449 185**	**1 912 468**	**698 304**	
Interest expense	**(2 564 461)**					**(2 564 461)**
Dividend income	**118 567**				**118 567**	
Bond revaluation reserve	**135 017**				**135 017**	
Bank						
31 March 2014						
Interest income	3 497 464	916 042	717 219	1 196 414	667 789	
Interest expense	(1 871 014)					(1 871 014)
Dividend income	40 366				40 366	
Bond revaluation reserve	(541 346)				(541 346)	

32. Classification of financial assets and liabilities

		Carrying amounts					
	Total R'000	Held-for-trading R'000	Designated at fair value R'000	Loans and receivables R'000	Available-for-sale R'000	Other liabilities R'000	Fair value[1] R'000
Group							
31 March 2015							
Financial assets							
Cash and cash equivalents	12 777 046			12 777 046			12 777 046
Accommodation to banks	38 530 325			38 530 325			38 530 325
Investments	15 156 368		15 156 368				
Other financial assets	256 900			256 900			256 900
Gold and foreign exchange	564 988 869	(37 532)	565 026 401				
Forward exchange contract assets	1 023 075	1 023 075					
Loans and advances	21 521 151			21 521 151			21 521 151
South African government bonds	8 443 629		413 723		8 029 907		
Equity investment in Bank for International Settlements	438 971				438 971		3 315 395
Financial liabilities							
Notes and coin in circulation	122 170 165					122 170 165	122 170 165
Deposit accounts[2]	231 212 116					231 212 116	231 212 116
Foreign loans and deposits	94 414 334					94 414 334	94 414 334
Other financial liabilities	700 519					700 519	700 519
South African Reserve Bank debentures	7 910 100					7 910 100	7 910 100
Forward exchange contract liabilities	146 245	146 245					
Gold and Foreign Exchange Contingency Reserve Account	203 396 438					203 396 438	203 396 438

(1) Fair values have been disclosed only for instruments carried at amortised cost. Carrying value has been used where it closely approximates fair value.
(2) Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.

32. Classification of financial assets and liabilities (continued)

	Carrying amounts						
	Total R'000	Held-for-trading R'000	Designated at fair value R'000	Loans and receivables R'000	Available-for-sale R'000	Other liabilities R'000	Fair value[1] R'000
Group							
31 March 2014							
Financial assets							
Cash and cash equivalents	3 445 872			3 445 872			3 445 872
Accommodation to banks	23 414 104			23 414 104			23 414 104
Investments	14 140 245		14 140 245				
Other financial assets	201 826			201 826			201 826
Gold and foreign exchange	522 731 620	2 537	522 729 083				
Forward exchange contract assets	722 124	722 124					
Loans and advances	21 943 128			21 943 128			21 943 128
South African government bonds	7 882 261				7 882 261		
Equity investment in Bank for International Settlements	427 308				427 308		3 130 986
Financial liabilities							
Notes and coin in circulation	107 385 475					107 385 475	107 385 475
Deposit accounts[2]	215 825 037					215 825 037	215 825 037
Foreign loans and deposits	84 353 679					84 353 679	84 353 679
Other financial liabilities	571 417					571 417	571 417
South African Reserve Bank debentures	6 289 950					6 289 950	6 289 950
Forward exchange contract liabilities	244 811	244 811					
Gold and Foreign Exchange Contingency Reserve Account	177 913 406					177 913 406	177 913 406

[1] Fair values have been disclosed only for instruments carried at amortised cost. Carrying value has been used where it closely approximates fair value.
[2] Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.

32. Classification of financial assets and liabilities (continued)

	Carrying amounts						
	Total R'000	Held-for-trading R'000	Designated at fair value R'000	Loans and receivables R'000	Available-for-sale R'000	Other liabilities R'000	Fair value[1] R'000
Bank							
31 March 2015							
Financial assets							
Amounts due by subsidiaries	33 323			33 323			33 323
Accommodation to banks	38 530 325			38 530 325			38 530 325
Other financial assets	98 447			98 447			98 447
Gold and foreign exchange	564 988 869	(37 532)	565 026 401				
Forward exchange contract assets	1 023 075	1 023 075					
Loans and advances	63 920			63 920			63 920
South African government bonds	8 029 907				8 029 907		
Equity investment in Bank for International Settlements	438 971				438 971		3 315 395
Financial liabilities							
Notes and coin in circulation	122 170 165					122 170 165	122 170 165
Deposit accounts[2]	179 159 974					179 159 974	179 159 974
Amounts due to subsidiaries	3 192 626					3 192 626	3 192 626
Foreign loans and deposits	94 414 334					94 414 334	94 414 334
Other financial liabilities	545 621					545 621	545 621
South African Reserve Bank debentures	7 910 100					7 910 100	7 910 100
Forward exchange contract liabilities	146 245	146 245					
Gold and Foreign Exchange Contingency Reserve Account	203 396 438					203 396 438	203 396 438

[1] Fair values have been disclosed only for instruments carried at amortised cost. Carrying value has been used where it closely approximates fair value.
[2] Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.

South African Reserve Bank

32. Classification of financial assets and liabilities (continued)

			Carrying amounts				
	Total R'000	Held-for-trading R'000	Designated at fair value R'000	Loans and receivables R'000	Available-for-sale R'000	Other liabilities R'000	Fair value[1] R'000
Bank							
31 March 2014							
Financial assets							
Amounts due by subsidiaries	324 363			324 363			324 363
Accommodation to banks	23 414 104			23 414 104			23 414 104
Other financial assets	83 648			83 648			83 648
Gold and foreign exchange	522 731 620	2 537	522 729 083				
Forward exchange contract assets	722 124	722 124					
Loans and advances	65 274			65 274			65 274
South African government bonds	7 882 261				7 882 261		
Equity investment in Bank for International Settlements	427 308				427 308		3 130 986
Financial liabilities							
Notes and coin in circulation	107 385 475					107 385 475	107 385 475
Deposit accounts[2]	171 105 892					171 105 892	171 105 892
Amounts due to subsidiaries	6 247 911					6 247 911	6 247 911
Foreign loans and deposits	84 353 679					84 353 679	84 353 679
Other financial liabilities	362 762					362 762	362 762
South African Reserve Bank debentures	6 289 950					6 289 950	6 289 950
Forward exchange contract liabilities	244 326	244 326					
Gold and Foreign Exchange Contingency Reserve Account	177 913 406					177 913 406	177 913 406

[1] Fair values have been disclosed only for instruments carried at amortised cost. Carrying value has been used where it closely approximates fair value.
[2] Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.

33. Fair value hierarchy disclosures

The tables on pages 54 to 57 analyse financial instruments carried at fair value by the level of fair value hierarchy. The fair value hierarchy depends on the extent to which quoted prices are used in determining the fair value of the specific instruments. The different levels are defined as follows:

Level 1: Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities. These are readily available in the market and are normally obtainable from multiple sources.

Level 2: Fair value is based on input other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value is based on input for the asset or liability that is not based on observable market data (i.e. unobservable inputs).

The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. During the year under review, there have been no transfers between any of the levels (2014: none).

(a) Valuation techniques used to derive Level 1 fair values

The fair value of financial instruments traded in active markets is based on quoted market prices as obtained from the custodians at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer broker or pricing services, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Bank is the current price as per the custodian's pricing hierarchy. These instruments are included in Level 1 and comprise primarily fixed income investments classified as trading securities or available-for-sale.

(b) Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques used by the custodians to value financial instruments include the following:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for remaining financial instruments.

(c) Valuation techniques used to derive Level 3 fair values

The equity investment in the BIS is the only instrument classified as Level 3. It is an 'available-for-sale' investment and is valued at cost, as no active market exists for these shares. Changes in value are due to foreign-exchange movements.

33. Fair value hierarchy disclosures (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group				
31 March 2015				
Financial instruments				
Items measured at fair value on a recurring basis				
Financial assets				
South African government bonds	8 443 629	0	0	8 443 629
Forward exchange contract assets	0	1 023 075	0	1 023 075
Investments	0	15 156 368	0	15 156 368
Gold and foreign exchange	265 940 388	299 048 481	0	564 988 869
Gold coin and bullion	58 187 016	0	0	58 187 016
Money and capital-market instruments and deposits	0	82 694 039	0	82 694 039
Medium-term instruments	191 134 028	157 904 745	0	349 038 773
Portfolio investments	16 619 344	58 449 697	0	75 069 041
Financial liabilities				
Forward exchange contract liabilities	0	146 245	0	146 245
Items measured at amortised cost				
Financial assets				
Cash and cash equivalents	8 466 655	4 310 391	0	12 777 046
Accommodation to banks	0	38 530 325	0	38 530 325
Other financial assets	0	256 900	0	256 900
Loans and advances	0	21 521 151	0	21 521 151
Equity investment in Bank for International Settlements[(1)]	0	0	3 315 395	3 315 895
Financial liabilities				
Notes and coin in circulation	0	122 170 165	0	122 170 165
Deposit accounts	0	231 212 116	0	231 212 116
Foreign loans and deposits	0	94 414 334	0	94 414 334
Other financial liabilities	0	700 519	0	700 519
South African Reserve Bank debentures	0	7 910 100	0	7 910 100
Gold and Foreign Exchange Contingency Reserve Account	0	203 396 438	0	203 396 438

Securities lending activities

The net effect of securities lending in which the Bank was engaged at the reporting date is included in the gold and foreign-exchange balances above. The gross position is as follows:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities in respect of collateral received	0	(51 071 693)	0	(51 071 693)
Fair value of underlying investments	3 983 048	47 021 021	0	51 004 069
Net fair value adjustment included above	3 983 048	(4 050 672)	0	(67 624)

Securities held as collateral amounted to R26,5 billion in 2015.

(1) Refer to Note 11, Equity investment in Bank for International Settlements, for further details on this investment.

33. Fair value hierarchy disclosures (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group				
31 March 2014				
Financial instruments				
Items measured at fair value on a recurring basis				
Financial assets				
South African government bonds	7 882 261	0	0	7 882 261
Forward exchange contract assets	0	722 124	0	722 124
Investments	0	14 140 245	0	14 140 245
Gold and foreign exchange	265 004 803	257 726 817	0	522 731 620
Gold coin and bullion	55 062 241	0	0	55 062 241
Money and capital-market instruments and deposits	29 240 023	39 761 308	0	69 001 331
Medium-term instruments	160 697 998	175 783 433	0	336 481 431
Portfolio investments	20 004 542	42 182 075	0	62 186 617
Financial liabilities				
Forward exchange contract liabilities	0	244 811	0	244 811
Items measured at amortised cost				
Financial assets				
Cash and cash equivalents	1 185 220	2 260 652	0	3 445 872
Accommodation to banks	0	23 414 104	0	23 414 104
Other financial assets	0	201 826	0	201 826
Loans and advances	0	21 943 128	0	21 943 128
Equity investment in Bank for International Settlements[1]	0	0	3 130 986	3 130 986
Financial liabilities				
Notes and coin in circulation	0	107 385 475	0	107 385 475
Deposit accounts	0	215 825 037	0	215 825 037
Foreign loans and deposits	0	84 353 679	0	84 353 679
Other financial liabilities	0	571 417	0	571 417
South African Reserve Bank debentures	0	6 289 950	0	6 289 950
Gold and Foreign Exchange Contingency Reserve Account	0	177 913 406	0	177 913 406

Securities lending activities

The net effect of securities lending in which the Bank was engaged at the reporting date is included in the gold and foreign-exchange balances above. The gross position is as follows:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities in respect of collateral received	0	(52 093 156)	0	(52 093 156)
Fair value of underlying investments	34 140 808	17 999 138	0	52 139 946
Net fair value adjustment included above	34 140 808	(34 094 018)	0	46 790

Securities held as collateral amounted to R53,2 billion in 2014.

[1] Refer to Note 11, Equity investment in Bank for International Settlements, for further details on this investment.

33. Fair value hierarchy disclosures (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Bank				
31 March 2015				
Financial instruments				
Items measured at fair value on a recurring basis				
Financial assets				
South African government bonds	8 029 907	0	0	8 029 907
Forward exchange contract assets	0	1 023 075	0	1 023 075
Gold and foreign exchange	265 940 388	299 048 481	0	564 988 869
Gold coin and bullion	58 187 016	0	0	58 187 016
Money and capital-market instruments and deposits	0	82 694 039	0	82 694 039
Medium-term instruments	191 134 028	157 904 745	0	349 038 773
Portfolio investments	16 619 344	58 449 697	0	75 069 041
Financial liabilities				
Forward exchange contract liabilities	0	146 245	0	146 245
Items measured at amortised cost				
Financial assets				
Amounts due by subsidiaries	0	33 323	0	33 323
Accommodation to banks	0	38 530 325	0	38 530 325
Other financial assets	0	98 447	0	98 447
Loans and advances	0	63 920	0	63 920
Equity investment in Bank for International Settlements[(1)]	0	0	3 315 395	3 315 395
Financial liabilities				
Notes and coin in circulation	0	122 170 165	0	122 170 165
Deposit accounts	0	179 159 974	0	179 159 974
Amounts due to subsidiaries	0	3 192 626	0	3 192 626
Foreign loans and deposits	0	94 414 334	0	94 414 334
Other financial liabilities	0	545 621	0	545 621
South African Reserve Bank debentures	0	7 910 100	0	7 910 100
Gold and Foreign Exchange Contingency Reserve Account	0	203 396 438	0	203 396 438

Securities lending activities

The net effect of securities lending in which the Bank was engaged at the reporting date is included in the gold and foreign-exchange balances above. The gross position is as follows:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities in respect of collateral received	0	(51 071 693)	0	(51 071 693)
Fair value of underlying investments	3 983 048	47 021 021	0	51 004 069
Net fair value adjustment included above	3 983 048	(4 050 672)	0	(67 624)

Securities held as collateral amounted to R26,5 billion in 2015.

(1) Refer to Note 11, Equity investment in Bank for International Settlements, for further details on this investment.

33. Fair value hierarchy disclosures (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Bank				
31 March 2014				
Financial instruments				
Items measured at fair value on a recurring basis				
Financial assets				
South African government bonds	7 882 261	0	0	7 882 261
Forward exchange contract assets	0	722 124	0	722 124
Gold and foreign exchange	265 004 803	257 726 817	0	522 731 620
Gold coin and bullion	55 062 241	0	0	55 062 241
Money and capital-market instruments and deposits	29 240 023	39 761 308	0	69 001 331
Medium-term instruments	160 697 998	175 783 434	0	336 481 432
Portfolio investments	20 004 542	42 182 075	0	62 186 617
Financial liabilities				
Forward exchange contract liabilities	0	(244 326)	0	(244 326)
Items measured at amortised cost				
Financial assets				
Amounts due by subsidiaries	0	324 363	0	324 363
Accommodation to banks	0	23 414 104	0	23 414 104
Other financial assets	0	83 648	0	83 648
Loans and advances	0	65 274	0	65 274
Equity investment in Bank for International Settlements[(1)]	0	0	3 130 986	3 130 986
Financial liabilities				
Notes and coin in circulation	0	107 385 475	0	107 385 475
Deposit accounts	0	171 105 892	0	171 105 892
Amounts due to subsidiaries	0	6 247 911	0	6 247 911
Foreign loans and deposits	0	84 353 679	0	84 353 679
Other financial liabilities	0	362 762	0	362 762
South African Reserve Bank debentures	0	6 289 950	0	6 289 950
Gold and Foreign Exchange Contingency Reserve Account	0	177 913 406	0	177 913 406

Securities lending activities

The net effect of securities lending in which the Bank was engaged at the reporting date is included in the gold and foreign-exchange balances above. The gross position is as follows:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities in respect of collateral received	0	(52 093 156)	0	(52 093 156)
Fair value of underlying investments	34 140 808	17 999 138	0	52 139 946
Net fair value adjustment included above	34 140 808	(34 094 018)	0	46 790

Securities held as collateral amounted to R53,2 billion in 2014.

(1) Refer to Note 11, Equity investment in Bank for International Settlements, for further details on this investment.

34. Commitments, guarantees and contingent liabilities

Guarantees

R7 billion has been guaranteed by the National Treasury to the SARB to assist with the restructuring of African Bank Limited. A guarantee fee of 30 basis points is payable upon the utilisation of the guarantee facility. By 31 March 2015 this facility had not been utilised.

Performance bonds, bid bonds and advance payment guarantees in the form of bank guarantees amounting to US$0,9 million (2014: US$0,8 million) were issued in respect of a subsidiary's export orders. The contingent liability amounts to R10,6 million at year-end (2013/14: R8,4 million).

Committed liquidity facilities

The committed liquidity facilities (CLFs) are designed to allow local banks to meet Basel III rules that require financial institutions to hold high-quality liquid assets as a buffer during times of market stress. Subsequently, the Bank has approved the provision of a CLF available to banks to assist banks to meet the liquidity coverage ratio (LCR).

Although banks can contractually draw down on the CLF with immediate effect, such a draw down would signal a degree of liquidity pressure and banks are not expected to draw down except in circumstances of extraordinary liquidity needs. The Reserve Bank monitors the liquidity positions of all banks as part of its normal supervisory processes and should be aware of any deterioration in a bank's liquidity position that could possibly result in a draw down on the CLF.

On 31 March 2015 the total CLFs granted by the Bank for the period 1 January 2015 to 31 December 2015 amounted to R70 billion, which has not yet been utilised. Commitment fees of R149 million have been received for the period of 1 January 2015 to 31 December 2015 of which R37 million is accounted for as income for the year ended 31 March 2015. The balance is reflected in other liabilities.

An interest rate of repo plus 1 per cent is charged on draw down for the draw down period of 30 days.

The available facility is limited to the lower of the facilities entered into and the available collateral. To date, residential and commercial mortgages to the value of R25,6 billion have been ceded to the Bank as collateral as per the individual agreements. The balance of the collateral related to the R70 billion facilities granted has not been registered with the Bank as yet. A haircut is applied to the collateral registered with the Bank as per the contractual agreement, based on the risk associated with each class of asset registered as collateral.

Abbreviations

South African Reserve Bank

AGM	annual ordinary general meeting
BIS	Bank for International Settlements
Board	Board of Directors (of the South African Reserve Bank)
BREC	Board Risk and Ethics Committee
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
CLF	committed liquidity facility
CPD	Corporation for Public Deposits
CPD Act	Corporation for Public Deposits Act 46 of 1984
FSB	Financial Services Board
GEC	Governors’ Executive Committee
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
Group	South African Reserve Bank and its subsidiaries
IAD	Internal Audit Department (of the South African Reserve Bank)
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRSs	International Financial Reporting Standards
IGCC	Inter-Governmental Cash Coordination
IMF	International Monetary Fund
IT	information technology
King III	*King Report on Corporate Governance in South Africa 2009*
MPC	Monetary Policy Committee
Prestige Bullion	Prestige Bullion (RF) Proprietary Limited
repo	repurchase
RF	ring fenced
RMC	Risk Management Committee
SA Mint	South African Mint Company (RF) Proprietary Limited
SABN	South African Bank Note Company (RF) Proprietary Limited
SARB Act	South African Reserve Bank Act 90 of 1989, as amended
SARB debentures	South African Reserve Bank debentures
SARBCIC	South Africa Reserve Bank Captive Insurance Company (RF) Limited
SDR	special drawing right
the Bank	South African Reserve Bank
US	United States

Glossary

South African Reserve Bank

Board	Board of Directors (of the South African Reserve Bank)
CPD Act	Corporation for Public Deposits Act 46 of 1984
Prestige Bullion	Prestige Bullion (RF) Proprietary Limited
repo	repurchase
SA Mint	South African Mint Company (RF) Proprietary Limited
SARB Act	South African Reserve Bank Act 90 of 1989, as amended
SARB debentures	South Africa Reserve Bank debentures
the Bank	South African Reserve Bank
the Group	South African Reserve Bank and its subsidiaries

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