



South African Reserve Bank  
**Promoting the  
economic  
well-being of  
South Africans**

GROUP ANNUAL FINANCIAL  
STATEMENTS 2016/17





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## DIRECTORS' REPORT

for the year ended 31 March 2017

### INTRODUCTION

The directors are pleased to present to stakeholders this report on the activities and financial results of the SARB including its subsidiaries and associate (Group) for the year under review.

The South African Reserve Bank annual report (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 compliance with relevant statutory information requirements.

It is the directors' responsibility to prepare the consolidated and separate annual financial statements (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 SARB's ability to create, distribute and destroy domestic currency, its role as lender of last resort, its responsibilities in the areas of price and financial stability, and its relationship with the South African government (SA government) concerning foreign-exchange and gold transactions.

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

The directors are responsible for governance, which is monitored on an ongoing basis. The SARB 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 SARB 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 pursuit of price and financial stability, the SARB performs the key activities set out on pages 2 to 3 of the annual report.

### SUBSIDIARIES

The subsidiaries of the SARB are as follows:

- » The South African Mint Company (RF) Proprietary Limited (SA Mint) – including its own subsidiary, Prestige Bullion (RF) Proprietary Limited (Prestige Bullion) – produces circulation, bullion, and collectible coins.

- » The South African Bank Note Company (RF) Proprietary Limited (SABN) produces banknotes.
- » The Corporation for Public Deposits (CPD) receives and invests call deposits from SA government and public entities.

The South African Reserve Bank Captive Insurance Company (RF) Limited (SARBCIC) was deregistered on 28 July 2016.

Information on the SARB's financial interest in its subsidiaries is provided in note 34.

The subsidiaries passed no special resolutions that are material to the SARB's affairs in the year under review.

### ASSOCIATE

African Bank Holdings Limited (ABHL), an associate of the SARB, is the public holding company of African Insurance Group Limited (InsureCo) and African Bank Limited (ABL).

Information on the SARB's financial interest in its associate is provided in note 34.

### ACHIEVEMENT OF OBJECTIVES

The annual report includes the SARB's achievements against its strategic objectives. Refer to pages 13 to 16 of the annual report.

### FINANCIAL RESULTS

The low interest rate environment continued to impact the SARB's financial results and therefore those of the Group. Interest income of the SARB, derived mainly from foreign investments and accommodation to banks, increased by R0.4 billion (2016: R1.3 billion). Operating costs increased by R0.2 billion in the year under review, mainly attributable to higher staff costs and operational expenditure, offset by a reduction in the cost of new currency. The net result of these factors was a profit after taxation of R1.4 billion (2016: R1.5 billion) for the year ended 31 March 2017.

SA Mint (including its own subsidiary, Prestige Bullion) made a profit after taxation attributable to the parent of R0.3 billion (2016: R0.2 billion), and declared a dividend of R0.2 billion (2016: R0.2 billion) to the SARB. Refer to note 34 for further detail.

SABN made an after-tax profit of R0.1 billion (2016: R0.2 billion loss). The loss in the previous year was mainly due to an impairment charge on manufacturing and intangible assets. Refer to note 34 for further detail.

The CPD recorded a profit after taxation of R73.5 million (2016: R72.8 million), of which R73.3 million (2016: R72.6 million) was due to SA government in accordance with the Corporation of Public Deposits Act 46 of 1984 (CPD Act). Refer to note 34 for further detail.



## DIRECTORS' REPORT *continued*

for the year ended 31 March 2017

ABHL incurred a loss of R556 million before tax (2016: R2 million profit) attributable to the Group. The loss was entirely due to the impairment of goodwill and intangible assets related to ABL. Refer to note 34 for further detail.

### FINANCIAL POSITION

The Group's total assets decreased by R68.6 billion (2016: R150.4 billion increase), largely as a result of a decline in gold and foreign-exchange reserves of R70.6 billion (2016: R123.4 billion increase).

Total liabilities of the Group decreased by R69.7 billion (2016: R148.7 billion increase) largely as a result of the Gold and Foreign-Exchange Contingency Reserve Account (GFECRA) (used for the currency revaluation of foreign assets and liabilities which is for SA government's account) decreasing by R73.5 billion (2016: R101.3 billion increase).

The decrease in both total assets and total liabilities was mainly as a result of a stronger rand and a lower gold price.

The contingency reserve increased by R0.8 billion (2016: R1.5 billion increase) due to the profit after taxation achieved for the year.

Further details on the Group's financial information for the year, appear on page 8.

### DIVIDENDS

The SARB Act permits the SARB to declare dividends from its accumulated profits (reserves). An interim dividend of five cents per share for the financial year was paid to shareholders on 24 October 2016; the final dividend, also of five cents per share, was paid on 13 May 2017. The total dividend paid for the financial year was R0.2 million (2016: R0.2 million).

### DIRECTORS

The composition of the Board at 31 March 2017 appears on pages 42 to 43 of the annual report.

The terms of office of T N (Thandeka) Mgoduso (Industry), J F (Hans) van der Merwe (Agriculture) and B W (Ben) Smit (Industry), as shareholder-elected non-executive directors, expired the day after the 2016 annual ordinary general meeting (AGM).

T N Mgoduso and J F van der Merwe had completed three terms of office and were therefore not available for re-election.

B W Smit, who had served two terms of office was available for re-election, and was duly re-elected. The shareholders elected C B (Charlotte) du Toit and N (Nicholas) Vink to fill the vacancies left by T N Mgoduso and J F van der Merwe respectively.

The terms of office of R J G (Rob) Barrow, G M (Gary) Ralfe and R (Rochelle) le Roux, who are all shareholder-elected non-executive directors, will expire the day after the 2017 AGM.

At that date, all three non-executive directors would have completed two terms of office and will therefore be eligible to serve a further three-year term. All three directors have indicated that they will be available for re-election.

The terms of office of T (Terence) Nombembe, M M (Maureen) Manyama and T (Tania) Ajam, who are SA government-appointed non-executive directors, will expire during 2017. All three are eligible for re-appointment by the President, having served less than three terms.

The term of office of F E (Francois) Groepe as Deputy Governor expired on 31 December 2016, and he was re-appointed by the President for a further term of five years with effect from 1 January 2017.

All the Board positions are currently filled.

At 31 March 2017 and to date, none of the directors in office held any direct or indirect shareholding in the SARB.

Directors' fees for their services during the financial year under review are reflected in note 34.7.

### EVENTS AFTER REPORTING DATE

No material events occurred between 31 March 2017 and 7 June 2017 requiring disclosure in, or adjustment to, the financial statements for the year ended 31 March 2017.

**DIRECTORS' REPORT** *continued**for the year ended 31 March 2017***SECRETARY OF THE SARB**

S L (Sheenagh) Reynolds

**REGISTERED OFFICE****Business address:**370 Helen Joseph Street (formerly Church Street)  
Pretoria 0002**Postal address:**PO Box 427  
Pretoria 0001The financial statements were approved by the Board on  
7 June 2017 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 SARB**STATEMENT BY THE SECRETARY OF THE SARB**In my capacity as Secretary of the SARB, I certify that all the returns required to be  
submitted, in terms of the SARB Act, for the year ended 31 March 2017, have been  
completed and are up to date.**S L (Sheenagh) Reynolds**  
Secretary of the SARB

7 June 2017

## REPORT OF THE AUDIT COMMITTEE

for the year ended 31 March 2017

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 during the year it carried out its functions responsibly and in compliance with its terms of reference.

The SARB'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 responsibilities regarding the SARB's financial reporting processes, the system of internal financial controls and the SARB's processes, for monitoring compliance with laws and regulations as they relate to financial reporting.

### INTERNAL CONTROL (INCLUDING INTERNAL FINANCIAL CONTROLS)

The SARB'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 SARB's system of internal financial controls is adequately designed and operated effectively to form a sound basis for the preparation of reliable financial reports. The assessment is based on reports from management, risk management, internal auditors and external auditors.

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

### COMBINED ASSURANCE

The Group has adopted a combined assurance (CA) approach, in line with King III, to increase the effectiveness of assurance activities by the functionaries within the three lines of assurance.

The Audit Committee considers the adopted CA approach to be adequate to achieve the said objectives of effective assurance activities across the Group.

### FINANCIAL STATEMENTS

The Audit Committee reviewed the financial statements of the SARB and the external auditors' report thereon, and recommended their approval to the Board.

### INTERNAL AUDIT

The Audit Committee reviewed and approved 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 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 SARB. 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 SARB. 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 Audit 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 the Audit Committee.

### COMPLIANCE

The Audit Committee is satisfied that the SARB has 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 SARB is able to manage its Information Technology (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

## FINANCIAL REPORTING FRAMEWORK

### REPORTING FRAMEWORK

The financial statements have been prepared in accordance with the SARB Act and the accounting policies set out in note 1.

The SARB Act is not prescriptive regarding the accounting framework that the SARB 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 the International Financial Reporting Standards (IFRS). The SARB has chosen to use IFRS 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 IFRS in the areas noted above and, as a result, the recognition and measurement criteria as set out in IFRS have not been followed in these circumstances. In addition, the SARB considers certain recognition and measurement principles as well as disclosures inappropriate to its functions. The SARB's financial statements, therefore, disclose less detail than would be required under IFRS. The significant departures from IFRS 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 SA 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 SARB.
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 foreseeable future that the related taxation benefits will be realised. This is a departure from IFRS, which requires that deferred taxation assets are reduced to the extent that it is no longer probable, in the foreseeable future, that the related taxation benefit will be realised. A taxable profit for the year ended 31 March 2017 decreased the deferred taxation asset.

The principles of *IAS 12 Income Taxes* require an entity to demonstrate convincing evidence that future taxable profits will be available where the entity has unused tax losses. Management has considered that United States (US) dollar and euro interest rates (a primary source of the SARB'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 SARB continues to trade. Furthermore, deferred taxation assets are measured on an undiscounted basis. The SARB 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 96 years. The continuity of the SARB is therefore protected by statute and not dependent on market forces.

Although the basis of preparation of the financial statements does not take into account the requirements of *IAS 12 Income Taxes* (refer to accounting policy number 1.11), had the recognition and measurement principles of *IAS 12 Income Taxes* been applied for the current financial year under review, the deferred taxation asset raised would be considered recoverable.

### PRESENTATION

In the financial statements,

1. not all information as required by *IFRS 7 Financial Instruments Disclosures*, are disclosed. This relates specifically to:
  - » Market risk: The sensitivity analysis for each type of market risk to which the SARB 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;
  - » Credit risk: The credit quality per counterparty, the historical information about the counterparty default rates, the contractual maturity analysis of financial assets and the exposure to credit risk by class of financial instrument; and
  - » Liquidity risk: the contractual maturity analysis of financial assets.
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 because it is considered inappropriate to gross up the foreign-exchange reserves of the SARB.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SOUTH AFRICAN RESERVE BANK

### OPINION

We have audited the consolidated and separate financial statements of the South African Reserve Bank (the SARB), set out on pages 8 to 70, which comprise the statements of financial position as at 31 March 2017, 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 related notes, comprising a summary of significant accounting policies and other explanatory information. In our opinion, the consolidated and separate financial statements of the SARB for the year ended 31 March 2017 have been prepared, in all material respects, in accordance with the accounting policies described in note 1, and the requirements of the South African Reserve Bank Act 90 of 1989, as amended (SARB Act).

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the auditor's "responsibilities for the audit of the consolidated and separate financial statements" section of our report.

We are independent of the SARB in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTER – BASIS OF ACCOUNTING

We draw attention to note 1, which describes the basis of accounting. The consolidated and separate financial statements are prepared for the purpose as described therein. As a result, the consolidated and separate financial statements may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises pages 1 to 5 of the Group annual financial statements document. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The SARB's directors are responsible for the preparation of the consolidated and separate financial statements in accordance with the accounting policies described in note 1, and the requirements of the SARB Act. The SARB'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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, directors are responsible for assessing the SARB's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless directors either intends to liquidate the SARB or to cease operations, or has no realistic alternative but to do so.

### RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SOUTH AFRICAN RESERVE BANK *continued*


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit 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 SARB's internal control.
- » Conclude on the appropriateness of directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SARB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SARB to cease to continue as a going concern.

- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by directors.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**PricewaterhouseCoopers Inc.**  
Director: Vincent Tshikhovhokhovho  
Registered Auditor  
2 Eglin Road  
Sunninghill  
2157  
Johannesburg

7 June 2017



**SizweNtsalubaGobodo Inc**  
Director: Agnes Dire  
Registered Auditor  
20 Morris Street East  
Woodmead  
2191  
Johannesburg

7 June 2017

## CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

at 31 March 2017

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Assets</b>					
Cash and cash equivalents	2	25 675 825	5 947 893	–	–
Amounts due by Group companies	34.4	–	–	3 453	–
Accommodation to banks	3	59 685 062	53 509 891	59 685 062	53 509 891
Investments	4	3 734 805	27 042 334	–	–
Other assets	5	700 543	643 471	495 152	391 700
Gold and foreign-exchange	6	617 783 121	688 403 063	617 783 121	688 403 063
Inventories	7	585 231	467 078	7 060	6 690
Forward exchange contract assets	8	317 081	498 006	317 081	498 006
Loans and advances	9	27 657 078	27 359 580	60 434	62 376
Current taxation prepaid		4 863	–	–	–
South African government bonds	10	8 153 413	7 931 718	7 762 193	7 534 511
Equity investment in Bank for International Settlements	11	470 557	542 380	470 557	542 380
Investment in subsidiaries	34.1	–	–	1 011 000	1 291 765
Investment in associate	34.2	4 445 784	5 002 264	5 000 000	5 000 000
Property, plant and equipment	12	2 814 429	2 643 380	1 377 739	1 223 053
Intangible assets	13	479 931	528 749	442 104	483 710
Deferred taxation assets	14	1 365 015	1 913 387	1 365 015	1 865 404
<b>Total assets</b>		<b>753 872 738</b>	822 433 194	<b>695 779 971</b>	760 812 549
<b>Liabilities</b>					
Notes and coin in circulation	15	132 296 656	130 561 627	132 296 656	130 561 627
Deposit accounts	16	266 820 830	269 690 288	201 593 290	200 248 122
Amounts due to Group companies	34.4	–	–	8 760 993	9 629 910
Foreign deposits	17	106 655 316	102 083 334	106 655 316	102 083 334
Other liabilities	18	1 318 202	861 612	972 364	617 993
South African Reserve Bank debentures	19	611 295	3 176 420	611 295	3 176 420
Forward exchange contract liabilities	8	3 120 834	1 003 739	3 120 834	1 003 739
Deferred taxation liabilities	14	40 065	32 779	–	–
Post-employment benefits	20	2 441 883	2 080 497	2 247 416	1 899 430
Gold and Foreign-Exchange Contingency Reserve Account	21	231 158 237	304 653 118	231 158 237	304 653 118
<b>Total liabilities</b>		<b>744 463 318</b>	814 143 414	<b>687 416 401</b>	753 873 693
<b>Capital and reserves<sup>(1)</sup></b>					
Share capital	22	2 000	2 000	2 000	2 000
Accumulated profit		1 458 921	1 179 294	–	–
Statutory reserve		395 164	395 164	395 164	395 164
Contingency reserve		7 399 738	6 551 274	7 864 911	6 459 968
Bond revaluation reserve		173 720	30 167	173 720	30 167
Property, plant and equipment revaluation reserve		110 542	109 521	110 542	109 521
Post-employment benefits remeasurement reserve		(182 109)	(57 816)	(182 767)	(57 964)
Non-controlling interest		51 444	80 176	–	–
<b>Total capital and reserves</b>		<b>9 409 420</b>	8 289 780	<b>8 363 570</b>	6 938 856
<b>Total liabilities, capital and reserves</b>		<b>753 872 738</b>	822 433 194	<b>695 779 971</b>	760 812 549

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

## CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2017

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Interest income	32	13 898 982	12 100 619	8 689 311	8 301 083
Interest expense	32	(8 316 523)	(6 413 553)	(3 246 438)	(2 755 423)
<b>Net interest income</b>		<b>5 582 459</b>	5 687 066	<b>5 442 873</b>	5 545 660
Dividend income	32	38 316	33 195	188 516	189 027
Operating income		2 045 698	1 298 266	818 820	694 252
<b>Total income</b>	23.1	<b>7 666 473</b>	7 018 527	<b>6 450 209</b>	6 428 939
Operating costs	23.2	(5 009 593)	(4 861 338)	(4 558 737)	(4 389 234)
Share of net (loss)/profit of associate accounted for using the equity method	34.2	(556 480)	2 264	–	–
<b>Profit before taxation</b>		<b>2 100 400</b>	2 159 453	<b>1 891 472</b>	2 039 705
Taxation	24	(717 519)	(577 731)	(486 329)	(526 138)
<b>Profit for the year</b>		<b>1 382 881</b>	1 581 722	<b>1 405 143</b>	1 513 567
<b>Attributable to:</b>					
The parent		1 201 613	1 471 244		
Non-controlling interest	34.3	181 268	110 478		
		<b>1 382 881</b>	1 581 722		
<b>Other comprehensive income (net of taxation)</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement of post-employment benefits		(124 293)	486 753	(124 803)	467 457
Revaluation adjustments of property, plant and equipment		1 021	109 521	1 021	109 521
<b>Items that may subsequently be reclassified to profit or loss</b>					
Unrealised gain/(loss) on available-for-sale financial assets		143 553	(376 584)	143 553	(376 584)
<b>Total comprehensive income for the year (net of taxation)</b>		<b>1 403 162</b>	1 801 412	<b>1 424 914</b>	1 713 961
<b>Attributable to:</b>					
The parent		1 221 894	1 690 934		
Non-controlling interest	34.3	181 268	110 478		
<b>Total comprehensive income</b>		<b>1 403 162</b>	1 801 412		



## CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 March 2017

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Cash flows from operating activities</b>					
Cash (utilised by)/generated from operating activities	26	(2 612 582)	10 886 313	72 022	5 345 258
Taxation paid	24	(173 355)	(115 998)	-	-
Dividends paid	25 & 34	(210 200)	(66 000)	(200)	(200)
Transfer to SA government <sup>(1)</sup>		(72 550)	(79 800)	-	-
<b>Net cash flows (utilised by)/generated from operating activities</b>		<b>(3 068 687)</b>	10 624 515	<b>71 822</b>	5 345 058
<b>Net cash flows generated from/(utilised by) investing activities</b>		<b>22 796 619</b>	(17 453 668)	<b>(71 822)</b>	(5 345 058)
Purchase of property, plant and equipment	12	(472 076)	(501 765)	(313 655)	(400 386)
Proceeds on disposal of property, plant and equipment		948	7 631	434	7 478
Purchase of intangible assets	13	(49 066)	(69 632)	(39 366)	(62 150)
Disposal/(acquisition) of investments		23 316 813	(11 889 902)	-	-
Repayment of shareholder loan	34.1	-	-	280 765	110 000
Acquisition of investment in associate	34.2	-	(5 000 000)	-	(5 000 000)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>19 727 932</b>	(6 829 153)	-	-
Cash and cash equivalents at the beginning of the year		5 947 893	12 777 046	-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>25 675 825</b>	5 947 893	-	-

(1) Further detail on the transfer to SA government is provided in the consolidated and separate statements of changes in equity.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY: GROUP

for the year ended 31 March 2017

	Share capital R'000	Accumulated profit R'000	Statutory reserve R'000	Contingency reserve R'000	Bond revaluation reserve R'000	Property, plant and equipment revaluation reserve R'000	Post-employment benefit remeasurement reserve R'000	Total R'000	Non-controlling interest R'000	Total R'000
<b>Balance at 31 March 2015</b>	2 000	1 296 431	395 164	5 035 643	406 751	-	(544 569)	6 591 420	35 498	6 626 918
Total comprehensive income for the year	-	1 471 244	-	-	(376 584)	109 521	486 753	1 690 934	110 478	1 801 412
Profit for the year	-	1 471 244	-	-	-	-	-	1 471 244	110 478	1 581 722
Remeasurement of post-employment benefits	-	-	-	-	-	-	486 753	486 753	-	486 753
Revaluation of property, plant and equipment	-	-	-	-	-	109 521	-	109 521	-	109 521
Unrealised loss on available-for-sale financial asset	-	-	-	-	(376 584)	-	-	(376 584)	-	(376 584)
Transfer to SA government	-	(72 550)	-	-	-	-	-	(72 550)	-	(72 550)
Transfer (from)/to reserves	-	(1 515 631)	-	1 515 631	-	-	-	-	-	-
Dividends paid	-	(200)	-	-	-	-	-	(200)	(65 800)	(66 000)
<b>Balance at 31 March 2016</b>	2 000	1 179 294	395 164	6 551 274	30 167	109 521	(57 816)	8 209 604	80 176	8 289 780
Total comprehensive income for the year	-	1 201 613	-	-	143 553	1 021	(124 293)	1 221 894	181 268	1 403 162
Profit for the year	-	1 201 613	-	-	-	-	-	1 201 613	181 268	1 382 881
Remeasurement of post-employment benefits	-	-	-	-	-	-	(124 293)	(124 293)	-	(124 293)
Revaluation of property, plant and equipment	-	-	-	-	-	1 021	-	1 021	-	1 021
Unrealised gain on available-for-sale financial asset	-	-	-	-	143 553	-	-	143 553	-	143 553
Transfer to SA government	-	(73 322)	-	-	-	-	-	(73 322)	-	(73 322)
Transfer (from)/to reserves	-	(848 464)	-	848 464	-	-	-	-	-	-
Dividends paid	-	(200)	-	-	-	-	-	(200)	(210 000)	(210 200)
<b>Balance at 31 March 2017</b>	2 000	1 458 921	395 164	7 399 738	173 720	110 542	(182 109)	9 357 976	51 444	9 409 420

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY: GROUP** *continued***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 SARB, 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 SARB 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.

**Property, plant and equipment revaluation reserve**

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

**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 are not subsequently reclassified to profit or loss.

**Transfer to SA government**

In terms of section 24 of the SARB Act, nine-tenths of the surplus of the SARB, after provisions normally provided for by bankers and payment of dividends, has to be paid to SA government. No amount was transferred to SA government by the SARB in the current year as the SARB is replenishing the contingency reserve.

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 SA government. For the year ended 31 March 2017 an amount of R73.3 million (2016: R72.6 million) was due to SA government by the CPD.



## SEPARATE STATEMENT OF CHANGES IN EQUITY: SARB

for the year ended 31 March 2017

	Share capital R'000	Accumulated profit R'000	Statutory reserve R'000	Contingency reserve R'000	Bond revaluation reserve R'000	Property, plant and equipment revaluation reserve R'000	Post-employment benefit remeasurement reserve R'000	Total R'000
<b>Balance at 31 March 2015</b>	2 000	-	395 164	4 946 601	406 751	-	(525 421)	5 225 095
Total comprehensive income for the year	-	1 513 567	-	-	(376 584)	109 521	467 457	1 713 961
Profit for the year	-	1 513 567	-	-	-	-	-	1 513 567
Remeasurement of post-employment benefits	-	-	-	-	-	-	467 457	467 457
Revaluation of property, plant and equipment	-	-	-	-	-	109 521	-	109 521
Unrealised loss on available-for-sale financial asset	-	-	-	-	(376 584)	-	-	(376 584)
Transfer (from)/to reserves	-	(1 513 367)	-	1 513 367	-	-	-	-
Dividends paid	-	(200)	-	-	-	-	-	(200)
<b>Balance at 31 March 2016</b>	2 000	-	395 164	6 459 968	30 167	109 521	(57 964)	6 938 856
Total comprehensive income for the year	-	1 405 143	-	-	143 553	1 021	(124 803)	1 424 914
Profit for the year	-	1 405 143	-	-	-	-	-	1 405 143
Remeasurement of post-employment benefits	-	-	-	-	-	-	(124 803)	(124 803)
Revaluation of property, plant and equipment	-	-	-	-	-	1 021	-	1 021
Unrealised gain on available-for-sale financial asset	-	-	-	-	143 553	-	-	143 553
Transfer (from)/to reserves	-	(1 404 943)	-	1 404 943	-	-	-	-
Dividends paid	-	(200)	-	-	-	-	-	(200)
<b>Balance at 31 March 2017</b>	2 000	-	395 164	7 864 911	173 720	110 542	(182 767)	8 363 570

**SEPARATE STATEMENT OF CHANGES IN EQUITY: SARB** *continued**for the year ended 31 March 2017***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 SARB, 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, contingency reserves are maintained to provide against risks to which the SARB 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.

**Property, plant and equipment revaluation reserve**

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

**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 are not subsequently reclassified to profit or loss.

**Transfer to SA government**

In terms of section 24 of the SARB Act, nine-tenths of the surplus of the SARB, after provisions normally provided for by bankers and payment of dividends, has to be paid to SA government. No amount was transferred to SA government by the SARB in the current year as the SARB is replenishing the contingency reserve.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies should be read together with the financial reporting framework on page 5.

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

### 1.1 Basis of presentation

These financial statements have been prepared on a going concern basis, in accordance with the SARB Act and the accounting policies set out in this note.

The preparation of the financial statements requires the use of certain key 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 financial statements, are disclosed in note 1.19 and the relevant notes.

### 1.2 New standards and interpretations

#### 1.2.1 New and amended standards adopted by the Group

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- » *IFRS 12 Disclosure of Interests in Other Entities: Investment Entities: Applying the Consolidation Exception:* Narrow-scope amendments to *IFRS 10 Consolidated Financial Statements*, *IFRS 12 Disclosure of Interests in Other Entities* and *IAS 28 Investments in Associates* introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards. The effective date of the amendment is for years beginning on or after 1 January 2016. The Group has adopted the amendment for the first time in the 2017 financial statements. The amendment has no material impact on the financial statements.
- » *IAS 1 Presentation of Financial Statements: Disclosure Initiative:* Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.

Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date of the amendment is for years beginning on or after 1 January 2016. The Group has adopted the amendment for the first time in the 2017 financial statements. The amendment has no material impact on the financial statements.

There are no other new and amended standards applicable to the Group for the financial year ended 31 March 2017.

#### 1.2.2 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 2017, and have not been early adopted in preparing these financial statements. None of these are expected to have a significant impact on the financial statements, except for the following:

- » *IFRS 9 Financial Instruments:* A final version of *IFRS 9 Financial Instruments* has been issued which replaces *IAS 39 Financial Instruments: Recognition and Measurement*. The completed standard comprises guidance on classification and measurement, impairment hedge accounting and derecognition, and introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced in the standard which does allow certain financial assets to be categorised as “fair value through other comprehensive income” in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from *IAS 39 Financial Instruments: Recognition and Measurement*. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The new model introduces a single impairment model being applied to all financial instruments, as well as an “expected credit loss” model for the measurement of financial assets. *IFRS 9 Financial Instruments* contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, it also requires enhanced disclosures that will provide better information about risk management and the effect of hedge accounting on the financial statements. *IFRS 9 Financial Instruments* carries forward the derecognition requirements of financial assets and liabilities from *IAS 39 Financial Instruments: Recognition and Measurement*. The mandatory effective date for implementation is for annual periods beginning on or after 1 January 2018.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.2 New standards and interpretations *continued*

#### 1.2.2 New standards, amendments and interpretations not yet adopted *continued*

*IFRS 9 Financial Instruments* may be early adopted. If *IFRS 9 Financial Instruments* is early adopted, the new hedging requirements may be excluded until the effective date. The Group expects to adopt the standard for the first time in the first annual financial period after the effective date. The Group has undertaken a detailed assessment of the impact of the application of *IFRS 9 Financial Instruments* on its financial statements. The assessment indicates that there are no major gaps in the current measurement of financial assets and liabilities as they are largely in line with *IFRS 9 Financial Instruments*. While the Group is still assessing how its impairment provisions will be affected by the new impairment model for *IFRS 9 Financial Instruments*, which is likely to result in the earlier recognition of credit losses, the initial assessment indicates that there are no major gaps in current impairment models due to the short nature of the financial assets and the fact that they are mostly over collateralised. The Group expects to enter the design phase during the first quarter of the 2018 financial year. This phase will involve obtaining information from current systems, adjusting the IT systems to capture the additional data requirements and determination of what constitutes a default and significant credit loss. By the second quarter of the 2018 financial year, the Group should be ready for a parallel run of the *IFRS 9 Financial Instruments* and *IAS 39 Financial Instruments: Recognition and Measurement* standards.

- » *IFRS 15 Revenue from Contracts from Customers*: New standard that requires entities to recognise 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 in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The effective date of the amendment is for years beginning on or after 1 January 2018. The Group expects to adopt the standard for the first time in the first annual financial period after the effective date. The impact of this standard is currently being assessed. The new standard supersedes:
  - *IAS 11 Construction Contracts*;
  - *IAS 18 Revenue*;
  - *IFRIC 13 Customer Loyalty Programmes*;
  - *IFRIC 15 Agreements for the Construction of Real Estate*;
  - *IFRIC 18 Transfers of Assets from Customers*; and
  - *SIC-31 Revenue – Barter Transactions Involving Advertising Services*.

- » *IFRS 16 Leases*: New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying *IAS 7 Statement of Cash Flows*. *IFRS 16 Leases* contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. *IFRS 16 Leases* substantially carries forward the lessor accounting requirements in *IAS 17 Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently. *IFRS 16 Leases* also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. The effective date of the amendment is for years beginning on or after 1 January 2019. The Group expects to adopt the standard for the first time in the first annual financial period after the effective date. The impact of this standard is currently being assessed. The new standard supersedes:
  - *IAS 17 Leases*;
  - *IFRIC 4 Determining whether an Arrangement contains a Lease*;
  - *SIC-15 Operating Leases – Incentives*; and
  - *SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.
- » *IAS 7 Statement of Cash Flows*: The IASB issued an amendment to *IAS 7 Statement of Cash Flows* introducing additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The effective date of this amendment is for years commencing on or after 1 January 2018. The Group expects to adopt the standard for the first time in the first annual financial period after the effective date. The adoption of this amendment is not expected to impact on the results of the Group, but may result in more disclosure.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.2 New standards and interpretations *continued*

#### 1.2.2 New standards, amendments and interpretations not yet adopted *continued*

There are no other IFRS 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.

### 1.3 Group accounting

#### 1.3.1 Subsidiaries

Subsidiaries are all entities over which the SARB has control. The SARB controls an entity when the SARB is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the SARB.

The acquisition method of accounting is used to account for subsidiaries by the Group (refer to note 1.3.3).

Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group, with the exception of the SARB's policy on foreign currency translation (refer to note 1.6). These foreign-exchange profits or losses are for the account of SA government and are thus transferred to the GFECRA in terms of sections 25 to 28 of the SARB Act.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity respectively. Total comprehensive income of subsidiaries is attributed to the SARB and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

#### 1.3.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see note 1.3.3 below), after initially being recognised at cost.

### 1.3.3 Business combinations

#### 1.3.3.1 Subsidiaries

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.

#### 1.3.3.2 Associates

Investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy in note 1.9.

### 1.4 Financial instruments

Financial instruments include all financial assets and financial liabilities, including derivative instruments, but exclude investments in subsidiaries, investments in associates, post-employment benefit plans, provisions, property, plant and equipment, deferred taxation, intangible assets, inventories and taxation payable or prepaid.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.4 Financial instruments *continued*

#### 1.4.1 Financial assets *continued*

##### 1.4.1.1 Classification

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.

##### **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 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as fair value through profit or loss.

##### **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 at fair value through profit or loss or available-for-sale.

##### **Held-to-maturity financial assets**

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

##### **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. The main classes of financial assets classified as available-for-sale are South African government bonds and the equity investment in the Bank for International Settlements (BIS).

##### 1.4.1.2 Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as at the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

##### 1.4.1.3 Recognition and derecognition

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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.4 Financial instruments *continued*

#### 1.4.1 Financial assets *continued*

##### 1.4.1.4 Measurement

###### **Initial measurement**

Financial assets are initially recognised at fair value plus transaction costs, except those carried at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in 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 data from observable markets.

###### **Subsequent measurement**

Loans and receivables are subsequently carried at amortised cost using the effective interest method. The amortised cost of a financial asset is the amount at which the financial asset 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.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income. When the financial assets are derecognised the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss as a reclassification adjustment. Interest income and dividend income received on available-for-sale financial assets are recognised in profit or loss.

Gains and losses arising from a change in the fair value (excluding changes in fair value due to foreign-exchange movements as explained in note 1.6) of financial assets and liabilities designated at fair value through profit or loss are recognised in profit or loss.

##### 1.4.1.5 Impairment of financial assets

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.

###### **Financial assets carried at amortised cost**

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 assets' carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset.

Objective evidence that loans and receivables are impaired includes but is not limited to the 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 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.

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.

###### **Financial assets classified as available-for-sale**

If there is objective evidence of impairment for available-for-sale financial assets (excluding equity instruments), 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 financial assets excluding equity instruments 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.

Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.4 Financial instruments *continued*

#### 1.4.2 Financial liabilities

##### 1.4.2.1 Classification

The Group classifies its financial liabilities into financial liabilities at fair value through profit or loss and financial liabilities at amortised cost.

The Group classifies a financial instrument that it issues as a financial liability in accordance with the substance of the contractual agreement. Management determines the classification of financial liabilities at initial recognition.

##### **Financial liabilities at fair value through profit or loss**

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

##### **Financial liabilities at amortised cost**

The following liabilities have been classified as financial liabilities at amortised cost: notes and coin issued; South African Reserve Bank debentures; deposit accounts; amounts due to subsidiaries; the GFECRA; and other liabilities.

##### 1.4.2.2 Recognition and derecognition

The Group recognises financial liabilities when it becomes a party to the contractual provisions of the instrument.

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

##### 1.4.2.3 Measurement

###### **Initial measurement**

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.

###### **Subsequent measurement**

Subsequent to initial recognition, financial liabilities 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 1.6 are recognised in profit or loss.

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 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.

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.

##### 1.4.3 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 of the financial asset or liability.

##### 1.4.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated and separate statement of financial position where there is a currently legally enforceable legal 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 notes 6.2 and 8, financial assets and financial liabilities arising from derivatives and securities lending activities have been offset.

The fair value of all derivatives is recognised in the consolidated and separate statement of financial position and is only netted to the extent that a legal right of setting off exists and there is an intention to settle on a net basis.

### 1.5 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.5 Fair value *continued*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair values are determined according to the fair value hierarchy based on the requirements in *IFRS 13 Fair Value Measurement*. Refer to note 31 for further details.

#### 1.5.1 Derivatives

A derivative is a financial instrument, the value of which 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.

#### 1.5.2 Foreign marketable money market investments

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

#### 1.5.3 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.

#### 1.5.4 South African government bonds

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

#### 1.5.5 Valuable art

The fair value of valuable art is determined based on the price at which an orderly transaction to sell the assets would take place between market participants at the measurement date under current market conditions.

Revaluations of valuable art shall be made every three years by an independent, reliable valuator to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. In the absence of an official fair value assessment by an independent valuator, the insured value will be used as an indicator of fair value.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of property, plant and equipment revaluation reserve (revaluation reserve). However, the increase shall be recognised

in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

The revaluation reserve included in equity in respect of an item of valuable art may be transferred directly to accumulated profit when the asset is derecognised.

### 1.6 Foreign currency activities

#### *Foreign currency translation*

##### 1.6.1 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 financial statements of the Group are presented in South African rand, which is the functional currency of the Group.

##### 1.6.2 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.

Foreign-exchange profits or losses of the SARB, insofar as they arise from changes in the value of the rand compared to other currencies, are for the account of SA 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 SARB and are accounted for in profit or loss. Gains and losses on conversion to the functional currency are recognised in profit or loss for the subsidiaries and associates.

### 1.7 Property, plant and equipment

Property, plant and equipment is identifiable non-monetary assets which the Group holds for its own use and which are expected to be used for more than one year.

Property, plant and equipment is recognised when:

- » it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- » the cost of the asset can be measured reliably.

Property, plant and equipment are initially recognised at cost.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.7 Property, plant and equipment *continued*

Freehold land and items under construction is subsequently carried at cost less accumulated impairment losses. Valuable art whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent 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, valuable art and items under construction) to their residual value over their estimated useful life, using the straight-line method. Land and valuable art have indefinite useful lives and are not depreciated.

Items under construction are not used and thus not depreciated. The estimated average useful lives of the assets are as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50
Furniture and equipment	Straight line	2 to 28
Land	Not depreciated	Indefinite
Valuable art	Not depreciated	Indefinite
Vehicles	Straight line	5 to 7
Work in progress	Not depreciated	

Work in progress consists of items under construction and is measured at cost. Work in progress is transferred to the related category of assets and depreciated accordingly when the asset is completed and available for use.

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.

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

### 1.8 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which the Group holds for its own use and which are expected to be used for more than one year.

An intangible asset is recognised when:

- » it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- » the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Research expenditure relating to gaining new technical knowledge and understanding is charged to profit or loss when incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- » it is technically feasible to complete the asset so that it will be available for use or sale;
- » there is an intention to complete and use or sell it;
- » there is an ability to use or sell it;
- » it will generate probable future economic benefits;
- » there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- » the expenditure attributable to the asset during its development can be measured reliably.

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally-developed software is capitalised if it meets the criteria for capitalising development expenditure. Other software development expenditure is charged to profit or loss when incurred.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. The estimated average useful lives of the assets are as follows:

Item	Amortisation method	Average useful life
Computer software	Straight line	2 to 20
Work in progress	Not Amortised	

Work in progress consists of items under construction and is measured at cost. Work in progress is transferred to the related category of assets and amortised accordingly when the asset is completed and available for use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the derecognition of an intangible asset is included in profit or loss.

The residual values, amortisation period and the amortisation method for intangible assets are reviewed at each reporting date and adjusted if appropriate.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.9 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 of disposal and value in use. The discounted cash flow analysis is used to determine the fair value of the investment in subsidiary/associate and estimated future cash flows are based on management's best estimates. The assumptions used in the forecast are based on available historical information, taking management opinion and experience into consideration. Cash flow projections are approved by the subsidiary/associate's Boards and consists of cash flows from the associate and all its subsidiaries. A five-year forecasting period should be used for cash flow projections from the subsidiary/associate and where available forecasts fall short of the five-year forecasting period, nominal growth in line with inflation is assumed. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Investments in subsidiaries and associates are tested for impairment when dividends are declared to the holding company.

An impairment loss is recognised in profit or loss whenever the subsidiary or associate declares dividends to the holding company and evidence is available that:

- » the carrying amount of the investment in the separate financial statements of the holding company exceeds the carrying amount in the consolidated financial statements of the investee's net assets; or
- » the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared.

Non-financial assets 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.

### 1.10 Gold

Gold is held by the SARB 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 SARB, are for the account of the SA government and, transferred to the GFECRA.

### 1.11 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 substantially 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 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. 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.

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 SARB only, deferred taxation assets are not reduced to the extent that it is no longer probable that the related taxation benefits will be realised. Refer to the financial reporting framework's note 2 under recognition and measurement.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates except for deferred taxation 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



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.11 Taxation *continued*

authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 1.12 Employee benefits

#### 1.12.1 Pension and retirement funds

Group companies operate various pension schemes. The schemes are funded through employer and employee contributions to insurance companies or trustee-administered funds. All funds in which the Group participates are defined contribution funds, however, there is an element within the SARB retirement fund which is deemed to be defined benefit in nature. This element, as detailed in note 20.3, is treated according to the principles of a defined benefit plan.

##### 1.12.1.1 Defined benefit 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 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.

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. Remeasurements are not classified to profit or loss in subsequent periods. Past-service costs are recognised in profit or 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.

##### 1.12.1.2 Defined contribution plans

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.

#### 1.12.2 Post-employment benefits

The SARB 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 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.

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.

#### 1.12.3 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.

### 1.13 Sale and repurchase (repo) agreements

The SARB 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 SARB. Likewise, underlying securities sold under repo agreements are not derecognised by the SARB.

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 1.14 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 materials are valued at standard cost, which closely approximates actual cost on a first-in, first-out basis.

Consumables 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 SARB.

### 1.15 Cost of new currency

The SARB 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 SARB.

### 1.16 Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include all cash on hand, bank overdrafts of subsidiaries and short-term South African money market instruments. As far as the SARB is concerned, no cash and cash equivalents are shown because of the SARB's role as central bank in the creation of money.

### 1.17 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.

### 1.18 Total income

Interest income and interest 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 interest 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 SARB'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 interest 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 income arising from the provision of services to clients is recognised on the accrual basis in accordance with the substance of the relevant transaction. This consists mainly of commission on banking services.

### 1.19 Key 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.

There were no significant changes to the Group's estimates and assumptions in the current or prior year.

### 1.20 Related parties

As per *IAS 24 Related Party Disclosures*, the financial statements contain the disclosures necessary to draw attention to the possibility that the Group's financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Related parties include, but are not limited to subsidiaries, the associate, members of management who hold positions of responsibility within the Group including those charged with governance in accordance with legislation, and members of management that are responsible for the strategic direction and operational management of the Group and are entrusted with significant authority. Their remuneration may be established by statute or by another body independent of the Group. Their responsibilities however may enable them to influence the benefits of office that flow to them, their related parties or parties that they represent on the governing body.

### 1.21 Share capital

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***2. CASH AND CASH EQUIVALENTS**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Bank and cash balances	<b>22 040 663</b>	4 205 480	-	-
Short-term South African money market investments	<b>3 635 162</b>	1 742 413	-	-
<b>Total cash and cash equivalents</b>	<b>25 675 825</b>	5 947 893	-	-

Owing to its role in the creation and withdrawal of money, the SARB has no cash and cash equivalent balances in its statement of financial position.

Financial instruments with an original maturity of less than three months are reflected above.

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 (2016: none), the following table represents details thereof:

Fair value of repurchase agreements	<b>3 562 567</b>	-	-	-
Fair value of collateral received	<b>3 561 776</b>	-	-	-
Fair value of collateral permitted to sell or repledge at the reporting date	<b>3 561 776</b>	-	-	-
Collateral cover	<b>99.98%</b>	0.00%	<b>0.00%</b>	0.00%
Maturity date	<b>6 April 2017</b>	-	-	-

At the reporting date, there were no collateralised advances. 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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***3. ACCOMMODATION TO BANKS**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Repurchase agreements	56 000 000	51 300 000	56 000 000	51 300 000
Standing facility	3 674 323	2 190 214	3 674 323	2 190 214
Accrued interest	10 739	19 677	10 739	19 677
<b>Total accommodation to banks</b>	<b>59 685 062</b>	<b>53 509 891</b>	<b>59 685 062</b>	<b>53 509 891</b>

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

The repurchase agreements yield interest at the repurchase rate of the SARB	7.00%	7.00%	7.00%	7.00%
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The following table presents details of collateral received for repurchase agreements (including accrued interest):

Fair value of collateral received	56 107 279	51 652 038	56 107 279	51 652 038
Fair value of collateral permitted to sell or repledge at the reporting date	56 107 279	51 652 038	56 107 279	51 652 038
Collateral cover	100.17%	100.65%	100.17%	100.65%
Maturity date	5 April 2017	6 April 2016	5 April 2017	6 April 2016

At the reporting date, none of the collateralised advances were past due or impaired. During the year under review, no defaults were experienced (2016: no defaults).

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

The following table presents details of collateral received for the standing facility:

Fair value of collateral received	3 674 323	5 509 640	3 674 323	5 509 640
Fair value of collateral permitted to sell or repledge at the reporting date	3 674 323	5 509 640	3 674 323	5 509 640
Collateral cover	100.00%	251.56%	100.00%	251.56%

The collateral received consists of South African government bonds with the following maturities:

Instrument	Maturity date	Amount
South African government bond R202	7 December 2033	2 382 133
South African government bond R197	7 December 2023	312 160
South African government bond R209	31 March 2036	980 030
<b>Total collateral received</b>		<b>3 674 323</b>



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***4. INVESTMENTS**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Short-term South African money market investments</b>	<b>3 734 805</b>	27 042 334	-	-
<b>Maturity structure of financial assets</b>				
Between 1 and 12 months	<b>3 734 805</b>	27 042 334	-	-
For investments that meet the definition of financial assets designated at fair value:				
Maximum exposure to credit risk	<b>3 734 805</b>	27 042 334	-	-

In terms of investment guidelines, approved by the Boards of the respective subsidiaries, all investments are placed with reputable financial institutions. The CPD 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. 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**

Financial assets	<b>478 635</b>	601 363	<b>297 228</b>	353 399
Non-financial assets	<b>221 908</b>	42 108	<b>197 924</b>	38 301
<b>Total other assets</b>	<b>700 543</b>	643 471	<b>495 152</b>	391 700
<b>Maturity structure of financial assets</b>				
Within 1 month	<b>468 638</b>	385 637	<b>297 228</b>	353 399
Between 1 and 12 months	<b>9 997</b>	215 726	-	-
<b>Total financial assets</b>	<b>478 635</b>	601 363	<b>297 228</b>	353 399

Financial assets consist mainly of trade receivables and non-financial assets consist mainly of prepaid expenses. Financial assets are neither past due nor impaired.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***6. GOLD AND FOREIGN-EXCHANGE**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Gold coin and bullion	66 337 802	73 190 326	66 337 802	73 190 326
Money- and capital-market instruments and deposits	102 582 443	86 392 816	102 582 443	86 392 816
Medium-term instruments	367 629 331	434 956 189	367 629 331	434 956 189
Portfolio investments	81 229 389	93 859 986	81 229 389	93 859 986
Accrued interest	4 156	3 746	4 156	3 746
<b>Total gold and foreign-exchange</b>	<b>617 783 121</b>	<b>688 403 063</b>	<b>617 783 121</b>	<b>688 403 063</b>

Gold coin and bullion consists of 4 026 987 fine ounces of gold at the statutory price of R16 473.31 per ounce (2016: 4 026 294 fine ounces at R18 178.09 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.

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

**6.1 Derivatives held-for-trading**

The SARB 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 SARB'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 SARB does not enter into or trade financial instruments, including derivative financial instruments, for proprietary trading purposes.

	Net fair value R'000	Fair value of assets R'000	Fair value of liabilities R'000	Contract/ notional amount <sup>(1)</sup> R'000
<b>Group and SARB 2017</b>				
Forward exchange contracts	(116 860)	92 643	(209 503)	22 054 892
Futures contracts	10 927	35 473	(24 546)	27 570 750
Interest rate swaps	(13 066)	12 068	(25 134)	24 381 668
<b>Total derivatives held-for-trading</b>	<b>(118 999)</b>	<b>140 184</b>	<b>(259 183)</b>	<b>74 007 310</b>
<b>Group and SARB 2016</b>				
Forward exchange contracts	(65 539)	139 668	(205 207)	13 393 271
Futures contracts	(72 677)	21 889	(94 566)	32 241 757
Interest rate swaps	(40 640)	–	(40 640)	1 427 861
<b>Total derivatives held-for-trading</b>	<b>(178 856)</b>	<b>161 557</b>	<b>(340 413)</b>	<b>47 062 889</b>

(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.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 6. GOLD AND FOREIGN-EXCHANGE *continued*

#### 6.2 Offsetting financial assets and financial liabilities relating to gold and foreign-exchange

The SARB is subject to an enforceable master netting arrangement with its derivative counterparties. Under the terms of this agreement, 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:

	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
<b>Group and SARB 2017</b>						
Forward exchange contract assets	92 643	–	92 643	(58 426)	–	34 217
Interest rate swap assets	12 068	–	12 068	(12 068)	–	–
Forward exchange contract liabilities	(209 503)	–	(209 503)	58 426	–	(151 077)
Interest rate swap liabilities	(25 134)	–	(25 134)	12 068	–	(13 066)
<b>Group and SARB 2016</b>						
Forward exchange contract assets	139 668	–	139 668	(88 096)	–	51 572
Interest rate swap assets	–	–	–	–	–	–
Forward exchange contract liabilities	(205 207)	–	(205 207)	88 096	–	(117 111)
Interest rate swap liabilities	(40 640)	–	(40 640)	–	–	(40 640)

#### 6.3 Securities lending activities

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Liabilities in respect of collateral received	–	(61 578 774)	–	(61 578 774)
Fair value of underlying investments	–	61 499 648	–	61 499 648
<b>Net fair value adjustment included in foreign-exchange holdings</b>	<b>–</b>	<b>(79 126)</b>	<b>–</b>	<b>(79 126)</b>

There were no securities lending activities at 31 March 2017 as a result of the transitioning between securities lending agents of the SARB.

#### 6.4 Special Drawing Rights

The Special Drawing Rights (SDRs) asset of R26.9 billion (2016: R31.0 billion) included in total gold on foreign-exchange, carries interest at an effective rate of 0.40%. National Treasury promissory notes have been pledged as collateral against these SDRs.

The following table presents details of collateral held:

Fair value of collateral received	52 651 749	48 509 649	52 651 749	48 509 649
Collateral cover	195.73%	156.48%	195.73%	156.48%

At the reporting date, none of the collateralised advances were past due or impaired (2016: none). During the year under review, no defaults were experienced (2016: no defaults).

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued*

for the year ended 31 March 2017

**7. INVENTORIES**

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Raw materials <sup>(1)</sup>		195 478	192 686	-	-
Work in progress <sup>(2)</sup>		175 798	106 045	-	-
Consumable stores		52 827	46 713	7 060	6 690
Maintenance spares		68 168	59 052	-	-
Finished goods <sup>(3)</sup>		92 960	62 582	-	-
<b>Total inventories net of write-downs</b>		<b>585 231</b>	467 078	<b>7 060</b>	6 690
Write-downs (included above)		<b>(8 231)</b>	(2 695)	-	-

Inventories are measured at the lower of cost and net realisable value.

(1) Raw materials consists mainly of substrate, ink, metals and chemicals.

(2) Work in progress consists mainly of banknotes and coins partially completed.

(3) Finished good consists mainly of banknotes and coins ready for delivery.

**8. FORWARD EXCHANGE CONTRACT ASSETS AND LIABILITIES**

Unrealised gains on forward exchange contracts		317 081	498 006	317 081	498 006
Unrealised losses on forward exchange contracts		(3 120 834)	(1 003 739)	(3 120 834)	(1 003 739)
Net unrealised losses debited to GFECRA <sup>(4)</sup>	21	<b>(2 803 753)</b>	(505 733)	<b>(2 803 753)</b>	(505 733)

(4) These amounts represent unrealised gains and losses on forward exchange contracts, which will be for the account of SA government as and when they are realised. The forward exchange contracts are utilised in the operations of the SARB, to manage monetary policy operations.

The notional amount of the forward exchange contracts amounts to R38.1 billion (2016: R22.0 billion).

The SARB 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 statement of financial position			Instruments which offset on default R'000	Collateral amount received R'000	Net amount R'000
	Gross amounts presented R'000	Offset R'000	Net amounts presented R'000			
<b>Group and SARB 2017</b>						
Forward exchange contract assets	317 081	-	317 081	(31 539)	-	285 542
Forward exchange contract liabilities	(3 120 834)	-	(3 120 834)	31 539	-	(3 089 295)
<b>Group and SARB 2016</b>						
Forward exchange contract assets	498 140	(134)	498 006	-	-	498 006
Forward exchange contract liabilities	(1 003 873)	134	(1 003 739)	-	-	(1 003 739)



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 9. LOANS AND ADVANCES

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Secured foreign loan	60 434	62 376	60 434	62 376
Interest-bearing local loans	27 596 644	27 297 204	–	–
<b>Total loans and advances</b>	<b>27 657 078</b>	27 359 580	<b>60 434</b>	62 376

#### Secured foreign loan

The loan facility of R75 million expires on 31 December 2017 if not renegotiated and carries interest at an effective rate of 7.00%. 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	81 930	81 940	81 930	81 940
Fair value of collateral permitted to sell or repledge at the reporting date	81 930	81 940	81 930	81 940
Collateral cover	135.57%	131.37%	135.57%	131.37%
Maturity date	4 May 2017	5 April 2016	4 May 2017	5 April 2016

At the reporting date, none of the collateralised advances were past due or impaired. During the year under review, no defaults were experienced (2016: no defaults).

The counterparties are exposed to interest rate risk on the various securities pledged as collateral for the foreign loan. The SARB 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 Co-ordination (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 callable on demand. The loans earn interest at a rate equal to the 91-day Treasury bill yield – the rate at the reporting date was 7.40% (2016: 7.24%).

At the reporting date, none of the interest-bearing local loans were past due or impaired (2016: none). During the year under review, no defaults were experienced (2016: no defaults).

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***10. SOUTH AFRICAN GOVERNMENT BONDS**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Listed bonds: Interest-bearing	8 094 334	7 871 537	7 704 561	7 475 777
Accrued interest	59 079	60 181	57 632	58 734
<b>Total South African government bonds</b>	<b>8 153 413</b>	7 931 718	<b>7 762 193</b>	7 534 511
Effective interest rate	<b>8.19%</b>	8.23%	<b>8.25%</b>	8.31%
South African government bonds pledged as collateral for reverse repurchase agreements (note 16):				
Listed bonds pledged	1 271 339	2 554 745	1 271 339	2 554 745
Associated liability	1 255 514	2 501 145	1 255 514	2 501 145

The SARB is exposed to interest rate risk on the listed South African government bonds pledged as security. South African 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**

<b>Unlisted shares at cost</b>	<b>470 557</b>	542 380	<b>470 557</b>	542 380
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The shares held in the BIS are held as part of the SARB'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 SARB has no intention of selling the shares.

The SARB's investment in the BIS consists of 8 612 shares. Under *IAS 39 Financial Instruments: Recognition and Measurement*, the SARB'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 30.00%. The adjusted net asset value of the shares is based on special drawing rights (SDR)<sup>(1)</sup> of SDR 23 952 (2016: SDR 23 050) amounting to R3.7 billion (2016: R4.1 billion). Refer to note 31 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 2017, a movement of R72 million (2016: R103 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 United States dollar, euro, Japanese yen, pound sterling and Chinese renminbi.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 12. PROPERTY, PLANT AND EQUIPMENT

#### 12.1 Group 2017

	Land R'000	Buildings R'000	Plant, vehicles, furniture and equipment R'000	Valuable art R'000	Work in progress R'000	Total R'000
<b>Cost</b>						
Cost at 31 March 2016	39 000	818 995	3 766 205	151 424	160 059	4 935 683
Additions	–	21 798	78 905	689	370 684	472 076
Transfers in/(out)	–	14 802	226 059	–	(238 323)	2 538
Revaluation adjustments	–	–	–	7 789	–	7 789
Disposals	–	–	(109 040)	–	(2 171)	(111 211)
<b>Cost at 31 March 2017</b>	<b>39 000</b>	<b>855 595</b>	<b>3 962 129</b>	<b>159 902</b>	<b>290 249</b>	<b>5 306 875</b>
<b>Accumulated depreciation</b>						
Accumulated depreciation at 31 March 2016	–	306 031	1 984 128	–	2 144	2 292 303
Charge and impairment for the year	–	20 552	284 368	–	27	304 947
Disposals	–	–	(102 633)	–	(2 171)	(104 804)
<b>Accumulated depreciation at 31 March 2017</b>	<b>–</b>	<b>326 583</b>	<b>2 165 863</b>	<b>–</b>	<b>–</b>	<b>2 492 446</b>
<b>Net book value at 31 March 2017</b>	<b>39 000</b>	<b>529 012</b>	<b>1 796 266</b>	<b>159 902</b>	<b>290 249</b>	<b>2 814 429</b>

#### 12.1 Group 2016

<b>Cost</b>						
Cost at 31 March 2015	39 000	745 215	3 996 677	–	338 756	5 119 648
Additions	–	16 908	35 024	2 171	447 662	501 765
Transfers in/(out)	–	56 872	(225 405)	14 611	(626 359)	(780 281)
Revaluation adjustments	–	–	–	134 662	–	134 662
Disposals	–	–	(40 091)	(20)	–	(40 111)
<b>Cost at 31 March 2016</b>	<b>39 000</b>	<b>818 995</b>	<b>3 766 205</b>	<b>151 424</b>	<b>160 059</b>	<b>4 935 683</b>
<b>Accumulated depreciation</b>						
Accumulated depreciation at 31 March 2015	–	285 228	1 679 718	–	–	1 964 946
Charge and impairment for the year	–	20 515	579 467	(4 686)	2 144	597 440
Transfers in/(out)	–	288	(242 977)	4 687	–	(238 002)
Disposals	–	–	(32 080)	(1)	–	(32 081)
<b>Accumulated depreciation at 31 March 2016</b>	<b>–</b>	<b>306 031</b>	<b>1 984 128</b>	<b>–</b>	<b>2 144</b>	<b>2 292 303</b>
<b>Net book value at 31 March 2016</b>	<b>39 000</b>	<b>512 964</b>	<b>1 782 077</b>	<b>151 424</b>	<b>157 915</b>	<b>2 643 380</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***12. PROPERTY, PLANT AND EQUIPMENT** *continued***12.3 SARB 2017**

	Land R'000	Buildings R'000	Plant, vehicles, furniture and equipment R'000	Valuable art R'000	Work in progress R'000	Total R'000
<b>Cost</b>						
Cost at 31 March 2016	29 305	560 772	1 435 668	151 424	149 007	2 326 176
Additions	-	89	272	689	312 605	313 655
Transfers in/(out)	-	20 012	212 242	-	(232 254)	-
Revaluation adjustments	-	-	-	7 789	-	7 789
Disposals	-	-	(42 308)	-	-	(42 308)
<b>Cost at 31 March 2017</b>	<b>29 305</b>	<b>580 873</b>	<b>1 605 874</b>	<b>159 902</b>	<b>229 358</b>	<b>2 605 312</b>
<b>Accumulated depreciation</b>						
Accumulated depreciation at 31 March 2016	-	222 364	880 759	-	-	1 103 123
Charge and impairment for the year	-	14 426	149 696	-	-	164 122
Disposals	-	-	(39 672)	-	-	(39 672)
<b>Accumulated depreciation at 31 March 2017</b>	<b>-</b>	<b>236 790</b>	<b>990 783</b>	<b>-</b>	<b>-</b>	<b>1 227 573</b>
<b>Net book value at 31 March 2017</b>	<b>29 305</b>	<b>344 083</b>	<b>615 091</b>	<b>159 902</b>	<b>229 358</b>	<b>1 377 739</b>

**12.4 SARB 2016**

<b>Cost</b>						
Cost at 31 March 2015	29 305	502 110	1 694 055	-	310 926	2 536 396
Additions	-	10 588	22 221	2 171	365 406	400 386
Transfers in/(out)	-	48 074	(252 209)	14 611	(527 325)	(716 849)
Revaluation adjustments	-	-	-	134 662	-	134 662
Disposals	-	-	(28 399)	(20)	-	(28 419)
<b>Cost at 31 March 2016</b>	<b>29 305</b>	<b>560 772</b>	<b>1 435 668</b>	<b>151 424</b>	<b>149 007</b>	<b>2 326 176</b>
<b>Accumulated depreciation</b>						
Accumulated depreciation at 31 March 2015	-	207 264	983 095	-	-	1 190 359
Charge and impairment for the year	-	14 812	138 287	(4 686)	-	148 413
Transfers in/(out)	-	288	(219 368)	4 687	-	(214 393)
Disposals	-	-	(21 255)	(1)	-	(21 256)
<b>Accumulated depreciation at 31 March 2016</b>	<b>-</b>	<b>222 364</b>	<b>880 759</b>	<b>-</b>	<b>-</b>	<b>1 103 123</b>
<b>Net book value at 31 March 2016</b>	<b>29 305</b>	<b>338 408</b>	<b>554 909</b>	<b>151 424</b>	<b>149 007</b>	<b>1 223 053</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 13. INTANGIBLE ASSETS

#### 13.1 Group 2017

	Computer software R'000	Work in progress R'000	Total R'000
<b>Cost</b>			
Cost at 31 March 2016	730 015	138 069	868 084
Additions	12 359	36 707	49 066
Transfers in/(out)	162 842	(165 380)	(2 538)
Disposals	(4 956)	–	(4 956)
<b>Cost at 31 March 2017</b>	<b>900 260</b>	<b>9 396</b>	<b>909 656</b>
<b>Accumulated amortisation</b>			
Accumulated amortisation at 31 March 2016	339 335	–	339 335
Charge and impairment for the year	94 040	–	94 040
Disposals	(3 650)	–	(3 650)
<b>Accumulated amortisation at 31 March 2017</b>	<b>429 725</b>	<b>–</b>	<b>429 725</b>
<b>Net book value at 31 March 2017</b>	<b>470 535</b>	<b>9 396</b>	<b>479 931</b>

#### 13.2 Group 2016

<b>Cost</b>			
Cost at 31 March 2015	–	–	–
Additions	3 582	66 050	69 632
Transfers in	726 433	72 019	798 452
<b>Cost at 31 March 2016</b>	<b>730 015</b>	<b>138 069</b>	<b>868 084</b>
<b>Accumulated amortisation</b>			
Accumulated amortisation at 31 March 2015	–	–	–
Charge and impairment for the year	95 317	–	95 317
Transfers in	244 018	–	244 018
<b>Accumulated amortisation at 31 March 2016</b>	<b>339 335</b>	<b>–</b>	<b>339 335</b>
<b>Net book value at 31 March 2016</b>	<b>390 680</b>	<b>138 069</b>	<b>528 749</b>



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***13. INTANGIBLE ASSETS** *continued***13.3 SARB 2017**

	Computer software R'000	Work in progress R'000	Total R'000
<b>Cost</b>			
Cost at 31 March 2016	652 175	126 825	779 000
Additions	-	39 366	39 366
Transfers in/(out)	159 505	(159 505)	-
Disposals	(447)	-	(447)
<b>Cost at 31 March 2017</b>	<b>811 233</b>	<b>6 686</b>	<b>817 919</b>
<b>Accumulated amortisation</b>			
Accumulated amortisation at 31 March 2016	295 290	-	295 290
Charge and impairment for the year	80 907	-	80 907
Disposals	(382)	-	(382)
<b>Accumulated amortisation at 31 March 2017</b>	<b>375 815</b>	<b>-</b>	<b>375 815</b>
<b>Net book value at 31 March 2017</b>	<b>435 418</b>	<b>6 686</b>	<b>442 104</b>

**13.4 SARB 2016**

<b>Cost</b>			
Cost at 31 March 2015	-	-	-
Additions	-	62 150	62 150
Transfers in	652 175	64 675	716 850
<b>Cost at 31 March 2016</b>	<b>652 175</b>	<b>126 825</b>	<b>779 000</b>
<b>Accumulated amortisation</b>			
Accumulated amortisation at 31 March 2015	-	-	-
Charge and impairment for the year	80 897	-	80 897
Transfers in	214 393	-	214 393
<b>Accumulated amortisation at 31 March 2016</b>	<b>295 290</b>	<b>-</b>	<b>295 290</b>
<b>Net book value at 31 March 2016</b>	<b>356 885</b>	<b>126 825</b>	<b>483 710</b>

**14. DEFERRED TAXATION**

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Balance at the beginning of the year</b>		<b>1 880 608</b>	2 411 096	<b>1 865 404</b>	2 452 023
Movements during the year:					
Current year timing differences	24	<b>(538 593)</b>	(465 454)	<b>(485 557)</b>	(526 138)
Prior year adjustments	24	<b>(2 806)</b>	2 951	<b>(772)</b>	-
Other comprehensive income		<b>(14 259)</b>	(67 985)	<b>(14 060)</b>	(60 481)
<b>Balance at the end of the year</b>		<b>1 324 950</b>	1 880 608	<b>1 365 015</b>	1 865 404
<b>Comprising:</b>					
Deferred taxation assets		<b>1 365 015</b>	1 913 387	<b>1 365 015</b>	1 865 404
Deferred taxation liabilities		<b>(40 065)</b>	(32 779)	<b>-</b>	-
<b>Net deferred taxation assets</b>		<b>1 324 950</b>	1 880 608	<b>1 365 015</b>	1 865 404

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 14. DEFERRED TAXATION *continued*

Deferred taxation assets and liabilities are attributed as set out below:

#### 14.1 Group

	2015 R'000	Amounts charged to profit or loss R'000	Amounts charged to other compre- hensive income R'000	2016 R'000	Amounts charged to profit or loss R'000	Amounts charged to other compre- hensive income R'000	2017 R'000
Deferred retirement fund contributions	4 110	115	–	4 225	(4 225)	–	–
Post-employment benefits	703 203	–	(120 337)	582 866	52 852	48 335	684 053
Prepaid expenditure and other items	9 299	17 854	–	27 153	(24 355)	–	2 798
Revaluation adjustments	–	–	(25 141)	(25 141)	–	(6 768)	(31 909)
Property, plant and equipment	(412 987)	42 703	–	(370 284)	(19 087)	–	(389 371)
Intangible assets	–	(8 746)	–	(8 746)	11 407	–	2 661
Employee benefits accrual	92 358	(23 462)	–	68 896	20 645	–	89 541
Revenue received in advance	–	–	–	–	109 141	–	109 141
Fair value adjustments on South African government bonds	(37 805)	–	146 450	108 645	–	(55 826)	52 819
Taxation loss	2 052 918	(490 968)	(68 956)	1 492 994	(687 777)	–	805 217
<b>Total</b>	<b>2 411 096</b>	<b>(462 504)</b>	<b>(67 984)</b>	<b>1 880 608</b>	<b>(541 399)</b>	<b>(14 259)</b>	<b>1 324 950</b>

#### 14.2 SARB

Deferred retirement fund contributions	4 111	114	–	4 225	(4 225)	–	–
Post-employment benefits	650 598	–	(118 431)	532 167	48 901	48 536	629 604
Prepaid expenditure and other items	5 088	36	–	5 124	(13 824)	–	(8 700)
Revaluation adjustments	–	–	(25 141)	(25 141)	–	(6 768)	(31 909)
Property, plant and equipment	(69 844)	(1 768)	–	(71 612)	(19 056)	–	(90 668)
Intangible assets	–	(3 731)	–	(3 731)	10 440	–	6 709
Employee benefits accrual	70 652	(6 796)	–	63 856	13 869	–	77 725
Revenue received in advance	–	–	–	–	109 141	–	109 141
Fair value adjustments on South African government bonds	(37 805)	–	146 450	108 645	–	(55 826)	52 819
Taxation loss	1 829 223	(513 993)	(63 359)	1 251 871	(631 575)	–	620 296
<b>Total</b>	<b>2 452 023</b>	<b>(526 138)</b>	<b>(60 481)</b>	<b>1 865 404</b>	<b>(486 329)</b>	<b>(14 060)</b>	<b>1 365 015</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***15. NOTES AND COIN IN CIRCULATION**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Notes	126 622 728	125 096 223	126 622 728	125 096 223
Coin	5 673 928	5 465 404	5 673 928	5 465 404
<b>Total notes and coin in circulation</b>	<b>132 296 656</b>	130 561 627	<b>132 296 656</b>	130 561 627

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

**16. DEPOSIT ACCOUNTS**

Non-interest-bearing	126 544 610	126 729 537	126 472 022	126 656 948
Banks' reserve accounts	90 972 147	84 990 637	90 972 147	84 990 637
SA government accounts	34 409 437	39 859 942	34 336 849	39 787 353
Other current accounts	1 163 026	1 878 958	1 163 026	1 878 958
Interest-bearing	140 276 220	142 960 751	75 121 268	73 591 174
Reverse repurchase agreements	1 255 514	2 501 145	1 255 514	2 501 145
SA government special deposit	67 157 404	67 157 404	67 157 404	67 157 404
Banks' current accounts	6 708 350	3 900 973	6 708 350	3 900 973
Call deposits	65 154 952	69 369 577	-	-
Margin call	-	31 652	-	31 652
<b>Total deposit accounts</b>	<b>266 820 830</b>	269 690 288	<b>201 593 290</b>	200 248 122
<b>Maturity structure of deposit accounts</b>				
On demand	100 727 415	111 140 129	35 499 875	41 697 963
Subject to negotiation with National Treasury	67 157 404	67 157 404	67 157 404	67 157 404
Within 1 month	98 936 011	90 393 137	98 936 011	90 393 137
Between 1 and 3 months	-	999 618	-	999 618
	<b>266 820 830</b>	269 690 288	<b>201 593 290</b>	200 248 122

**Banks' reserve accounts**

Commercial banks are required to maintain a minimum cash reserves balance with the SARB into which they are able to deposit at least such amounts as may be necessary to comply with the SARB Act. The banks' reserve accounts do not accrue interest. 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 R2.0 billion (2016: R2.1 billion).

**Reverse repurchase agreements**

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

Market value of South African government bonds	1 271 339	2 554 745	1 271 339	2 554 745
Collateral cover	101.26%	102.14%	101.26%	102.14%

The reverse repurchase agreements bear interest at market-related rates or below the repo rate of the SARB (note 10).

**SA government special deposit**

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***17. FOREIGN DEPOSITS**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Foreign deposits</b>	<b>106 655 316</b>	102 083 334	<b>106 655 316</b>	102 083 334

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 29.

**18. OTHER LIABILITIES**

Accruals	<b>337 877</b>	304 044	<b>286 561</b>	250 422
Accounts payable	<b>275 041</b>	215 811	<b>108 323</b>	120 668
Other financial liabilities	<b>478 826</b>	247 050	<b>449 048</b>	246 636
Non-financial liabilities	<b>226 458</b>	94 707	<b>128 432</b>	267
<b>Total other liabilities</b>	<b>1 318 202</b>	861 612	<b>972 364</b>	617 993
<b>Maturity structure of financial liabilities</b>				
Within 1 month	<b>1 083 663</b>	747 415	<b>843 932</b>	617 726
Between 1 and 12 months	<b>8 081</b>	19 490	<b>-</b>	-
<b>Total financial liabilities</b>	<b>1 091 744</b>	766 905	<b>843 932</b>	617 726

Other financial liabilities consist mainly of sundry creditors. Non-financial liabilities consist mainly of amounts due to SA government.

**19. SOUTH AFRICAN RESERVE BANK DEBENTURES**

Capital	<b>610 000</b>	3 172 000	<b>610 000</b>	3 172 000
Accrued interest	<b>1 295</b>	4 420	<b>1 295</b>	4 420
<b>Total South African Reserve Bank debentures</b>	<b>611 295</b>	3 176 420	<b>611 295</b>	3 176 420

The 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 2017 are as follows:

Maturity date	Interest rate %	Capital R'000
5 April 2017	<b>6.90</b>	<b>50 000</b>
5 April 2017	<b>7.00</b>	<b>30 000</b>
5 April 2017	<b>6.93</b>	<b>50 000</b>
5 April 2017	<b>6.95</b>	<b>60 000</b>
12 April 2017	<b>6.93</b>	<b>50 000</b>
12 April 2017	<b>6.98</b>	<b>50 000</b>
19 April 2017	<b>6.95</b>	<b>50 000</b>
19 April 2017	<b>6.98</b>	<b>60 000</b>
26 April 2017	<b>6.95</b>	<b>120 000</b>
3 May 2017	<b>6.95</b>	<b>90 000</b>
		<b>610 000</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued*

for the year ended 31 March 2017

**20. POST-EMPLOYMENT BENEFITS**

The SARB and its subsidiary provide the following post-employment benefits to its employees:

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Amounts recognised in the statement of financial position</b>					
Post-employment medical benefits	20.1	<b>2 242 884</b>	2 041 699	<b>2 053 680</b>	1 865 003
Post-employment group life benefits	20.2	<b>45 698</b>	38 798	<b>40 435</b>	34 427
Retirement fund obligation	20.3	<b>153 301</b>	–	<b>153 301</b>	–
<b>Total post-employment benefits</b>		<b>2 441 883</b>	2 080 497	<b>2 247 416</b>	1 899 430

**20.1 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 SARB since 1 September 2011 and 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 2017.

<b>Balance at the beginning of the year</b>		<b>2 041 699</b>	2 157 110	<b>1 865 003</b>	1 969 234
<b>Movement during the year:</b>					
<b>Amount recognised in profit or loss</b>	23.2	<b>257 528</b>	259 814	<b>236 819</b>	238 893
Interest cost		<b>197 220</b>	188 849	<b>180 161</b>	172 397
Service cost		<b>60 308</b>	70 965	<b>56 658</b>	66 496
<b>Cash movements</b>					
Benefits paid		<b>(78 923)</b>	(70 421)	<b>(71 911)</b>	(64 383)
<b>Actuarial loss/(gain) recognised in other comprehensive income</b>		<b>22 580</b>	(304 804)	<b>23 769</b>	(278 741)
Financial assumption gain		–	(327 664)	–	(301 318)
Experience loss on liabilities		<b>22 580</b>	22 860	<b>23 769</b>	22 577
<b>Balance at the end of the year</b>		<b>2 242 884</b>	2 041 699	<b>2 053 680</b>	1 865 003

**20.2 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 2017.

<b>Balance at the beginning of the year</b>		<b>38 798</b>	41 905	<b>34 427</b>	37 265
<b>Movement during the year:</b>					
<b>Amount recognised in profit or loss</b>	23.2	<b>5 478</b>	5 698	<b>4 815</b>	5 009
Interest cost		<b>3 726</b>	3 650	<b>3 308</b>	3 247
Service cost		<b>1 752</b>	2 048	<b>1 507</b>	1 762
<b>Cash movements</b>					
Benefits paid		<b>(1 931)</b>	(1 795)	<b>(1 679)</b>	(1 574)
<b>Actuarial loss/(gain) recognised in other comprehensive income</b>		<b>3 353</b>	(7 010)	<b>2 872</b>	(6 273)
Financial assumption gain		–	(5 151)	–	(4 590)
Experience loss/(gain) on liabilities		<b>3 353</b>	(1 859)	<b>2 872</b>	(1 683)
<b>Balance at the end of the year</b>		<b>45 698</b>	38 798	<b>40 435</b>	34 427



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 20. POST-EMPLOYMENT BENEFITS

#### 20.3 Retirement fund obligation

The Group has made provision for pension and provident plans substantially covering all employees. All employees are members of the retirement fund 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.

Statutory actuarial valuations are performed tri-annually with the most recent statutory valuation completed in respect of the period ended 31 March 2015. Interim actuarial valuations are concluded annually (except in years where a statutory valuation is performed), with an interim valuation as at 31 March 2017 in the process of being completed. 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 SARB. 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 funds. 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 2017 was R4.1 billion (2016: R3.9 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 733 life 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 SARB, in meeting this defined benefit, is market risk and life expectancy. As the SARB is the sponsor of the fund, the full defined benefit liability resides within the SARB. An IAS 19 *Employee Benefits* valuation of this defined benefit at 31 March 2017 was performed by an independent actuary, the result of which can be summarised as follows:

Group and SARB 2017		Present value of obligation R'000	Fair value of plan assets R'000	Unrecognised due to paragraph 65 limit R'000	Total R'000
	Notes				
<b>Balance at the beginning of the year</b>		1 242 744	(1 325 535)	82 791	-
<b>Movement during the year:</b>					
<b>Amount recognised in profit or loss</b>	23.2	124 376	(122 847)	7 865	9 394
Service cost		8 911	-	-	8 911
Interest cost/(income)		120 331	(127 713)	7 865	483
Expenses (recovered)/paid		(4 866)	4 866	-	-
<b>Cash movements</b>		39 707	(42 496)	-	(2 789)
Benefits paid/(received)		39 707	(39 707)	-	-
Employer contributions received		-	(2 789)	-	(2 789)
<b>Actuarial loss recognised in other comprehensive income</b>					
Financial assumption loss/(gain)		236 987	365	(90 656)	146 696
<b>Balance at the end of the year</b>		1 643 814	(1 490 513)	-	153 301

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***20. POST-EMPLOYMENT BENEFITS** *continued***20.3 Retirement fund obligation** *continued*

<b>Group and SARB 2016</b>		Present value of obligation R'000	Fair value of plan assets R'000	Unrecognised due to paragraph 65 limit R'000	Total R'000
	Notes				
<b>Balance at the beginning of the year</b>		1 473 021	(1 155 955)	–	317 066
<b>Movement during the year:</b>					
<b>Amount recognised in profit or loss</b>	23.2	150 530	(94 364)	–	56 166
Service cost		27 773	–	–	27 773
Interest cost/(income)		127 408	(99 015)	–	28 393
Expenses (recovered)/paid		(4 651)	4 651	–	–
<b>Cash movements</b>		41 245	(50 245)	–	(9 000)
Benefits paid/(received)		41 245	(41 245)	–	–
Employer contributions received		–	(9 000)	–	(9 000)
<b>Actuarial loss recognised in other comprehensive income</b>					
Financial assumption (gain)/loss		(422 052)	(24 971)	82 791	(364 232)
<b>Balance at the end of the year</b>		1 242 744	(1 325 535)	82 791	–

Management does not use the *IAS 19 Employee Benefits* 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 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, 247 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 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 Employee Benefits*. The actuarial liability as at 31 March 2016 amounted to R180 million, while the plan assets towards this liability amounted to R194 million.

Since inception in 1995, there has not been a shortage in the pension account for any given year. The most recent interim valuation at 31 March 2016 found the fund to be fully funded, with the actuarial liability of pensions to be R1.0 billion with plan assets of R1.2 billion. The trustees of the retirement fund and the management of the SARB do not foresee a statutory liability for the SARB in terms of these pensioners.

The plan assets were invested in the following different asset classes as at 31 March 2016 per the interim valuation:

Local equities	32.76%
Local property	6.44%
Local fixed interest	20.02%
Cash	13.35%
Foreign investments	20.10%
Other	7.33%
	100.00%

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***20. POST-EMPLOYMENT BENEFITS** *continued***20.4 Key assumptions<sup>(1)</sup>**

	Post-retirement benefits	
	2017	2016
Discount rate (Post-employment group life and medical benefits)	<b>9.85%</b>	9.85%
Discount rate (Retirement fund obligation)	<b>9.50%</b>	9.50%
Medical inflation	<b>7.50%</b>	7.50%
Net discount rate (Post-employment medical benefits)	<b>2.19%</b>	2.19%
Net discount rate (Post-employment group life benefits)	<b>2.66%</b>	2.66%
Salary inflation	<b>7.00%</b>	7.00%
Premium rate	<b>0.38%</b>	0.35%
Inflation rate	<b>6.00%</b>	6.00%
Early retirement rates		
55	<b>2.50%</b>	2.50%
56	<b>2.50%</b>	2.50%
57	<b>2.50%</b>	2.50%
58	<b>2.50%</b>	2.50%
59	<b>2.50%</b>	2.50%
Normal retirement age	<b>60</b>	60
Pensioner mortality rates		
Active members	<b>SA 85-90 Light</b>	SA 85-90 Light
Pensioners	<b>PA (90)</b>	PA (90)
	<b>rated down by</b>	rated down by
	<b>2 years with</b>	2 years with
	<b>0.75% p.a</b>	0.75% p.a
	<b>improvement</b>	improvement
Pension increase rate (Retirement fund obligation)		
Category 1 and ex-pension	<b>6.00%</b>	6.00%
Category 2	<b>4.50%</b>	4.50%
Category 3	<b>2.70%</b>	2.70%
Valuation date	<b>31 March 2017</b>	31 March 2016

(1) The key assumptions of the Group and the SARB are the same.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***20. POST-EMPLOYMENT BENEFITS** *continued***20.5 Sensitivity analysis**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
The effect of a 1% increase and decrease in the discount rate is as follows:				
Employers' accrued liability				
1% decrease	<b>3 338 767</b>	2 794 973	<b>3 114 318</b>	2 585 121
Valuation basis	<b>2 441 883</b>	2 080 497	<b>2 247 416</b>	1 899 430
1% increase	<b>1 981 765</b>	1 798 250	<b>1 811 383</b>	1 640 213
Employers' service and interest cost				
1% decrease	<b>411 096</b>	333 010	<b>387 188</b>	309 836
Valuation basis <sup>(1)</sup>	<b>272 400</b>	321 678	<b>251 028</b>	300 068
1% increase	<b>277 132</b>	250 267	<b>256 053</b>	230 234
The effect of a 1% increase and decrease in the medical inflation rate is as follows:				
Employers' accrued liability				
1% decrease	<b>2 086 719</b>	1 799 439	<b>1 916 015</b>	1 641 165
Valuation basis	<b>2 441 883</b>	2 080 497	<b>2 247 416</b>	1 899 430
1% increase	<b>2 823 243</b>	2 432 630	<b>2 599 622</b>	2 223 485
Employers' service and interest cost				
1% decrease	<b>371 451</b>	378 691	<b>352 096</b>	360 176
Valuation basis <sup>(1)</sup>	<b>272 400</b>	321 678	<b>251 028</b>	300 068
1% increase	<b>467 617</b>	468 979	<b>441 709</b>	444 000
The effect of a one year increase and decrease in the post-retirement mortality rate is as follows:				
Employers' accrued liability				
1 year downward	<b>2 454 057</b>	2 019 821	<b>2 265 247</b>	1 843 995
Valuation basis	<b>2 441 883</b>	2 080 497	<b>2 247 416</b>	1 899 430
1 year upward	<b>2 429 887</b>	2 141 250	<b>2 229 760</b>	1 954 940
Employers' service and interest cost				
1 year downward	<b>335 869</b>	410 608	<b>314 132</b>	389 854
Valuation basis <sup>(1)</sup>	<b>272 400</b>	321 678	<b>251 028</b>	300 068
1 year upward	<b>331 428</b>	425 768	<b>308 386</b>	403 777
The effect of a 1% increase and decrease in the salary inflation rate is as follows:				
Employers' accrued liability				
1% decrease	<b>2 436 429</b>	2 078 611	<b>2 242 200</b>	1 897 737
Valuation basis	<b>2 441 883</b>	2 080 497	<b>2 247 416</b>	1 899 430
1% increase	<b>2 447 906</b>	2 082 616	<b>2 253 168</b>	1 901 330
Employers' service and interest cost				
1% decrease	<b>310 951</b>	274 061	<b>289 529</b>	252 522
Valuation basis <sup>(1)</sup>	<b>272 400</b>	321 678	<b>251 028</b>	300 068
1% increase	<b>313 357</b>	274 847	<b>291 820</b>	253 211
The effect of a one year increase and decrease in the base pension increase rate is as follows:				
Employers' accrued liability				
1 year downward	<b>2 299 889</b>	2 080 497	<b>2 105 422</b>	1 899 430
Valuation basis	<b>2 441 883</b>	2 080 497	<b>2 247 416</b>	1 899 430
1 year upward	<b>2 610 793</b>	2 278 706	<b>2 416 326</b>	2 097 639
Employers' service and interest cost				
1 year downward	<b>284 023</b>	274 648	<b>262 651</b>	253 038
Valuation basis <sup>(1)</sup>	<b>272 400</b>	321 678	<b>251 028</b>	300 068
1 year upward	<b>327 217</b>	293 467	<b>305 845</b>	271 857

(1) Consists of provision for post-employment medical benefits, post-employment group life benefits and post-retirement fund costs (refer to note 23.2).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 21. GOLD AND FOREIGN-EXCHANGE CONTINGENCY RESERVE ACCOUNT

Notes	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Opening balance	304 653 118	203 396 438	304 653 118	203 396 438
(Loss)/profit on gold price adjustment account	(6 851 052)	14 985 883	(6 851 052)	14 985 883
Profit/(loss) on forward exchange contract adjustment account	9 682 790	(30 715 557)	9 682 790	(30 715 557)
(Loss)/profit on foreign-exchange adjustment account	(74 214 548)	118 216 309	(74 214 548)	118 216 309
Movement in unrealised losses on forward exchange contracts	(2 298 019)	(1 382 562)	(2 298 019)	(1 382 562)
	<b>230 972 289</b>	304 500 511	<b>230 972 289</b>	304 500 511
Payments from National Treasury	185 948	152 607	185 948	152 607
<b>Closing balance</b>	<b>231 158 237</b>	304 653 118	<b>231 158 237</b>	304 653 118
<b>Balance composition</b>				
Balance currently due to SA government	233 961 990	305 158 851	233 961 990	305 158 851
Unrealised losses on forward exchange contracts 8	(2 803 753)	(505 733)	(2 803 753)	(505 733)
	<b>231 158 237</b>	304 653 118	<b>231 158 237</b>	304 653 118

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 SA government. Settlement of this account is subject to agreement, from time to time, between the SARB and SA government and consists mainly of the exchange margin. During the reporting year under review, a net amount of R186 million was settled by SA government (2016: R153 million).

### 22. SHARE CAPITAL

#### Authorised and issued

2 000 000 shares (2016: 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.

### 23. PROFIT BEFORE TAXATION

#### 23.1 Total income includes:

Income from investments		41 609	12 742	38 316	33 195
Dividends received		38 316	33 195	38 316	33 195
Realised and unrealised profit/(loss) on investments		3 293	(20 453)	–	–
Income from subsidiaries and associate	34.5			234 048	167 130
Dividends received				150 200	155 832
Interest				77 639	5 218
Management fees				6 210	6 080
Commission on banking services		797 676	621 006	797 676	621 006

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



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***23. PROFIT BEFORE TAXATION** *continued***23.2 Operating costs include:**

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Directors' remuneration	34.7	<b>26 045</b>	25 842	<b>25 594</b>	25 413
For services as non-executive directors		<b>4 693</b>	4 454	<b>4 242</b>	4 025
For services as executive directors		<b>21 352</b>	21 388	<b>21 352</b>	21 388
Depreciation, amortisation and impairment	12 & 13	<b>398 987</b>	692 757	<b>245 029</b>	229 310
Buildings		<b>20 552</b>	20 515	<b>14 426</b>	14 812
Plant, vehicles, furniture and equipment		<b>284 368</b>	579 467	<b>149 696</b>	138 287
Artwork		-	(4 686)	-	(4 686)
Work in progress		<b>27</b>	2 144	-	-
Computer software		<b>94 040</b>	95 317	<b>80 907</b>	80 897
Net profit/(loss) on disposal of:		<b>3 922</b>	295	<b>2 266</b>	(315)
Plant, vehicles, furniture and equipment		<b>4 162</b>	295	<b>2 331</b>	(315)
Computer software		<b>(240)</b>	-	<b>(65)</b>	-
Write-down of inventories	7	<b>8 231</b>	2 695	-	-
Auditors' remuneration		<b>40 180</b>	38 990	<b>36 608</b>	33 816
Audit fees		<b>17 431</b>	16 029	<b>13 900</b>	10 893
Fees for other services		<b>22 749</b>	22 961	<b>22 708</b>	22 923
Consulting fees		<b>91 847</b>	138 106	<b>69 176</b>	108 781
Retirement benefit costs		<b>582 930</b>	604 495	<b>510 208</b>	535 377
Contributions to funds – Normal		<b>206 037</b>	183 610	<b>177 597</b>	158 231
Contributions to funds – Additional		<b>9 144</b>	13 241	<b>9 144</b>	13 241
Provision for post-employment medical benefits	20.1	<b>257 528</b>	259 814	<b>236 819</b>	238 893
Provision for post-employment group life benefits	20.2	<b>5 478</b>	5 698	<b>4 815</b>	5 009
Provision for post-retirement fund	20.3	<b>9 394</b>	56 166	<b>9 394</b>	56 166
Premiums paid – Medical aid		<b>91 197</b>	82 304	<b>70 716</b>	62 349
Premiums paid – Group life		<b>4 152</b>	3 662	<b>1 723</b>	1 488
Remuneration and recurring staff costs		<b>1 958 925</b>	1 806 584	<b>1 594 114</b>	1 457 246
Cost of new currency		<b>178 813</b>	243 237	<b>1 419 613</b>	1 510 100
Other operating costs <sup>(1)</sup>		<b>1 719 713</b>	1 308 335	<b>656 130</b>	489 506

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***24. TAXATION**

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
South African normal taxation					
Current taxation		<b>(176 120)</b>	(115 228)	-	-
Deferred taxation					
Current year timing differences	14	<b>(538 593)</b>	(465 454)	<b>(485 557)</b>	(526 138)
Adjustment in respect of prior years	14	<b>(2 806)</b>	2 951	<b>(772)</b>	-
<b>Total taxation</b>		<b>(717 519)</b>	(577 731)	<b>(486 329)</b>	(526 138)
<b>Reconciliation of taxation rate</b>					
South African normal taxation rate		<b>28.00%</b>	28.00%	<b>28.00%</b>	28.00%
Adjusted for:					
Disallowable expenses		<b>0.15%</b>	0.01%	<b>0.17%</b>	0.16%
Exempt income and special deductions		<b>(3.32%)</b>	(1.24%)	<b>(2.50%)</b>	(2.36%)
Prior years		<b>0.07%</b>	0.00%	<b>0.04%</b>	0.00%
<b>Effective taxation rate</b>		<b>24.90%</b>	26.77%	<b>25.71%</b>	25.80%
<b>Taxation paid</b>					
Opening balance – taxation payable		<b>(1 975)</b>	(2 745)	-	-
Taxation for the year		<b>(176 120)</b>	(115 228)	-	-
Closing balance – taxation payable		<b>4 740</b>	1 975	-	-
<b>Taxation paid</b>		<b>(173 355)</b>	(115 998)	-	-

**25. DIVIDENDS PAID**

Dividends were paid as follows:					
Final dividend of 5 cents per share for the 2016 financial year		<b>100</b>	100	<b>100</b>	100
Interim dividend of 5 cents per share for the 2017 financial year		<b>100</b>	100	<b>100</b>	100
<b>Total dividends paid</b>		<b>200</b>	200	<b>200</b>	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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***26. CASH GENERATED FROM OPERATING ACTIVITIES**

	Notes	GROUP		SARB	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Reconciliation of profit before taxation to cash generated from operating activities</b>					
Profit before taxation for the year		<b>2 100 400</b>	2 159 453	<b>1 891 472</b>	2 039 705
Adjustments for:					
Depreciation, amortisation and impairment	12 & 13	<b>398 987</b>	692 757	<b>245 029</b>	229 310
Net loss/(profit) on disposal of fixed assets	23.2	<b>3 922</b>	295	<b>2 266</b>	(315)
Loss/(profit) from associate	34.2	<b>556 480</b>	(2 264)	–	–
Unrealised foreign-exchange (gain)/loss		<b>(5 044)</b>	5 111	–	–
Realised and unrealised (profit)/loss on investments	23.1	<b>(3 293)</b>	20 453	–	–
Post-employment benefits		<b>188 757</b>	240 462	<b>174 649</b>	225 111
Coupon interest accrued		<b>(1 102)</b>	(1 102)	<b>(1 102)</b>	(1 102)
Amortisation of coupon interest		<b>(29 405)</b>	(26 535)	<b>(29 405)</b>	(26 535)
<b>Net cash generated from operating activities</b>		<b>3 209 702</b>	3 088 630	<b>2 282 909</b>	2 466 174
<b>Changes in working capital</b>					
Amounts due from subsidiaries		–	–	<b>(3 453)</b>	33 323
Accommodation to banks		<b>(6 175 171)</b>	(12 187 291)	<b>(6 175 171)</b>	(12 187 291)
Other assets		<b>(55 378)</b>	(312 112)	<b>(103 451)</b>	(218 597)
Gold and foreign-exchange		<b>70 619 942</b>	(123 414 194)	<b>70 619 942</b>	(123 414 194)
Inventories		<b>(119 391)</b>	62 309	<b>(370)</b>	(1 681)
Loans and advances		<b>(297 498)</b>	(5 838 429)	<b>1 942</b>	1 544
South African government bonds		<b>2 204</b>	–	<b>2 204</b>	–
Equity investment in Bank for International settlements		<b>71 823</b>	(103 409)	<b>71 823</b>	(103 409)
Notes and coin in circulation		<b>1 735 029</b>	8 391 462	<b>1 735 029</b>	8 391 462
Deposit accounts		<b>(2 869 458)</b>	35 685 897	<b>1 345 168</b>	18 295 873
Amounts due to subsidiaries		–	–	<b>(868 917)</b>	6 437 284
Other liabilities		<b>455 618</b>	(61 112)	<b>354 371</b>	70 208
Foreign deposits		<b>4 571 982</b>	7 669 000	<b>4 571 982</b>	7 669 000
South African Reserve Bank debentures		<b>(2 565 125)</b>	(4 733 680)	<b>(2 565 125)</b>	(4 733 680)
Gold and Foreign-Exchange Contingency Reserve Account		<b>(71 196 861)</b>	102 639 242	<b>(71 196 861)</b>	102 639 242
<b>Cash (utilised by)/generated from changes in working capital</b>		<b>(5 822 284)</b>	7 797 683	<b>(2 210 887)</b>	2 879 084
<b>Cash (utilised by)/generated from operating activities</b>		<b>(2 612 582)</b>	10 886 313	<b>72 022</b>	5 345 258

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 27. CAPITAL COMMITMENTS

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred	<b>363 142</b>	191 687	<b>252 429</b>	182 984
Buildings	<b>71 409</b>	5 390	–	2 626
Plant, vehicles, furniture and equipment	<b>257 840</b>	181 299	<b>221 626</b>	180 358
Intangible assets	<b>33 893</b>	4 998	<b>30 803</b>	–
Capital expenditure approved but not yet contracted for at the end of the reporting period	<b>130 285</b>	303 321	<b>36 162</b>	6 097
Buildings	<b>14 178</b>	148 489	<b>208</b>	208
Plant, vehicles, furniture and equipment	<b>97 443</b>	130 114	<b>24 797</b>	5 889
Intangible assets	<b>18 664</b>	24 718	<b>11 157</b>	–
<b>Total capital commitments</b>	<b>493 427</b>	495 008	<b>288 591</b>	189 081

These capital commitments will be funded from internal resources.

### 28. EVENTS AFTER REPORTING DATE

No material events occurred between 31 March 2017 and 7 June 2017 requiring disclosure in, or adjustment to, the financial statements for the year ended 31 March 2017.

### 29. RISK MANAGEMENT IN RESPECT OF FINANCIAL INSTRUMENTS

The policies and procedures of the SARB regarding risk management are dealt with in the section on risk management on pages 59 to 62 of the annual report, which is available on the SARB'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 SARB respectively earn and bear interest at rates linked to South African money market rates. The level of these rates is closely linked to the SARB'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 SARB 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, which is approved by the GEC. The risk budget is approved by the Reserves Management Committee (Resmanco).

#### Market risk

Market risk is the risk of loss resulting from changes in market prices of securities. The SARB 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 SARB against credit and market risks, participants in the repurchase agreement 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 SARB, must at least be equal to the total repurchase agreement price. Treasury bills and South African Reserve Bank debentures are valued at the most recent auction's discount rates.

#### Currency risk

The SARB'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 SA government in terms of the SARB Act. The SARB has currency risk limits and monitors them actively to ensure that they are contained within the overall risk budget of the SARB.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***29. RISK MANAGEMENT IN RESPECT OF FINANCIAL INSTRUMENTS** *continued***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 SARB 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 SA government, subsidiaries of the SARB and certain staff loans. The list of eligible securities is specified in the Operational Notice published on the SARB'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 South African 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 which resulted in passive breaches on some of the financial assets in the SARB's portfolios. Such securities have been retained in the portfolio.

**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 SARB as a percentage of total exposures to all counterparties. This is actively monitored by the risk management unit within the Financial Markets Department.

**Concentration analysis**

	GROUP		SARB	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Assets</b>				
South African rand	125 521 272	122 885 074	68 125 451	61 958 181
Gold	66 337 802	73 190 326	66 337 802	73 190 326
United States dollar	311 523 823	331 536 989	311 352 525	331 533 166
Euro	101 320 207	120 413 769	101 310 878	120 411 884
Pound sterling	32 809 446	41 882 904	32 809 446	41 882 904
Other	106 443 027	121 927 165	106 443 027	121 927 165
<b>Total financial assets</b>	<b>743 955 577</b>	811 836 227	<b>686 379 129</b>	750 903 626
<b>Liabilities</b>				
South African rand	635 034 559	708 170 793	578 385 236	648 244 156
United States dollar	84 047 496	76 359 639	84 010 325	76 340 472
Euro	14 082 634	16 750 400	14 055 078	16 734 769
Pound sterling	5 745 595	3 326 335	5 745 578	3 326 335
Other	2 844 628	7 328 264	2 844 336	7 328 264
<b>Total financial liabilities</b>	<b>741 754 912</b>	811 935 431	<b>685 040 553</b>	751 973 996

**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 SARB, this risk is not relevant to domestic assets and liabilities because of the SARB's ability to create rands when required. However, the SARB does face liquidity risk in respect of foreign assets and liabilities. The SARB 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 by the Financial Markets Department. In addition, the SARB's foreign investment portfolio comprises mainly highly liquid investment instruments.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 29. 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.

	Current					Non-current	Total
	Redeemable on demand	Up to 1 month	1 – 3 months	4 – 6 months	7 – 12 months	More than 1 year	
<b>GROUP 2017</b>							
<b>Liabilities (R'000)</b>							
Notes and coin in circulation	132 296 656	–	–	–	–	–	132 296 656
Deposit accounts	167 884 819	98 936 011	–	–	–	–	266 820 830
Foreign deposits	11 924	106 643 392	–	–	–	–	106 655 316
Other financial liabilities	–	1 083 663	8 081	–	–	–	1 091 744
South African Reserve Bank debentures	–	521 295	90 000	–	–	–	611 295
Forward exchange contract liabilities	–	233 723	1 698 861	157 895	376 975	653 380	3 120 834
Gold and Foreign-Exchange Contingency Reserve Account	231 158 237	–	–	–	–	–	231 158 237
<b>Total financial liabilities</b>	<b>531 351 636</b>	<b>207 418 084</b>	<b>1 796 942</b>	<b>157 895</b>	<b>376 975</b>	<b>653 380</b>	<b>741 754 912</b>
<b>Unrecognised financial liabilities (R'000)</b>							
Committed liquidity facility	89 600 000	–	–	–	–	–	89 600 000
Guarantees	3 000 000	–	–	–	–	–	3 000 000
<b>Total unrecognised financial liabilities</b>	<b>92 600 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>92 600 000</b>
<b>GROUP 2016</b>							
<b>Liabilities (R'000)</b>							
Notes and coin in circulation	130 561 627	–	–	–	–	–	130 561 627
Deposit accounts	178 297 533	90 393 137	999 618	–	–	–	269 690 288
Foreign deposits	–	102 083 334	–	–	–	–	102 083 334
Other financial liabilities	–	747 415	19 175	100	204	11	766 905
South African Reserve Bank debentures	–	3 146 420	30 000	–	–	–	3 176 420
Forward exchange contract liabilities	–	624 104	–	314 865	64 770	–	1 003 739
Gold and Foreign-Exchange Contingency Reserve Account	304 653 118	–	–	–	–	–	304 653 118
<b>Total financial liabilities</b>	<b>613 512 278</b>	<b>196 994 410</b>	<b>1 048 793</b>	<b>314 965</b>	<b>64 974</b>	<b>11</b>	<b>811 935 431</b>
<b>Unrecognised financial liabilities (R'000)</b>							
Committed liquidity facility	86 050 000	–	–	–	–	–	86 050 000
Guarantees	3 000 000	–	–	–	–	–	3 000 000
<b>Total unrecognised financial liabilities</b>	<b>89 050 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>89 050 000</b>

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***29. RISK MANAGEMENT IN RESPECT OF FINANCIAL INSTRUMENTS** *continued**Liquidity risk continued*

	Current					Non-current	Total
	Redeemable on demand	Up to 1 month	1 – 3 months	4 – 6 months	7 – 12 months	More than 1 year	
<b>SARB 2017</b>							
<b>Liabilities (R'000)</b>							
Notes and coin in circulation	132 296 656	–	–	–	–	–	132 296 656
Deposit accounts	102 657 279	98 936 011	–	–	–	–	201 593 290
Amounts due to subsidiaries	8 760 993	–	–	–	–	–	8 760 993
Foreign deposits	11 924	106 643 392	–	–	–	–	106 655 316
Other financial liabilities	–	843 932	–	–	–	–	843 932
South African Reserve Bank debentures	–	521 295	90 000	–	–	–	611 295
Forward exchange contract liabilities	–	233 723	1 698 861	157 895	376 975	653 380	3 120 834
Gold and Foreign-Exchange Contingency Reserve Account	231 158 237	–	–	–	–	–	231 158 237
<b>Total financial liabilities</b>	<b>474 885 089</b>	<b>207 178 353</b>	<b>1 788 861</b>	<b>157 895</b>	<b>376 975</b>	<b>653 380</b>	<b>685 040 553</b>
<b>Unrecognised financial liabilities (R'000)</b>							
Committed liquidity facility	89 600 000	–	–	–	–	–	89 600 000
Guarantees	3 000 000	–	–	–	–	–	3 000 000
<b>Total unrecognised financial liabilities</b>	<b>92 600 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>92 600 000</b>
<b>SARB 2016</b>							
<b>Liabilities (R'000)</b>							
Notes and coin in circulation	130 561 627	–	–	–	–	–	130 561 627
Deposit accounts	108 855 367	90 393 137	999 618	–	–	–	200 248 122
Amounts due to subsidiaries	9 629 910	–	–	–	–	–	9 629 910
Foreign deposits	–	102 083 334	–	–	–	–	102 083 334
Other financial liabilities	–	617 726	–	–	–	–	617 726
South African Reserve Bank debentures	–	3 146 420	30 000	–	–	–	3 176 420
Forward exchange contract liabilities	–	624 104	–	314 865	64 770	–	1 003 739
Gold and Foreign-Exchange Contingency Reserve Account	304 653 118	–	–	–	–	–	304 653 118
<b>Total financial liabilities</b>	<b>553 700 022</b>	<b>196 864 721</b>	<b>1 029 618</b>	<b>314 865</b>	<b>64 770</b>	<b>–</b>	<b>751 973 996</b>
<b>Unrecognised financial liabilities (R'000)</b>							
Committed liquidity facility	86 050 000	–	–	–	–	–	86 050 000
Guarantees	3 000 000	–	–	–	–	–	3 000 000
<b>Total unrecognised financial liabilities</b>	<b>89 050 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>89 050 000</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 29. RISK MANAGEMENT IN RESPECT OF FINANCIAL INSTRUMENTS *continued*

#### Liquidity risk *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 gold, foreign-exchange adjustments on assets and liabilities, and on any current or future forward exchange contract shall be for the account of the SA 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 SARB 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 SARB 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 SARB

Risk reporting is a formalised and clearly defined process within the SARB. A monthly risk report is compiled and distributed to senior management of the SARB, (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 Resmanco and the GEC. Moreover, a quarterly financial risk report is compiled and distributed to members of the SARB's RMC and the BREC. The objective of these risk reports is to inform management of financial risk to which the SARB may be exposed, their possible impact on the key functions of the SARB, and how such risks are managed. The report, furthermore, attempts to highlight future risks that might adversely impact on the activities of the SARB. 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

## 30. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Total R'000	Fair value			Amortised cost		Fair value <sup>(1)</sup> R'000
		Held-for- trading R'000	Designated at fair value R'000	Available- for-sale R'000	Loans and receivables R'000	Other liabilities R'000	
<b>GROUP 2017</b>							
<b>Financial assets</b>							
Cash and cash equivalents	25 675 825	-	-	-	25 675 825	-	25 675 825
Accommodation to banks	59 685 062	-	-	-	59 685 062	-	59 685 062
Investments	3 734 805	-	3 734 805	-	-	-	-
Other financial assets	478 635	-	-	-	478 635	-	478 635
Gold and foreign-exchange	617 783 121	140 184	617 642 937	-	-	-	-
Forward exchange contract assets	317 081	317 081	-	-	-	-	-
Loans and advances	27 657 078	-	-	-	27 657 078	-	27 657 078
South African government bonds	8 153 413	-	-	8 153 413	-	-	-
Equity investment in Bank for International Settlements <sup>(2)</sup>	470 557	-	-	470 557	-	-	3 714 265
<b>Unrecognised financial assets</b>							
Guarantees	-	-	-	-	-	-	3 000 000
<b>Financial liabilities</b>							
Notes and coin in circulation	132 296 656	-	-	-	-	132 296 656	132 296 656
Deposit accounts <sup>(3)</sup>	266 820 830	-	-	-	-	266 820 830	266 820 830
Foreign deposits	106 655 316	-	-	-	-	106 655 316	106 655 316
Other financial liabilities	1 091 744	-	-	-	-	1 091 744	1 091 744
South African Reserve Bank debentures	611 295	-	-	-	-	611 295	611 295
Forward exchange contract liabilities	3 120 834	3 120 834	-	-	-	-	-
Gold and Foreign-Exchange Contingency Reserve Account	231 158 237	-	-	-	-	231 158 237	231 158 237
<b>Unrecognised financial liabilities</b>							
Committed liquidity facility	-	-	-	-	-	-	89 600 000
Guarantees	-	-	-	-	-	-	3 000 000

(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) The equity investment in Bank for International Settlements is measured at cost.

(3) Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 30. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES *continued*

	Total R'000	Fair value			Amortised cost		Fair value <sup>(1)</sup> R'000
		Held-for- trading R'000	Designated at fair value R'000	Available- for-sale R'000	Loans and receivables R'000	Other liabilities R'000	
<b>GROUP 2016</b>							
<b>Financial assets</b>							
Cash and cash equivalents	5 947 893	-	-	-	5 947 893	-	5 947 893
Accommodation to banks	53 509 891	-	-	-	53 509 891	-	53 509 891
Investments	27 042 334	-	27 042 334	-	-	-	-
Other financial assets	601 363	-	-	-	601 363	-	601 363
Gold and foreign-exchange	688 403 063	(178 856)	688 581 919	-	-	-	-
Forward exchange contract assets	498 006	498 006	-	-	-	-	-
Loans and advances	27 359 580	-	-	-	27 359 580	-	27 359 580
South African government bonds	7 931 718	-	397 206	7 534 512	-	-	-
Equity investment in Bank for International Settlements <sup>(2)</sup>	542 380	-	-	542 380	-	-	4 120 038
<b>Unrecognised financial assets</b>							
Guarantees	-	-	-	-	-	-	3 000 000
<b>Financial liabilities</b>							
Notes and coin in circulation	130 561 627	-	-	-	-	130 561 627	130 561 627
Deposit accounts <sup>(3)</sup>	269 690 288	-	-	-	-	269 690 288	269 690 288
Foreign deposits	102 083 334	-	-	-	-	102 083 334	102 083 334
Other financial liabilities	766 905	-	-	-	-	766 905	766 905
South African Reserve Bank debentures	3 176 420	-	-	-	-	3 176 420	3 176 420
Forward exchange contract liabilities	1 003 739	1 003 739	-	-	-	-	-
Gold and Foreign-Exchange Contingency Reserve Account	304 653 118	-	-	-	-	304 653 118	304 653 118
<b>Unrecognised financial liabilities</b>							
Committed liquidity facility	-	-	-	-	-	-	86 050 000
Guarantees	-	-	-	-	-	-	3 000 000

(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) The equity investment in Bank for International Settlement is measured at cost.

(3) Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

30. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES *continued*

	Total R'000	Fair value			Amortised cost		Fair value <sup>(1)</sup> R'000
		Held-for- trading R'000	Designated at fair value R'000	Available- for-sale R'000	Loans and receivables R'000	Other liabilities R'000	
<b>SARB 2017</b>							
<b>Financial assets</b>							
Amounts due by subsidiaries	3 453	-	-	-	3 453	-	3 453
Accommodation to banks	59 685 062	-	-	-	59 685 062	-	59 685 062
Other financial assets	297 228	-	-	-	297 228	-	297 228
Gold and foreign-exchange	617 783 121	140 184	617 642 937	-	-	-	-
Forward exchange contract assets	317 081	317 081	-	-	-	-	-
Loans and advances	60 434	-	-	-	60 434	-	60 434
South African government bonds	7 762 193	-	-	7 762 193	-	-	-
Equity investment in Bank for International Settlements <sup>(2)</sup>	470 557	-	-	470 557	-	-	3 714 265
<b>Unrecognised financial assets</b>							
Guarantees	-	-	-	-	-	-	3 000 000
<b>Financial liabilities</b>							
Notes and coin in circulation	132 296 656	-	-	-	-	132 296 656	132 296 656
Deposit accounts <sup>(3)</sup>	201 593 290	-	-	-	-	201 593 290	201 593 290
Amounts due to subsidiaries	8 760 993	-	-	-	-	8 760 993	8 760 993
Foreign deposits	106 655 316	-	-	-	-	106 655 316	106 655 316
Other financial liabilities	843 932	-	-	-	-	843 932	843 932
South African Reserve Bank debentures	611 295	-	-	-	-	611 295	611 295
Forward exchange contract liabilities	3 120 834	3 120 834	-	-	-	-	-
Gold and Foreign-Exchange Contingency Reserve Account	231 158 237	-	-	-	-	231 158 237	231 158 237
<b>Unrecognised financial liabilities</b>							
Committed liquidity facility	-	-	-	-	-	-	89 600 000
Guarantees	-	-	-	-	-	-	3 000 000

(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) The equity investment in Bank for International Settlement is measured at cost.

(3) Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

30. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES *continued*

	Total R'000	Fair value			Amortised cost		Fair value <sup>(1)</sup> R'000
		Held-for- trading R'000	Designated at fair value R'000	Available- for-sale R'000	Loans and receivables R'000	Other liabilities R'000	
<b>SARB 2016</b>							
<b>Financial assets</b>							
Accommodation to banks	53 509 891	-	-	-	53 509 891	-	53 509 891
Other financial assets	353 399	-	-	-	353 399	-	353 399
Gold and foreign-exchange	688 403 063	(178 856)	688 581 919	-	-	-	-
Forward exchange contract assets	498 006	498 006	-	-	-	-	-
Loans and advances	62 376	-	-	-	62 376	-	62 376
South African government bonds	7 534 511	-	-	7 534 511	-	-	-
Equity investment in Bank for International Settlements <sup>(2)</sup>	542 380	-	-	542 380	-	-	4 120 038
<b>Unrecognised financial assets</b>							
Guarantees	-	-	-	-	-	-	3 000 000
<b>Financial liabilities</b>							
Notes and coin in circulation	130 561 627	-	-	-	-	130 561 627	130 561 627
Deposit accounts <sup>(3)</sup>	200 248 122	-	-	-	-	200 248 122	200 248 122
Amounts due to subsidiaries	9 629 910	-	-	-	-	9 629 910	9 629 910
Foreign deposits	102 083 334	-	-	-	-	102 083 334	102 083 334
Other financial liabilities	617 726	-	-	-	-	617 726	617 726
South African Reserve Bank debentures	3 176 420	-	-	-	-	3 176 420	3 176 420
Forward exchange contract liabilities	1 003 739	1 003 739	-	-	-	-	-
Gold and Foreign-Exchange Contingency Reserve Account	304 653 118	-	-	-	-	304 653 118	304 653 118
<b>Unrecognised financial liabilities</b>							
Committed liquidity facility	-	-	-	-	-	-	86 050 000
Guarantees	-	-	-	-	-	-	3 000 000

(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) The equity investment in Bank for International Settlement is measured at cost.

(3) Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 31. FAIR VALUE HIERARCHY DISCLOSURES

The tables on pages 60 to 63 analyse financial instruments carried at fair value and amortised cost 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 (2016: none).

#### 31.1 Valuation techniques used to derive Level 1 fair values

The fair value of financial instruments traded in active markets are based on quoted market prices as obtained from the custodians at the statement of financial position 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 SARB is the current price as per the custodian's pricing hierarchy. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily fixed income investments classified as trading securities or available for sale.

#### 31.2 Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market (for example, 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 to value financial instruments include the following:

- » quoted market prices or dealer quotes for similar instruments are used for gold and foreign-exchange and investments;
- » 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 statement of financial position date, with the resulting value discounted back to present value; and
- » the fair value of all other instruments are derived with reference to yields.

#### 31.3 Valuation techniques used to derive Level 3 fair values

The equity investment in the BIS is classified as Level 3. It is an 'available-for-sale' investment and is valued at cost, as fair value cannot be reliably measured, as no active market exists for these shares. Changes in value are due to foreign-exchange movements. Refer to note 11 for more detail.

The revaluation of valuable art is classified as Level 3. Revaluations will be performed every three years by independent, reliable valuers. In the absence of an official fair value assessment by an independent valuator, the insured value will be used as an indicator of fair value.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***31. FAIR VALUE HIERARCHY DISCLOSURES** *continued*

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>GROUP 2017</b>				
<b>Items measured at fair value</b>				
<b>Non-financial assets</b>				
Property, plant and equipment	-	-	159 902	159 902
<b>Financial assets</b>				
South African government bonds	8 153 413	-	-	8 153 413
Equity investment in Bank for International Settlements <sup>(1)</sup>	-	-	470 557	470 557
Forward exchange contract assets	-	317 081	-	317 081
Investments	-	3 734 805	-	3 734 805
Gold and foreign-exchange	424 746 318	193 036 803	-	617 783 121
Gold coin and bullion	66 337 802	-	-	66 337 802
Money- and capital-market instruments and deposits	-	102 586 599	-	102 586 599
Medium-term investments	345 396 913	22 232 418	-	367 629 331
Portfolio investments	13 011 603	68 217 786	-	81 229 389
<b>Financial liabilities</b>				
Forward exchange contract liabilities	-	3 120 834	-	3 120 834
<b>Items measured at amortised cost</b>				
<b>Financial assets</b>				
Cash and cash equivalents	22 040 663	3 635 162	-	25 675 825
Accommodation to banks	-	59 685 062	-	59 685 062
Other financial assets	-	478 635	-	478 635
Loans and advances	-	27 657 078	-	27 657 078
<b>Financial liabilities</b>				
Notes and coin in circulation	-	132 296 656	-	132 296 656
Deposit accounts	-	266 820 830	-	266 820 830
Foreign deposits	-	106 655 316	-	106 655 316
Other financial liabilities	-	1 091 744	-	1 091 744
South African Reserve Bank debentures	-	611 295	-	611 295
Gold and Foreign-Exchange Contingency Reserve Account	-	231 158 237	-	231 158 237

**Securities lending activities**

There were no securities lending activities at 31 March 2017. The net effect of securities lending in which the SARB was engaged at the reporting date is included in the gold and foreign-exchange balances above. Securities held as collateral amounted to R0 in 2017 (2016: R72.2 billion).

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***31. FAIR VALUE HIERARCHY DISCLOSURES** *continued*

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>GROUP 2016</b>				
<b>Items measured at fair value</b>				
<b>Non-financial assets</b>				
Property, plant and equipment	–	–	151 424	151 424
<b>Financial assets</b>				
South African government bonds	7 931 718	–	–	7 931 718
Equity investment in Bank for International Settlements <sup>(1)</sup>	–	–	542 380	542 380
Forward exchange contract assets	–	498 006	–	498 006
Investments	–	27 042 334	–	27 042 334
Gold and foreign-exchange	326 655 600	361 747 463	–	688 403 063
Gold coin and bullion	73 190 326	–	–	73 190 326
Money- and capital-market instruments and deposits	–	86 396 562	–	86 396 562
Medium-term investments	235 985 313	198 970 876	–	434 956 189
Portfolio investments	17 479 961	76 380 025	–	93 859 986
<b>Financial liabilities</b>				
Forward exchange contract liabilities	–	1 003 739	–	1 003 739
<b>Items measured at amortised cost</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4 205 480	1 742 413	–	5 947 893
Accommodation to banks	–	53 509 891	–	53 509 891
Other financial assets	–	601 363	–	601 363
Loans and advances	–	27 359 580	–	27 359 580
<b>Financial liabilities</b>				
Notes and coin in circulation	–	130 561 627	–	130 561 627
Deposit accounts	–	269 690 288	–	269 690 288
Foreign deposits	–	102 083 334	–	102 083 334
Other financial liabilities	–	766 905	–	766 905
South African Reserve Bank debentures	–	3 176 420	–	3 176 420
Gold and Foreign-Exchange Contingency Reserve Account	–	304 653 118	–	304 653 118
<b>Securities lending activities</b>				
The net effect of securities lending in which the SARB was engaged at the reporting date is included in the gold and foreign-exchange balances above. The gross position is as follows:				
Liabilities in respect of collateral received	–	(61 578 774)	–	(61 578 774)
Fair value of underlying investments	2 573 866	58 925 783	–	61 499 649
Net fair value adjustment included above	2 573 866	(2 652 991)	–	(79 125)

Securities held as collateral amounted to R72.2 billion in 2016.

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***31. FAIR VALUE HIERARCHY DISCLOSURES** *continued*

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>SARB 2017</b>				
<b>Items measured at fair value</b>				
<b>Non-financial assets</b>				
Property, plant and equipment	–	–	159 902	159 902
<b>Financial assets</b>				
South African government bonds	7 762 193	–	–	7 762 193
Equity investment in Bank for International Settlements <sup>(1)</sup>	–	–	470 557	470 557
Forward exchange contract assets	–	317 081	–	317 081
Gold and foreign-exchange	424 746 318	193 036 803	–	617 783 121
Gold coin and bullion	66 337 802	–	–	66 337 802
Money- and capital-market instruments and deposits	–	102 586 599	–	102 586 599
Medium-term investments	345 396 913	22 232 418	–	367 629 331
Portfolio investments	13 011 603	68 217 786	–	81 229 389
<b>Financial liabilities</b>				
Forward exchange contract liabilities	–	3 120 834	–	3 120 834
<b>Items measured at amortised cost</b>				
<b>Financial assets</b>				
Accommodation to banks	–	59 685 062	–	59 685 062
Other financial assets	–	297 228	–	297 228
Loans and advances	–	60 434	–	60 434
<b>Financial liabilities</b>				
Notes and coin in circulation	–	132 296 656	–	132 296 656
Deposit accounts	–	201 593 290	–	201 593 290
Amounts due to subsidiaries	–	8 760 993	–	8 760 993
Foreign deposits	–	106 655 316	–	106 655 316
Other financial liabilities	–	843 932	–	843 932
South African Reserve Bank debentures	–	611 295	–	611 295
Gold and Foreign-Exchange Contingency Reserve Account	–	231 158 237	–	231 158 237

**Securities lending activities**

There were no securities lending activities at 31 March 2017. The net effect of securities lending in which the SARB was engaged at the reporting date is included in the gold and foreign-exchange balances above. Securities held as collateral amounted to R0 in 2017 (2016: R72.2 billion).

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***31. FAIR VALUE HIERARCHY DISCLOSURES** *continued*

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>SARB 2016</b>				
<b>Items measured at fair value</b>				
<b>Non-financial assets</b>				
Property, plant and equipment	–	–	151 424	151 424
<b>Financial assets</b>				
South African government bonds	7 534 511	–	–	7 534 511
Equity investment in Bank for International Settlements <sup>(1)</sup>	–	–	542 380	542 380
Forward exchange contract assets	–	498 006	–	498 006
Gold and foreign-exchange	326 655 600	361 747 463	–	688 403 063
Gold coin and bullion	73 190 326	–	–	73 190 326
Money- and capital-market instruments and deposits	–	86 396 562	–	86 396 562
Medium-term investments	235 985 313	198 970 876	–	434 956 189
Portfolio investments	17 479 961	76 380 025	–	93 859 986
<b>Financial liabilities</b>				
Forward exchange contract liabilities	–	1 003 739	–	1 003 739
<b>Items measured at amortised cost</b>				
<b>Financial assets</b>				
Accommodation to banks	–	53 509 891	–	53 509 891
Other financial assets	–	353 399	–	353 399
Loans and advances	–	62 376	–	62 376
<b>Financial liabilities</b>				
Notes and coin in circulation	–	130 561 627	–	130 561 627
Deposit accounts	–	200 248 122	–	200 248 122
Amounts due to subsidiaries	–	9 629 910	–	9 629 910
Foreign deposits	–	102 083 334	–	102 083 334
Other financial liabilities	–	617 726	–	617 726
South African Reserve Bank debentures	–	3 176 420	–	3 176 420
Gold and Foreign-Exchange Contingency Reserve Account	–	304 653 118	–	304 653 118
<b>Securities lending activities</b>				
The net effect of securities lending in which the SARB was engaged at the reporting date is included in the gold and foreign-exchange balances above. The gross position is as follows:				
Liabilities in respect of collateral received	–	(61 578 774)	–	(61 578 774)
Fair value of underlying investments	2 573 866	58 925 783	–	61 499 649
Net fair value adjustment included above	2 573 866	(2 652 991)	–	(79 125)

Securities held as collateral amounted to R72.2 billion in 2016.

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



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***32. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES**

	<b>Total R'000</b>	<b>Held-for- trading R'000</b>	<b>Designated at fair value R'000</b>	<b>Loans and receivables R'000</b>	<b>Available- for-sale R'000</b>	<b>Other liabilities at amortised cost R'000</b>
<b>GROUP 2017</b>						
Interest income	<b>13 898 982</b>	–	<b>5 345 894</b>	<b>7 910 690</b>	<b>642 398</b>	–
Interest expense	<b>(8 316 523)</b>	–	–	–	–	<b>(8 316 523)</b>
Dividend income	<b>38 316</b>	–	–	–	<b>38 316</b>	–
Bond revaluation reserve	<b>199 379</b>	–	–	–	<b>199 379</b>	–
<b>GROUP 2016</b>						
Interest income	12 100 619	(479 424)	6 432 167	5 506 141	641 735	–
Interest expense	(6 413 553)	–	–	(120)	–	(6 413 433)
Dividend income	33 195	–	–	–	33 195	–
Bond revaluation reserve	(523 034)	–	–	–	(523 034)	–
<b>SARB 2017</b>						
Interest income	<b>8 689 311</b>	–	<b>4 057 127</b>	<b>3 989 786</b>	<b>642 398</b>	–
Interest expense	<b>(3 246 438)</b>	–	–	–	–	<b>(3 246 438)</b>
Dividend income	<b>188 516</b>	–	–	–	<b>188 316</b>	–
Bond revaluation reserve	<b>199 379</b>	–	–	–	<b>199 379</b>	–
<b>SARB 2016</b>						
Interest income	8 301 083	(479 424)	5 313 884	2 824 888	641 735	–
Interest expense	(2 755 423)	–	–	–	–	(2 755 423)
Dividend income	189 027	–	–	–	189 027	–
Bond revaluation reserve	(523 034)	–	–	–	(523 034)	–

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued*

for the year ended 31 March 2017

**33. COMMITMENTS AND GUARANTEES****33.1 Guarantees**

R3.0 billion has been guaranteed by the SARB to ABL undertaking to settle unrecoverable loans that the Residual Debt Services Limited could not settle i.t.o the indemnity agreement. By 31 March 2017 this facility had not been utilised.

In turn, R3.0 billion has been guaranteed by the National Treasury to the SARB with the same terms to assist with the above mentioned guarantee issued to ABL. A guarantee fee of 30 basis points is payable upon the utilisation of the guarantee facility. By 31 March 2017 this facility had not been utilised.

**33.2 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 SARB 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 SARB 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 2017 the total CLFs granted by the SARB for the period 1 January 2017 to 31 December 2017 amounted to R89.6 billion, which have not yet been utilised. Commitment fees of R520 million have been received for the period of 1 January 2017 to 31 December 2017 of which R130 million is accounted for as income for the year ended 31 March 2017. The balance is reflected in other liabilities.

An interest rate of repo plus 1% 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 after the haircut is applied. To date, residential, commercial mortgages, auto loans and asset backed securities to the value of R89.6 billion (before the haircut is applied) have been ceded to the SARB as collateral as per the individual agreements. A haircut is applied to the collateral registered with the SARB as per the contractual agreement, based on the risk associated with each class of asset registered as collateral.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 34. RELATED PARTY INFORMATION

#### 34.1 Investment in subsidiaries

	Authorised and issued share capital		SARB	
	Number of shares '000	% held	2017 R'000	2016 R'000
Corporation for Public Deposits <sup>(1)</sup>	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	803 000	1 083 765
Share capital	61 000	100	61 000	61 000
Subordinated loan	–	–	742 000	1 022 765
<b>Total investment in subsidiaries</b>			<b>1 011 000</b>	1 291 765

(1) The SARB provides key personnel services to the CPD.

The subordinated loan to the SABN of R0.7 billion bears no interest and has no fixed terms of repayment. An amount of R0.3 billion was repaid during the year (2016: R0.1 billion). The SARB 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 SARB's investment in subsidiary.

The contribution to the Group profit or loss attributable to the parent (pre elimination of intercompany transactions) is as follows:

	GROUP	
	2017 R'000	2016 R'000
Corporation for Public Deposits	73 522	72 750
South African Mint Company (RF) Proprietary Limited	299 357	191 263
South African Bank Note Company (RF) Proprietary Limited	130 270	(153 402)
South African Reserve Bank Captive Insurance Company (RF) Limited	–	633
<b>Total contribution to Group profit or loss</b>	<b>503 149</b>	111 244

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***34. RELATED PARTY INFORMATION** *continued***34.2 Investment in associate**

	Authorised and issued share capital		GROUP		SARB	
	Number of shares '000	% held	2017 R'000	2016 R'000	2017 R'000	2016 R'000
African Bank Holdings Limited (Carrying value)	500 000	50	5 002 264	5 000 000	5 000 000	5 000 000
Contribution to Group profit or loss			(556 480)	2 264		
<b>Carrying value of investment in associate</b>			<b>4 445 784</b>	5 002 264	<b>5 000 000</b>	5 000 000

**34.3 Transactions with non-controlling interests****Prestige Bullion**

The SA Mint holds a 60% interest in Prestige Bullion. Prestige Bullion distributes, and sells bullion Krugerrand coins to local and international markets. The SA Mint is responsible for the manufacturing while the marketing and distribution of the coins is done by Rand Refinery.

Rand Refinery has a 40% interest, and therefore holds a non-controlling interest in Prestige Bullion.

Profit attributable to non-controlling interest	<b>181 268</b>	110 478
Accumulated non-controlling interest at year end	<b>51 443</b>	80 176
Dividends paid to non-controlling interest	<b>210 000</b>	65 800

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

**34.4 Amounts due by/to Group companies****Amounts due by Group companies**

Corporation for Public Deposits

**3 453** –

**Amounts due to Group companies**

African Bank Limited (equity accounted, not consolidated)

**388 431** –

Corporation for Public Deposits

**8 760 993** 9 629 910

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***34. RELATED PARTY INFORMATION** *continued*

		<b>SARB</b>	
		<b>2017</b>	2016
		<b>R'000</b>	R'000
<b>34.5 Transactions between the SARB and its related parties</b>			
<b>Dividends received</b>			
		<b>150 200</b>	155 832
Corporation for Public Deposits		<b>200</b>	200
South African Mint Company (RF) Proprietary Limited		<b>150 000</b>	150 000
South African Reserve Bank Captive Insurance Company (RF) Limited		<b>–</b>	5 632
		<b>3 789 897</b>	2 401 548
<b>Interest received</b>			
African Bank Limited		<b>77 320</b>	–
Corporation for Public Deposits		<b>319</b>	3 906
SA government		<b>3 712 258</b>	2 396 330
South African Bank Note Company (RF) Proprietary Limited		<b>–</b>	1 312
		<b>6 541 689</b>	5 120 724
<b>Interest paid</b>			
African Bank Limited		<b>4 948</b>	–
Corporation for Public Deposits		<b>736 392</b>	731 648
SA government		<b>5 800 349</b>	4 389 076
<b>Rent paid</b>			
South African Bank Note Company (RF) Proprietary Limited		<b>3 329</b>	3 026
<b>Coin management fees paid</b>			
South African Mint Company (RF) Proprietary Limited		<b>2 973</b>	2 810
<b>Management fees received</b>			
Corporation for Public Deposits		<b>2 745</b>	2 745
South African Reserve Bank Retirement Fund		<b>3 465</b>	3 335
		<b>1 414 512</b>	1 266 865
<b>Cost of new currency</b>			
South African Bank Note Company (RF) Proprietary Limited		<b>944 899</b>	898 922
South African Mint Company (RF) Proprietary Limited		<b>469 613</b>	367 943

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** *continued**for the year ended 31 March 2017***34. RELATED PARTY INFORMATION** *continued***34.5 Transactions between the SARB and its related parties** *continued*

	SARB	
	2017 R'000	2016 R'000
<b>Pension fund contributions</b>		
South African Reserve Bank Retirement Fund	156 733	171 472
<b>Administrative services</b>	2 566	7 750
South African Bank Note Company (RF) Proprietary Limited	1 688	6 374
South African Mint Company (RF) Proprietary Limited	878	1 376
<b>Recovery of foreign-exchange losses</b>		
South African Bank Note Company (RF) Proprietary Limited	48 588	20 435
<b>Charges (other income)</b>		
African Bank Limited	616	–
<b>Amounts owed by</b>		
SA government	27 596 644	27 297 204
<b>Amounts owed to</b>	397 881 945	481 104 410
SA government – GEFCRA	231 158 237	304 653 118
SA government – Deposits Corporation for Public Deposits	65 229 455	69 433 946
Non-interest-bearing	34 336 849	39 859 942
Interest-bearing	67 157 404	67 157 404

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

**34.6 Inventory held on behalf of the SARB by the SA Mint**

At year-end, coin inventory to the value of R391 million (2016: R227 million) was held on behalf of the SARB.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2017

### 34. RELATED PARTY INFORMATION *continued*

#### 34.7 Directors' remuneration

	GROUP	
	2017 R'000	2016 R'000
<b>Paid by SARB</b>		
<b>Executive directors: Remuneration</b>		
<b>Governor E L Kganyago</b>		
Remuneration and recurring fringe benefits	6 577	6 198
Other fringe benefits	227	128
	<b>6 804</b>	<b>6 326</b>
<b>Governor G Marcus (term ended 8 November 2014)</b>		
Other fringe benefits	–	495
Cooling-off period payment (up to 8 May 2015)	–	1 105
	<b>–</b>	<b>1 600</b>
<b>Deputy governor A D Mminele</b>		
Remuneration and recurring fringe benefits	4 736	4 462
Other fringe benefits	216	89
	<b>4 952</b>	<b>4 551</b>
<b>Deputy governor F E Groepe</b>		
Remuneration and recurring fringe benefits	4 736	4 462
Other fringe benefits	158	77
	<b>4 894</b>	<b>4 539</b>
<b>Deputy governor K Naidoo</b>		
Remuneration and recurring fringe benefits	4 702	4 372
<b>Total remuneration of executive directors</b>	<b>21 352</b>	<b>21 388</b>
<b>Non-executive directors: Remuneration for services</b>		
A M Chait (term ended 31 July 2015)	–	131
B W Smit	353	337
C B du Toit (appointed 30 July 2016)	220	–
F Cachalia	444	428
G M Ralfe	425	360
J F van der Merwe (term ended 30 July 2016)	184	425
J V Klein	380	197
M M Manyama	325	319
N Vink (appointed 30 July 2016)	220	–
R J G Barrow	449	428
R le Roux	356	337
T Ajam	353	337
T N Mgoduso (term ended 30 July 2016)	170	380
T Nombembe	363	346
	<b>4 242</b>	<b>4 025</b>
<b>Paid by subsidiaries</b>		
<b>Non-executive directors: Remuneration for services</b>		
R J G Barrow	451	429
<b>Total remuneration of non-executive directors</b>	<b>4 693</b>	<b>4 454</b>
<b>Total remuneration of directors</b>	<b>26 045</b>	<b>25 842</b>

## ABBREVIATIONS

<b>ABHL</b>	African Bank Holdings Limited
<b>ABL</b>	African Bank Limited
<b>AGM</b>	annual ordinary general meeting
<b>Annual report</b>	South African Reserve Bank annual report
<b>BIS</b>	Bank for International Settlements
<b>Board</b>	Board of Directors
<b>BREC</b>	Board Risk and Ethics Committee
<b>CA</b>	Combined Assurance
<b>CFO</b>	Chief Financial Officer
<b>CIA</b>	Chief Internal Auditor
<b>CLF</b>	Committed liquidity facility
<b>Companies Act</b>	Companies Act 73 of 2008
<b>CPD Act</b>	Corporation for Public Deposits Act 46 of 1984
<b>CPD</b>	Corporation for Public Deposits
<b>FMD</b>	Financial Markets Department
<b>FSB</b>	Financial Services Board
<b>GEC</b>	Governors' Executive Committee
<b>GFECRA</b>	Gold and Foreign Exchange Contingency Reserve Account
<b>Group</b>	South African Reserve Bank including its subsidiaries and associate
<b>IAD</b>	Internal Audit Department
<b>IASB</b>	International Accounting Standards Board
<b>IAS</b>	International Accounting Standard
<b>i.e.</b>	id est (that is to say) (Latin)
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRSs</b>	International Financial Reporting Standards
<b>IGCC</b>	Inter-Governmental Cash Co-ordination
<b>IMF</b>	International Monetary Fund
<b>Inc.</b>	Incorporated
<b>Income Tax Act</b>	Income Tax Act 58 of 1962
<b>InsureCo</b>	African Insurance Group Limited
<b>IRBA Code</b>	Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors
<b>IT</b>	information technology
<b>JSE</b>	JSE Limited
<b>King III</b>	King Report on Corporate Governance in South Africa 2009
<b>LCR</b>	Liquidity coverage ratio
<b>Ltd</b>	Limited
<b>MPC</b>	Monetary Policy Committee
<b>Pension Funds Act</b>	Pension Funds Act 24 of 1956
<b>Prestige Bullion</b>	Prestige Bullion (RF) Proprietary Limited
<b>Pty</b>	Proprietary
<b>PwC</b>	PricewaterhouseCoopers Inc.
<b>Rand Refinery</b>	Rand Refinery Proprietary Limited
<b>RDSL</b>	Residual Debt Services Limited
<b>Repo</b>	Sale and repurchase agreements
<b>Repo rate</b>	repurchase rate
<b>Resmanco</b>	Reserves Management Committee
<b>SABN</b>	South African Bank Note Company (RF) Proprietary Limited
<b>SA Mint</b>	South African Mint Company (RF) Proprietary Limited
<b>SA government</b>	South African government
<b>SARB Act</b>	South African Reserve Bank Act 90 of 1989, as amended
<b>SARB</b>	South African Reserve Bank
<b>SARBCIC</b>	South African Reserve Bank Captive Insurance Company (RF) Limited
<b>SDR</b>	Special Drawing Rights
<b>SNG</b>	SizweNtsalubaGobodo Inc.
<b>US</b>	United States

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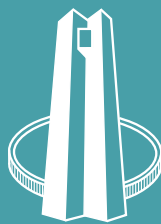
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