SOUTH AFRICAN RESERVE BANK

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ANNUAL FINANCIAL STATEMENTS 2023/24

PRICE AND FINANCIAL STABILITY FOR SUSTAINABLE GROWTH

Contents

Online

The full annual financial statements of the SARB Group are available at **https://www.resbank.co.za/en/home/publications/reports/annual-reports**

Feedback

The SARB welcomes feedback on its annual report to inform the continuous improvement of its communication to stakeholders. Your feedback, comments and/or questions can be sent to **Zoliswa Copiso**, Secretary of the SARB, at **zoliswa.copiso@resbank.co.za**

Directors' report

for the year ended 31 March 2024

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 annual report, issued in terms of the SARB Act and its regulations, addresses the performance of the Group and its compliance with the relevant statutory information requirements.

It is the responsibility of the directors to prepare the Group annual financial statements (financial statements) and related financial information that present the Group's state of affairs. The financial statements have been prepared in accordance with the SARB Act and the accounting policies set out in note 1. The financial statements include appropriate and responsible disclosures and are based on accounting policies that have been consistently applied, except as specified in note 1, and which are supported by reasonable judgements and estimates.

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' and Resolution Authority; its responsibilities in the areas of price and financial stability; and its relationship with the SA government concerning FX and gold transactions.

The directors have considered the impact of the volatility in financial markets, mainly as a result of interest rate hikes by central banks globally in an attempt to curb the steep rise in inflation, among other factors. The directors have also considered the impact of the ongoing Russia-Ukraine and Israeli-Palestinian conflicts. Although the Group has no direct exposure to these countries, the conflicts continue to negatively impact financial markets in general. The directors have concluded that the impact of the volatility in financial markets has had no effect on the going concern of the SARB and its subsidiaries. The directors have considered the impact of the current energy crisis and the prospect of extended periods of load-shedding on key financial sector infrastructures and SARB operations. The directors note that the SARB will continue to take the necessary actions to minimise the impact of load-shedding on key financial sector infrastructures, SARB operations and its currency-producing subsidiaries. However, these matters will be monitored and included in considerations for forward-looking information.

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

The directors are responsible for governance, which is monitored on an ongoing basis. The SARB applies the principles and guidelines of *King IV*™ 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 in the annual report.

In exceptional circumstances, as part of its central banking functions, the SARB may act as a 'lender of last resort' or provide assistance of a similar nature to financial institutions in difficulty to prevent a loss of confidence spreading through the financial system as a whole.

In some cases, confidence can best be sustained if the SARB's support is disclosed only when the conditions giving rise to a potentially systemic disturbance have improved. Accordingly, although the financial effects of such operations will be included in the financial statements in the year in which they occur, these financial statements may not explicitly identify the existence of such support. However, such support will be reported when the need for secrecy or confidentiality has ceased.

Subsidiaries

The subsidiaries of the SARB are:

- The South African Mint Company (RF) Proprietary Limited (South African Mint) which produces circulation and collectable coins, and its subsidiary Prestige Bullion which produces bullion coins.
- The South African Bank Note Company (RF) Proprietary Limited which produces banknotes.
- The Corporation for Public Deposits (CPD) which receives and invests call deposits from the SA government and public entities.
- The Corporation for Deposit Insurance (CODI) provides deposit insurance and carries out its functions to support the SARB in fulfilling its objective of, and responsibility for, protecting and maintaining financial stability.
- Information on the SARB's financial interest in its subsidiaries is provided in note 33.

The subsidiaries did not pass any special resolutions that are material to the SARB's affairs in the reporting year.

Associate

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

Information on the SARB's financial interest in its associate is provided in note 33.

Achievement of objectives

The annual report covers the SARB's achievements against its strategic objectives.

Directors' report continued

for the year ended 31 March 2024

Financial results

The net investment income of the SARB, derived mainly from foreign investments and accommodation to banks, increased by R19.3 billion to R26.5 billion (2022/23: R4.4 billion increase to R7.2 billion). Operating costs increased by R0.5 billion to R8.5 billion (2022/23: R0.9 billion increase to R8.0 billion).

The investment in ABHL has been impaired by nine hundred and eighty two million in the current year (2022/23: R0.6 billion impairment reversal). The net result of these factors was a profit after taxation of R13.0 billion (2022/23: R0.8 billion) for the year ended 31 March 2024.

The South African Mint (including Prestige Bullion) made a profit after taxation of R0.2 billion (2022/23: R0.4 billion), attributable to the Group, and did not declare a dividend (2022/23: R0.3 billion) to the SARB.

The SABN's profit after taxation has decreased from the prior year to a R0.1 billion loss (2022/23: R0.2 billion profit).

The CPD's profit after taxation has increased from the prior year to R0.9 billion (2022/23: R0.5 billion). For the year ended 31 March 2024, there was no amount due to the SA government (2022/23: Rnil) in accordance with the CPD Act.

ABHL made a profit after taxation of R0.2 billion (2022/23: R0.2 billion), attributable to the Group. The directors have noted the recent acquisitions of Ubank and Grindrod Bank and will continue to monitor the performance of the associate. Refer to note 33.3 for further detail.

Financial position

The SARB's total assets increased by R76.0 billion to R1.3 trillion (2022/23: R201.0 billion increase to R1.2 trillion), largely due to increases in gold and FX reserves of R86.0 billion.

The total assets of the South African Mint (including Prestige Bullion) increased by R0.4 billion to R3.0 billion (2022/23: R0.5 billion decrease to R2.6 billion), mainly attributable to a higher inventory balance at the reporting date.

The SABN's total assets decreased by R0.2 billion to R2.6 billion (2022/23: R0.2 billion increase to R2.8 billion), attributable to lower call deposit investments.

The CPD's total assets increased by R4.7 billion to R113.0 billion (2022/23: R16.5 billion increase to R108.05 billion), largely as a result of a net increase in short-term fixed deposits, offset by a decrease in money market investments.

During the 2020/21 financial year, a counterparty defaulted on its promissory notes which resulted in the recognition of a fair value loss. As at 31 March 2024, the outstanding nominal value of the debt was R0.5 billion. Capital repayments of R0.2 billion were received from that counterparty during the current financial year (2022/23: R0.2 billion). The directors are monitoring communication from the counterparty on the possible restructure of the debt.

The total liabilities of the SARB increased by R85.0 billion to R1.2 trillion (2022/23: R200.0 billion increase to R1.1 trillion), largely due to a R73.0 billion increase in GFECRA.

The total liabilities of the South African Mint (including Prestige Bullion) increased by R0.2 billion to R1.4 billion (2022/23: R0.4 billion increase to R1.2 billion), mainly attributable to an increase in trade payables.

The SABN's total liabilities decreased by R0.1 billion to R0.5 billion (2022/23: remained consistent at R0.6 billion), mainly due to a decrease in accruals and accounts payable.

The CPD's total liabilities increased by R4.0 billion to R112.0 billion (2022/23: R16.0 billion increase to R108.6 billion), largely due to an increase in deposits of R4.0 billion.

The SARB's contingency reserve increased by R13.0 billion to R33.4 billion (2022/23: R0.8 billion increase to R20.4 billion) due to a transfer of the current year profit after taxation of R13.0 billion to the contingency reserve.

Further details on the Group's financial information for the year can be found on page 10.

Dividends

The SARB Act permits the SARB to declare dividends from its accumulated profits (reserves). As per the SARB Act, a total dividend at the rate of 10% per annum on the paid-up share capital of the SARB was paid as follows:

- an interim dividend of five cents per share was approved by the Board on 27 July 2023 and paid to shareholders on 27 October 2023; and
- the final dividend of five cents per share was approved by the Board on 22 February 2024 and paid to shareholders on 31 May 2024.

The total dividend paid for the financial year was R0.2 million (2022/23: R0.2 million).

Directors

The composition of the Board at 31 March 2024 is reported in the annual report. At the annual AGM held on 28 July 2023, the term of M M T (Tryphosa) Ramano as a non-executive director with knowledge and skills in commerce and finance expired. The incumbent, being eligible for nomination and re-election, was re-elected as the non-executive director from 29 July 2023 until the day after the AGM in 2026.

The term of office of Dr T (Terence) Nombembe as an SA government-appointed non-executive director expired on 15 July 2023. Dr Nombembe has served three terms and is no longer eligible for reappointment. The President was requested to nominate a candidate to replace Dr Nombembe. Subsequently, the President appointed K W (Kholeka) Mzondeki as an SA government-appointed non-executive director for a period of three years with effect from 23 September 2023.

Directors' report continued

for the year ended 31 March 2024

The term of office of S (Shamima) Gaibie as a non-executive director with knowledge and skills in labour, will expire at the 2024 AGM. Ms Gaibie would have completed her first term of office and is eligible and available for re-election by the shareholders for another term of three years.

The term of office of N B (Norman) Mbazima as a non-executive director with knowledge and skills in mining, will expire at the 2024 AGM. Mr Mbazima would have completed his first term of office and is eligible and available for re-election by the shareholders for another term of three years.

The term of office of Y (Yvonne) Muthien as a non-executive director with knowledge and skills in commerce and finance, will expire at the 2024 AGM. Ms Muthien would have completed her second term of office and is eligible and available for re-election by the shareholders for another term of three years.

The second term of office as Governor of E L (Lesetja) Kganyago would expire on 8 November 2024 and he was reappointed by the President for another five-year term with effect from 9 November 2024.

The terms of office of N (Nomfundo) Tshazibana and R (Rashad) Cassim as DGs will expire on 31 July 2024. The President has reappointed both DGs Tshazibana and Cassim to their positions for another five-year term with effect from 1 August 2024.

K (Kuben) Naidoo resigned as DG with effect from 1 December 2023. M (Mampho) Modise was appointed as DG by the President for a five-year term with effect from 1 April 2024.

As at 31 March 2024 and to date, none of the directors in office held any direct or indirect shareholding in the SARB. Directors' fees for services rendered during the reporting year are disclosed in note 33.6.

Events after reporting date

CODI guarantee

On 1 April 2024 the remaining provisions of the FSR Act and the secondary legislation for CODI governing the operations of CODI became effective. From this date the qualifying depositors of member banks were covered and CODI was able to start charging annual levies and monthly premiums to the member banks.

The SARB has issued a guarantee to commercial banks for loan amounts provided to CODI for the liquidity tier of the Deposit Insurance Fund (DIF), effective from 1 April 2024. Member banks are required to maintain a loan amount of 3% of their covered deposits' balance with CODI for as long as they are licensed. The loan will be repaid by CODI as the entity accumulates sufficient liquidity in the DIF.

The SARB has committed to provide CODI with an emergency funding loan, in the event that CODI is unable to meet its obligations as specified in section 166AA of the FSR Act. The total amount of the emergency funding loan will be mutually agreed upon by both parties when CODI makes a request for the loan.

Energy Bounce Back Scheme

In April and May 2024, a total of R203 million was advanced on the Energy Bounce Back Loan Scheme. Refer to note 32 for details on the scheme.

GFECRA settlement framework

In June 2024, the SARB concluded a settlement framework agreement with the National Treasury for the settlement of the GFECRA liability. In terms of the agreement, the SARB will settle R250 billion of the GFECRA liability in installments over the next 3 financial years. The National treasury will transfer R100 billion to the SARB in the 2024/25 financial year, to promote the policy solvency of the SARB. Further settlement of the GFECRA liability may only occur if the SARB has an adequate contingency reserve level as well as an adequate estimated GFECRA balance level to absorb potential future currency reversals.

Secretary of the SARB

Z (Zoliswa) Copiso

Registered office

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370 Helen Joseph Street
Pretoria 0002

Postal address:
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Pretoria 0001

The Board approved the financial statements on 6 June 2024, signed on its behalf by:

E L (Lesetja) Kganyago
Governor of the SARB

N (Norman) Mbazima
Non-executive director
and Chairperson of the Audit Committee

R (Reshoketswe) Ralebepa
Group Chief Financial Officer

Z (Zoliswa) Copiso
Secretary of the SARB

Directors' report continued
for the year ended 31 March 2024

Statement by the secretary of the SARB

In my capacity as the 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 2024, have been completed and are up to date.

The executive directors and management of the SARB are responsible for the controls over, and the security of, the website and specifically for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders.

Z (Zoliswa) Copiso
Secretary of the SARB

6 June 2024

Report of the Audit Committee
for the year ended 31 March 2024

Introduction
The Audit Committee is a subcommittee of the SARB Board. All its members, including the Chairperson, are independent non-executive directors. The responsibilities of the Audit Committee are set out in its terms of reference, which are approved by the Board and reviewed every three years or more frequently, if required.

The Audit Committee carried out its oversight functions independently and in full compliance with its terms of reference during the reporting year.

The SARB's executive management, internal auditors, external auditors and other assurance providers attended all the Audit Committee meetings in an ex officio capacity. Management as well as internal and external auditors met independently with the Audit Committee, as appropriate.

Roles and responsibilities
The Audit Committee assists the Board in fulfilling its oversight responsibilities in terms of the SARB's financial reporting processes, risks and system of internal financial controls as well as the SARB's processes for monitoring compliance with laws and regulations. The Audit Committee can confirm that its members were independent from the SARB for the period under review and had no other relationship with the SARB that could interfere with the fulfilment of their duties.

Internal control (including internal financial controls)
The SARB's system of internal financial controls is designed to ensure:

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

The Audit Committee is satisfied that the system of internal financial controls is adequately designed and operated effectively to form a sound basis for the preparation of reliable financial reports. This 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 CFO with respect to the preparation of the annual financial statements. 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 approach, in line with King IV™, to increase the effectiveness of assurance activities by the functionaries within the three lines of assurance. The combined assurance model has been subjected to ongoing enhancements and has reached a high level of maturity, ensuring regular interaction, alignment of assessment methodologies, and effective and integrated dashboard-based reporting across the three lines of assurance. The CAF ensures the ongoing review of the approach, model and processes as well as regular discussions, information sharing and coordination of efforts between the respective assurance providers. This approach contributes significantly towards an effective control environment and supports the integrity of information used for internal decision-making by management, the Board and its committees. Based on reports submitted by the three lines of assurance and the CAF, the committee considers the adopted combined assurance approach to be adequate, effective and aligned to good practices to ensure the achievement of the said objective of effective assurance activities across the Group.

Financial statements
After reviewing the SARB Group annual financial statements and the associated external auditors' report, the Audit Committee recommended their approval to the Board. The Audit Committee is satisfied with the going concern status of the SARB.

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 Audit Committee approved the internal audit strategy, the annual internal audit plan, including changes to the plan, and the internal audit resources required to deliver on the plan. The Audit Committee also reviewed the IAD's quarterly reports, including their assessment of the state of the internal control environment.

The Audit Committee received feedback on the internal quality assurance and improvement process review which resulted in an overall assessment of 'generally conforms' with the IIA standards promulgated by the institute. The independent external quality assurance was conducted in May 2022 and the next review is due in 2026.

The Audit Committee is satisfied that the IAD is independent and appropriately resourced to provide assurance on the adequacy and effectiveness of the SARB's internal control environment. The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the Governor.

Report of the Audit Committee continued

for the year ended 31 March 2024

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 as well as a formal partner rotation process and audit firm rotation. The Audit Committee reviewed the external auditors' proposed audit scope, approach and audit fees for the year under review.

Non-audit services

The Audit Committee is responsible for approving the SARB policy on the provision of non-audit services by the SARB's external auditors. The SARB policy on the award of non-audit services to the external auditors is used by the Audit Committee as the primary reference point in setting and approving the limits for such awards. The non-audit services limits are set at levels that safeguard the external auditors' independence to ensure that such non-audit services do not create a public perception of a conflict of interest for the external auditors.

The awarding of non-audit services to external auditors and their networks is delegated for approval by the FSD of the SARB, only to the extent of the limits that are set and approved by the Governors' Executive Committee (GEC) and the Audit Committee. Any non-audit services exceeding the limits set and approved by the Audit Committee cannot be awarded to the external auditors without prior approval by the Audit Committee.

For the past four years, the SARB Board has approved forensic investigations carried out into the alleged contravention of the Exchange Control Regulations of 1961. The assignment required specialist forensic skills and expertise. PwC Advisory Services (Pty) Limited (PwC) was appointed by Gildenhuys Malatji Incorporated (GMI) to investigate the alleged contravention of the regulations after GMI was appointed by the SARB to conduct the forensic investigation.

The Audit Committee monitored the non-audit fees associated with these forensic investigations to ensure prior approval, a practice that ended once PwC ceased to be the SARB's external auditor. Consequently, their non-audit fees no longer require approval by the Audit Committee.

PricewaterhouseCoopers Inc. (PwC Inc.) stepped down as the external auditors of the SARB Group after the completion of the audit work for the financial year ended 31 March 2023. The Audit Committee was satisfied with the process of selecting a firm of independent external auditors, BDO South Africa Incorporated (BDO), as the new joint external auditor of the SARB Group.

The non-audit fees for the financial year ending 31 March 2024 are well below the predetermined limits outlined in the SARB policy on the provision of non-audit services by the SARB's external auditors.

Compliance

The Audit Committee is satisfied that, for the current year, 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 Audit Committee's review of reports received from both internal and external auditors as well as from executive management and relevant departments.

Information and technology

The Audit Committee is satisfied with the SARB's I&T capability and that its I&T controls are appropriate to support the integrity of financial reporting.

This is based on the Audit Committee's continuous review of assurance reports from the GEC and the internal and external auditors.

The Audit Committee notes the rapidly growing technology footprint within the SARB through the ongoing execution of large transformation projects and the replacement of legacy systems in line with the SARB's strategic objectives.

Whistle-blowing

Based on the combined submissions from the RMCD and IAD at the BREC, the Audit Committee is satisfied with the SARB's procedures to receive, evaluate, investigate and report on confidential and anonymous complaints regarding matters of integrity and ethics at the SARB.

N (Norman) Mbazima
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 FX transactions.

These sections are in conflict with the IFRS® Accounting Standards as issued by the International Accounting Standards Board. The SARB has chosen to use IFRS Accounting Standards, including IFRS Accounting Standards Interpretations Committee interpretations, 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.

However, the SARB Act takes precedence over IFRS Accounting Standards in the areas noted above and, as a result, the recognition and measurement criteria as set out in IFRS Accounting Standards 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 Accounting Standards. The significant departures from IFRS Accounting Standards 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 FX gains and losses on foreign-denominated assets and liabilities are for the account of the 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*. These valuation gains and losses are accumulated in GFECRA, for the account of the SA government. The GFECRA balance is therefore also not accounted for in accordance with IFRS Accounting Standards; 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.

Presentation

In the financial statements,

1. not all information as required by *IFRS 7 Financial Instruments Disclosures* is disclosed.

This relates specifically to:

a. market risk for all financial assets (foreign and local): 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 (OCI) would have been affected by changes in the relevant risk variables that were reasonably possible at that date;
b. credit risk for foreign financial assets: The credit quality per counterparty (issuer) and per country, the historical information about the counterparty default rates, and instruments per counterparty; and
c. credit risk for local financial assets: The credit quality per counterparty (issuer) and instrument class, the historical information about the counterparty default rates and a breakdown of instruments per counterparty.

Central banking

The SARB, as the mandated central bank of South Africa, will exercise discretion on 'lender of last resort' activities as it relates to the management and oversight responsibilities of the domestic financial market operation.

BDO

SNG Grant Thornton

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) and its subsidiaries (together the Group) set out on pages 10 to 101, which comprise the consolidated and separate statements of financial position as at 31 March 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements of the SARB for the year ended 31 March 2024 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated and separate financial statements and the requirements of the South African Reserve Bank Act 90 of 1989, as amended (the SARB Act).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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 to the consolidated and separate financial statements, which describes the basis of accounting. The consolidated and separate financial statements are prepared in accordance with the SARB's own accounting policies and the requirements of the SARB Act to satisfy the financial information needs of the SARB's shareholders. As a result, the consolidated and separate financial statements may not be suitable for another 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 the information included in the document titled "South African Reserve Bank Annual Financial Statements 2023/24" and the document titled "South African Reserve Bank Annual Report 2023/24". The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Reg. no. 1995/002310/21, VAT reg.no. 4910148685
Practice number: 905526

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Victor Sekese [Chief Executive]
A comprehensive list of all Directors is available at the company offices or registered office.

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Practice number: 946016

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements in accordance with the basis of accounting described in Note 1 to the consolidated and separate financial statements and the requirements of the SARB Act, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the 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, the directors are responsible for assessing the SARB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the SARB or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 Group's and the SARB's internal control.
- Conclude on the appropriateness of the 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 Group's and 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group and/or the SARB to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 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 the directors 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.

BDO South Africa Inc.
BDO South Africa Inc. (Jun 11, 2024 23:40 GMT+2)

BDO South Africa Inc
Director: Alethia Chetty
Registered Auditor
Johannesburg, South Africa
12 June 2024

SizweNtsalubaGobodo Grant Thornton Inc.

SizweNtsalubaGobodo Grant Thornton Inc.
Director: Pravesh Hiralall
Registered Auditor
Johannesburg, South Africa
12 June 2024

Consolidated and separate statements of financial position

as at 31 March 2024

		GROUP		SARB	
	Note	**2024 R mil**	2023 R mil	**2024 R mil**	2023 R mil
Assets					
Cash and cash equivalents	2	**61 743**	42 426	**–**	–
Amounts due by Group companies	33.4	**–**	–	**777**	7
Accommodation to banks	3	**451**	2 398	**451**	2 398
Investments	4	**23 637**	41 306	**–**	–
Other assets	5	**2 816**	8 204	**2 597**	7 975
Gold and foreign exchange reserves	6	**1 179 025**	1 093 319	**1 179 025**	1 093 319
Inventories	7	**2 587**	1 786	**5**	1
Forward exchange contract assets	8	**118**	183	**118**	183
Loans and advances	9	**7 080**	10 069	**7 080**	10 069
Current taxation receivable	23	**35**	754	**–**	754
South African government bonds	10	**32 007**	33 829	**32 007**	33 829
Equity investment in Bank for International Settlements	11	**6 605**	5 866	**6 605**	5 866
Investments in subsidiaries	33.1	**–**	–	**1 012**	1 011
Investment in associate	33.3	**3 429**	4 257	**3 106**	4 088
Property, plant and equipment	12	**5 297**	3 875	**3 800**	2 336
Intangible assets	13	**1 397**	1 692	**1 367**	1 665
Deferred taxation assets	14	**–**	450	**–**	450
Total Assets		**1 326 227**	1 250 414	**1 237 950**	1 163 951
Liabilities					
Notes and coin in circulation	15	**169 504**	171 565	**169 504**	171 565
Deposit accounts	16	**474 272**	452 427	**363 947**	345 616
Amounts due to Group companies	33.4	**–**	–	**28 303**	25 413
Foreign deposits	17	**101 224**	127 489	**101 224**	127 489
Other liabilities	18	**3 732**	9 952	**1 747**	7 954
Forward exchange contract liabilities	8	**24**	81	**24**	81
Current taxation payable	23	**58**	33	**58**	–
Deferred taxation liabilities	14	**753**	192	**598**	–
Post-employment benefits	19	**2 685**	2 655	**2 470**	2 450
Gold and foreign exchange contingency reserve account	20	**531 989**	458 715	**531 989**	458 715
Total Liabilities		**1 284 241**	1 223 109	**1 199 864**	1 139 283
Equity					
Share capital	21	**2**	2	**2**	2
Accumulated profit		**2 935**	2 557	**–**	–
Statutory reserve		**458**	458	**458**	458
Contingency reserve		**34 258**	20 423	**33 415**	20 423
Bank for International Settlement revaluation reserve	11	**3 426**	3 099	**3 426**	3 099
Property, plant and equipment revaluation reserve	12	**128**	128	**128**	128
Post-employment benefit remeasurement reserve	19	**713**	613	**657**	558
Non-controlling interest		**66**	25	**–**	–
Total capital and reserves		**41 986**	27 305	**38 086**	24 668
Total liabilities, capital and reserves		**1 326 227**	1 250 414	**1 237 950**	1 163 951

Consolidated and separate statements of profit or loss and other comprehensive income

for the year ended 31 March 2024

		GROUP		SARB	
	Note	**2024 R mil**	2023 R mil	**2024 R mil**	2023 R mil
Interest revenue from amortised cost items	31	**10 697**	6 950	**1 298**	1 677
Interest revenue from fair value items	31	**14 674**	9 049	**14 609**	8 983
Interest expense	31	**(18 339)**	(12 360)	**(9 372)**	(7 337)
Net interest revenue		**7 032**	3 639	**6 535**	3 323
Fair value gains	31	**20 164**	4 172	**19 941**	3 870
Dividend income	31	**112**	103	**112**	364
Operating income	22.1	**3 370**	4 031	**1 127**	495
Total income		**30 678**	11 945	**27 715**	8 052
Movement in credit loss allowances	28	**337**	38	**8**	16
Operating costs	22.2	**(10 561)**	(10 694)	**(8 448)**	(7 958)
Share of net profit of associate	33.3	**154**	168	**–**	–
Impairment (loss)/reversal on investment in associate	33.3	**(982)**	621	**(982)**	621
Profit before taxation		**19 626**	2 078	**18 293**	731
Taxation	23	**(5 372)**	(196)	**(5 301)**	50
Profit for the year		**14 254**	1 882	**12 992**	781
Attributable to:					
The parent		**14 213**	1 767	**12 992**	781
Non-controlling interest	33.1.1	**41**	115	**–**	–
		14 254	1 882	**12 992**	781
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net gain/(loss) on equity investments designated at fair value through other comprehensive income	11	**417**	(16)	**417**	(16)
Revaluation of property, plant and equipment	12	**–**	5	**–**	5
Remeasurement of post-employment benefits	19	**139**	184	**136**	170
Taxation	14	**(128)**	(47)	**(127)**	(44)
Other comprehensive income for the year net of taxation		**428**	126	**426**	115
Total comprehensive income for the year		**14 682**	2 008	**13 418**	896
Total comprehensive income attributable to:					
The parent		**14 641**	1 893	**13 418**	896
Non-controlling interest	33.1.2	**41**	115	**–**	–
		14 682	2 008	**13 418**	896

Consolidated and separate statements of cash flows

for the year ended 31 March 2024

	Note	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Net cash flows generated from operating activities					
Net cash flows generated from operations	25	**32 835**	26 550	**13 648**	5 997
Interest received	31	**10 697**	6 950	**1 298**	1 677
Interest expense	31	**(18 339)**	(12 361)	**(9 372)**	(7 337)
Taxation (paid)/received	23	**(3 700)**	488	**(3 524)**	708
Dividends paid*	24	**–**	(174)	**–**	–
Dividends received		**112**	103	**112**	364
Net cash flows generated from operating activities		**21 605**	21 557	**2 162**	1 409
Net cash flows utilised by investing activities					
Purchase of property, plant and equipment	12	**(2 185)**	(1 433)	**(2 068)**	(1 306)
Proceeds on disposal of property, plant and equipment	22.2	**235**	155	**235**	179
Purchase of intangible assets	13	**(338)**	(286)	**(329)**	(282)
Net cash flows utilised by investing activities		**(2 288)**	(1 564)	**(2 162)**	(1 409)
Total cash and cash equivalents movement for the year		**19 317**	19 993	**–**	–
Cash and cash equivalents at the beginning of the year	2	**42 426**	22 433	**–**	–
Total cash and cash equivalents at the end of the year	2	**61 743**	42 426	**–**	–

* *SARB dividends paid for the 2023/24 financial year amounted to R0.2 million (2023: R0.2 million).*

Consolidated statement of changes in equity

for the year ended 31 March 2024

	Share capital R mil	PEB remeasurement reserve R mil	PPE revaluation reserve R mil	Contingency reserve R mil	BIS revaluation reserve R mil	Statutory reserve R mil	Accumulated profit/(loss) R mil	Total R mil	Non-controlling interest R mil	Total R mil
Group										
Balance at 31 March 2022	2	478	123	19 642	3 112	458	1 571	25 386	84	25 470
Profit for the year	–	–	–	–	–	–	1 767	1 767	115	1 882
Other comprehensive income	–	135	5	–	(13)	–	–	127	–	127
Total comprehensive income for the year	–	135	5	–	(13)	–	1 767	1 894	115	2 009
Transfer (from)/to reserves	–	–	–	781	–	–	(781)	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(174)	(174)
Balance at 31 March 2023	**2**	**613**	**128**	**20 423**	**3 099**	**458**	**2 557**	**27 280**	**25**	**27 305**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**14 213**	**14 213**	**41**	**14 254**
Other comprehensive income	**–**	**100**	**–**	**–**	**327**	**–**	**–**	**427**	**–**	**427**
Total comprehensive income for the year	**–**	**100**	**–**	**–**	**327**	**–**	**14 213**	**14 640**	**41**	**14 681**
Transfer (from)/to reserves	**–**	**–**	**–**	**13 835**	**–**	**–**	**(13 835)**	**–**	**–**	**–**
Dividends paid*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2024	**2**	**713**	**128**	**34 258**	**3 426**	**458**	**2 935**	**41 921**	**66**	**41 986**
Note	21									

* *Dividends paid for the 2023/24 financial year amounted to R0.2 million.*

Consolidated statement of changes in equity

continued

for the year ended 31 March 2024

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.

Bank for International Settlements revaluation reserve

The shares held in the Bank for International Settlements (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 net fair value gains/losses on the revaluation of the BIS shares are recognised in OCI. Changes in value due to foreign exchange movements are transferred to the GFECRA. Refer to note 11 for more details.

Property, plant and equipment revaluation reserve

Gains and losses arising from a change in fair value of artwork, included in property plant and equipment (PPE) are recognised in OCI. When these assets are sold, collected or otherwise disposed of, the cumulative gain or loss previously recognised in OCI is recognised in accumulated profit.

Post-employment benefit remeasurement reserve

Actuarial gains and losses relating to the remeasurement of the post-employment benefits (PEB), and arising from experience adjustments and changes in actuarial assumptions, are charged or credited to OCI 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. For the year ended 31 March 2024, no profits (2023: Rnil) were due to the SA government by the SARB.

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 2024 no profits (2023: Rnil) were due to SA government by the CPD.

Non-controlling interest

The group discloses non-controlling interest as a result of its 100% owned subsidiary (South African Mint) that owns 80% in Prestige Bullion.

Separate statement of changes in equity

for the year ended 31 March 2024

	Share capital R mil	PEB remeasurement reserve R mil	PPE revaluation reserve R mil	Contingency reserve R mil	BIS revaluation reserve R mil	Statutory reserve R mil	Accumulated profit/(loss) R mil	Total R mil
SARB								
Balance at 31 March 2022	2	434	122	19 642	3 112	458	–	23 770
Profit for the year	–	–	–	–	–	–	781	781
Other comprehensive income	–	125	5	–	(13)	–	–	117
Total comprehensive income for the year	–	125	5	–	(13)	–	781	898
Transfer (from)/to reserves	–	–	–	781	–	–	(781)	–
Dividends paid*	–	–	–	–	–	–	–	–
Balance at 31 March 2023	**2**	**558**	**128**	**20 423**	**3 099**	**458**	**–**	**24 668**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**12 992**	**12 992**
Other comprehensive income	**–**	**99**	**–**	**–**	**327**	**–**	**–**	**426**
Total comprehensive income for the year	**–**	**99**	**–**	**–**	**327**	**–**	**12 992**	**13 418**
Transfer (from)/to reserves	**–**	**–**	**–**	**12 992**	**–**	**–**	**(12 992)**	**–**
Dividends paid*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2024	**2**	**657**	**128**	**33 415**	**3 426**	**458**	**–**	**38 086**
Note	21							

* *Dividends paid for the 2023/24 financial year amounted to R0.2 million (2023: R0.2 million).*

Separate statement of changes in equity continued

for the year ended 31 March 2024

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.

Bank for International Settlements revaluation reserve

The shares held in the Bank for International Settlements (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 net fair value gains/losses on the revaluation of the BIS shares are recognised in OCI. Changes in value due to foreign exchange movements are transferred to the GFECRA. Refer to note 11 for more details.

Property, plant and equipment revaluation reserve

Gains and losses arising from a change in fair value of artwork, included in property plant and equipment (PPE) are recognised in OCI. When these assets are sold, collected or otherwise disposed of, the cumulative gain or loss previously recognised in OCI is recognised in accumulated profit.

Post-employment benefit remeasurement reserve

Actuarial gains and losses relating to the remeasurement of the post-employment benefits (PEB), and arising from experience adjustments and changes in actuarial assumptions, are charged or credited to OCI 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. For the year ended 31 March 2024, no profits (2023: Rnil) were due to the SA government by the SARB.

Notes to the consolidated and separate financial statements

for the year ended 31 March 2024

1. Accounting policies

1.1 Basis of preparation

The material accounting policies applied 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 7.

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 directors have considered the impact of the volatility in financial markets, mainly as a result of interest rate hikes by central banks globally in an attempt to curb the steep rise in inflation, amongst other factors.

The directors have also considered the impact of the ongoing Russia-Ukraine and Israeli-Palestinian conflict. Although the Group has no direct exposure to the affected countries, the conflict continues to negatively impact financial markets in general. The directors have concluded that the impact of the volatility in financial markets has no material effect on the going concern of the SARB and its subsidiaries. These matters will however, be monitored and included in the considerations for forward-looking information. The use of the going concern assumption is therefore deemed to be appropriate.

These financial statements have been prepared on the historical cost basis, except where fair value basis is considered more appropriate.

These financial statements comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year ended 31 March 2024, as well as the notes, comprising a summary of significant accounting policies and other explanatory notes.

In accordance with the Financial Sector Regulation Act 9 of 2017 (FSR Act) separate financial accounts in relation to the Prudential Authority are required. The Prudential Authority financial accounts are included on pages 102 to 107.

The Group's functional and presentation currency is the South African rand and all amounts presented for the current and comparative years are rounded to the nearest million, unless otherwise stated. The amounts in the prior year financial statements were rounded to the nearest thousand and this was changed in the current year.

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 1.21 and the relevant notes.

The accounting policies have been applied consistently to all years presented, except for the changes described alongside.

1.2 New standards and interpretations

1.2.1 New and amended standards adopted by the Group

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

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

IAS 1 was amended to require that only material accounting policy information be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management has reviewed the accounting policies and ensured that only material accounting policy information is disclosed. The effective date of the amendment is for years beginning on or after 1 January 2023. The Group has adopted the amendment for the first time in the 2024 consolidated and separate annual financial statements and updated the disclosures to only include information considered to be material.

Amendments to IAS 8: Definition of accounting estimates

The definition of accounting estimates was amended so that accounting estimates are now defined as “monetary amounts in annual financial statements that are subject to measurement uncertainty.” The effective date of the amendment is for years beginning on or after 1 January 2023. The Group has adopted the amendment for the first time in the 2024 annual financial statements and the impact of the amendment is not material.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The effective date of the standard is for years beginning on or after 1 January 2023. Management has assessed the requirements of the standard and its applicability to CODI and concluded that the standard is not applicable. Furthermore, IFRS 17 is not relevant to any contracts within the Group.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.2 New standards and interpretations continued

1.2.1 New and amended standards adopted by the Group continued

Amendments to IAS 12: Deferred taxation related to assets and liabilities arising from a single transaction

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred taxation asset or liability on initial recognition. Previously, deferred taxation would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences. The effective date of the amendment is for years beginning on or after 1 January 2023. The Group has adopted the amendment for the first time in the 2024 consolidated and separate annual financial statements and the impact of the amendment is not material.

Amendments to IAS 12: International Tax Reform: Pillar Two Model rules

The amendments incorporate into IAS 12, taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. As an exception, deferred tax assets and liabilities related to Pillar Two income taxes should not be recognised, nor information about them disclosed. An entity is required to disclose that this exception has been applied and any current tax income or expense related to Pillar Two income taxes is required to be disclosed separately. In addition, where the legislation is not yet effective, disclosure is required for known or reasonably estimable information of the entity's exposure to Pillar Two taxes arising from that legislation. The effective date of the amendment is for years beginning on or after 1 January 2023. The Group has adopted the amendment for the first time in the 2024 consolidated and separate annual financial statements however, there is no impact in the current financial year as the South African government has not yet enacted legislation relating to the Pillar Two model rules.

Management has reviewed the draft bill published by the SA government for public comment and concluded that the legislation will not be applicable to the Group. However, updates to the draft bill will be monitored until the legislation is final.

There are no other new or amended standards applicable to the Group for the financial year ended 31 March 2024.

1.2.2 New standards, amendments and interpretations not yet adopted by the Group

Several new standards, amendments and interpretations are effective for annual periods beginning on or after 1 January 2024 and have not been early adopted in preparing these financial statements. The Group will adopt these amendments in the relevant financial year in which they become effective. These are as follows:

Amendment to IAS 1: Classification of liabilities as current or non-current

The amendment clarifies the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances. The effective date of the amendment is for years beginning on or after 1 January 2024. It is unlikely that the amendment will have a material impact on the Group's financial statements.

Amendments to IAS 1: Non-current liabilities with covenants

The amendment improves the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendment also provides guidance on when to classify liabilities arising from covenants as current or non-current. Additional disclosures will be required in the notes to the annual financial statements if an entity classifies liabilities arising from covenants as non-current. The effective date of the amendment is for years beginning on or after 1 January 2024. It is unlikely that the amendment will have a material impact on the Group’s financial statements.

Amendments to IFRS 16: Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The effective date of the amendment is for years beginning on or after 1 January 2024. It is unlikely that the amendment will have a material impact on the Group's financial statements.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.2 New standards and interpretations continued

1.2.2 New standards, amendments and interpretations not yet adopted by the Group continued

Amendments to IAS 7 and IFRS 7: Disclosures: Supplier Finance Arrangements

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements where finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk. The effective date of the amendment is for years beginning on or after 1 January 2024. It is unlikely that the amendment will have a material impact on the Group's financial statements.

Amendments to IAS 21: Lack of exchangeability

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow. The effective date of the amendment is for years beginning on or after 1 January 2025. It is unlikely that the amendment will have a material impact on the Group's financial statements.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee 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 consolidated from the date on which control is transferred to the SARB.

In the separate financial statements of the SARB, investments in subsidiaries are stated at cost less impairment. Where appropriate, the cost includes loans to subsidiaries with no repayment terms, where these are considered part of the investment in subsidiaries. Impairment on investments in subsidiaries is discussed in note 33.

Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated on consolidation.

1.3.2 Investment in associate

An associate is an entity 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.

1.4 Financial instruments

1.4.1 Financial assets

Classification

The Group classifies its financial assets into the following measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVPL); and
- instruments measured in terms of the SARB Act.

The Group determines the classification of financial assets based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Classification of a financial instrument into a category occurs at initial recognition.

For debt instruments, the business model test and cash flow characteristics of solely payments of principal and interest (SPPI) test are applied by the Group in determining the category which best applies to the financial instruments that it holds and/or trades. Under the business model test the Group determines the objective for which it holds the financial instrument:

- holding the financial asset to collect the contractual cash flows;
- selling the instrument prior to its contractual maturity to realise its fair value changes; or
- holding for collection of contractual cash flows and for selling the assets.

Factors considered by the Group in determining the business model of a group of assets include past experience on how the cash flows for these assets are collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The business model test is performed before the SPPI test.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Classification continued

Under the SPPI test, the Group determines whether the collection of contractual cash flows represent SPPI on specified dates. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Financial assets, excluding instruments measured in terms of the SARB Act, are classified into measurement categories as follows:

- Financial assets that are held for the collection of contractual cash flows, where those cash flows represent SPPI, are measured at amortised cost;
- Financial assets that are held for trading or to realise fair value changes prior to contractual maturity are measured at FVPL; and
- Financial assets that are held for both the collection of contractual cash flows and for sale are measured at FVOCI.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not specifically excluded in terms of sections 25 to 28 of the SARB Act or designated at FVPL, are measured at amortised cost. Financial assets held at amortised cost include:

- cash and cash equivalents;
- accommodation to banks;
- investments;
- loans and advances; and
- other financial assets.

Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represents SPPI, and that are not specifically excluded in terms of sections 25 to 28 of the SARB Act or designated at FVPL, are measured at FVOCI.

If an equity instrument is held for purposes other than to generate investment returns, the Group can make an irrevocable election at initial recognition to measure it at FVOCI.

The Group's policy is to designate equity instruments as FVOCI when those instruments are held for purposes other than to generate investment returns.

The BIS shares are held as part of the SARB's function as a central bank and not to generate investment returns. In accordance with the Group's policy, these shares have been designated at FVOCI. Refer to note 11 for further disclosure.

Fair value through profit or loss

Positive derivatives, assets that do not meet the criteria for amortised cost, FVOCI, and that are not specifically excluded in terms of sections 25 to 28 of the SARB Act are measured at FVPL. Assets can be designated at FVPL at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets held at mandatory FVPL include:

- investments;
- derivatives (forward exchange contracts (FECs), futures contracts and interest rate swaps); and
- SA government bonds.

The SARB seeks to minimise the effects of currency and interest rate risks by using such instruments to economically hedge the related risk exposures. The SARB does not enter into or trade financial instruments, including derivative financial instruments, for proprietary trading purposes. Refer to note 6 for further disclosure

Instruments measured in terms of the SARB Act

Sections 25 to 28 of the SARB Act prescribe the accounting treatment for specific financial assets, which takes precedent over IFRS Accounting Standards. The accounting treatment prescribed by the SARB Act for these specific financial assets is not in line with the requirements of *IFRS 9 Financial Instruments (IFRS 9)* therefore, these instruments are not classified in accordance with *IFRS 9* for reporting purposes. The financial reporting framework of the SARB specifically refers to this deviation from IFRS Accounting Standards.

The following assets are governed by sections 25 to 28 of the SARB Act and thus not classified in terms of *IFRS 9*:

- Gold;
- Special Drawing Rights (SDR) reserves; and
- FEC assets.

The FECs are used for monetary policy operations of the SARB and exposures for both assets and liabilities are matched economically. The Group has elected to not apply hedge accounting per IFRS 9. Refer to note 8 for further disclosure.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Initial recognition

Financial assets are recognised when the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell 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 initially recognised at fair value plus transaction costs, except those carried at FVPL. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. After initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and FVOCI, as described in note 28.2.2, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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.

When the fair value of financial assets differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of the deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Subsequent measurement

Equity instruments

All equity investments are valued at fair value with value changes recognised in profit or loss except where the Group has elected to present the fair value changes in OCI.

Debt instruments

Amortised cost

The carrying amount of these assets is adjusted by an ECL allowance recognised and measured as described in note 28.2.2. 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. Interest income using the effective interest method from these financial assets is included in profit or loss.

Fair value through profit or loss

A fair value gain or loss on a debt instrument subsequently measured at FVPL is recognised in profit or loss. Interest income using the effective interest method from these financial assets is included in profit or loss.

Fair value through other comprehensive income

Fair value movements in the carrying amount are recognised in OCI, except for the recognition of impairment losses or reversals and interest revenue on the instrument's amortised cost which are recognised in profit or loss and changes in fair value due to foreign exchange movements as explained in note 1.6. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Instruments measured in terms of the SARB Act

In terms of sections 25 to 28 of the SARB Act, all gains and losses on gold held by the SARB and foreign exchange profits or losses of the SARB (as explained in note 1.6), insofar as they arise from changes in the value of the rand compared to other currencies, are for the account of SA government. Therefore, all these profits or losses are transferred to the GFECRA.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the ECL associated with its debt instruments carried at amortised cost, debt instruments carried at FVOCI and the exposure arising from loan commitments. The Group recognises a loss allowance for such losses at each reporting date. No loss allowance is recognised on equity instruments.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Subsequent measurement continued

ECL measurement

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition. The Group applies the same model for all financial assets and is summarised below:

- A financial instrument that has not experienced a significant increase in credit risk (SICR) since initial recognition and is not credit-impaired is classified in 'stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk since initial recognition is evident, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit impaired. Please refer to note 28.2.2.1 for a description of how the Group determines when a SICR has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'. Please refer to note 28.2.2.2 for a description of how the Group defines credit impaired and default.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Financial instruments in stages 2 or 3 have their ECL measured on a lifetime basis.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3).

The Group uses the following key inputs in its model for measuring ECL:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

Please refer to note 28.2.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 28.2.2.4 includes an explanation of how the Group has incorporated this in its ECL models.

The ECL assessment in terms of the financial guarantees provided to the commercial banks under the loan guarantee scheme (LGS), bounce back scheme (BBS) and energy bounce back scheme (EBBS) are summarised below:

- The ECL allowances calculated by the commercial banks for the portfolio of borrowings under the LGS, BBS, and EBBS are obtained and reviewed by the Group. Similar to the Group, the commercial banks follow a "three-stage" model for impairment based on changes in the credit quality since initial recognition and use the same key inputs in their models for measuring ECL.
- The LGS ECL allowance is reduced by the guarantee fee premium which serves as the first and second loss buffer under the waterfall for recovery of losses and thereafter by a 6% borrowers risk portion (third loss buffer) which is borne by the commercial banks. The LGS ECL allowance that remains after taking into account the first to third loss buffers will be recognised as an ECL in terms of the financial guarantee. The SARB’s obligations under the LGS are covered by a full back-to-back guarantee from the SA government.
- The BBS and EBBS ECL allowance is limited to the maximum amount guaranteed by the SARB, being 20.5% of the capital amount advanced to commercial banks. The SARB's obligations under the BBS and EBBS are covered by a full back-to-back guarantee from the SA government.

Write off policy

- The Group writes off financial assets when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators thereof include ceasing enforcement activities or where the collateral value indicates that there is no reasonable expectation of recovery.
- Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.
- The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed in note 28.2.2.1.

Derecognition of financial assets

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.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.4 Financial instruments continued

1.4.2 Financial liabilities

Classification

The Group classifies financial liabilities into the following measurement categories:

- amortised cost;
- FVPL; and
- instruments measured in terms of the SARB Act.

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. Due to the SARB's mandate as a central bank and 'lender of last resort', movements in financial liabilities are classified as operating activities in the statement of cash flows.

Financial liabilities at amortised cost

All financial liabilities are measured at amortised cost, except for liabilities specifically excluded in terms of sections 25 to 28 of the SARB Act and financial liabilities measured at FVPL, including derivatives.

Financial liabilities measured at amortised cost include:

- notes and coins in circulation;
- deposits; and
- other financial liabilities.

Financial liabilities at fair value through profit or loss

Liabilities managed, and whose performance is evaluated on a fair value basis and financial liabilities so designated are measured at FVPL.

Financial liabilities held at FVPL include:

- foreign deposits.

Instruments measured in terms of the SARB Act

Sections 25 to 28 of the SARB Act prescribe the accounting treatment for specific financial liabilities, which takes precedent over IFRS Accounting Standards. The accounting treatment prescribed by the SARB Act for these specific financial liabilities is not in line with the requirements of IFRS 9, therefore, these instruments are not classified in accordance with IFRS 9 for reporting purposes. The financial reporting framework of the SARB specifically refers to this deviation from IFRS Accounting Standards.

The following liabilities are governed in terms of sections 25 to 28 of the SARB Act and thus not classified in terms of IFRS 9:

- FEC liabilities; and
- the GFECRA.

Initial recognition

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

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

Amortised cost

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 liability.

Instruments measured in terms of the SARB Act

In terms of sections 25 to 28 of the SARB Act, all gains and losses on gold held by the SARB (as explained in note 1.6), and 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. Therefore, all these profits or losses are transferred to the GFECRA.

Fair value through profit or loss

Subsequent to initial recognition, financial liabilities are measured at fair value. All related, realised and unrealised gains or 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.

Derecognition of financial liabilities

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.

1.4.3 Effective interest rate

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 flows (excluding ECL, but 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. For purchased or originated credit-impaired financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.4 Financial instruments continued

1.4.3 Effective interest rate continued

Modifications

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the gross carrying amount is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). A modification gain or loss is recognised in profit or loss for the change in the gross carrying amount. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument.

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 current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4.5 Unrecognised financial assets and liabilities

Guarantees

Guarantees represent contracts where the Group undertakes to make or receive specified payments to or from a counterparty, should a counterparty or the SARB incur loss as a result of a specified debtor failing to make payment when due in accordance with the terms of a debt instrument. This amount represents the maximum exposure not recognised in the statement of financial position.

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.

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 30 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 market values.

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 SA government bonds

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

1.5.5 BIS shares

The SARB's investment in the BIS is valued at the net asset value of the BIS with a haircut of 30% applied. The net asset value of the shares is based on XDRs. XDRs are the currency in which SDRs are valued. The value of the XDR is calculated on the basis of a currency basket comprising the United States dollar, Euro, Chinese renminbi, Japanese yen and pound sterling. The currency weights are adjusted each year by the IMF, in accordance with changes in bilateral foreign exchange rates. This adjustment is not subject to sensitivity. Changes in value due to foreign exchange movements are transferred to the GFECRA in accordance with the SARB Act.

1.5.6 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 are performed 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.5 Fair value continued

1.5.6 Valuable art

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in OCI and accumulated in equity under the heading of PPE 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 OCI to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in OCI reduces the amount accumulated in equity under the heading of revaluation reserve.

The PPE 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 – exchange gains or 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 associate.

1.7 Property, plant and equipment

Property, plant and equipment are tangible items that are held by the Group for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment are initially recognised at cost.

Freehold land and items under construction are subsequently carried at cost less accumulated impairment losses. Valuable art whose fair value can be measured reliably is carried at the 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.

Items under construction are not yet available for use therefore, these items are not depreciated. The residual values, useful life and the depreciation method of assets are reviewed at each reporting date and adjusted if appropriate.

The estimated average useful lives of assets are as follows:

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

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. This includes internally generated assets and purchased computer software. Internally generated assets are disclosed separately.

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	Depreciation method	Average useful life
Purchased computer software	Straight line	2 to 10
Internally generated computer software	Straight line	2 to 10
Work in progress	Not amortised	

Work in progress consists of items under development 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.

1.9 Gold

Gold is held by the SARB as part of its foreign reserves. In terms of section 25 of the SARB Act, gold is 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 or losses on gold, held by the SARB, are for the account of the SA government and, transferred to the GFECRA.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.10 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 for taxation payable for previous years.

Deferred taxation is provided using the liability method, based on temporary differences. 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 OCI or in equity. In this case, the taxation is also recognised in OCI 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 OCI.

1.11 Employee benefits

1.11.1 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 19.3, is treated according to the principles of a defined benefit plan.

1.11.1.1 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 OCI 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.

1.11.1.2 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.

1.11.2 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 OCI 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.11 Employee benefits continued

1.11.3 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.

1.12 Sale and repurchase agreements

The Group enters into sale and purchase (repo) agreements with external counterparties as part of its monetary policy activities. Where securities are sold under agreement to repurchase at a specific future date, at a specific future price, in exchange for cash, the securities sold are not derecognised. A liability for the amount received is recognised in deposits and measured at amortised cost.

Where the Group purchases securities under agreement to resell at a specific future date, at a specific future price, in exchange for cash, the securities purchased are not recognised by the Group. These transactions are, in substance, collateralised advances. The advances are recognised as part of accommodation to banks and measured at amortised cost.

The differences between the purchase and sale prices are treated as interest and amortised over the expected life of the instruments using the effective interest method.

1.13 Inventories

Inventories are measured 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.

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

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

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

1.14 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.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise of deposits with banks and other short-term highly liquid money market investments with original maturities of three months or less (91 days and less). Where the maturity date falls on a weekend or a public holiday, the next business day convention will apply; however, the investment will still be considered a 91-day investment. In the separate financial statements, no cash and cash equivalents are reflected due to the SARB's role as a central bank in the creation of money.

The statement of cash flows includes cash on hand, bank deposits and money market instruments. This has been presented on the indirect method of preparation.

1.16 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.

1.17 Revenue recognition

1.17.1 Net interest income

Interest income is recognised using the effective interest method, taking into account the principal outstanding and the effective interest rate over the period to maturity. Interest income is recognised in profit or loss for all financial assets measured at amortised cost and debt instruments measured at FVOCI.

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 includes 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.

Interest income for all financial assets measured at FVPL is presented separately from interest income from financial assets measured at amortised cost and debt instruments measured at FVOCI.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.17 Revenue recognition continued

1.17.2 Non-interest revenue

Non-interest revenue consists of revenue from contracts with customers within the scope of *IFRS 15 Revenue from Contracts with Customers* (IFRS 15) and non-interest revenue arising from financial instruments to which the SARB is party to. All non-interest revenue is included in operating income except where stated otherwise.

1.17.2.1 Revenue from contracts with customers

For contracts within the scope of IFRS 15, the Group recognises revenue in a manner that depicts the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from contracts with customers comprises the following items:

Settlement commission income

The SARB provides settlement services for both the National Payment System (NPS) and the Southern African Development Community Real-Time Gross Settlement (SADC-RTGS). The performance obligation of the SARB is to receive and process settlement instructions on behalf of NPS and SADC-RTGS participants. Revenue is recognised at the point in time when the performance obligation has been satisfied i.e. settlement instruction has been executed.

Bulk cash service fees

The SARB earns fees on banknote deposit and banknote withdrawal services provided to users of bulk cash services. The performance obligation of the SARB is the distinct service of accepting a deposit or performing a withdrawal of bulk cash. The consideration is variable depending on the number of notes being deposited or withdrawn and the penalties charged on the condition of the bank notes on deposit. The performance obligation is satisfied when the SARB has successfully processed a deposit or withdrawal. Revenue is recognised at a point in time when the deposit or withdrawal is accepted.

Bank charges

The SARB provides banking services to the SA government on a monthly basis and earns revenue in the form of bank charges. The performance obligations of the SARB is to provide banking services which include, but are not limited to Electronic Fund Transfers, foreign and local payments and deposits from commercial banks. The performance obligations are satisfied when the SARB executes the specific transaction. The bank charges are recognised at a point in time when the service has been rendered.

Sale of bank notes and coin

The SABN and the South African Mint produce and sell banknotes and coin to the SARB and other third parties. The timing of revenue recognition is either at a point in time when (or as) the related performance obligations are satisfied by transferring the promised goods to customers.

Management fees

The SARB receives management fees from the CPD, the SARB Retirement Fund, the SABN and the South African Mint.

A fee is charged to the SABN and the South African Mint for the secretariat support provided by the SARB Group Secretariat, which includes meeting facilitation, minute taking, circulation of resolutions, and fulfillment of certain legislative requirements in terms of legislation and overall governance services and support.

A fee is charged to the SARB Retirement Fund for the provision of consulting support services and administrative and accounting duties.

A fee is charged to the CPD for all the functions that the Bank carries out for the CPD. The Bank carries out all the CPD functions, as the CPD has no employees of its own.

These performance obligations are satisfied over time. The fees are payable monthly. Revenue is recognised each month.

1.17.2.2 Other income

Other income relates to amounts received that are outside the scope of IFRS 15 and comprises of the following items:

License Fees

Annual license fees are fees charged by the SARB in accordance with legislation, to institutions that have been granted licenses to operate as a bank or as an insurance business. Fees are charged on an annual basis on the date prescribed by legislation and are non-refundable. Revenue is recognised immediately on the license fee date prescribed by legislation.

Sundry income

Sundry income relates mainly to recoveries of expenses previously incurred. These amounts are recognised as income when it is probable that the amount will be received.

1.18 Dividends paid

In terms of the SARB Act, the SARB is permitted to declare dividends from its accumulated profits. This is capped at a total dividend rate of 10% per annum on the paid-up share capital of the SARB.

1.19 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.19 Related parties continued

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 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.

1.20 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.

1.21 Key accounting estimates and judgements

In preparing the Group's financial statements, management applies judgement and makes estimates. Estimates and judgements are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Other than the items listed below, there were no significant changes to the Group's estimates and assumptions in the current or prior year.

1.21.1 Fair value of financial instruments

Financial instruments are priced with reference to quoted market prices in an actively traded market.

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

When a discounted cash flow analysis is used to determine the value of financial assets, estimated future cash flows are based on management's best estimates, and the discount rate at the reporting date is a market-related rate for a financial asset with similar terms and conditions.

Where option-pricing models are used, inputs based on observable market indicators at the reporting date are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

1.21.2 Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 28.2.2 which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk (SICR);
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward looking scenarios for each type of product or market and the associated ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 28.2.2.

1.21.3 Fair value of unlisted investments

Judgement is exercised in assessing the fair value of unlisted investments held by the Group. A discounted cash flow analysis is used by the Group to determine the value of its unlisted investments by applying an appropriate discount rate to the best estimate of future cash flows of the investee. The key assumptions applied in the discounted cash flow valuation method are the equity market risk premium, SA risk free rate, the alpha and beta to determine the overall discount rate. Free cash flows for a period of 3-5 years are provided by the investee and further assessed by management. Detailed information about the estimates made by the Group in the above areas are set out in note 33.

1.21.4 Post-employment benefits

The cost of the defined-benefit pension plans and other benefit plans and the present value of the benefit obligations are determined using actuarial valuations. An actuarial valuation involves using various assumptions determined by management and reviewed annually by the actuary that may differ from future developments.

These assumptions include:

- discount rates;
- inflation rates;
- rates of compensation increases;
- rates of pension increases;
- medical cost trends; and
- mortality rates.

Statutory actuarial valuations are performed triennially with the 31 March 2021 valuation having found the fund to be in a sound financial position. Interim actuarial valuations are concluded annually (except in years where a statutory valuation is performed). The next statutory valuation will be performed within the 2024 calendar year.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.21 Key accounting estimates and judgements continued

1.21.5 Inventory valuations

The group's currency-producing subsidiaries measure inventory at the lower of cost and net realisable value. The determination of net realisable value is an entity-specific estimate and requires the use of judgement.

1.21.6 Property, plant and equipment

Judgement is required when determining:

- the costs that are attributable to the asset;
- for assets where valuation is applied, the fair value of the valuable art;
- the appropriate useful life over which the assets should be depreciated or amortised;
- the depreciation method; and
- whether the existing assets are subject to impairment.

1.21.7 Recognition of deferred tax assets

Deferred taxation assets are recognised for unused taxation losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, which requires judgement. Although the list is not exhaustive, the following was considered in determining the appropriateness of recognising deferred taxation assets:

- The Group's history of profitability.
- Forecasts of future profits, incorporating forward-looking information.
- The Group's investment strategy in local and foreign markets.
- Significant local and global events when appropriate, such as the impact of global interest rate hikes and the Russia-Ukraine and Israeli-Palestinian conflict.

1.21.8 Order of liquidity

As a financial institution, the Group presents its assets and liabilities on the statement of financial position in order of liquidity. This provides information that is reliable and more relevant than a current or non-current presentation, because the entity does not supply goods or services within a clearly identifiable operating cycle.

The order of liquidity requires judgement, particularly in light of the nature of the SARB's operations and mandate as the central bank of South Africa. The SARB's mandate regarding the management and oversight of the domestic financial market results in regular changes to the liquidity of the SARB assets and liabilities, in response to the liquidity requirements of the market. The SARB continuously monitors and actively manages its liquidity requirements.

1.22 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In certain circumstances the determination of whether the contract is or contains a lease requires significant judgement. In particular, the Group has assessed that despite the SARB's control of the SABN and the South African Mint, the SARB cannot separately identify a lease with regard to the banknote and coin sales agreements.

Group as lessee

A lease liability and corresponding right of use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the Group is a lessee are presented in note 12.

Right of use assets

Right of use assets are presented within property, plant and equipment on the consolidated and separate statement of financial position.

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset.

Depreciation starts at the commencement date of a lease.

For right of use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right of use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

2. Cash and cash equivalents

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Amortised cost				
Bank and cash balances	**16 034**	18 879	**–**	–
Short-term South African fixed deposits	**31 347**	7 075	**–**	–
South African money market investments	**14 362**	16 472	**–**	–
Total cash and cash equivalents	**61 743**	42 426	**–**	–

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.

Cash equivalents comprise short-term highly liquid financial instruments with an original maturity of less than three months that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term commitments as reflected above.

Annual interest rates range between 8.50% – 8.63% (2023: 7.68% – 7.70%) on short-term South African fixed deposits with financial institutions and 7.11% – 8.50% (2023: 7.40% – 7.70%) on South African money market investments.

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.

Maturity structure of financial assets

	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Within 1 month	**34 480**	37 377	**–**	–
Between 1 and 3 months	**27 263**	5 049	**–**	–
Total financial assets	**61 743**	42 426	**–**	–

Included in South African money market investments are repo agreements, the following table presents details thereof:

	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Fair value of repo agreements	**14 362**	16 472	**–**	–
Fair value of collateral received	**14 409**	16 480	**–**	–
Fair value of collateral permitted to sell or repledge at the reporting date	**14 409**	16 480	**–**	–
Collateral cover	**100%**	100%	**–**	–
Maturity date	**04 April 2024**	07 April 2023		

The counterparties are exposed to interest rate risk on the various securities pledged as collateral for the repo agreements. The Group has the ability to sell or repledge these securities in the event of default. When the underlying investments mature, the Group has the obligation to return the collateral.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

3. Accommodation to banks

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Amortised cost				
Advances under repurchase agreements	**450**	1 800	**450**	1 800
Standing facility	**–**	598	**–**	598
Accrued interest	**1**	–	**1**	–
Total accommodation to banks	**451**	2 398	**451**	2 398

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

Repo agreements

The standard repo agreements yield interest at the repo rate (2023: repo rate) of the SARB. There were no 90-day repo agreements during the year ended 31 March 2024 (2023: none).

Standard repo agreements	**8.25%**	7.75%	**8.25%**	7.75%

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

Fair value of collateral received	**450**	1 804	**450**	1 804
Fair value of collateral permitted to sell or repledge at the reporting date	**450**	1 804	**450**	1 804
Collateral cover	**100%**	100%	**100%**	100%

The collateral received consists of various SA government bonds and Treasury Bills with maturities ranging from one to 26 years (2023: one to 26 years).

At the reporting date, there were no changes in the fair value associated with the collateral (2023: Rnil).

During the year under review, no defaults were experienced (2023: no defaults). The expected credit loss for repo agreements has been assessed to be immaterial (2023: immaterial).

The counterparties are exposed to interest rate and other risks on the various securities pledged as collateral for the repo agreements. Refer to note 27.2 for further disclosure on interest rate risk. The SARB has the ability to sell or repledge these securities in the event of default. When the underlying repos are settled, the SARB has the obligation to return the collateral.

Standing facility

The standing facility through which the SARB provides liquidity to commercial banks, yields interest at the repo rate of the SARB plus 1% (2023: repo plus 1%).

Standing facility	**9.25%**	8.75%	**9.25%**	8.75%

The following table presents details of collateral received for the standing facility (including accrued interest):

Fair value of collateral received	**–**	598	**–**	598
Fair value of collateral permitted to sell or repledge at the reporting date	**–**	598	**–**	598
Collateral cover	**–**	100%	**–**	100%

The collateral received consists of SA government bonds and Treasury Bills with maturities ranging from 16 to 35 years (2023: 16 to 35 years).

At the reporting date, none of the collateralised advances were past due or impaired (2023: none). During the year under review, no defaults were experienced (2023: no defaults). The expected credit loss for the standing facility has been assessed to be immaterial (2023: immaterial).

The counterparties are exposed to interest rate and other risks on the various securities pledged as collateral for the standing facility. Refer to note 28.2 for further disclosure on interest rate risk. The SARB has the ability to sell or repledge these securities in the event of default. When the underlying facility is settled, the SARB has the obligation to return the collateral.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

4. Investments

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Amortised cost				
Short-term South African fixed deposits	**19 153**	38 364	**–**	–
Short-term South African money market investments	**4 133**	2 636	**–**	–
Mandatory FVPL				
Short-term South African money market investments	**351**	306	**–**	–
	23 637	41 306	**–**	–
Maturity structure of financial assets				
Within 1 month	**2 465**	22 128	**–**	–
Between 1 and 3 months	**19 148**	12 138	**–**	–
Between 3 and 12 months	**2 024**	7 040	**–**	–
Total financial assets	**23 637**	41 306	**–**	–
For investments that meet the definition of financial assets at mandatory fair value:				
Maximum exposure to credit risk	**351**	306	**–**	–

Short-term South African money market investments comprise of instruments that have an original maturity of more than 91 days or three months.

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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

5. Other assets

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Financial assets				
Amortised cost				
LGS margin entitlement and credit premium receivable	**554**	521	**554**	521
Loans and advances to staff	**339**	318	**339**	318
Other financial assets	**793**	349	**686**	178
Non-financial assets				
Treasury SDR account[1]	**491**	6 520	**491**	6 520
Other non-financial assets	**588**	453	**476**	395
Value Added Taxation	**51**	43	**51**	43
Total other assets	**2 816**	8 204	**2 597**	7 975
Maturity structure of financial assets				
Within 1 month	**793**	225	**686**	178
Between 1 and 12 months	**339**	442	**339**	318
More than 1 year	**554**	521	**554**	521
Total financial assets	**1 686**	1 188	**1 579**	1 017

[1] *The SDR receivable and payable have been reflected on a net basis in the current financial year resulting in a net asset of R491 million.*

Financial assets are neither past due nor impaired (2023: none).

Loans and advances to staff comprise of vehicle finance, home loans and other advances to staff and yields interest at repo plus 1% (2023: repo plus 1%).

Other financial assets consist mainly of trade receivables and receivables related to liquidity management.

Other non-financial assets consist mainly of prepaid expenses.

Margin entitlement and credit premium receivable

In terms of the LGS agreement, participating commercial banks are required to pay certain amounts described below to the margin entitlement and credit premium receivable accounts that are in the name of the SARB for the duration of the facility.

The margin entitlement is calculated as the prime rate that the eligible client pays to the commercial bank minus the agreed rate (repo) payable by commercial banks to SARB minus the cost of capital, statutory costs, and administration fees in respect of the COVID-19 loan, 0.50% thereof is the credit premium which gets transferred into the credit premium account.

As at 31 March 2024, an amount of R554 million (2023: R521 million) has been recognised with a corresponding provision for credit loss claims in other liabilities. Refer to note 18 for more information.

Margin entitlement and credit premium accounts accrue interest at the repo rate of the SARB and will be used to settle losses incurred by the commercial banks in terms of the LGS. Thereafter, the losses are borne by the commercial banks up to the aggregate amount equal to the commercial banks' risk portion (being 6% of the aggregate amount advanced by the SARB against the facility amount). Any losses remaining which have not been settled as aforementioned, shall be guaranteed and be borne by the SARB on the basis that the outstanding balance shall be reduced to equal the amount of such losses.

Treasury SDR account

This net receivable relates to interest earned on the IMF SDR holdings as well as interest charged on the IMF SDR allocations recognised by the SARB on behalf of the SA government. The net amount in the current financial year consists of a receivable of R25 billion and payable of R25 billion. Refer to note 6.5 for more details.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

6. Gold and foreign exchange reserves

	Note(s)	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Mandatory at FVPL					
Money market instruments and fixed deposits	6.1	**214 896**	197 567	**214 896**	197 567
Securities	6.2	**667 242**	632 511	**667 242**	632 511
Derivatives	6.3	**166**	(83)	**166**	(83)
SARB Act					
Gold coin and bullion	6.4	**169 535**	141 895	**169 535**	141 895
IMF SDR assets	6.5	**127 186**	121 429	**127 186**	121 429
Total gold and foreign exchange reserves		**1 179 025**	1 093 319	**1 179 025**	1 093 319

6.1 Money market instruments and fixed deposits

	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Cash and money market accounts	**9 129**	2 534	**9 129**	2 534
Fixed deposits	**205 767**	195 033	**205 767**	195 033
Total money market instruments and fixed deposits	**214 896**	197 567	**214 896**	197 567

Maturity structure	CURRENT Redeemable on demand R mil	CURRENT Up to 1 month R mil	CURRENT Total R mil
Group and SARB 2024			
Cash and money market accounts	**–**	**9 129**	**9 129**
Fixed deposits	**–**	**205 767**	**205 767**
Total money market instruments and fixed deposits	**–**	**214 896**	**214 896**
Group and SARB 2023			
Cash and money market accounts	–	2 534	2 534
Fixed deposits	–	195 033	195 033
Total money market instruments and fixed deposits	–	197 567	197 567

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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

6. Gold and foreign exchange reserves continued

6.2 Securities

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Asset backed securities	**2 816**	1 645	**2 816**	1 645
Certificate of deposits	**45 973**	62 775	**45 973**	62 775
Commercial papers	**58 008**	25 029	**58 008**	25 029
Corporate bonds	**4 581**	5 405	**4 581**	5 405
Financial bonds	**5 328**	787	**5 328**	787
Government agency, state, supranational bonds	**182 042**	212 585	**182 042**	212 585
Government bonds	**260 609**	246 860	**260 609**	246 860
Mortgage backed securities	**16 839**	18 552	**16 839**	18 552
Other investments	**166**	155	**166**	155
Treasury Bills	**90 880**	58 718	**90 880**	58 718
Total securities	**667 242**	632 511	**667 242**	632 511

					NON-CURRENT			
Maturity structure	Up to 1 month R mil	1 – 3 months R mil	4 – 6 months R mil	7 – 12 months R mil	1 – 3 years R mil	3 – 5 years R mil	More than 5 years R mil	Total R mil
Group and SARB 2024								
Financial assets at mandatory FVPL	**46 202**	**118 325**	**95 154**	**129 846**	**190 131**	**66 967**	**20 617**	**667 242**
Total securities	**46 202**	**118 325**	**95 154**	**129 846**	**190 131**	**66 967**	**20 617**	**667 242**
Group and SARB 2023								
Financial assets at mandatory FVPL	50 832	50 113	125 929	141 164	180 593	62 035	21 845	632 511
Total securities	50 832	50 113	125 929	141 164	180 593	62 035	21 845	632 511

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

6. Gold and foreign exchange reserves continued

6.3 Derivatives

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 Governors' Executive Committee (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 mil	Fair value of assets R mil	Fair value of liabilities R mil	Contract/ notional amount[1] R mil
Group and SARB 2024				
FECs	**170**	**177**	**(7)**	**26 430**
Futures contracts	**(4)**	**26**	**(29)**	**30 627**
Total derivatives	**166**	**203**	**(36)**	**57 057**
Group and SARB 2023				
FECs	(40)	18	(58)	25 438
Futures contracts	(43)	34	(76)	9 258
Total derivatives	(83)	52	(134)	34 696

[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 settle between the counterparties.*

6.3.1 Offsetting financial assets and financial liabilities relating to gold and foreign exchange reserves

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 details are presented in the table below:

				Related amounts not set off in derivatives		
	Gross amounts presented in derivatives R mil	Offset R mil	Net amounts presented in derivatives R mil	Instruments which offset on default R mil	Collateral amount received R mil	Net amount R mil
Group and SARB 2024						
FEC assets	**177**	**–**	**177**	**(6)**	**–**	**171**
FEC liabilities	**(7)**	**–**	**(7)**	**6**	**–**	**(1)**
Group and SARB 2023						
FEC assets	18	–	18	(1)	–	17
FEC liabilities	(58)	–	(58)	1	–	(57)

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

6. Gold and foreign exchange reserves continued

6.4 Gold coin and bullion

	R mil	Fine ounces
Group and SARB 2024		
As at 31 March 2023	**141 895**	**4 031 923**
Purchases during the year	**469**	**12 754**
Sales during the year	**(438)**	**(11 939)**
Change in the statutory price	**27 609**	**–**
As at 31 March 2024	**169 535**	**4 032 738**
Group and SARB 2023		
As at 31 March 2022	113 364	4 029 765
Purchases during the year	540	17 890
Sales during the year	(474)	(15 732)
Change in the statutory price	28 465	–
As at 31 March 2023	141 895	4 031 923

Gold coin and bullion consists of 4 032 738 fine ounces of gold at the statutory price of R42 039.55 per ounce (2023: 4 031 923 fine ounces at R35 192.87 per ounce).

6.5 IMF SDR assets

In accordance with the SARB Act, the SARB acts as a fiscal agent for the SA government in its dealings with International Financial Institutions (IFI), transactions with the IFI and the undertakings of financial agency work for the SA government. In compliance with the SARB Act, transactions with the IMF have been included in these financial statements. Refer to note 16 for the corresponding deposit liability and notes 5 and 18 for the related interest.

The IMF has created an international reserve asset called the SDR. All rights in, and commitments to the IMF are denominated in XDRs. The value of the XDR is calculated on the basis of a currency basket comprising the US dollar, Euro, Chinese renminbi, Japanese yen and pound sterling. The currency weights are adjusted each year in accordance with changes in bilateral foreign exchange rates. As at 31 March 2024, XDR 1.00 was equal to R25.18 (2023: R23.91).

The various rights are disclosed below:

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
SDR Holdings[1]	**110 760**	105 783	**110 760**	105 783
IMF New Arrangements to Borrow financial transactions plan account	**–**	47	**–**	47
IMF SDR reserve tranche position account	**16 426**	15 599	**16 426**	15 599
Total IMF SDR assets	**127 186**	121 429	**127 186**	121 429

[1] *The SDR asset carries interest at an effective rate of 4.11% (2023: 3.46%). SA government PNs have been pledged as collateral against these SDR's.*

The following table presents details of collateral held:

Fair value of collateral received	**62 063**	42 897	**62 063**	42 897
Collateral cover	**56.03%**	40.55%	**56.03%**	40.55%

At the reporting date, none of the collateralised advances were past due or impaired (2023: none). During the year under review, no defaults were experienced (2023: no defaults).

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

7. Inventories

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Raw materials[1]	**291**	458	**–**	–
Work in progress[2]	**479**	508	**–**	–
Consumable stores	**138**	99	**5**	1
Maintenance spares	**180**	158	**–**	–
Finished goods[3]	**1 499**	563	**–**	–
Total inventories net of write-downs	**2 587**	1 786	**5**	1
Write-downs (included above)	**(25)**	(19)	**–**	–

Inventories are measured at the lower of cost and net realisable value. The costs to produce banknotes and coins are expensed as incurred and disclosed in note 22.2 under cost of currency.

1 *Raw materials consist mainly of substrate, ink, metals and chemicals.*
2 *Work in progress consists mainly of banknotes and coins partially completed.*
3 *Finished goods consists mainly of banknotes and coins ready for delivery.*

8. Foreign exchange contract assets and liabilities

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
SARB Act				
Unrealised gains on FECs	**118**	183	**118**	183
Unrealised losses on FECs	**(24)**	(81)	**(24)**	(81)
Net unrealised gains/(losses) transferred to GFECRA[1]	**94**	102	**94**	102

1 *These amounts represent unrealised gains and losses on FECs, which will be for the account of SA government as and when they are realised. The FECs are utilised in the operations of the SARB, to manage monetary policy operations.*

The notional amount of the FECs amounts to R9.7 billion (2023: R9.7 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					
	Gross amounts presented R mil	Offset R mil	Net amounts presented R mil	Instruments which offset on default R mil	Collateral amount received R mil	Net amount R mil
Group and SARB 2024						
FEC assets	**118**	**–**	**118**	**(39)**	**–**	**79**
FEC liabilities	**(24)**	**–**	**(24)**	**39**	**–**	**15**
Group and SARB 2023						
FEC assets	183	–	183	(52)	–	131
FEC liabilities	(81)	–	(81)	52	–	(29)

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

9. Loans and advances

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Interest-bearing local loans				
LGS loan	**6 268**	9 251	**6 268**	9 251
BBS loan	**812**	818	**812**	818
Total loans and advances	**7 080**	10 069	**7 080**	10 069

Interest-bearing local loans

Loan Guarantee Scheme

The SARB entered into a Loan Guarantee Scheme (LGS) with participating commercial banks for the purpose of assisting qualifying small and medium-sized businesses severely impacted during the COVID-19 pandemic. Drawdowns by qualifying businesses, under the LGS, were available for an 11-month period commencing from the effective date (moratorium period), which was extended by a further three months to July 2021. The outstanding balance at the end of the moratorium period is repayable over 60 months. A facility of R100 billion was approved, of which R89.6 billion was allocated to nine commercial banks.

The total outstanding balance (including interest) of R6.3 billion (2023: R9.3 billion) is guaranteed by the SARB. The guarantee is limited to the R6.3 billion allocated to the commercial banks. In turn National Treasury has guaranteed the SARB for losses incurred under the scheme. Due to the integral nature of the guarantee, it is taken into account in the ECL calculation. Refer to note 32 for further details.

The loan accrues interest at the prevailing repo rate (2023: repo rate). Any default interest that accrues as a result of the commercial banks failing to repay the SARB at the interest repayment date will be accounted for at the default interest rate of repo rate plus 2%.

At the reporting date none of the LGS loans were past due or impaired (2023: none). During the year under review, no defaults were experienced (2023: no defaults).

Bounce Back scheme

In April 2022, the Bounce Back Scheme (BBS) was established to assist eligible small businesses to recover from the impact of COVID-19, the recent floods and riots in the country. In terms of the scheme, the SARB advanced loans to participating commercial banks who advanced Bounce Back loans to eligible businesses. The SARB approved facilities of R1.2 billion, of which R262 million was not utilised at the end of the availability period for drawdowns on 30 April 2023.

The loan accrues interest at the prevailing repo rate (2023: repo rate). Any default interest that accrues as a result of the commercial banks failing to repay the SARB at the interest repayment date will be accounted for at the default interest rate of repo rate plus 2%.

The SARB has issued a financial guarantee to the commercial banks under the facility, limited to 20.5% of the capital amount advanced. National Treasury has guaranteed the SARB for losses incurred under the scheme up to an amount of R8.0 billion, limited to the amount advanced to the commercial banks. The guarantee is considered to be an integral part of the scheme therefore it is included in the determination of ECL. Refer to note 32 for further details. At the reporting date none of the BBS loans were past due or impaired (2023: none). During the current financial year, no defaults were experienced (2023: no defaults).

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

10. South African government bonds

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Mandatory FVPL				
Interest-bearing listed bonds	**32 827**	32 827	**32 827**	32 827
Coupon interest accrued	**747**	393	**747**	393
Fair value adjustments	**(1 567)**	609	**(1 567)**	609
Total SA government bonds	**32 007**	33 829	**32 007**	33 829
Effective interest rate	**10.21%**	10.48%	**10.21%**	10.48%

There were no purchases of SA government bonds during the current year (2023: none).

11. Equity investment in Bank for International Settlements

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
FVOCI				
Opening balance	**5 866**	4 954	**5 866**	4 954
Fair value adjustments	**417**	(16)	**417**	(16)
Foreign exchange movements transferred to GFECRA	**322**	928	**322**	928
Closing balance	**6 605**	5 866	**6 605**	5 866

The carrying amount that would have been recognised had the BIS shares been carried at cost was R657.9 million (2023: R624.8 million).

The shares 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's investment in the BIS consists of 8 612 shares (2023: 8 612), which are carried at FVOCI. The net asset value was adjusted by 30%. The haircut is consistent with the methodology applied by the BIS and other central banks and is not subject to sensitivity. The adjusted net asset value of the shares are based on the XDR[1] of XDR 30 463 (2023: XDR 28 491).

Refer to note 30 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 2024, a movement of R322 million (2023: R928 million) was transferred to the GFECRA.

[1] *The XDR is a monetary unit of international reserve assets defined and maintained by the IMF. The XDR 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 2024

12. Property, plant and equipment

Group	2024 Cost/ revaluation R mil	2024 Accumulated depreciation R mil	2024 Carrying value R mil	2023 Cost/ revaluation R mil	2023 Accumulated depreciation R mil	2023 Carrying value R mil
Land	**158**	**–**	**158**	158	–	158
Buildings	**1 171**	**(542)**	**629**	1 175	(488)	687
Plant, vehicles, furniture and equipment	**5 506**	**(3 644)**	**1 862**	5 347	(3 337)	2 010
Valuable art	**198**	**–**	**198**	198	–	198
Work in progress	**2 451**	**–**	**2 451**	822	–	822
Total	**9 484**	**(4 187)**	**5 297**	7 700	(3 825)	3 875

SARB	2024 Cost/ revaluation R mil	2024 Accumulated depreciation R mil	2024 Carrying value R mil	2023 Cost/ revaluation R mil	2023 Accumulated depreciation R mil	2023 Carrying value R mil
Land	**149**	**–**	**149**	149	–	149
Buildings	**832**	**(408)**	**424**	837	(360)	477
Plant, vehicles, furniture and equipment	**2 465**	**(1 770)**	**695**	2 343	(1 617)	726
Valuable art	**198**	**–**	**198**	198	–	198
Work in progress	**2 334**	**–**	**2 334**	786	–	786
Total	**5 978**	**(2 178)**	**3 800**	4 313	(1 977)	2 336

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

12. Property, plant and equipment continued

Reconciliation of property, plant and equipment

	Opening balance R mil	Additions R mil	Disposals R mil	Transfers in/(out) R mil	Other movements R mil	Revaluations R mil	Depreciation R mil	Impairment loss R mil	Closing balance R mil
Group 2024									
Land	**158**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**158**
Buildings	**687**	**–**	**(21)**	**18**	**–**	**–**	**(55)**	**–**	**629**
Plant, vehicles, furniture and equipment	**2 010**	**193**	**(77)**	**228**	**–**	**–**	**(492)**	**–**	**1 862**
Valuable art	**198**	**–**	**(1)**	**1**	**–**	**–**	**–**	**–**	**198**
Work in progress	**822**	**1 993**	**–**	**(247)**	**3**	**–**	**–**	**(121)**	**2 450**
Total	**3 875**	**2 186**	**(99)**	**–**	**3**	**–**	**(547)**	**(121)**	**5 297**
Group 2023									
Land	33	–	–	125	–	–	–	–	158
Buildings	676	–	(2)	58	–	–	(45)	–	687
Plant, vehicles, furniture and equipment	1 847	161	–	397	–	–	(395)	–	2 010
Valuable art	192	2	(1)	–	–	5	–	–	198
Work in progress	880	1 270	–	(1 328)	–	–	–	–	822
Total	3 628	1 433	(3)	(748)	–	5	(440)	–	3 875
SARB 2024									
Land	**149**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**149**
Buildings	**477**	**–**	**(22)**	**17**	**–**	**–**	**(48)**	**–**	**424**
Plant, vehicles, furniture and equipment	**726**	**181**	**(77)**	**200**	**–**	**–**	**(335)**	**–**	**695**
Valuable art	**198**	**–**	**(1)**	**1**	**–**	**–**	**–**	**–**	**198**
Work in progress	**786**	**1 887**	**–**	**(218)**	**–**	**–**	**–**	**(121)**	**2 334**
Total	**2 336**	**2 068**	**(100)**	**–**	**–**	**–**	**(383)**	**(121)**	**3 800**
SARB 2023									
Land	24	–	–	125	–	–	–	–	149
Buildings	461	–	(2)	55	–	–	(38)	–	477
Plant, vehicles, furniture and equipment	574	176	–	235	–	–	(259)	–	726
Valuable art	192	3	(1)	–	–	5	–	–	198
Work in progress	824	1 127	–	(1 165)	–	–	–	–	786
Total	2 075	1 306	(3)	(749)	–	5	(297)	–	2 336

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

12. Property, plant and equipment continued

Reconciliation of property, plant and equipment

Leased assets

Included in property, plant and equipment are right of use assets with a carrying amount of R23 million (2023: R41 million) relating to the lease of office buildings by the SARB. The lease term is for 3 years, ending on 30 June 2025. There is no lease liability in respect of this lease as the total rentals amounting to R55 million were paid upfront in the 2022/23 financial year, before the commencement of the lease. In the current financial year, additional parking space was included in the lease, which may also be used until 30 June 2025 and the total rentals for the parking space, amounting to R2 million, were also paid upfront. There are no variable lease payments applicable to this lease. The right of use asset is depreciated on a straight line basis over the lease term and depreciation of R15 million (2023: R14 million) was recognised for this lease in the current financial year.

Revaluations

The Group's valuable art is stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed by independent, reliable valuators every three years. 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.

The fair value measurements as of 31 December 2021 were performed by The Valuator Advisory (Pty) Ltd, independent valuers not related to the Group. The Valuator Advisory (Pty) Ltd is a member of the International Fine Arts and Antiques Appraisers Association and The Royal Institute of Chartered Surveyors and the valuators have the appropriate qualifications and recent experience in the fair value measurement of fine arts and antiques. The next valuation is scheduled for 31 December 2024.

Refer to note 30 for specific details regarding the valuation of the art.

The carrying value of the revalued assets under the cost model would have been:

	GROUP		**SARB**	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Valuable art	**37**	36	**37**	36

13. Intangible assets

GROUP	**2024** Cost R mil	**2024** Accumulated amortisation R mil	**2024** Carrying value R mil	2023 Cost R mil	2023 Accumulated amortisation R mil	2023 Carrying value R mil
Internally generated computer software	**1 137**	**(412)**	**725**	303	(191)	112
Purchased computer software	**1 658**	**(1 197)**	**461**	1 393	(1 006)	387
Work in progress	**211**	**–**	**211**	1 193	–	1 193
Total	**3 006**	**(1 609)**	**1 397**	2 889	(1 197)	1 692

SARB	**2024** Cost R mil	**2024** Accumulated amortisation R mil	**2024** Carrying value R mil	2023 Cost R mil	2023 Accumulated amortisation R mil	2023 Carrying value R mil
Internally generated computer software	**1 137**	**(412)**	**725**	303	(191)	112
Purchased computer software	**1 526**	**(1 082)**	**444**	1 260	(896)	364
Work in progress	**198**	**–**	**198**	1 189	–	1 189
Total	**2 861**	**(1 494)**	**1 367**	2 752	(1 087)	1 665

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

13. Intangible assets continued

Reconciliation of intangible assets

	Opening balance R mil	Additions R mil	Disposals R mil	Transfers R mil	Amortisation R mil	Impairment loss R mil	Total R mil
Group 2024							
Internally generated computer software	**112**	**204**	**(1)**	**630**	**(220)**	**–**	**725**
Purchased computer software	**387**	**–**	**(131)**	**282**	**(77)**	**–**	**461**
Work in progress	**1 193**	**134**	**–**	**(912)**	**–**	**(204)**	**211**
Total	**1 692**	**338**	**(132)**	**–**	**(297)**	**(204)**	**1 397**
Group 2023							
Internally generated computer software	113	1	(1)	23	(24)	–	112
Purchased computer software	422	1	(179)	165	(22)	–	387
Work in progress	362	284	–	561	–	(14)	1 193
Total	897	286	(180)	749	(46)	(14)	1 692
SARB 2024							
Internally generated computer software	**112**	**204**	**(1)**	**630**	**(220)**	**–**	**725**
Purchased computer software	**364**	**–**	**(131)**	**282**	**(71)**	**–**	**444**
Work in progress	**1 189**	**125**	**–**	**(912)**	**–**	**(204)**	**198**
Total	**1 665**	**329**	**(132)**	**–**	**(291)**	**(204)**	**1 367**
SARB 2023							
Internally generated computer software	113	1	(1)	23	(24)	–	112
Purchased computer software	395	–	(179)	162	(14)	–	364
Work in progress	357	281	–	565	–	(14)	1 189
Total	865	282	(180)	750	(38)	(14)	1 665

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

14. Deferred tax

	Note(s)	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Balance at the beginning of the year		**259**	262	**450**	444
Movements during the year:					
Current year timing differences	23	**232**	43	**192**	50
Prior year adjustments	23	**(3)**	–	**–**	–
Utilisation of tax losses	23	**(1 113)**	–	**(1 113)**	–
Other comprehensive income		**(128)**	(47)	**(127)**	(44)
Balance at the end of the year		**(753)**	258	**(598)**	450
Comprising:					
Deferred taxation assets		**–**	450	**–**	450
Deferred taxation liabilities		**(753)**	(192)	**(598)**	–
Net deferred taxation (liability)/asset		**(753)**	258	**(598)**	450

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

	2022 R mil	Amounts charged to profit or loss R mil	Amounts charged to OCI R mil	2023 R mil	Amounts charged to profit or loss R mil	Amounts charged to OCI R mil	2024 R mil
Group							
Post-employment benefits	718	49	(50)	717	**46**	**(38)**	**725**
Prepaid expenditure and other items	15	(4)	–	11	**–**	**–**	**11**
Revaluation adjustments	(34)	–	(1)	(35)	**–**	**–**	**(35)**
Property plant and equipment	(489)	(116)	–	(605)	**(8)**	**–**	**(613)**
Intangible assets	(190)	(53)	–	(243)	**93**	**–**	**(150)**
Employee benefits accrual	83	71	–	154	**42**	**–**	**196**
Revenue received in advance	–	–	–	–	**30**	**–**	**30**
Fair value adjustments on BIS shares	(857)	–	3	(854)	**–**	**(90)**	**(944)**
Taxation losses	1 017	96	–	1 113	**(1 087)**	**–**	**26**
Total deferred taxation	263	43	(48)	258	**(884)**	**(128)**	**(753)**
SARB							
Post-employment benefits	662	46	(46)	662	**42**	**(37)**	**667**
Prepaid expenditure and other items	1	(4)	–	(3)	**(1)**	**–**	**(4)**
Revaluation adjustments	(34)	–	(1)	(35)	**–**	**–**	**(35)**
Property plant and equipment	(206)	(117)	–	(323)	**(14)**	**–**	**(337)**
Intangible assets	(189)	(52)	–	(241)	**93**	**–**	**(148)**
Employee benefits accrual	50	82	–	132	**41**	**–**	**173**
Revenue received in advance	–	–	–	–	**30**	**–**	**30**
Fair value adjustments on BIS shares	(857)	–	3	(854)	**–**	**(90)**	**(944)**
Taxation losses	1 017	96	–	1 113	**(1 113)**	**–**	**–**
Total deferred taxation	444	51	(44)	451	**(921)**	**(127)**	**(598)**

In the prior year, the deferred tax asset included an amount of R1.1 billion relating to carried-forward taxation losses of the SARB. This amount was fully utilised in the current financial year.

Notes to the consolidated and separate financial statements continued

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15. Notes and coin in circulation

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Amortised cost				
Notes	**161 827**	164 141	**161 827**	164 141
Coin	**7 677**	7 424	**7 677**	7 424
Total notes and coin in circulation	**169 504**	171 565	**169 504**	171 565

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

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Amortised cost				
Non-interest-bearing	**283 925**	268 038	**283 852**	267 965
Banks' reserve accounts	**151 508**	143 051	**151 508**	143 051
Other current accounts	**3 872**	2 832	**3 872**	2 832
SA government accounts	**128 545**	122 155	**128 472**	122 082
Interest-bearing	**190 347**	184 389	**80 095**	77 651
Banks' current accounts	**80 095**	77 651	**80 095**	77 651
Call deposits	**110 252**	106 738	**–**	–
Total deposit accounts	**474 272**	452 427	**363 947**	345 616
Maturity structure of deposit accounts				
On demand	**322 764**	309 376	**212 439**	202 565
Within 1 month	**151 508**	143 051	**151 508**	143 051
Total deposit accounts	**474 272**	452 427	**363 947**	345 616

Banks' reserve accounts

Commercial banks are required to maintain a minimum cash reserve 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 R0.9 billion (2023: R0.1 billion). The commercial banks concerned are afforded an opportunity, subject to conditions as the Governor may determine, to comply with the relevant provision within a specified period.

SA government accounts

The IMF allocates Special Drawing Rights to member countries based on the member's IMF quota shares. SA Government accounts is the allocation received on behalf of and payable to SA Government.

Call deposits

In terms of the current interest rate policies approved by the CPD Board, call deposits earn interest at the repo rate (2023: repo rate plus 0.15%). The prevailing rate at year-end for call deposits was 8.40% (2023: 7.90%). Margin call deposits are held on behalf of participants of the Johannesburg Stock Exchange Bond Electronic Trading Platform. The SARB does not trade on the platform, but rather holds the deposits for participants of the platform. The margin call deposits earn interest at the repo rate (2023: repo rate less 0.15%). The prevailing rate at year-end for margin call deposits was 8.25% (2023: 7.60%).

Notes to the consolidated and separate financial statements continued

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17. Foreign deposits

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Designated FVPL				
Foreign deposits	**101 224**	127 489	**101 224**	127 489

Foreign deposits relate to cash placed with the SARB by subscribers of foreign currency bonds issued by the SA Government. The deposits are managed by the SARB as part of the foreign exchange reserves portfolio until such time when these deposits are withdrawn by National Treasury. Refer to note 28 for further detail on the analyses of the currency composition and maturity structure of these foreign deposits.

18. Other liabilities

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Financial liabilities				
Amortised cost				
Accounts payable	**1 477**	635	**140**	141
Accruals	**820**	681	**720**	558
CLF fees received in advance	**113**	–	**113**	–
LGS provision for loss claims	**554**	521	**554**	521
Margin call	**170**	–	**–**	–
Other financial liabilities	**220**	714	**217**	75
Non-financial liabilities				
Treasury SDR account[1]	**–**	6 655	**–**	6 655
Other non-financial liabilities	**378**	715	**3**	4
Value Added Taxation	**–**	31	**–**	–
Total other liabilities	**3 732**	9 952	**1 747**	7 954
Maturity structure of financial liabilities				
Within 1 month	**2 800**	1 323	**1 190**	774
Between 1 and 12 months	**–**	707	**–**	–
More than 1 year	**554**	521	**554**	521
Total financial liabilities	**3 354**	2 551	**1 744**	1 295

[1] *The SDR receivable and payable have been reflected on a net basis in the current financial year resulting in a net asset of R491 million. Refer to note 5.*

LGS provision for loss claims

LGS provision for loss claims represents the provision raised on the total of the margin entitlement and credit premium accounts that the SARB will be able to utilise to settle any losses incurred by commercial banks on the LGS (for further information refer to notes 5 & 9).

Treasury SDR account

This liability consists of interest charged on the IMF SDR allocations received by SARB on behalf of SA government. Refer to note 6.5 for more details.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

19. Post-employment benefits

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

		GROUP		SARB	
	Note(s)	**2024 R mil**	2023 R mil	**2024 R mil**	2023 R mil
Amounts recognised in the statement of financial position					
Post-employment medical benefits	19.1	**2 610**	2 583	**2 403**	2 386
Post-employment group life benefits	19.2	**75**	72	**67**	64
Total post-employment benefits		**2 685**	2 655	**2 470**	2 450
Maturity structure of post-employment benefits					
Within 12 months		**424**	389	**410**	376
More than 12 months		**2 261**	2 266	**2 060**	2 074
Total post-employment benefits		**2 685**	2 655	**2 470**	2 450

19.1 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 SABN since 2003. The liability reflected the accumulated post-employment medical benefit liability at the end of the financial year.

		GROUP		SARB	
	Note(s)	**2024 R mil**	2023 R mil	**2024 R mil**	2023 R mil
Balance at the beginning of the year		**2 583**	2 594	**2 386**	2 396
Movement during the year:					
Amount recognised in profit or loss	22.2	**317**	307	**293**	283
Interest cost		**290**	278	**268**	256
Service cost		**27**	29	**25**	27
Cash movements					
Benefits paid		**(151)**	(144)	**(139)**	(133)
Amount recognised in OCI		**(139)**	(174)	**(137)**	(160)
Financial assumption gains		**(76)**	(183)	**(68)**	(170)
Experience (gains)/losses on liabilities		**(63)**	9	**(69)**	10
Balance at the end of the year		**2 610**	2 583	**2 403**	2 386

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

19. Post-employment benefits continued

19.2 Post-employment group life benefits

Post-employment group life benefits are provided to retired staff in the form of subsidised group life premiums. This benefit has been closed to all new employees at the SARB since 1 September 2017 and SABN since 1 October 2017. The liability reflected below represents the accumulated post-employment group life benefit liability at the end of the financial year.

		GROUP		SARB	
	Note(s)	**2024 R mil**	2023 R mil	**2024 R mil**	2023 R mil
Balance at the beginning of the year		**72**	63	**64**	56
Movement during the year:					
Amount recognised in profit or loss	22.2	**10**	9	**9**	8
Interest cost		**8**	7	**7**	6
Service cost		**2**	2	**2**	2
Cash movements					
Benefits paid		**(5)**	(4)	**(5)**	(4)
Amount recognised in OCI		**(2)**	4	**(1)**	4
Financial assumption gains		**(4)**	(4)	**(3)**	(3)
Experience losses on liabilities		**2**	8	**2**	7
Balance at the end of the year		**75**	72	**67**	64

19.3 Post-employment retirement fund benefits

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 triennially with the 31 March 2021 valuation having found the fund to be in a sound financial position. Interim actuarial valuations are concluded annually (except in years where a statutory valuation is performed), 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 Sector Conduct Authority 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.

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

19. Post-employment benefits continued

19.3 Post-employment retirement fund benefits continued

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. As at 31 March 2024, there were 1 253 life pensioners (2023: 1 227 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 (IAS 19) valuation of this defined benefit at 31 March 2024 was performed by an independent actuary, the result of which can be summarised as follows:

	Note(s)	Present value of obligation R mil	Fair value of plan assets R mil	Unrecognised due to paragraph 65 limit R mil	Total R mil
Group and SARB 2024					
Balance at the beginning of the year		**2 758**	**(2 994)**	**236**	**–**
Movement during the year:					
Amount recognised in profit or loss	22.2	**313**	**(339)**	**26**	**–**
Service cost		**1**	**–**	**–**	**1**
Interest cost/(income)		**312**	**(339)**	**26**	**(1)**
Cash movements		**3**	**(5)**	**–**	**(2)**
Benefits paid/(received)		**3**	**(3)**	**–**	**–**
Employer contributions received		**–**	**(2)**	**–**	**(2)**
Amount recognised in OCI		**16**	**(4)**	**(10)**	**2**
Financial assumption gains		**(43)**	**(4)**	**(10)**	**(57)**
Experience losses on liabilities		**59**	**–**	**–**	**59**
Balance at the end of the year		**3 090**	**(3 342)**	**252**	**–**
Group and SARB 2023					
Balance at the beginning of the year		2 750	(2 929)	179	–
Movement during the year:					
Amount recognised in profit or loss	22.2	309	(314)	19	14
Service cost		13	–	–	13
Interest cost/(income)		296	(314)	19	1
Cash movements		(44)	44	–	–
Benefits (received)/paid		(44)	44	–	–
Amount recognised in OCI		(257)	205	38	(14)
Financial assumption losses/(gains)		(352)	205	38	(109)
Experience gains on liabilities		95	–	–	95
Balance at the end of the year		2 758	(2 994)	236	–

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

19. Post-employment benefits continued

19.3 Post-employment retirement fund benefits continued

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. As at 31 March 2024, 127 pensioners (2023: 143 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, which has a credit rating of AA (Standard and Poor's), no further financial disclosures are deemed necessary in respect of the defined benefit, as required by IAS 19. The actuarial liability as at 31 March 2024 amounted to R98 million (2023: R108 million), while the plan assets towards this liability in 2024 amounted to R98 million (2023: R108 million).

Since inception in 1995, there has not been a shortage in the pension account for any given year. The most recent statutory valuation at 31 March 2021 found the fund to be fully funded, with the actuarial liability of pensions to be R3 billion (2018: R2 billion) with plan assets of R3 billion (2018: R2 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 2024 per the actuarial valuation:

Local equities	24%
Local property	2%
Local fixed interest	34%
Cash	7%
Foreign investments	26%
Other	7%
	100%

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

19. Post-employment benefits continued

19.4 Key assumptions

	Post-employment benefits	
	2024	2023
Discount rate (Post-employment group life and medical benefits)	**12.05 %**	11.55 %
Discount rate (Post-employment retirement fund benefits)	**11.70 %**	11.30 %
Medical inflation (Post-employment medical benefits)	**7.50 %**	7.50 %
Medical inflation (Post-employment group life benefits)	**7.00 %**	7.00 %
Net discount rate (Post-employment medical benefits)	**4.23 %**	3.77 %
Net discount rate (Post-employment group life benefits)	**4.72 %**	4.25 %
Salary inflation (Post-employment retirement fund benefits)	**6.90 %**	6.90 %
Salary inflation (Post-employment group life benefits)	**7.00 %**	7.00 %
Premium rate	**0.50 %**	0.50 %
Inflation rate	**6.00 %**	6.00 %
Early retirement rates		
55	**2.50 %**	2.50 %
56	**2.50 %**	2.50 %
57	**2.50 %**	2.50 %
58	**2.50 %**	2.50 %
59	**2.50 %**	2.50 %
Normal retirement age[1]	**63**	60
Pensioner mortality rates		
Active members	**SA 85-90 Light**	SA 85-90 Light
Pensioners	**PA (90) rated down by 2 years with 0.75% p.a. improvement**	PA (90) rated down by 2 years with 0.75% p.a. improvement
Pension increase rate (Post-employment retirement fund benefits)		
Category 1 and ex-pension	**5.90%**	5.90%
Category 2	**4.43%**	4.43%
Category 3	**2.66%**	2.66%
Valuation date	**31 March 2024**	31 March 2023

1 *During the current financial year, the SARB normal retirement age was amended to 63 years for all employees that were below the age of 55 on 1 November 2023. For employees aged 55 years and older, the normal retirement age remained 60 years.*

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 2024

19. Post-employment benefits continued

19.5 Sensitivity analysis

	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
The effect of a 1% increase and decrease in the discount rate is as follows:				
Employers' accrued liability				
1% decrease	**3 492**	3 387	**3 252**	3 158
Valuation basis	**2 685**	2 655	**2 470**	2 450
1% increase	**1 907**	1 900	**1 714**	1 716
Employers' service and interest cost				
1% decrease	**783**	707	**755**	681
Valuation basis[1]	**689**	627	**662**	601
1% increase	**672**	617	**646**	593
The effect of a 1% increase and decrease in the medical inflation rate is as follows:				
Employers' accrued liability				
1% decrease	**1 905**	1 890	**1 711**	1 706
Valuation basis	**2 685**	2 655	**2 470**	2 450
1% increase	**3 067**	3 373	**2 827**	3 144
Employers' service and interest cost				
1% decrease	**623**	560	**598**	538
Valuation basis[1]	**689**	627	**662**	601
1% increase	**770**	766	**740**	738
The effect of a one year increase and decrease in the post-employment mortality rate is as follows:				
Employers' accrued liability				
1 year downward	**3 212**	2 561	**2 992**	2 351
Valuation basis	**2 685**	2 655	**2 470**	2 450
1 year upward	**2 125**	2 295	**1 915**	2 096
Employers' service and interest cost				
1 year downward	**706**	645	**678**	619
Valuation basis[1]	**689**	627	**662**	601
1 year upward	**674**	611	**647**	586
The effect of a 1% increase and decrease in the salary inflation rate is as follows:				
Employers' accrued liability				
1% decrease	**2 183**	2 416	**1 969**	2 212
Valuation basis	**2 685**	2 655	**2 470**	2 450
1% increase	**2 730**	2 422	**2 514**	2 217
Employers' service and interest cost				
1% decrease	**688**	626	**661**	601
Valuation basis[1]	**689**	627	**662**	601
1% increase	**690**	627	**663**	602
The effect of a one year increase and decrease in the base pension increase rate is as follows:				
Employers' accrued liability				
1 year downward	**3 148**	2 179	**2 933**	1 974
Valuation basis	**2 685**	2 655	**2 470**	2 450
1 year upward	**2 189**	3 021	**1 974**	2 816
Employers' service and interest cost				
1 year downward	**659**	598	**632**	573
Valuation basis[1]	**689**	627	**662**	601
1 year upward	**799**	719	**772**	694

1 *Forecast service and interest costs for the year ending 2025.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

20. Gold and Foreign Exchange Contingency Reserve Account

		GROUP		SARB	
	Note(s)	**2024 R mil**	2023 R mil	**2024 R mil**	2023 R mil
SARB Act					
Opening balance		**458 714**	314 283	**458 714**	314 283
Profit on gold price adjustment account[1]		**27 606**	28 463	**27 606**	28 463
Loss on FEC adjustment account		**(14 291)**	(39 556)	**(14 291)**	(39 556)
Profit on foreign exchange adjustment account		**59 915**	153 629	**59 915**	153 629
Movement in unrealised gains/(losses) on FECs		**(7)**	1 842	**(7)**	1 842
		531 937	458 661	**531 937**	458 661
Payments from the SA government		**52**	54	**52**	54
Closing balance		**531 989**	458 715	**531 989**	458 715
Balance composition					
Balance currently due to the SA government		**531 895**	458 613	**531 895**	458 613
Net unrealised gains on FECs	8	**94**	102	**94**	102
		531 989	458 715	**531 989**	458 715

[1] *The gold price adjustment account includes the changes in gold statutory price as well as income and expenses relating to gold transactions.*

The GFECRA, which is operated in terms of section 28 of the SARB Act, represents net revaluation gains 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 the SA government and consists mainly of the exchange margin.

21. Share capital

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Issued				
2 000 000 shares (2023: 2 000 000 shares) of R1 each	**2**	2	**2**	2

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

22. Profit before taxation

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
22.1 Operating income includes:				
Administration and management fees received	**–**	–	**26**	6
Bank charges	**291**	240	**291**	240
Commission on banking services	**716**	177	**716**	177
Rental income	**65**	8	**6**	8
Sales of bank notes and coin to third parties	**2 193**	3 541	**–**	–
Sundry income	**105**	65	**88**	64
Total operating income	**3 370**	4 031	**1 127**	495

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

22. Profit before taxation continued

22.2 Operating costs include:

	Note(s)	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Depreciation and amortisation					
Buildings		**55**	45	**48**	38
Computer software		**297**	46	**291**	38
Plant, vehicles, furniture and equipment		**492**	395	**335**	259
Total depreciation and amortisation	12 & 13	**844**	486	**674**	335
Net (profit)/loss on disposal of:					
Property, plant and equipment	12	**(4)**	27	**(4)**	3
Impairment loss on:					
Tangible and Intangible assets	12 & 13	**325**	14	**325**	14
Write-down of inventories					
Write-down of inventories	7	**25**	19	–	–
Auditor's remuneration – external					
Audit fees		**37**	23	**28**	17
Consulting fees					
Consulting fees		**387**	305	**363**	283
Employee costs					
Director's remuneration	33.6	**37**	35	**37**	34
Remuneration and recurring staff costs		**3 627**	3 407	**2 971**	2 759
Contribution to funds – Normal		**310**	300	**294**	264
Contributions to funds – Additional		**3**	–	**3**	–
Movement in provision for post-employment medical benefits	19.1	**317**	307	**293**	283
Movement in provision for post-employment group life benefits	19.2	**10**	9	**9**	8
Movement in provision for post-employment retirement benefit fund benefits	19.3	**–**	14	**–**	14
Premiums paid – Medical aid		**144**	147	**129**	121
Premiums paid – Group life		**9**	8	**5**	4
Total employee costs		**4 457**	4 227	**3 741**	3 487
Other					
Cost of new currency		**19**	7	**1 791**	2 792
Manufacturing costs		**2 468**	3 696	**–**	–
IT infrastructure		**579**	434	**547**	396
Other operating costs[1]		**1 424**	1 456	**983**	631
Total operating expenses		**10 561**	10 694	**8 448**	7 958

[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 2024

23. Taxation

	Note(s)	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
South African normal taxation					
Current					
Local income taxation – current period		**4 488**	239	**4 380**	–
Deferred					
Current year timing differences	14	**(232)**	(43)	**(192)**	(50)
Adjustment in respect of prior years	14	**3**	–	**–**	–
Tax loss utilised		**1 113**	–	**1 113**	–
Total taxation		**5 372**	196	**5 301**	(50)
Reconciliation of taxation rate					
South African normal taxation rate		**27.00%**	27.00%	**27.00%**	27.00%
Adjusted for:					
Disallowable expenses		**1.68%**	(9.98%)	**2.08%**	(21.02%)
Donations		**0.05%**	0.45%	**0.06%**	1.28%
Reversal of credit impairment losses		**–**	(0.03%)	**–**	(0.09%)
Impairment loss/(reversal) on investment in associate		**1.35%**	(8.07%)	**1.45%**	(22.96%)
Expenses of a capital nature		**0.28%**	(2.33%)	**0.57%**	0.75%
Exempt income and special deductions		**(1.30%)**	(7.59%)	**(0.10%)**	12.82%
Dividend income		**(0.02%)**	(0.20%)	**(0.10%)**	(12.05%)
Interest from SARS		**–**	(0.26%)	**–**	(0.73%)
Special allowances[1]		**(1.28%)**	(7.13%)	**–**	(0.04%)
Prior years		**(0.01%)**	–	**–**	–
Effective taxation rate		**27.37%**	9.43%	**28.98%**	(6.84%)
Taxation paid					
Opening balance – taxation receivable		**721**	1 429	**754**	1 442
Current taxation for the year recognised in profit or loss		**(4 488)**	(240)	**(4 380)**	–
Interest accrued		**45**	20	**45**	20
Closing balance – taxation receivable[2]		**22**	(721)	**58**	(754)
Taxation (paid)/received[3]		**(3 700)**	488	**(3 523)**	708

1 *Special allowances in Group mainly relate to the CPD, which is exempt from taxation.*
2 *Consists of SARB taxation payable of R58 million (2023: R754 million receivable) and Group taxation payable of R22 million (2023: R721 million receivable).*
3 *Consists of SARB taxation paid of R3.5 billion (2023: R708 million received) and Group taxation paid of R3.7 billion (2023: R488 million received).*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

24. Dividends paid

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Dividends were paid as follows:				
SARB shares[1]	**–**	–	**–**	–
Final dividend of 5 cents per share for the 2024 financial year[2]	**–**	–	**–**	–
Interim dividend of 5 cents per share for the 2024 financial year[2]	**–**	–	**–**	–
Total dividends paid on SARB shares	**–**	–	**–**	–
Non-controlling interest				
Dividends paid to non-controlling interest	**–**	174	**–**	–
Total dividends paid to non-controlling interest	**–**	174	**–**	–
Total dividends paid	**–**	174	**–**	–

1 *The SARB shares qualify for a maximum dividend of 10 cents per share per annum in terms of the SARB Act.*

2 *Both the final and interim dividend for the 2024 financial year amounted to R0.1 million (2023: R0.1 million) and R0.1 million (2023: R0.1 million) respectively.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

25. Net cash generated from operations

	Note(s)	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
Reconciliation of profit before taxation to cash generated from operating activities					
Profit before taxation for the year		**19 626**	2 079	**18 293**	731
Adjustments for:					
Interest revenue	31	**(10 697)**	(6 950)	**(1 298)**	(1 677)
Interest expense	31	**18 339**	12 361	**9 372**	7 337
Fair value adjustments on investments	31	**(223)**	(303)	**–**	–
Dividends received	31	**(112)**	(103)	**(112)**	(364)
Depreciation, amortisation and impairment	12 & 13	**1 169**	500	**999**	348
Net profit/(loss) on disposal of fixed assets	22.2	**(4)**	27	**(4)**	3
Profit from associate	33.3	**(154)**	(168)	**–**	–
Impairment loss/(reversal) on investment in associate	33.3	**982**	(621)	**982**	(621)
Credit impairment reversal	22.2	**(337)**	(38)	**(8)**	(16)
Unrealised foreign exchange gains		**1**	–	**–**	–
Post-employment benefits	19	**171**	182	**159**	169
Interest accrued on taxation	23	**(45)**	(20)	**(45)**	(20)
Net cash generated from operating activities		**28 716**	6 944	**28 338**	5 890
Changes in operating assets and liabilities:					
Amounts due by Group companies	34.4	**–**	–	**(770)**	(4)
Accommodation to banks	3	**1 947**	47 107	**1 947**	47 107
Investments	4	**17 892**	(35 691)	**–**	–
Other assets	5	**5 388**	(4 571)	**5 378**	(4 478)
Gold and foreign exchange reserves	6	**(85 706)**	(250 482)	**(85 706)**	(250 482)
Inventories	7	**(801)**	(439)	**(4)**	5
FEC assets	8	**65**	(107)	**65**	(107)
Loans and advances	9	**2 989**	2 012	**2 989**	2 005
South African government bonds	10	**1 822**	6 675	**1 822**	6 675
Equity investment in BIS	11	**(322)**	(912)	**(322)**	(912)
Notes and coin in circulation	15	**(2 061)**	468	**(2 061)**	468
Deposit accounts	16	**21 845**	69 180	**18 332**	53 969
Amounts due to Group companies	33.4	**–**	–	**2 890**	(39 297)
Foreign deposits	17	**(26 265)**	42 346	**(26 265)**	42 346
Other liabilities	18	**(5 891)**	5 130	**(6 202)**	3 923
SARB debentures		**–**	(3 807)	**–**	(3 807)
FEC liabilities	8	**(57)**	(1 735)	**(57)**	(1 735)
GFECRA	20	**73 274**	144 431	**73 274**	144 431
Net cash generated from/(utilised by) changes in working capital		**4 119**	19 607	**(14 690)**	107
Net cash generated from operations		**32 835**	26 551	**13 648**	5 997

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

26. Capital commitments

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Capital expenditure contracted for, but not yet incurred				
Buildings	**1 443**	2 101	**1 440**	2 097
Plant, vehicles, furniture and equipment	**231**	167	**199**	139
Intangible assets	**1 093**	711	**1 084**	708
Total capital expenditure contracted for, but not yet incurred	**2 767**	2 979	**2 723**	2 944
Capital expenditure approved but not yet contracted for				
Buildings	**999**	1 144	**887**	1 007
Plant, vehicles, furniture and equipment	**778**	394	**302**	173
Intangible assets	**333**	465	**325**	413
Total capital expenditure approved, but not yet contracted for	**2 110**	2 003	**1 514**	1 593

These capital commitments will be funded from internal resources.

27. Events after the reporting period

27.1 CODI operations and guarantee

On 1 April 2024 the relevant provisions of the Financial Sector Regulation Act No. 9 of 2017 (FSR Act) and the secondary legislation for CODI, governing the operations of CODI became effective. From this date the depositors of member banks were covered and CODI was able to start charging annual levies and monthly premiums to the member banks.

The SARB has issued a guarantee to commercial banks for loan amounts provided to CODI for the liquidity tier of the deposit insurance fund (DIF), effective from 1 April 2024. Member banks are required to maintain a loan amount of 3% of their covered deposits' balance with CODI for as long as they are licenced. The loan will be repaid by CODI as the entity accumulates sufficient liquidity in the DIF.

The SARB has committed to provide CODI with an emergency funding loan, in the event that CODI is unable to meet its obligations as specified in section 166AA of the FSR Act. The total amount of the emergency funding loan will be mutually agreed upon by both parties when CODI makes a request for the loan.

27.2 Energy Bounce Back Scheme

In April and May 2024, a total of R203 million was advanced on the Energy Bounce Back Loan Scheme. Refer to note 32 for details on the scheme.

27.3 GFECRA settlement framework

In June 2024, the SARB concluded a settlement framework agreement with the National Treasury for the settlement of the GFECRA liability. In terms of the agreement, the SARB will settle R250 billion of the GFECRA liability in installments over the next 3 financial years. The National treasury will transfer R100 billion to the SARB in the 2024/25 financial year, to promote the policy solvency of the SARB. Further settlement of the GFECRA liability may only occur if the SARB has an adequate contingency reserve level as well as an adequate estimated GFECRA balance level to absorb potential future currency reversals.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments

Introduction

The SARB is a risk-averse institution. Owing to the unique role and functions of the SARB, risk management is not solely based on risk and return considerations but also takes into account public interest in line with the statutory and constitutional responsibility of the SARB.

The SARB holds and manages the official reserves of the Republic of South Africa in accordance with its role as a central bank and the SARB Act. The SARB is also responsible for achieving and maintaining price stability in the interest of sustainable and balanced economic development and growth through the monetary policy. The SARB carefully considers the sensitivity of particular risk management disclosures , in relation to its role and activities as a central bank. Therefore, not all information as required by *IFRS 7 Financial Instruments Disclosures* is disclosed. Refer to the financial reporting framework on page 7 for details on excluded disclosures.

The Financial Markets Department (FMD) of the SARB is responsible for the implementation of monetary policy and the management of the reserves.

Reserves management

Reserves play a key role in ensuring that the country will be able to:

- cover its external operational needs;
- service the country's foreign exchange liabilities;
- cover any foreign currency net imbalances in the balance of payments; and
- maintain confidence in the country's monetary and exchange rate policies.

Framework

The risk tolerance of the SARB, as far as reserves management operations are concerned, is specified and implemented through the Investment Policy (IP), the Strategic Asset Allocation (SAA), the active risk budget and the investment guidelines. The IP provides a strategic framework that guides FMD and the Reserves Management Committee (Resmanco) in their respective roles in the reserves management process. The IP specifies, among other things, the aggregate tolerance parameters of the SARB and the eligible asset classes, which are implemented through the SAA.

The SAA determines the optimal asset allocation, while recognising the risk tolerance and liquidity constraints of the SARB. It sets the tranche sizes, currency composition, appropriate asset classes and calculates the expected risk and return over the relevant time horizon. These parameters are specified at tranche level. Hence, each tranche has its own asset mix aimed at achieving the investment objectives of the tranche. The investment objectives in order of priority are:

- capital preservation;
- liquidity; and
- achieving reasonable returns.

Governance

The SARB has a three-tier governance structure where the responsibilities for executive authority, strategic management and the actual portfolio management are clearly segregated. This comprises of the GEC, Resmanco and FMD. The GEC is responsible for decision making around the overall risk tolerance of the organisation, the IP and the SAA of reserves. The Resmanco is the investment committee which functions within the parameters defined by the GEC, and is responsible for decision making around investment guidelines, the allocation of the active risk budget to individual portfolios and the appointment or removal of external fund managers and custodians.

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 and 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, the possible impact on the key functions of the SARB, and how such risks are managed. The report, furthermore, highlights future risks that might adversely impact on the activities of the SARB. In line with international best practice, key risk types discussed in these reports are market, credit and operational risk in relation to market, monetary policy implementation and reserves management operations.

Risk governance policies and procedures are performed by Heads of Departments, managing directors of the subsidiaries, and the Risk Management and Compliance Department with oversight by the RMC and BREC. Certain aspects of risk management specific to financial instruments are described below.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

Reserves management continued

Daily operations

Reserves management activities are performed by FMD. These activities are in line with principles of sound internal governance which include that of portfolio management, performance measurement, risk control and compliance, accounting and settlement.

Statement of financial position impact

Key statement of financial position balances related to reserves management include:
Note 11 – Equity investment in BIS;
Note 6 – Gold and foreign exchange reserves; and
Note 20 – GFECRA.

Monetary policy

The task of implementing monetary policy decisions is undertaken through a range of refinancing operations conducted with the commercial banks as counterparties and which are executed at or with a spread to the repo (policy) rate. In addition to the refinancing operations, FMD also conducts a range of open market operations to influence the liquidity in the money market. Market operations are undertaken in both the domestic and foreign exchange markets. The open market operations include the issuance of SARB debentures, reverse repos, the movement of public sector funds between the market and the SARB and the conducting of money market swaps in the foreign exchange market.

In addition to the main repo facility, the SARB offers a range of end-of-day facilities for the commercial banks to square-off the daily positions on their settlement accounts, e.g. access to their cash reserve balances held with the SARB, supplementary repos/reverse repos conducted at the repo rate and an automated standing facility whereby the end-of-day balances on the banks' settlement accounts are automatically settled at a rate of 1.00% below or above the policy rate.

Framework

The framework for domestic market operations is specified in the Operational Notice.

Governance

The SARB has full operational autonomy. Monetary policy is set by the SARB's Monetary Policy Committee (MPC), which conducts monetary policy within a flexible inflation-targeting framework. This committee consists of seven members of the SARB: the Governor, three Deputy Governors and three senior officials of the SARB.

Daily operations

The Domestic Market Operations Section (within FMD) is responsible for the conducting of all domestic market operations associated with the SARB's responsibility for monetary policy implementation. These operations entail all the liquidity providing and liquidity draining operations conducted with banking counterparties.

Statement of financial position impact

Key statement of financial position balances related to monetary policy implementation include:
Note 3 – Accommodation to banks and standing facilities;
Note 8 – FEC assets and liabilities;
Note 15 – Notes and coin in circulation;
Note 16 – Banks' reserve and current accounts;
Note 16 – SA government special deposit; and
Note 17 – Foreign deposits.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk

Market risk monitoring is conducted at all levels (e.g. Portfolio and Tranche level) with constant tracking of the risk metrics such as duration, 'Value at Risk' and 'Tracking Error'. Portfolio holdings data is consolidated and stress testing and scenario analyses are conducted in the portfolios to ensure that risk exposures remain within the approved risk tolerance levels should extreme market movements occur. In the event that the risk metrics deviate significantly from the approved levels, recommendations to review or amend the necessary allocations may be escalated to Resmanco. Market risk is reported on a daily, monthly and quarterly basis.

28.1.1 Interest rate risk

With the exception of SA government bonds and amounts due by/to related parties, 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 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 SAA, which is approved by the GEC. The risk budget is approved by the GEC.

28.1.2 Price risk

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 risk, participants in the repo agreement transactions have to provide securities representing market values in excess of the exposures ('haircut valuations'). The 'haircut' is the extent to which the collateral must exceed the value of the underlying loan (e.g. 102.00%). The excess collateral value is to protect against the risk embedded in the assets used as collateral. Treasury Bills and SARB debentures are valued at the most recent auction's discount rates.

28.1.3 Currency risk

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. Foreign exchange risk is managed by approving certain currencies for the foreign exchange reserve portfolios to diversify this risk. The gains and losses resulting from active risk positions are recorded in the SARB's statement of comprehensive income. Gains and losses arising from movements in the exchange rate of the rand are recorded in GFECRA in the SARB's statement of financial position. The SARB's exposure to currency risk from holding reserves is thus limited by the fact that, 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 FEC shall be for the account of the SA government.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk

Concentration risk is the risk of significant exposure to a single counterparty or geographic region. Concentration risk is calculated on the basis of a percentage of the exposure to the counterparty of the SARB as a percentage of total exposures to all counterparties. This is actively monitored by the Risk Management Unit (within FMD). The concentration risk can be analysed as follows:

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
Group 2024																
Financial assets																
Amortised cost																
Cash and cash equivalents	61 574	99.7	–	–	142	0.2	27	–	–	–	–	–	–	–	61 743	100
Accommodation to banks	451	100	–	–	–	–	–	–	–	–	–	–	–	–	451	100
Investments	23 286	100	–	–	–	–	–	–	–	–	–	–	–	–	23 286	100
Other financial assets	1 662	98.6	–	–	19	1.1	5	0.3	–	–	–	–	–	–	1 686	100
Loans and advances	7 080	100	–	–	–	–	–	–	–	–	–	–	–	–	7 080	100
FVPL																
Investments	351	100	–	–	–	–	–	–	–	–	–	–	–	–	351	100
SA government bonds	32 007	100	–	–	–	–	–	–	–	–	–	–	–	–	32 007	100
FVOCI																
Equity investment in BIS	–	–	–	–	–	–	–	–	–	–	–	–	6 605	100	6 605	100
SARB Act																
FEC assets	–	–	–	–	118	100	–	–	–	–	–	–	–	–	118	100
Gold and foreign exchange[1]	–	–	169 535	14.4	684 092	58.0	38 380	3.3	33 171	2.8	73 207	6.2	180 640	15.3	1 179 025	100
Total financial assets	**126 411**	**9.6**	**169 535**	**12.9**	**684 371**	**52.1**	**38 412**	**2.9**	**33 171**	**2.5**	**73 207**	**5.6**	**187 245**	**14.3**	**1 312 351**	**100**
Unrecognised financial assets																
Guarantees	6 382	100	–	–	–	–	–	–	–	–	–	–	–	–	6 382	100
Total unrecognised financial assets	**6 382**	**100**	–	–	–	–	–	–	–	–	–	–	–	–	**6 382**	**100**

1 *Included in the 'Other' category is R127 186 million for amounts denominated in XDR.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk continued

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
Group 2024																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	169 504	100	–	–	–	–	–	–	–	–	–	–	–	–	169 504	100
Deposit accounts	474 272	100	–	–	–	–	–	–	–	–	–	–	–	–	474 272	100
Other financial liabilities	2 400	71.5	–	–	945	28.2	9	0.3	–	–	–	–	–	–	3 354	100
SARB debentures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
FVPL																
Foreign deposits	–	–	–	–	82 632	81.6	9 676	9.6	4 534	4.5	2 113	2.1	2 269	2.2	101 224	100
SARB Act																
FEC liabilities	–	–	–	–	24	100	–	–	–	–	–	–	–	–	24	100
GFECRA	531 989	100	–	–	–	–	–	–	–	–	–	–	–	–	531 989	100
Total financial liabilities	1 178 165	90.8	-	-	83 601	6.5	9 685	0.8	4 534	0.4	2 113	0.2	2 269	0.2	1 280 367	100
Unrecognised financial liabilities																
Guarantees	6 382	100	–	–	–	–	–	–	–	–	–	–	–	–	6 382	100
Loan commitments	117 739	100	–	–	–	–	–	–	–	–	–	–	–	–	117 739	100
Total unrecognised financial liabilities	124 121	100	–	–	–	–	–	–	–	–	–	–	–	–	124 121	100

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk continued

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
Group 2023																
Financial assets																
Amortised cost																
Cash and cash equivalents	42 385	99.9	–	–	24	0.1	16	–	–	–	–	–	–	–	42 426	100
Accommodation to banks	2 398	100	–	–	–	–	–	–	–	–	–	–	–	–	2 398	100
Investments	41 000	100	–	–	–	–	–	–	–	–	–	–	–	–	41 000	100
Other financial assets	1 111	93.5	–	–	71	6.0	6	0.5	–	–	–	–	–	–	1 187	100
Loans and advances	10 069	100	–	–	–	–	–	–	–	–	–	–	–	–	10 069	100
FVPL																
Investments	306	100	–	–	–	–	–	–	–	–	–	–	–	–	306	100
SA government bonds	33 829	100	–	–	–	–	–	–	–	–	–	–	–	–	33 829	100
FVOCI																
Equity investment in BIS	–	–	–	–	–	–	–	–	–	–	–	–	5 866	100	5 866	100
SARB Act																
FEC assets	–	–	–	–	183	100	–	–	–	–	–	–	–	–	183	100
Gold and foreign exchange	–	–	141 895	13.0	638 822	58.4	42 618	3.9	29 412	2.7	69 491	6.4	171 081	15.6	1 093 319	100
Total financial assets	131 097	10.6	141 895	11.5	639 100	51.9	42 641	3.5	29 412	2.4	69 491	5.6	176 947	14.4	1 230 584	100
Unrecognised financial assets																
Guarantees	9 415	100	–	–	–	–	–	–	–	–	–	–	–	–	9 415	100
Total unrecognised financial assets	9 415	100	–	–	–	–	–	–	–	–	–	–	–	–	9 415	100

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk continued

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
Group 2023																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	171 565	100	–	–	–	–	–	–	–	–	–	–	–	–	171 565	100
Deposit accounts	452 427	100	–	–	–	–	–	–	–	–	–	–	–	–	452 427	100
Other financial liabilities	1 866	73.1	–	–	650	25.5	37	1.4	–	–	–	–	–	–	2 551	100
FVPL																
Foreign deposits	–	–	–	–	102 962	80.8	16 451	12.9	4 004	3.1	2 004	1.6	2 068	1.6	127 489	100
SARB Act																
FEC liabilities	–	–	–	–	81	100.0	–	–	–	–	–	–	–	–	81	100
GFECRA	458 715	100	–	–	–	–	–	–	–	–	–	–	–	–	458 715	100
Total financial liabilities	1 084 573	89.4	–	–	103 693	8.5	16 488	1.4	4 004	0.3	2 004	0.2	2 068	0.2	1 212 830	100
Unrecognised financial liabilities																
Guarantees	9 415	100	–	–	–	–	–	–	–	–	–	–	–	–	9 415	100
Loan commitments	90 054	100	–	–	–	–	–	–	–	–	–	–	–	–	90 054	100
Total unrecognised financial liabilities	99 469	100	–	–	–	–	–	–	–	–	–	–	–		99 469	100

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk continued

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
SARB 2024																
Financial assets																
Amortised cost																
Amounts due by group companies	777	100	–	–	–	–	–	–	–	–	–	–	–	–	777	100
Accommodation to banks	451	100	–	–	–	–	–	–	–	–	–	–	–	–	451	100
Other financial assets	1 579	100	–	–	–	–	–	–	–	–	–	–	–	–	1 579	100
Loans and advances	7 080	100	–	–	–	–	–	–	–	–	–	–	–	–	7 080	100
FVPL																
SA government bonds	32 007	100	–	–	–	–	–	–	–	–	–	–	–	–	32 007	100
FVOCI																
Equity investment in BIS	–	–	–	–	–	–	–	–	–	–	–	–	6 605	100	6 605	100
SARB Act																
FEC assets	–	–	–	–	118	100	–	–	–	–	–	–	–	–	118	100
Gold and foreign exchange[1]	–	–	169 535	13.0	684 092	58.4	38 380	3.9	33 171	2.7	73 207	6.4	180 640	15.6	1 179 025	100
Total financial assets	**41 894**	**3.4**	**169 535**	**12.4**	**684 210**	**55.7**	**38 380**	**3.1**	**33 171**	**2.7**	**73 207**	**6.0**	**187 245**	**15.3**	**1 227 642**	**100**
Unrecognised financial assets																
Guarantees	6 382	100	–	–	–	–	–	–	–	–	–	–	–	–	6 382	100
Total unrecognised financial assets	**6 382**	**100**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6 382**	**100**

1 *Included in the 'Other' category is R127 186 million for amounts denominated in XDR.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk continued

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
SARB 2024																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	169 504	100	–	–	–	–	–	–	–	–	–	–	–	–	169 504	100
Deposit accounts	363 947	100	–	–	–	–	–	–	–	–	–	–	–	–	363 947	100
Amounts due to Group companies	28 303	100	–	–	–	–	–	–	–	–	–	–	–	–	28 303	100
Other financial liabilities	1 744	100	–	–	–	–	–	–	–	–	–	–	–	–	1 744	100
SARB debentures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	100
FVPL																
Foreign deposits	–	–	–	–	82 632	81.6	9 676	9.6	4 534	4.5	2 113	2.1	2 269	2.2	101 224	100
SARB Act																
FEC liabilities	–	–	–	–	24	100	–	–	–	–	–	–	–	–	24	100
GFECRA	531 989	100	–	–	–	–	–	–	–	–	–	–	–	–	531 989	100
Total financial liabilities	1 095 487	91.5	–	–	82 656	6.9	9 676	0.8	4 534	0.4	2 113	0.2	2 269	0.2	1 196 735	100
Unrecognised financial liabilities																
Guarantees	6 382	100	–	–	–	–	–	–	–	–	–	–	–	–	6 382	100
Loan commitments	26 600	100	–	–	–	–	–	–	–	–	–	–	–	–	26 600	100
Total unrecognised financial liabilities	32 982	100	–	–	–	–	–	–	–	–	–	–	–	–	32 982	100

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk continued

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
SARB 2023																
Financial assets																
Amortised cost																
Amounts due by Group companies	7	100	–	–	–	–	–	–	–	–	–	–	–	–	7	100
Accommodation to banks	2 398	100	–	–	–	–	–	–	–	–	–	–	–	–	2 398	100
Other financial assets	1 017	100	–	–	–	–	–	–	–	–	–	–	–	–	1 017	100
Loans and advances	10 069	100	–	–	–	–	–	–	–	–	–	–	–	–	10 069	100
FVPL																
SA government bonds	33 829	100	–	–	–	–	–	–	–	–	–	–	–	–	33 829	100
FVOCI																
Equity investment in BIS	–	–	–	–	–	–	–	–	–	–	–	–	5 866	100.0	5 866	100
SARB Act																
FEC assets	–	–	–	–	183	100.0	–	–	–	–	–	–	–	–	183	100
Gold and foreign exchange	–	–	141 895	13.0	638 822	58.4	42 618	3.9	29 412	2.7	69 491	6.4	171 081	15.6	1 093 319	100
Total financial assets	47 320	4.1	141 895	11.9	639 005	49.2	42 618	3.7	29 412	2.6	69 491	6.1	176 947	15.4	1 146 689	100
Unrecognised financial assets																
Guarantees	9 415	100	–	–	–	–	–	–	–	–	–	–	–	–	9 415	100
Total unrecognised financial assets	9 415	100	–	–	–	–	–	–	–	–	–	–	–	–	9 415	100

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.1 Market risk continued

28.1.3 Currency risk continued

Concentration risk continued

	South African rand		Gold		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
SARB 2023																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	171 565	100	–	–	–	–	–	–	–	–	–	–	–	–	171 565	100
Deposit accounts	345 616	100	–	–	–	–	–	–	–	–	–	–	–	–	345 616	100
Amounts due to Group companies	25 413	100	–	–	–	–	–	–	–	–	–	–	–	–	25 413	100
Other financial liabilities	1 295	100	–	–	–	–	–	–	–	–	–	–	–	–	1 295	100
FVPL																
Foreign deposits	–	–	–	–	102 962	80.8	16 451	12.9	4 004	3.1	2 004	1.6	2 068	1.6	127 489	100
SARB Act																
FEC liabilities	–	–	–	–	81	100.0	–	–	–	–	–	–	–	–	81	100
GFECRA	458 715	100	–	–	–	–	–	–	–	–	–	–	–	–	458 715	100
Total financial liabilities	1 002 604	88.7	–	–	103 043	9.1	16 451	1.5	4 004	0.4	2 004	0.2	2 068	0.2	1 130 174	100
Unrecognised financial liabilities																
Guarantees	9 415	100	–	–	–	–	–	–	–	–	–	–	–	–	9 415	100
Loan commitments	399	100	–	–	–	–	–	–	–	–	–	–	–	–	399	100
Total unrecognised financial liabilities	9 814	100	–	–	–	–	–	–	–	–	–	–	–		9 814	100

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.2 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 Group such as cash and cash equivalents, accommodation to banks, loans and advances, loan commitments arising from such lending activities, other financial assets such as trade receivables, but can also arise from credit enhancement provided, such as financial guarantees. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repo agreements.

A prudent approach to credit risk management is adopted through limiting investment activities to high credit quality assets and counterparties by setting minimum credit rating requirements and requesting appropriate collateral. Credit risk is largely managed by specifying concentration and holding limits per asset class, counterparty or issuer type and credit rating category in the investment guidelines. The SARB mitigates concentration risk through diversification and investing in accordance with the prescriptions of the investment guidelines. This excludes government owned entities and guaranteed securities of highly rated countries. Exposure to these entities are usually unlimited as credit risk is perceived to be minimal. Furthermore, minimum collateral requirements and netting-off arrangements with certain counterparties and securities lending agents are in place, usually through the Master International Swaps and Derivatives Association agreements. In addition, the use of exchange traded derivatives, legally segregated custodial and securities lending accounts and indemnity arrangements further mitigate counterparty pre-settlement, settlement and replacement risks. Credit risk is reported on a daily, monthly and quarterly basis.

Credit risk exposure monitoring is conducted at all levels (e.g. portfolio and issuer level). Portfolio holdings data is consolidated and exposure concentration is monitored at counterparty, asset class, issuer type and credit rating category levels. Through constant monitoring of market information, together with in depth financial statement analysis of counterparties, where necessary, the appropriate recommendations to review or amend credit and concentration limits are escalated to Resmanco and the GEC.

28.2.1 Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations. The Group measures credit risk using PD, EAD and LGD for financial assets classified as at amortised cost. This is similar to the approach used for the purposes of measuring ECL under IFRS 9. Refer to note 28.2.2 for more details.

The Group uses external credit risk gradings that reflect its assessment of the PD of individual counterparties. The Group uses rating models tailored to the various categories of counterparties. Borrower and loan specific information collected at the time of application (such as level of collateral) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable judgement to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Group:

- For debt securities in accommodation to banks, short-term deposits and loans and advances, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.
- The Group's rating method comprises 25 rating levels for instruments not in default (1 to 25) and five default classes (26 to 30). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

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for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.2 Credit risk continued

The instruments relating to the foreign exchange reserves and equity investment in BIS are summarised below:

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
AAA	**124 829**	554 267	**124 829**	554 267
AA	**275 742**	177 935	**275 742**	177 935
A	**72 962**	78 724	**72 962**	78 724
A-1	**542 562**	146 364	**542 562**	146 364
Total foreign financial assets	**1 016 095**	957 290	**1 016 095**	957 290

28.2.2 ECL measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The Group applies the same model for all financial assets and is summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the Group.
- If a SICR since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired. Please refer to note 28.2.2.1 for a description of how the Group determines when a SICR has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'. Please refer to note 28.2.2.2 for a description of how the Group defines credit-impaired and default.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Financial instruments in stages 2 or 3 have their ECL measured based on ECL on a lifetime basis. Please refer to note 28.2.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 28.2.2.4 includes an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3).

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

28.2.2.1 Significant increase in credit risk

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The SARB uses credit ratings in order to determine the SICR. The movement of an asset's credit rating to the next lower rating of the credit rating scale is defined as a 1 notch rating movement (i.e. moving from A+ to A). The SICR for the SARB is defined as a rating change of more than 2 notches as this change is guaranteed to move the asset to the next rating category or risk profile. Therefore a 3 notch rating movement will always guarantee a movement of a financial asset to the next rating category (i.e. (i) upper medium grade to lower medium grade, (ii) non-investment grade to highly speculative grade, (iii) substantial risks to extremely speculative) which according to the rating scale is of lower credit worthiness and this is applicable in all grades of the credit rating scale. The short-term nature of exposure makes it unlikely that credit risk will move significantly. This is however reviewed frequently.

SICR is considered before contractual payments are more than 30 days past due, and thus the rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due does not apply. When the borrower is more than 30 days past due on its contractual payments, it is considered credit-impaired.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.2 Credit risk continued

28.2.2 ECL measurement continued

28.2.2.1 Significant increase in credit risk continued

Qualitative criteria:

If the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Negative outlook by two or more rating agencies in the past six months.
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.
- Actual or expected forbearance or restructuring.
- Actual or expected significant adverse change in operating results of the borrower.
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default.
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 March 2024 (2023: none).

28.2.2.2 Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 30 days past due on its contractual payments.

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance.
- The borrower is in breach of financial covenant(s) if applicable.
- It is becoming probable that the borrower will enter bankruptcy.
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.
- An active market for that financial asset has disappeared.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.2 Credit risk continued

28.2.2 ECL measurement continued

28.2.2.3 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. The general formulation of the ECL determination under the components-based approach (i.e. a model based on PD, EAD and LGD) requires the derivation of term structured PD, EAD and LGD parameters as well as original effective interest rate for discounting. ECL calculations using this approach are based on the following components:

- **PD** – This is an estimate of the likelihood of default over a given time horizon.
- **EAD** – This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.
- **LGD** – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- **Period of exposure** – Expected period of exposure to credit risk not mitigated by risk management actions for instruments which include both drawn and undrawn parts.
- **Discount rate** – This is used to discount the expected loss to a present value at the reporting date using the effective interest rate (EIR) at initial recognition. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The 12M and Lifetime EADs are determined based on the expected payment profile, which varies by instrument.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12M or Lifetime basis. The 12M and Lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers.

Forward-looking economic information is also included in determining the 12M and Lifetime PD, EAD and LGD. Refer to note 28.2.2.4 for an explanation of forward- looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation (such as how the maturity profile of the PDs and how collateral values change etc.) are monitored and reviewed periodically.

There have been no significant changes in estimation techniques or assumptions used during the reporting period (2023: none).

28.2.2.4 Forward-looking information incorporated in the ECL models

Forward-looking information is incorporated into each of the model's scenarios, i.e. the base, upside and downside scenarios.

Periodically, stress testing is carried out of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises senior management.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.2 Credit risk continued

28.2.3 Credit risk exposure

28.2.3.1 Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised.

The closing balance of the credit-impaired loss allowance as at 31 March is reconciled as follows:

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Loss allowance as at 31 March	**(691)**	(729)	**(8)**	(24)
Loss allowance recognised during the year	**–**	(1)	**–**	(1)
Loss allowance reversed during the year	**337**	38	**8**	16
Loss allowance as at 31 March	**(354)**	(692)	**–**	(9)

	Stage 1 12-months ECL R mil	Stage 2 Lifetime ECL R mil	Stage 3 Lifetime ECL R mil	Purchased credit impaired R mil	Total R mil
GROUP 2024					
ECL opening balance	**–**	**(691)**	**–**	**–**	**(691)**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Loss allowance reversed	**–**	**337**	**–**	**–**	**337**
ECL closing balance	**–**	**(354)**	**–**	**–**	**(354)**
GROUP 2023					
ECL opening balance	–	(729)	–	–	(729)
Loss allowance	–	(1)	–	–	(1)
Loss allowance reversed	–	38	–	–	38
ECL closing balance	–	(692)	–	–	(692)
SARB 2024					
ECL opening balance	**–**	**(8)**	**–**	**–**	**(8)**
Loss allowance reversed	**–**	**8**	**–**	**–**	**8**
ECL closing balance	**–**	**–**	**–**	**–**	**–**
SARB 2023					
ECL opening balance	–	(24)	–	–	(24)
Loss allowance	–	(1)	–	–	(1)
Loss allowance reversed	–	16	–	–	16
ECL closing balance	–	(9)	–	–	(9)

The Group writes off financial assets when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators thereof include ceasing enforcement activity or where the collateral value indicates that there is no reasonable expectation of recovery.

Notes to the consolidated and separate financial statements continued
for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.2 Credit risk continued

28.2.3 Credit risk exposure continued

28.2.3.2 Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

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 SA 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-'.

There were no investment securities with a credit rating below the SARB's investment guidelines as at 31 March 2024 (2023: none).

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period, excluding certain counterparty bills that the SARB has taken a decision to temporarily suspend as eligible collateral in its repo operations. There has been no significant change in the overall quality of the collateral held by the Group since the prior period.

28.2.4 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular review of inputs.
- Impacts on the measurement of ECL due to changes made to models and assumptions such as the estimated term of the facility.
- Impact of updated legal agreements on the IGCC facility refer to note 9.

As at 31 March 2024 the Group recognised a loss allowance reversal of R337 million (2023: R38.0 million); SARB loss allowance reversal of R8 million (2023: R16 million).

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.3 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 FMD. In addition, liquidity risk is managed by setting requirements that ensure minimum standards of liquidity, which may include minimum issue size thresholds and securities must be liquid enough to ensure that they are sellable within a reasonably short period. Moreover, the SARB's reserve portfolios are constructed in such a way as to ensure that the 'Liquidity Tranche' is invested in relatively short-term securities in order to ensure that sufficient funds are available to meet obligations.

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			
	Redeemable on demand R mil	Up to 1 month R mil	1 – 3 months R mil	4 – 6 months R mil	7 – 12 months R mil	1 – 2 years R mil	2 – 5 years R mil	More than 5 years R mil	Total R mil
GROUP 2024									
Financial assets									
Cash and cash equivalents	–	34 480	27 263	–	–	–	–	–	61 743
Accommodation to banks	451	–	–	–	–	–	–	–	451
Investments	–	2 467	19 146	2 024	–	–	–	–	23 637
Other financial assets	–	793	280	–	59	–	554	–	1 686
Gold and foreign exchange reserves	296 721	261 263	118 326	95 154	129 846	–	257 098	20 617	1 179 025
FEC assets	–	14	53	51	–	–	–	–	118
Loans and advances	–	302	586	880	1 746	3 040	1 193	–	7 747
SA government bonds	–	–	–	–	–	–	–	32 007	32 007
Equity investment in BIS	6 605	–	–	–	–	–	–	–	6 605
Total financial assets	303 777	299 319	165 654	98 109	131 651	3 040	258 845	52 624	1 313 019
Unrecognised financial assets									
Guarantees	6 382	–	–	–	–	–	–	–	6 382
Total unrecognised financial assets	6 382	–	–	–	–	–	–	–	6 382
Financial liabilities									
Notes and coin in circulation	169 504	–	–	–	–	–	–	–	169 504
Deposit accounts	322 764	151 508	–	–	–	–	–	–	474 272
Foreign deposits	45	101 179	–	–	–	–	–	–	101 224
Other financial liabilities	–	1 627	1 003	90	80	–	554	–	3 354
FEC liabilities	–	14	2	8	–	–	–	–	24
GFECRA	531 989	–	–	–	–	–	–	–	531 989
Total financial liabilities	1 024 302	254 328	1 005	98	80	–	554	–	1 280 367
Unrecognised financial liabilities									
Guarantees	6 382	–	–	–	–	–	–	–	6 382
Loan commitments	117 739	–	–	–	–	–	–	–	117 739
Total unrecognised financial liabilities	124 121	–	–	–	–	–	–	–	124 121

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.3 Liquidity risk continued

	Current					Non-current	
	Redeemable on demand R mil	Up to 1 month R mil	1 – 3 months R mil	4 – 6 months R mil	7 – 12 months R mil	More than 1 year R mil	Total R mil
GROUP 2023							
Financial assets							
Cash and cash equivalents	–	37 376	5 050	–	–	–	42 426
Accommodation to banks	2 398	–	–	–	–	–	2 398
Investments	–	22 128	12 138	7 040	–	–	41 306
Other financial assets	–	225	442	–	–	521	1 187
Gold and foreign exchange reserves	263 324	248 316	50 113	125 929	141 164	264 472	1 093 319
FEC assets	–	40	79	64	–	–	183
Loans and advances	–	–	–	–	–	10 069	10 069
SA government bonds	–	–	–	–	–	33 829	33 829
Equity investment in BIS	5 866	–	–	–	–	–	5 866
Total financial assets	271 588	308 085	67 822	133 033	141 164	308 891	1 230 584
Unrecognised financial assets							
Guarantees	9 415	–	–	–	–	–	9 415
Total unrecognised financial assets	9 415	–	–	–	–	–	9 415
Financial liabilities							
Notes and coin in circulation	171 565	–	–	–	–	–	171 565
Deposit accounts	309 376	143 051	–	–	–	–	452 427
Foreign deposits	39	127 450	–	–	–	–	127 489
Other financial liabilities	–	1 323	177	90	442	521	2 551
FEC liabilities	–	–	81	–	–	–	81
GFECRA	458 715	–	–	–	–	–	458 715
Total financial liabilities	939 695	271 824	258	90	442	521	1 212 830
Unrecognised financial liabilities							
Guarantees	9 415	–	–	–	–	–	9 415
Loan commitments	90 054	–	–	–	–	–	90 054
Total unrecognised financial liabilities	99 469	–	–	–	–	–	99 469

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.3 Liquidity risk continued

	Current					Non–current			
	Redeemable on demand R mil	Up to 1 month R mil	1 – 3 months R mil	4 – 6 months R mil	7 – 12 months R mil	1 – 2 years R mil	2 – 5 years R mil	More than 5 years R mil	Total R mil
SARB 2024									
Financial assets									
Amounts due by Group companies	777	–	–	–	–	–	–	–	777
Accommodation to banks	451	–	–	–	–	–	–	–	451
Other financial assets	–	700	325	–	–	–	554	–	1 579
Gold and foreign exchange reserves	296 721	261 263	118 325	95 154	129 846	–	257 098	20 617	1 179 025
FEC assets	–	14	53	51	–	–	–	–	118
Loans and advances	–	302	586	880	1 746	3 040	1 193	–	7 747
SA government bonds	–	–	–	–	–	–	–	32 007	32 007
Equity investment in BIS	6 605	–	–	–	–	–	–	–	6 605
Total financial assets	304 554	262 279	119 289	96 085	131 592	3 040	258 844	52 624	1 228 309
Unrecognised financial assets									
Guarantees	6 382	–	–	–	–	–	–	–	6 382
Total unrecognised financial assets	6 382	–	–	–	–	–	–	–	6 382
Financial liabilities									
Notes and coin in circulation	169 504	–	–	–	–	–	–	–	169 504
Deposit accounts	212 439	151 508	–	–	–	–	–	–	363 947
Amounts due to Group companies	28 303	–	–	–	–	–	–	–	28 303
Foreign deposits	45	101 179	–	–	–	–	–	–	101 224
Other financial liabilities	–	1 190	–	–	–	–	554	–	1 744
FEC liabilities	–	14	2	8	–	–	–	–	24
GFECRA	531 989	–	–	–	–	–	–	–	531 989
Total financial liabilities	942 280	253 891	2	8	–	–	554	–	1 196 735
Unrecognised financial liabilities									
Guarantees	6 382	–	–	–	–	–	–	–	6 382
Loan commitments	26 600	–	–	–	–	–	–	–	26 600
Total unrecognised financial liabilities	32 982	–	–	–	–	–	–	–	32 982

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

28. Risk management in respect of financial instruments continued

28.3 Liquidity risk continued

	Current					Non–current	
	Redeemable on demand R mil	Up to 1 month R mil	1 – 3 months R mil	4 – 6 months R mil	7 – 12 months R mil	More than 1 year R mil	Total R mil
SARB 2023							
Financial assets							
Amounts due by Group companies	7	–	–	–	–	–	7
Accommodation to banks	2 398	–	–	–	–	–	2 398
Other financial assets	–	178	318	–	–	521	1 017
Gold and foreign exchange reserves	263 324	248 316	50 113	125 929	141 164	264 472	1 093 319
FEC assets	–	40	79	64	–	–	183
Loans and advances	–	–	–	–	–	10 069	10 069
SA government bonds	–	–	–	–	–	33 828	33 829
Equity investment in BIS	5 866	–	–	–	–	–	5 866
Total financial assets	271 596	248 534	50 510	125 993	141 164	308 890	1 146 687
Unrecognised financial assets							
Guarantees	9 415	–	–	–	–	–	9 415
Total unrecognised financial assets	9 415	–	–	–	–	–	9 415
Financial liabilities							
Notes and coin in circulation	171 565	–	–	–	–	–	171 565
Deposit accounts	202 565	143 051	–	–	–	–	345 616
Amounts due to Group companies	25 413	–	–	–	–	–	25 413
Foreign deposits	39	127 450	–	–	–	–	127 489
Other financial liabilities	–	774	–	–	–	521	1 295
FEC liabilities	–	–	81	–	–	–	81
GFECRA	458 715	–	–	–	–	–	458 715
Total financial liabilities	858 297	271 275	81	–	–	521	1 130 174
Unrecognised financial liabilities							
Guarantees	9 415	–	–	–	–	–	9 415
Loan commitments	399	–	–	–	–	–	399
Total unrecognised financial liabilities	9 814	–	–	–	–	–	9 814

28.4 Settlement risk

Settlement risk (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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

29. Classification of financial assets and liabilities

	Note(s)	Fair value through other comprehensive income R mil	SARB Act R mil	Fair value through profit or loss – Mandatory R mil	Fair value through profit or loss – Designated R mil	Amortised cost R mil	Total R mil	Fair value[1] R mil
GROUP 2024								
Financial assets								
Cash and cash equivalents	2	–	–	–	–	**61 743**	**61 743**	**61 743**
Accommodation to banks	3	–	–	–	–	**451**	**451**	**451**
Investments	4	–	–	**351**	–	**23 286**	**23 637**	**23 286**
Other financial assets	5	–	–	–	–	**1 686**	**1 686**	**1 686**
Gold and foreign exchange reserves	6	–	**296 721**	**882 304**	–	–	**1 179 025**	–
FEC assets	8	–	**118**	–	–	–	**118**	–
Loans and advances	9	–	–	–	–	**7 080**	**7 080**	**7 080**
SA government bonds	10	–	–	**32 007**	–	–	**32 007**	–
Equity investment in BIS	11	**6 283**	**322**	–	–	–	**6 605**	–
Unrecognised financial assets								
Guarantees	32	–	–	–	–	**6 382**	**6 382**	**6 382**
Financial liabilities								
Notes and coin in circulation	15	–	–	–	–	**169 504**	**169 504**	**169 504**
Deposit accounts[2]	16	–	–	–	–	**474 272**	**474 272**	**474 272**
Foreign deposits	17	–	–	–	**101 224**	–	**101 224**	–
Other financial liabilities	18	–	–	–	–	**3 354**	**3 354**	**3 354**
FEC liabilities	8	–	**24**	–	–	–	**24**	–
GFECRA	20	–	**531 989**	–	–	–	**531 989**	–
Unrecognised financial liabilities								
Guarantees	32	–	–	–	–	**6 382**	**6 382**	**6 382**
Loan commitments	32	–	–	–	–	**117 739**	**117 739**	**117 739**

[1] *Fair values have been disclosed only for instruments carried at amortised cost. Carrying value has been used where it closely approximates fair value.*

[2] *Included in deposit accounts are amounts that do not bear interest. These deposit accounts do not have fixed maturity dates.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

29. Classification of financial assets and liabilities continued

	Note(s)	Fair value through other comprehensive income R mil	SARB Act R mil	Fair value through profit or loss – Mandatory R mil	Fair value through profit or loss – Designated R mil	Amortised cost R mil	Total R mil	Fair value[1] R mil
GROUP 2023								
Financial assets								
Cash and cash equivalents	2	–	–	–	–	42 426	42 426	42 426
Accommodation to banks	3	–	–	–	–	2 398	2 398	2 398
Investments	4	–	–	306	–	41 000	41 306	41 000
Other financial assets	5	–	–	–	–	1 187	1 187	1 187
Gold and foreign exchange reserves	6	–	263 324	829 995	–	–	1 093 319	–
FEC assets	8	–	183	–	–	–	183	–
Loans and advances	9	–	–	–	–	10 069	10 069	10 069
SA government bonds	10	–	–	33 829	–	–	33 829	–
Equity investment in BIS	11	4 938	928	–	–	–	5 866	–
Unrecognised financial assets								
Guarantees	32	–	–	–	–	9 415	9 415	9 415
Financial liabilities								
Notes and coin in circulation	15	–	–	–	–	171 565	171 565	171 565
Deposit accounts[2]	16	–	–	–	–	452 427	452 427	452 427
Foreign deposits	17	–	–	–	127 489	–	127 489	–
Other financial liabilities	18	–	–	–	–	2 551	2 551	2 551
FEC liabilities	8	–	81	–	–	–	81	–
GFECRA	20	–	458 715	–	–	–	458 715	–
Unrecognised financial liabilities								
Guarantees	32	–	–	–	–	9 415	9 415	9 415
Loan commitments	32	–	–	–	–	90 054	90 054	90 054

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

29. Classification of financial assets and liabilities continued

	Note(s)	Fair value through other comprehensive income R mil	SARB Act R mil	Fair value through profit or loss – Mandatory R mil	Fair value through profit or loss – Designated R mil	Amortised cost R mil	Total R mil	Fair value[1] R mil
SARB 2024								
Financial assets								
Amount due by Group companies	33	–	–	–	–	**777**	**777**	**777**
Accommodation to banks	3	–	–	–	–	**451**	**451**	**451**
Other financial assets	5	–	–	–	–	**1 579**	**1 579**	**1 579**
Gold and foreign exchange reserves	6	–	**296 721**	**882 304**	–	–	**1 179 025**	–
FEC assets	8	–	**118**	–	–	–	**118**	–
Loans and advances	9	–	–	–	–	**7 080**	**7 080**	**7 080**
SA government bonds	10	–	–	**32 007**	–	–	**32 007**	–
Equity investment in BIS	11	**6 283**	**322**	–	–	–	**6 605**	–
Unrecognised financial assets								
Guarantees	32	–	–	–	–	**6 382**	**6 382**	**6 382**
Financial liabilities								
Notes and coin in circulation	15	–	–	–	–	**169 504**	**169 504**	**169 504**
Deposit accounts[2]	16	–	–	–	–	**363 947**	**363 947**	**363 947**
Amounts due to Group companies	33	–	–	–	–	**28 303**	**28 303**	**28 303**
Foreign deposits	17	–	–	–	**101 224**	–	**101 224**	–
Other financial liabilities	18	–	–	–	–	**1 744**	**1 744**	**1 744**
FEC liabilities	8	–	**24**	–	–	–	**24**	–
GFECRA	20	–	**531 989**	–	–	–	**531 989**	–
Unrecognised financial liabilities								
Guarantees	32	–	–	–	–	**6 382**	**6 382**	**6 382**
Loan commitments	32	–	–	–	–	**26 600**	**26 600**	**26 600**

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

29. Classification of financial assets and liabilities continued

	Note(s)	Fair value through other comprehensive income R mil	SARB Act R mil	Fair value through profit or loss – Mandatory R mil	Fair value through profit or loss – Designated R mil	Amortised cost R mil	Total R mil	Fair value[1] R mil
SARB 2023								
Financial assets								
Amounts due by Group companies	33	–	–	–	–	7	7	7
Accommodation to banks	3	–	–	–	–	2 398	2 398	2 398
Other financial assets	5	–	–	–	–	1 017	1 017	1 017
Gold and foreign exchange reserves	6	–	263 324	829 995	–	–	1 093 319	–
FEC assets	8	–	183	–	–	–	183	–
Loans and advances	9	–	–	–	–	10 069	10 069	10 069
SA government bonds	10	–	–	33 829	–	–	33 829	–
Equity investment in BIS	11	4 938	928	–	–	–	5 866	–
Unrecognised financial assets								
Guarantees	32	–	–	–	–	9 415	9 415	9 415
Financial liabilities								
Notes and coin in circulation	15	–	–	–	–	171 565	171 565	171 565
Deposit accounts[2]	16	–	–	–	–	345 616	345 616	345 616
Amounts due to Group companies	33	–	–	–	–	25 413	25 413	25 413
Foreign deposits	17	–	–	–	127 489	–	127 489	–
Other financial liabilities	18	–	–	–	–	1 295	1 295	1 295
FEC liabilities	8	–	81	–	–	–	81	–
GFECRA	20	–	458 715	–	–	–	458 715	–
Unrecognised financial liabilities								
Guarantees	32	–	–	–	–	9 415	9 415	9 415
Loan commitments	32	–	–	–	–	399	399	399

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

Notes to the consolidated and separate financial statements continued

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30. Fair value hierarchy disclosures

The tables below analyses the assets and liabilities of the Group 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 were no transfers between any of the levels (2023: none).

30.1 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.

30.2 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 FECs 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.

30.3 Valuation techniques used to derive Level 3 fair values

The equity investment in the BIS is classified as Level 3. It is valued at the net asset value adjusted by 30%. This adjustment is not subject to sensitivity. The adjusted net asset value of the shares is based on SDRs. No active market exists for these shares. 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 valuators. 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. These fair value adjustments are not subject to sensitivity. Refer to note 12 for more detail.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

30. Fair value hierarchy disclosures continued

Reconciliation of assets and liabilities measured at level 3

	Opening balance R mil	Gains (losses) recognised in profit (loss) R mil	Gains (losses) recognised in other compre-hensive income R mil	Purchases R mil	Sales R mil	Transfers to GFECRA R mil	Closing balance R mil
GROUP 2024							
Assets							
Property, plant and equipment							
Valuable art	**198**	**–**	**–**	**1**	**(1)**	**–**	**198**
Financial assets at FVOCI							
Equity investment in BIS	**5 866**	**–**	**417**	**–**	**–**	**322**	**6 605**
Total	**6 064**	**–**	**417**	**1**	**(1)**	**322**	**6 803**
GROUP 2023							
Assets							
Property, plant and equipment							
Valuable art	192	–	5	3	(1)	–	199
Financial assets at FVOCI							
Equity investment in BIS	4 954	–	(16)	–	–	928	5 866
Total	5 146	–	(11)	3	(1)	928	6 065
SARB 2024							
Assets							
Property, plant and equipment							
Valuable art	**198**	**–**	**–**	**1**	**(1)**	**–**	**198**
Financial assets at FVOCI							
Equity investment in BIS	**5 866**	**–**	**417**	**–**	**–**	**322**	**6 605**
Total	**6 064**	**–**	**417**	**1**	**(1)**	**322**	**6 803**
SARB 2023							
Assets							
Property, plant and equipment							
Valuable art	192	–	5	3	(1)	–	199
Financial assets at FVOCI							
Equity investment in BIS	4 954	–	(16)	–	–	928	5 866
Total	5 146	–	(11)	3	(1)	928	6 065

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

30. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
GROUP 2024					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	**–**	**–**	**198**	**198**
Investment in associate	33.3	**–**	**3 429**	**–**	**3 429**
Financial assets					
Investments	4	**–**	**351**	**–**	**351**
Gold and foreign exchange reserves	6	**392 245**	**786 780**	**–**	**1 179 025**
Gold coin and bullion		**169 535**	**–**	**–**	**169 535**
Money market instruments and deposits		**–**	**214 896**	**–**	**214 896**
Securities		**222 714**	**444 528**	**–**	**667 242**
Derivatives		**(4)**	**170**	**–**	**166**
IMF SDR assets		**–**	**127 186**	**–**	**127 186**
FEC assets	8	**–**	**118**	**–**	**118**
SA government bonds	10	**32 007**	**–**	**–**	**32 007**
Equity investment in BIS	11	**–**	**–**	**6 605**	**6 605**
Financial liabilities					
FEC liabilities	8	**–**	**24**	**–**	**24**
Foreign deposits	17	**–**	**101 224**	**–**	**101 224**
Items measured at amortised cost					
Financial assets					
Cash and cash equivalents	2	**–**	**61 743**	**–**	**61 743**
Accommodation to banks	3	**–**	**451**	**–**	**451**
Investments	4	**–**	**23 286**	**–**	**23 286**
Other financial assets	5	**–**	**1 686**	**–**	**1 686**
Loans and advances	9	**–**	**7 080**	**–**	**7 080**
Financial liabilities					
Notes and coin in circulation	15	**–**	**169 504**	**–**	**169 504**
Deposit accounts	16	**–**	**474 272**	**–**	**474 272**
Other financial liabilities	18	**–**	**3 354**	**–**	**3 354**
GFECRA	20	**531 989**	**–**	**–**	**531 989**

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

30. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
GROUP 2023					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	–	–	198	198
Investment in associate	34.3	–	4 257	–	4 257
Financial assets					
Investments	4	–	306	–	306
Gold and foreign exchange reserves	6	601 297	492 022	–	1 093 319
Gold coin and bullion		141 895	–	–	141 895
Money market instruments and deposits		–	197 567	–	197 567
Securities		459 445	173 065	–	632 510
Derivatives		(43)	(40)	–	(83)
IMF SDR assets		–	121 429	–	121 429
FEC assets	8	–	183	–	183
SA government bonds	10	33 828	–	–	33 828
Equity investment in BIS	11	–	–	5 866	5 866
Financial liabilities					
FEC liabilities	8	–	81	–	81
Foreign deposits	17	–	127 489	–	127 489
Items measured at amortised cost					
Financial assets					
Cash and cash equivalents	2	–	42 426	–	42 426
Accommodation to banks	3	–	2 398	–	2 398
Investments	4	–	41 000	–	41 000
Other financial assets	5	–	1 187	–	1 187
Loans and advances	9	–	10 069	–	10 069
Financial liabilities					
Notes and coin in circulation	15	–	171 565	–	171 565
Deposit accounts	16	–	452 427	–	452 427
Other financial liabilities	18	–	2 553	–	2 553
GFECRA	20	458 715	–	–	458 715

Notes to the consolidated and separate financial statements continued

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30. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
SARB 2024					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	–	–	198	198
Investment in associate	33.3	–	3 106	–	3 106
Financial assets					
Gold and foreign exchange reserves	6	392 245	786 780	–	1 179 025
Gold coin and bullion		169 535	–	–	169 535
Money market instruments and deposits		–	214 896	–	214 896
Securities		222 714	444 528	–	667 242
Derivatives		(4)	170	–	166
IMF SDR assets		–	127 186	–	127 186
FEC assets	8	–	118	–	118
SA government bonds	10	32 007	–	–	32 007
Equity investment in BIS	11	–	–	6 605	6 605
Financial liabilities					
FEC liabilities	8	–	24	–	24
Foreign deposits	17	–	101 224	–	101 224
Items measured at amortised cost					
Financial assets					
Amounts due from Group companies	33.4	–	777	–	777
Accommodation to banks	3	–	451	–	451
Other financial assets	5	–	1 579	–	1 579
Loans and advances	9	–	7 080	–	7 080
Financial liabilities					
Notes and coin in circulation	15	–	169 504	–	169 504
Deposit accounts	16	–	363 946	–	363 946
Amounts due to Group companies	33.4	–	28 303	–	28 303
Other financial liabilities	18	–	1 744	–	1 744
GFECRA	20	531 989	–	–	531 989

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

30. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
SARB 2023					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	–	–	198	198
Investment in associate	34.3	–	4 088	–	4 088
Financial assets					
Gold and foreign exchange reserves	6	601 297	492 022	–	1 093 319
Gold coin and bullion		141 895	–	–	141 895
Money market instruments and deposits		–	197 567	–	197 567
Securities		459 445	173 066	–	632 511
Derivatives		(43)	(40)	–	(83)
IMF SDR assets		–	121 429	–	121 429
FEC assets	8	–	183	–	183
SA government bonds	10	33 828	–	–	33 828
Equity investment in BIS	11	–	–	5 866	5 866
Financial liabilities					
FEC liabilities	8	–	81	–	81
Foreign deposits	17	–	127 489	–	127 489
Items measured at amortised cost					
Financial assets					
Amounts due from Group companies	33.4	–	7	–	7
Accommodation to banks	3	–	2 398	–	2 398
Other financial assets	5	–	1 017	–	1 017
Loans and advances	9	–	10 069	–	10 069
Financial liabilities					
Notes and coin in circulation	15	–	171 565	–	171 565
Deposit accounts	16	–	345 616	–	345 616
Amounts due to Group companies	33.4	–	25 413	–	25 413
Other financial liabilities	18	–	1 295	–	1 295
GFECRA	20	458 715	–	–	458 715

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

31. Income and expenses according to classification of financial instruments

	Total R mil	FVPL (Mandatory) R mil	FVPL (Designated) R mil	Amortised cost R mil	FVOCI R mil	Other R mil
GROUP 2024						
Interest revenue	**25 371**	**14 674**	**–**	**10 697**	**–**	**–**
Interest expense	**(18 339)**	**–**	**–**	**(18 339)**	**–**	**–**
Fair value gains	**20 164**	**26 036**	**(5 872)**	**–**	**–**	**–**
Dividend income related to investments held at year-end	**112**	**–**	**–**	**–**	**62**	**50**
GROUP 2023						
Interest revenue	15 999	9 049	–	6 950	–	–
Interest expense	(12 360)	–	–	(12 360)	–	–
Fair value gains	4 172	7 503	(3 331)	–	–	–
Dividend income related to investments held at year-end	103	–	–	–	53	50
SARB 2024						
Interest revenue	**15 907**	**14 609**	**–**	**1 298**	**–**	**–**
Interest expense	**(9 372)**	**–**	**–**	**(9 372)**	**–**	**–**
Fair value gains	**19 941**	**25 813**	**(5 872)**	**–**	**–**	**–**
Dividend income related to investments held at year-end	**112**	**–**	**–**	**–**	**62**	**50**
SARB 2023						
Interest revenue	10 660	8 983	–	1 677	–	–
Interest expense	7 337	–	–	7 337	–	–
Fair value gains	3 870	7 201	(3 331)	–	–	–
Dividend income related to investments held at year-end	364	–	–	–	53	311

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

32. Commitments and guarantees

32.1 Energy bounce back scheme

In May 2023, the Energy Bounce Back Scheme (EBBS) was established to alleviate the impact of sustained loadshedding on small and medium enterprises and households. In terms of the scheme, the SARB will advance loans to commercial banks who advanced Energy Bounce Back loans to eligible businesses and households. The SARB-approved facilities of R11.6 billion remained undrawn at 31 March 2024. The SARB also issued a guarantee to the commercial banks in respect of losses incurred under the scheme. The SARB guarantee is limited to 20.5% of the total capital amount advanced to the commercial banks. In turn, in May 2023 the SA government issued a guarantee of up to R8 billion in favour of the SARB, to compensate for losses which may be incurred by the SARB in respect of the EBBS. The commercial banks indicated their intention to participate in the scheme by 31 March 2024. Each participating commercial bank may drawdown on the facility for a period of 18 months from the signature date of their respective agreements.

32.2 Loan guarantee scheme

In May 2020, the SARB entered into a LGS with various participating banks to provide funding to assist businesses to recover from the impact of COVID-19. The SARB provided a guarantee to the commercial banks in respect of the COVID-19 LGS to the extent of the current exposure of R6.2 billion (2023: R9.3 billion). The participating banks may claim losses under the scheme subject to a waterfall arrangement. A claim under the SARB guarantee is only possible after the participating banks exhaust the margin entitlement account, the credit premium account and the borrowers risk portion. In turn, the SA government issued a guarantee of R100 billion, in favour of the SARB in respect of any losses which may be incurred by the SARB in respect of the COVID-19 LGS. The government reduced this guarantee from R100 billion to R12 billion in April 2022.

32.3 Bounce back scheme

In April 2022, the Bounce Back Scheme (BBS) was established to assist eligible small businesses to recover from the impact of COVID-19, the recent floods and riots in certain parts of the country. In terms of the scheme, the SARB advanced loans to commercial banks who advanced Bounce Back loans to eligible businesses. The SARB approved facilities of R1.2 billion, of which R960 million was utilised. The availability period for drawdowns ended on 30 April 2024. The SARB also issued a guarantee to the commercial banks in respect of losses incurred under the scheme. The SARB guarantee is limited to 20.5% of the total capital amount advanced to the commercial banks. In turn, the SA government issued a guarantee of up to R8 billion in favour of the SARB, to compensate for losses which may be incurred by the SARB in respect of the BBS. In May 2023, the SA government reduced the guarantee of R8 billion to equal the BBS loans advanced of R938 million, to the extent of the current exposure of R812 million.

32.4 CPD guarantee

In June 2020, the SARB provided a guarantee of R3.5 billion to the CPD, a wholly-owned subsidiary of the SARB, in order to cover the CPD for the impact of significant expected credit losses recognised, following the downgrade of the sovereign, as well as losses related to defaults by a certain counterparty and associated impairments recognised for the financial year. Due to the technical insolvency of the CPD, the guarantee has been renewed annually, with the guarantee amount being adjusted in line with the accumulated losses of the CPD. The CPD has since recovered from technical insolvency and the existing guarantee of R800 million, expiring in June 2024 will not be renewed.

32.5 CODI guarantee

The SARB issued a guarantee to commercial banks for loan amounts provided to CODI for the liquidity tier of the deposit insurance fund, effective from 1 April 2024. This will allow banks to recognise the guarantee in the risk-weighting of these assets for regulatory capital purposes. Member banks will have to maintain a loan amount of 3% of their covered deposits' balance with the CODI for as long as they are licenced.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

32. Commitments and guarantees continued

32.6 Restricted-use committed liquidity facility

In January 2024, the SARB approved a Restricted-Use Committed Liquidity facility of R15 billion to commercial banks effective from 1 February 2024. The facility is intended to assist commercial banks to manage compliance with the liquidity coverage ratio required by Basel III and must be used for liquidity management purposes. Any drawdowns on the facility will be repayable within 31 days, at an interest rate of repo plus 1%. The facility was undrawn as at 31 March 2024.

32.7 Inter-Governmental Cash Co-ordination

Loans are advanced by the CPD 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. The SA government guarantees that the deposits will be made available to depositors on demand.

The IGCC loans are unsecured, short-term in nature and callable on demand. The loans earn interest at a repo plus 0.10%, which was 8.35% (2023: repo plus 0.25% which was 8%) at the reporting date. As at 31 March 2024, the IGCC loan balance was Rnil (2023: Rnil).

The CPD and the SARB concluded updated IGCC legal agreements with National Treasury and the provincial treasuries effective from 31 March 2024. The updated agreements clarify repayment terms for the facility and outlines the procedures in the event of default.

The agreements further clarify that the CPD and SARB are administrative parties in the IGCC arrangement and will not be liable for any losses on the facility. As a result, the ECL allowance for the current financial year excludes amounts attributable to the provincial treasuries. Refer to note 28.2.2 for movements on the ECL allowance. The legal agreements relating to state-owned entities are in the process of being updated and were not finalised by 31 March 2024.

Notes to the consolidated and separate financial statements continued

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33. Related party information

33.1 Investment in subsidiaries

	Authorised and issued share capital		GROUP		SARB	
	Number of shares '000	% held	2024 R mil	2023 R mil	2024 R mil	2023 R mil
CPD[1]	2 000	100	**–**	–	**2**	2
SABN	61 000	100	**–**	–	**803**	803
Share capital	61 000	100	**–**	–	**61**	61
Subordinated loan	–	–	**–**	–	**742**	742
South African Mint	60 000	100	**–**	–	**206**	206
CODI[1]	1 000	100	**–**	–	**1**	–
Total investment in subsidiaries			**–**	–	**1 012**	1 011

[1] *The SARB provides key personnel services to the CPD and CODI.*

The subordinated loan to the SABN of R0.7 billion (2023: R0.7 billion) bears no interest and has no fixed terms of repayment. No repayments were made during the year (2023: RNil). 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 attributable to the parent (pre-elimination of intercompany transactions) is as follows:

	GROUP 2024 R mil	GROUP 2023 R mil	SARB 2024 R mil	SARB 2023 R mil
CPD	**929**	537	**–**	–
SABN	**(87)**	161	**–**	–
South African Mint	**229**	381	**–**	–
CODI	**(1)**	–	**–**	–
Total contribution to Group profit	**1 070**	1 079	**–**	–

33.1.1 Investment in Prestige Bullion

Prestige Bullion is a subsidiary of the South African Mint. The South African Mint holds a 80% (2023: 80%) interest in Prestige Bullion. Prestige Bullion distributes, and sells bullion Krugerrand coins to local and international markets. The South African Mint is responsible for the manufacturing while the marketing and distribution of the coins is done by Rand Refinery Proprietary Limited (Rand Refinery).

Main business	Manufacturing of blanks, marketing and distribution of legal tender Bullion coin
Country of incorporation	South Africa
Interest held as non-controlling	20%
Percentage voting rights held by non-controlling interest	20%

Rand Refinery holds the 20% non-controlling interest in Prestige Bullion.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

33. Related party information continued

33.1 Investment in subsidiaries continued

33.1.1 Investment in Prestige Bullion continued

Summarised financial information of Prestige Bullion

	PRESTIGE BULLION	
	2024 R mil	2023 R mil
Statement of financial position		
Current assets	**1 326**	825
Total assets	**1 326**	825
Total equity	**365**	157
Current liabilities	**961**	668
Total liabilities	**961**	668
Total equity and liabilities	**1 326**	825
Statement of comprehensive income		
Revenue	**1 815**	3 236
Gross profit	**315**	551
Operating expense	**(35)**	(33)
Profit before tax	**284**	526
Total comprehensive income	**207**	384

33.1.2 Transactions with non-controlling interests

Rand Refinery

Rand Refinery has a 20% interest, and therefore holds a non-controlling interest in Prestige Bullion.

	GROUP	
	2024 R mil	2023 R mil
Profit attributable to non-controlling interest	**41**	115
Accumulated non-controlling interest at year-end	**66**	25
Dividends paid to non-controlling interest	**–**	174

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

33.2 Inventory held on behalf of the SARB by the South African Mint

At year-end, coin inventory of R671 million (2023: R566 million) was held on behalf of the SARB.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

33. Related party information continued

33.3 Investment in associate

African Bank Holdings Limited (ABHL) is the public holding company of African Insurance Group Limited (AIG) and African Bank Limited (ABL). The ABHL Group's business operations consist primarily of retail banking and the provision of insurance products to banking clients. ABHL's registered office is 59 16th Road, Midrand, South Africa.

	Authorised and issued share capital		GROUP		SARB	
African Bank Holdings Limited	Number of shares '000	% held	**2024 R mil**	2023 R mil	**2024 R mil**	2023 R mil
Cost	500 000	50	**5 000**	5 000	**5 000**	5 000
Accumulated profit attributable to Group			**1 366**	1 212	**–**	–
Accumulated impairment losses			**(2 937)**	(1 955)	**(1 894)**	(912)
Carrying value of investment in associate			**3 429**	4 257	**3 106**	4 088

33.3.1 Impairment on investment in associate

An impairment test for the investment in associate is only required when there is an indicator of impairment. However, due to the purpose of this investment being linked to the mandate of the SARB, an annual impairment test is performed periodically to closely monitor the investment.

The performance of ABHL declined in the current financial year and resulted in a more conservative outlook on estimated future cash flows. As a result, the estimated recoverable amount of the investment decreased in the current year and an impairment loss of R982 million (2023: R621 million reversal) was recognised in profit or loss.

The recoverable amount of R3.1 billion (2023: R4.1 billion) was calculated by means of the 'fair value less costs to sell' method, using the discounted cash flow technique.

Management made the following key assumptions in its determination of fair value less costs to sell:

- ABHL is a going concern and would be able to continue operating for the foreseeable future.
- Future cash flows were based on financial budgets approved by ABHL management covering a four-year period.
- The growth rate for cash flows into perpetuity was calculated with reference to the SARB published inflation target range of 3% – 6%.
- A discount rate of 18.62% (2023: 18.34%) was used to calculate the present value of future cash flows. The discount rate was determined using the Capital Asset Pricing Model, based on the below key inputs in various scenarios at the time of the valuation:
  - South African risk free rate of 12.27% based on the daily average yield on government bonds with an outstanding maturity of 10 years and longer.
  - Beta of 0.78 and equity market risk premium of 5.56% based on quoted indicators of similar listed entities.
  - Alpha risk adjustment of 2% to adjust for the inherent uncertainty in long-term cash flow forecasts.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

33. Related party information continued

33.3 Investment in associate continued

33.3.2 Sensitivity analysis

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
The effect of a 1% increase and decrease in the discount rate is as follows:				
ABHL carrying value				
1% decrease	**3 494**	4 329	**3 171**	4 160
Valuation basis	**3 429**	4 257	**3 106**	4 088
1% increase	**3 366**	4 187	**3 044**	4 018
Impairment (loss)/reversal				
1% decrease	**(917)**	693	**(917)**	693
Valuation basis	**(982)**	621	**(982)**	621
1% increase	**(1 044)**	551	**(1 044)**	551
The effect of a 10% increase and decrease in the cash flow forecast is as follows:				
ABHL carrying value				
10% decrease	**3 118**	3 848	**2 796**	3 680
Valuation basis	**3 429**	4 257	**3 106**	4 088
10% increase	**3 740**	4 666	**3 417**	4 497
Impairment (loss)/reversal				
10% decrease	**(1 293)**	213	**(1 293)**	213
Valuation basis	**(982)**	621	**(982)**	621
10% increase	**(671)**	1 030	**(671)**	1 030

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

33.4 Amounts due by/to related parties

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Amounts due by related parties				
Loans and advances				
CPD	**–**	–	**763**	–
Grindrod Bank Limited (subsidiary of ABHL)	**26**	–	**26**	–
Other assets				
SABN	**–**	–	**5**	4
South African Mint	**–**	–	**9**	3
Grindrod Bank Limited (subsidiary of ABHL)	**2**	–	**2**	–
Amounts due to related parties				
Deposits				
CPD	**–**	–	**28 268**	25 254
SA government				
Non-interest-bearing	**128 544**	122 155	**128 472**	122 082
Interest-bearing	**91 139**	88 571	**–**	–
African Bank Limited (equity accounted, not consolidated)	**2 463**	1 134	**2 463**	1 134
Grindrod Bank Limited (subsidiary of ABHL)	**2 528**	–	**2 528**	–
Other liabilities				
SABN	**–**	–	**26**	9
SA government (GFECRA liability)	**531 895**	458 613	**531 895**	458 613
SARB Retirement Fund	**71**	23	**–**	–
South African Mint	**–**	–	**9**	150

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

33. Related party information continued

33.5 Transactions between the SARB and its related parties

	GROUP		SARB	
	2024 R mil	2023 R mil	**2024 R mil**	2023 R mil
Dividends received				
African Bank Holdings Limited (equity accounted, not consolidated)	**50**	50	**50**	50
South African Mint	**–**	–	**–**	261
	50	50	**50**	311
Interest revenue				
African Bank Limited (equity accounted, not consolidated)	**86**	18	**86**	18
Grindrod Bank Limited (subsidiary of ABHL)	**85**	–	**85**	–
Corporation for Public Deposits	**–**	–	**11**	4
SA government	**401**	7	**–**	–
	572	25	**182**	22
Interest paid				
African Bank Limited (equity accounted, not consolidated)	**1**	1	**1**	1
Grindrod Bank Limited (subsidiary of ABHL)	**4**	–	**4**	–
CPD	**–**	–	**2 218**	2 490
SA government	**11 074**	7 442	**–**	–
SARB Retirement fund	**5**	3	**–**	–
	11 084	7 446	**2 223**	2 491
Rent paid				
South African Bank Note (RF) Proprietary Limited	**–**	–	**1**	1
Administration and management fees received				
CPD	**–**	–	**4**	4
SABN	**–**	–	**1**	1
South African Mint	**–**	–	**3**	1
SARB Retirement Fund	**5**	6	**5**	6
	5	6	**13**	12
Administration and management fees paid				
SABN	**–**	–	**33**	31
South African Mint	**–**	–	**4**	4
SARB Retirement Fund	**5**	6	**–**	–
	5	6	**37**	35
Other income				
African Bank Limited – SAMOS fees	**1**	1	**1**	1
Grindrod Bank Limited – SAMOS fees	**1**	–	**1**	–
	2	1	**2**	1
Cost of new currency				
SABN	**–**	–	**867**	1 796
South African Mint	**–**	–	**876**	963
	–	–	**1 743**	2 759
Pension fund contributions				
SARB Retirement Fund	**325**	295	**294**	264

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

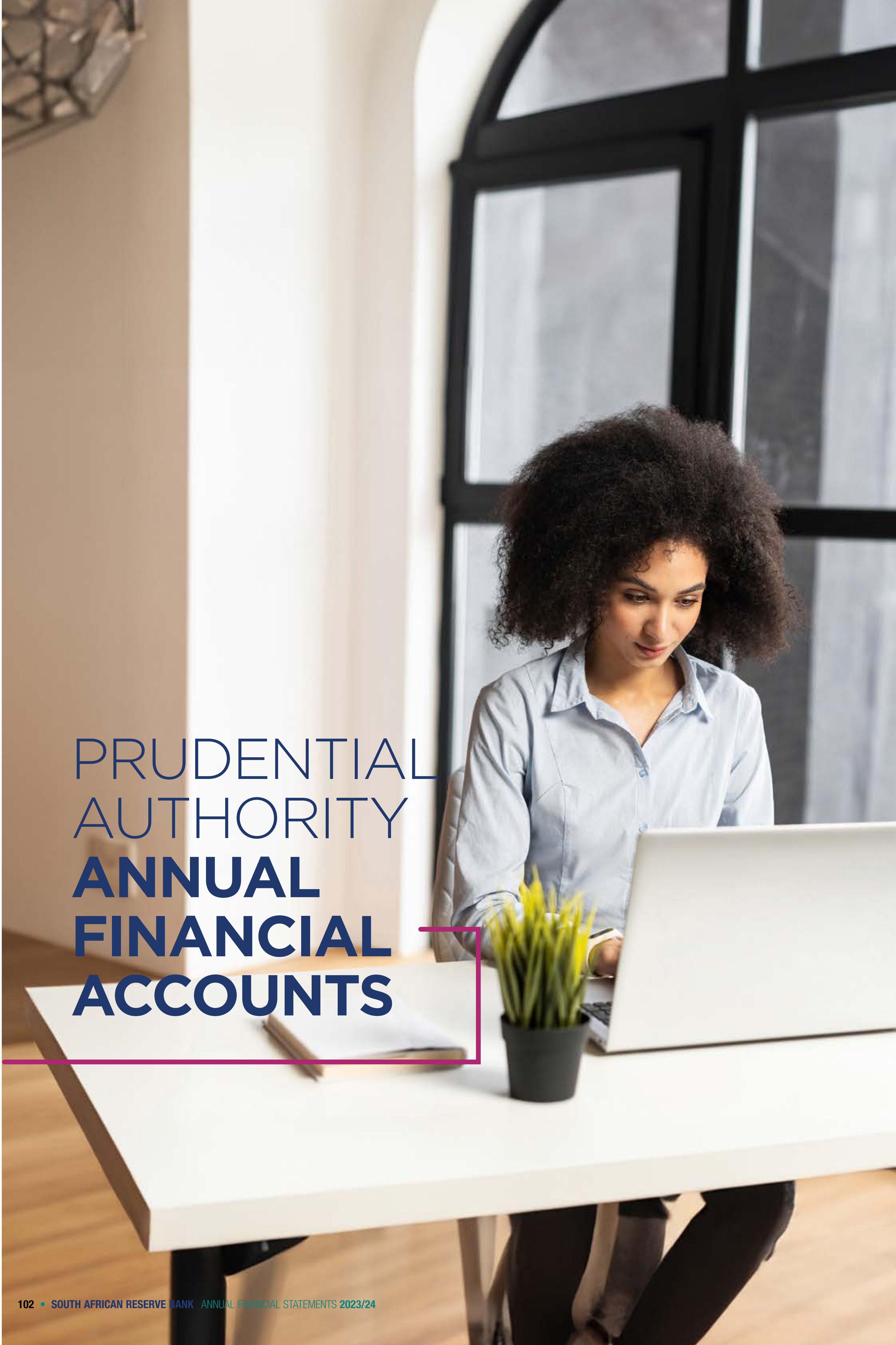
Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2024

33. Related party information continued

33.6 Directors' remuneration

	GROUP		SARB	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Executive directors: Remuneration for services				
Governor E L Kganyago				
Remuneration and recurring fringe benefits	**9 324**	8 708	**9 324**	8 708
Other fringe benefits	**396**	115	**396**	115
	9 720	8 823	**9 720**	8 823
Deputy Governor K Naidoo (Resigned in December 2023)				
Remuneration and recurring fringe benefits	**6 638**	6 215	**6 638**	6 215
Other fringe benefits	**2**	2	**2**	2
	6 640	6 217	**6 640**	6 217
Deputy Governor N Tshazibana				
Remuneration and recurring fringe benefits	**6 638**	6 215	**6 638**	6 215
Other fringe benefits	**54**	33	**54**	33
	6 692	6 248	**6 692**	6 248
Deputy Governor R I Cassim				
Remuneration and recurring fringe benefits	**6 613**	6 207	**6 613**	6 207
Other fringe benefits	**45**	41	**45**	41
	6 658	6 248	**6 658**	6 248
Total remuneration of executive directors	**29 710**	27 536	**29 710**	27 536
Non-executive directors: Remuneration for services				
C B Buitendag	**547**	513	**547**	513
D J M S Msomi	**671**	617	**671**	617
K Badimo	**644**	483	**644**	483
L H Molebatsi	**666**	629	**666**	629
N Vink	**529**	492	**529**	492
N B Mbazima	**1 158**	598	**742**	598
M M T Ramano	**628**	573	**628**	573
K W Mzondeki	**253**	–	**253**	–
S Gaibie	**513**	476	**513**	476
T Nombembe	**426**	1 298	**207**	720
Y G Muthien	**629**	602	**629**	602
Z Hoosen	**752**	720	**752**	720
Total remuneration of non-executive directors	**7 416**	7 001	**6 781**	6 423
Retirement fund Chair				
T Khangala (term ended 30 September 2022)	**–**	84	**–**	84
Total remuneration of retirement fund Chair	**–**	84	**–**	84
Total remuneration of directors	**37 126**	34 621	**36 491**	34 043



PRUDENTIAL AUTHORITY **ANNUAL FINANCIAL ACCOUNTS**

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

Our opinion

In our opinion, the financial accounts of the Prudential Authority (the PA) are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the financial accounts and the requirements of section 55 of the Financial Sector Regulation Act 9 of 2017.

What we have audited

The PA's financial accounts are set out on pages 133 to 135. The PA's financial accounts comprise the statement of financial position at 31 March 2024, and the statement of profit or loss and other comprehensive income for the year then ended and the notes to the financial accounts, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial accounts* section of our report.

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

Independence

We are independent of the PA 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 corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial accounts, which describes the basis of accounting. The financial accounts are prepared for the purpose described therein. As a result, the financial accounts may not be suitable for another purpose.

The financial accounts do not comprise a full set of financial statements and are prepared in accordance with the basis of accounting described in Note 1 to the financial accounts and the requirements of section 55 of the Financial Sector Regulation Act 9 of 2017. Our opinion is not modified in respect of this matter.

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Chief Executive Officer: LD Mokoena
A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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Victor Sekese [Chief Executive]
A comprehensive list of all Directors is available at the company offices or registered office.

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

Responsibilities of the directors for the financial accounts

The directors are responsible for the preparation of these financial accounts in accordance with Note 1 to the financial accounts and the requirements of section 55 of the Financial Sector Regulation Act 9 of 2017, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the financial accounts that are free from material misstatement, whether due to fraud or error.

In preparing the financial accounts, the directors are responsible for assessing the PA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the SARB or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial accounts

Our objectives are to obtain reasonable assurance about whether the financial accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial accounts.

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

- Identify and assess the risks of material misstatement of the financial accounts, 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 PA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by directors.
- Conclude on the appropriateness of the 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 PA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial accounts 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 auditors' report. However, future events or conditions may cause the PA to cease to continue as a going concern.

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.

BDO South Africa Inc.
BDO South Africa Inc. (Jun 11, 2024 23:40 GMT+2)

BDO South Africa Inc.
Director: Alethia Chetty
Registered Auditor
Johannesburg, South Africa
12 June 2024

SizweNtsalubaGobodo Grant Thornton Inc.

SizweNtsalubaGobodo Grant Thornton Inc.
Director: Pravesh Hiralall
Registered Auditor
Johannesburg, South Africa
12 June 2024

Prudential Authority annual financial accounts

The PA is the regulator responsible for setting policy and prudential regulatory requirements and supervisor responsible for overseeing compliance with the regulatory requirements of financial institutions that provide financial products, securities services and market infrastructures in South Africa. Established on 1 April 2018 in terms of the FSR Act, the PA is a juristic person operating within the administration of the SARB. Refer to the SARB Annual Report on the Prudential Authority which can be found at **https://www.resbank.co.za/en/home/publications/reports/annual-reports** for more detail.

Basis of preparation

In terms of section 55 of the FSR Act, the SARB is required to prepare financial accounts for the PA for each financial year in a manner that reflects the direct costs that accrue to the PA. As the PA is a department within the SARB, it follows the same Financial Reporting Framework and basis of presentation as the SARB. Refer to note 1 of the SARB financial statements for more detail.

Statement of financial position at 31 March 2024

		Prudential Authority	
	Note	**2024 R mil**	2023 R mil
Assets			
Other assets		**47**	16
Liabilities			
Income received in advance		**17**	15
Other liabilities		**28**	1
Unclaimed balances		**2**	–
Current liabilities		**47**	16
Total liabilities		**47**	16

Statement of profit or loss and other comprehensive income for the year ended 31 March 2024

	Note	2024 R mil	2023 R mil
Operating income			
Levies	2.1	**550**	–
Fees	2.2	**7**	9
Operating income		**6**	14
Total operating income		**563**	23
Expenditure			
Personnel costs	2.4	**(393)**	(352)
Operational costs	2.4	**(212)**	(125)
Total expenditure		**(605)**	(477)
Amount funded by SARB	2.5	**42**	454
Profit for the year		**–**	–

Prudential Authority annual financial accounts
continued

1. Accounting policies

1.1. Other assets

Other assets relate to the notional balance at the end of the reporting period, which represents the difference between cash inflows and outflows during the year in respect of prudential regulatory activity, as well as prepaid expenses. Prepaid expenses relate to operating costs paid before they are due. The prepaid expenses are measured at cost and are recognised when the amount is paid. The prepaid expense balances are subsequently measured at cost and are derecognised in the period in which the related expense is recognised.

1.2. Other liabilities

Other liabilities relate to operating income received in advance. The liabilities are measured at the amount actually received and recognised when the amount is received. The balance is subsequently measured at cost and is derecognised in the period in which the related income is recognised.

1.3. Unclaimed balances

Unclaimed balances relate to amounts recovered from an illegal deposit-taking scheme. The amounts recognised are owed to unidentified investors of the scheme who are yet to claim the amounts due to them. The unclaimed balances are recognised when the amounts are recovered from the scheme and are measured at the amount payable to the investors, being the amount actually recovered. The unclaimed balances are subsequently measured at cost and are derecognised when the amounts are paid to the relevant investors or upon expiry of the right to claim.

1.4. Operating income

Operating income consists of levies, fees and penalties charged to financial institutions. The levies, fees and income are charged and measured in accordance with the relevant legislation. Operating income is recognised per the amount invoiced to the financial institution, in the period in which the amount relates.

1.5. Personnel and operating costs

Personnel and operating costs relate to direct costs incurred for the administration of the PA. These costs are measured at the transaction amount and are recognised as expenses in the period incurred.

1.6. Amounts borne by the SARB

Net costs incurred for the administration of the PA, borne by the SARB. These costs are measured at the transaction amount and are recognised as expenses in the period incurred, net of recoveries.

2. Explanatory notes

2.1. Levies are applicable for the current financial year since the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act 12 of 2022, as well as certain provisions of the FSR Act became effective from 1 April 2023. This legislation permits the PA to charge levies to regulated financial institutions, in order to cover the direct operating costs of the PA and not in return for any direct service or goods that will be supplied.

2.2. Fees are "transaction-based" and are charged to fund the PA's performance of specific functions under the FSR Act and the relevant sector laws it regulates.

2.3. Penalties are raised for non-compliance by persons within the regulated sector should they be found guilty of contravening a financial sector law or an enforceable undertaking accepted by the PA. The PA deducts from this total all costs incurred in making and enforcing the administrative penalty order. The remaining balance after applying this deduction is paid into the National Revenue Fund (if any). The SARB also has a responsibility in terms of the Financial Intelligence Centre Act 38 of 2001 Act (FICA) to ensure that banks and life insurance companies comply with (FICA). The SARB has authority in terms of the Section 45C of (FICA) to impose administrative sanctions on these entities if and when they fail to comply with a provision, order, determination or directive made in terms of this act. The SARB issues notices with the said penalties to the relevant entities but does not account for the penalties in its financial statements as the penalties imposed are paid directly to the NRF. Total penalties issued on behalf of the SA government in this regard amounted to R1.0 million (2023: R4.1 million).

Prudential Authority annual financial accounts
continued

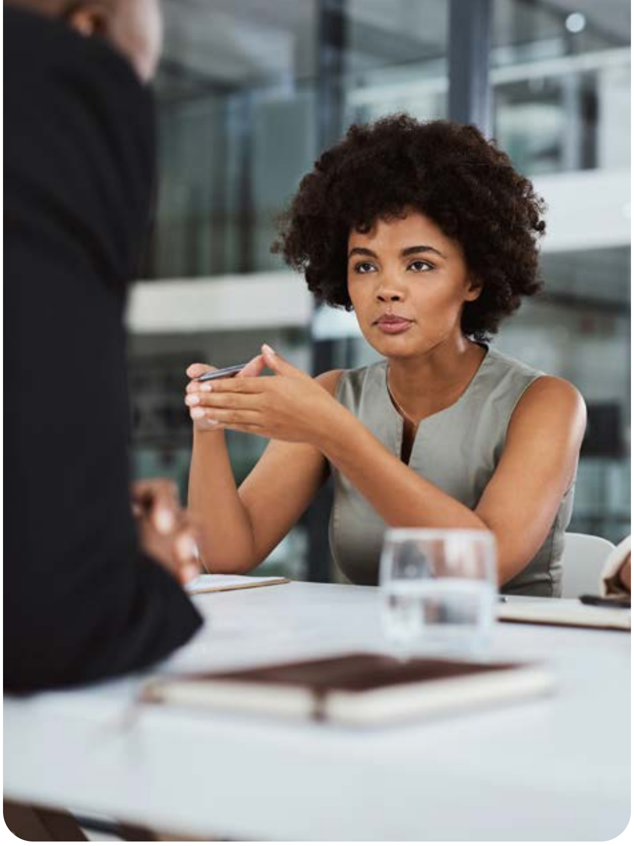
2.4. Personnel and operating costs consist of only the direct costs related to the administration of the PA. Although the PA uses the various support departments of the SARB and incurs costs from these services (such as legal services, IT, risk management, compliance, internal audit, HR, international economic relations and policy, security and facilities), these costs are borne by the SARB.

	Prudential Authority	
	2024 R mil	2023 R mil
Operating costs include:		
Professional fees	**170**	100
Membership fees	**4**	2
Official functions	**6**	3
Training (foreign and local)	**4**	1
Travel expenses (foreign and local)	**23**	13
Other operating costs	**5**	5
	212	124

2.5. Amount funded by SARB consists of both direct and indirect expenses (net of recoveries) borne by the SARB for the administration of the PA.

Abbreviations

12M: 12-month
ABHL: African Bank Holdings Limited
ABL: African Bank Limited
AGM: annual ordinary general meeting
Annual Report: South African Reserve Bank annual report
BBS: Bounce Back Scheme
BIS: Bank for International Settlements
Board: Board of Directors
BREC: Board Risk and Ethics Committee
CA: Combined Assurance
CFO: Chief Financial Officer
CIA: Chief Internal Auditor
CLF: Committed liquidity facility
CODI: Corporation for Deposit Insurance
CPD: Corporation for Public Deposits
CPD Act: Corporation for Public Deposits Act 46 of 1984
EAD: Exposure at Default
EBBS: Energy Bounce Back Scheme
ECL: Expected Credit Loss
FDR: Foreign Denominated Reserve
FEC: Forward Exchange Contracts
FMD: Financial Markets Department
FSR Act: Financial Sector Regulation Act 9 of 2017
FVOCI: Fair value through other comprehensive income
FVPL: Fair value through profit or loss
GEC: Governors' Executive Committee
GFECRA: Gold and Foreign Exchange Contingency Reserve Account
Group: South African Reserve Bank including its subsidiaries and associate
i.e.: id est (that is to say) (Latin)
IAD: Internal Audit Department
IAS: International Accounting Standard
IAS 19: IAS 19 Employee Benefits
IAS 39: IAS 39 Financial Instruments: Recognition and Measurement
IFRIC: International Financial Reporting Interpretations Committee
IFRS: International Financial Reporting Standards
IFRS 9: IFRS 9 Financial Instruments
IFRS 15: IFRS 15 Revenue
IFRS 16: IFRS 16 Leases
IFRS 17: IFRS 17 Insurance Contracts
IGCC: Inter-Governmental Cash Co-ordination
IMF: International Monetary Fund
Inc.: Incorporated
InsureCo: African Insurance Group Limited
IP: Investment Policy
IRBA Code: Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors
I&T: information and technology
King IV: King Report on Corporate Governance in South Africa 2016
LGD: Loss Given Default
LGS: Loan Guarantee Scheme
MPC: Monetary Policy Committee
OCI: other comprehensive income
PA: Prudential Authority
PD: Probability of Default
PEB remeasurement reserve: Post-employment benefit remeasurement reserve
PPE revaluation reserve: Property, plant and equipment revaluation reserve
Prestige Bullion: Prestige Bullion (RF) Proprietary Limited
Rand Refinery: Rand Refinery Proprietary Limited
Repo: Sale and repurchase agreements
Repo rate: repurchase rate
Reserves: Gold and foreign exchange reserves
Resmanco: Reserves Management Committee
RF: Ring Fenced
RMC: Risk Management Committee
SA government: South African government
SAA: Strategic Asset Allocation
SABN: South African Bank Note Company (RF) Proprietary Limited
SARB: South African Reserve Bank
SARB Act: South African Reserve Bank Act 90 of 1989, as amended
SDR: Special Drawing Rights
SICR: Significant increase in credit risk
South African Mint: South African Mint Company (RF) Proprietary Limited
SPPI: solely payments of principal and interest
XDR: Special Drawing Rights Currency



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STUDIO 5

South African Reserve Bank