SOUTH AFRICAN RESERVE BANK

SOUTH AFRICAN RESERVE BANK
ANNUAL REPORT 2024/25

PRICE AND FINANCIAL STABILITY FOR SUSTAINABLE GROWTH

Contents

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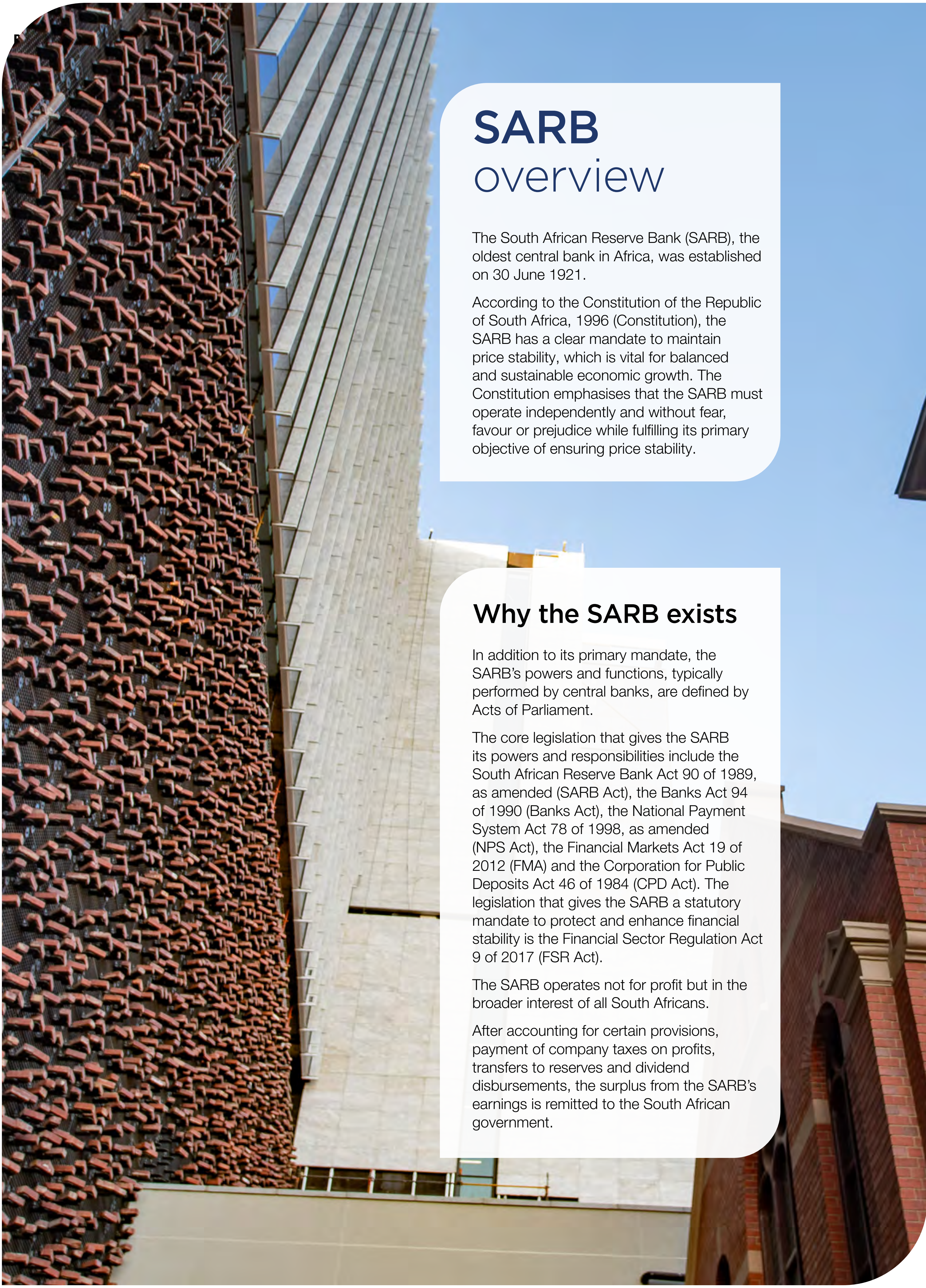


SARB overview

The South African Reserve Bank (SARB), the oldest central bank in Africa, was established on 30 June 1921.

According to the Constitution of the Republic of South Africa, 1996 (Constitution), the SARB has a clear mandate to maintain price stability, which is vital for balanced and sustainable economic growth. The Constitution emphasises that the SARB must operate independently and without fear, favour or prejudice while fulfilling its primary objective of ensuring price stability.

Why the SARB exists

In addition to its primary mandate, the SARB's powers and functions, typically performed by central banks, are defined by Acts of Parliament.

The core legislation that gives the SARB its powers and responsibilities include the South African Reserve Bank Act 90 of 1989, as amended (SARB Act), the Banks Act 94 of 1990 (Banks Act), the National Payment System Act 78 of 1998, as amended (NPS Act), the Financial Markets Act 19 of 2012 (FMA) and the Corporation for Public Deposits Act 46 of 1984 (CPD Act). The legislation that gives the SARB a statutory mandate to protect and enhance financial stability is the Financial Sector Regulation Act 9 of 2017 (FSR Act).

The SARB operates not for profit but in the broader interest of all South Africans.

After accounting for certain provisions, payment of company taxes on profits, transfers to reserves and dividend disbursements, the surplus from the SARB's earnings is remitted to the South African government.

VISION

The SARB leads in serving the economic well-being of South Africans through maintaining price and financial stability.

VALUES

- Integrity
- Excellence
- Open communication
- Respect and trust
- Accountability

PRIMARY MANDATE

(enshrined in the Constitution)

Pursue and maintain price stability – this protects the value of the currency in the interest of balanced and sustainable economic growth.

STATUTORY MANDATE

(enabled by the FSR Act)

Protect and enhance financial stability – this involves identifying and mitigating systemic risks that could disrupt the financial system, while also strengthening the safety, soundness and integrity of financial institutions through the Prudential Authority (PA).

How the SARB is governed

The President of South Africa appoints the Governor and three Deputy Governors (DGs) following consultations with the Minister of Finance and the SARB Board of Directors (Board). Additionally, the President appoints four other non-executive directors. The Governor and DGs are executive members of the 15-member Board.

Seven non-executive directors are elected by SARB shareholders. Non-executive directors do not have any rights or involvement in setting monetary policy, financial stability policy, or regulation and supervision. As the Chief Executive Officer (CEO) of the SARB and Chairperson of the Board, the Governor holds a dual role as prescribed in the SARB Act. The Board's primary responsibility is to ensure good corporate governance.

In this regard the SARB adopts codes of good practice and has appointed a lead independent director.

About this report

The *SARB Annual Report* for the year ended 31 March 2025 offers a summary of the organisation's sustained efforts to implement its mandate.

This report provides a clear and concise account of the SARB's strategy, performance and societal impact, highlighting both material financial and non-financial information.

The report primarily targets Members of Parliament (MPs), specifically the Standing and Select Committees on Finance, through which the SARB is accountable to the South African public. It is also relevant to shareholders and anyone interested in understanding how the SARB executes its mandate and strategy.

Scope and boundary

THE SARB GROUP

- **The South African Reserve Bank**
- **The SARB wholly owned subsidiaries**

CURRENCY-PRODUCING

The South African Mint Company (RF) Proprietary Limited, including its subsidiary Prestige Bullion (RF) Proprietary Limited (SA Mint)

The South African Bank Note Company (RF) Proprietary Limited (SABN)

INVESTMENT SERVICES

The Corporation for Public Deposits (CPD)

DEPOSIT INSURANCE

The Corporation for Deposit Insurance (CODI)

The success of achieving the SARB's objectives depends on strong relationships with various stakeholders, including the government, other regulators and the broader community. These relationships are discussed throughout the report.

Note: The SARB owns a 45% stake in African Bank Holdings Limited (ABHL) following a successful resolution process in 2014. At the time of this report, ABHL is considered an associate within the SARB Group. The SARB plans to sell its shares in ABHL through an initial public offering, which the ABHL Board has been assigned to manage.

Reporting frameworks

The SARB's operations are governed by the Constitution and the SARB Act. Thus, the annual report is published in accordance with the SARB Act. Additionally, the report is prepared using the following frameworks:

The King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™)[1]

The International Financial Reporting Standards (IFRS)

The International Integrated Reporting Council's International <IR> Framework

The principles of each of these frameworks are evaluated for their balance between practicality and relevance to a central bank. However, if there are any inconsistencies between the legislative requirements and framework guidance, the legislative requirements take precedence.

1 Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

Assurance

The full Group annual financial statements included in this report and available online have been independently audited by the SARB's external auditors – SizweNtsalubaGobodo Grant Thornton Inc. (SNG Grant Thornton) and BDO SA Inc. (BDO).

The SARB's Internal Audit Department (IAD) provides objective and independent assurance on the adequacy and effectiveness of the Group's governance, risk management and control processes.

Statement of responsibility

In terms of Section 4A (1c) of the SARB Act, the Board is required to approve the annual report and financial statements of the SARB. The Act also mandates that these documents be presented to the annual Ordinary General Meeting (AGM) of the SARB's shareholders, the Minister of Finance, Parliament and legal deposit libraries kept at five South African national libraries. The annual report includes material matters, which are essential for the SARB to fulfil its constitutional mandate and statutory responsibilities. This information reflects the SARB's values and ensures accountability to Parliament and the South African public. The provided information was verified and approved by the SARB's structures. The Governors' Executive Committee (GEC) ensured that the report was factually correct and contained relevant and material information. The Audit Committee reviewed the annual report before it received Board approval. The Board believes that the annual report offers a fair and balanced account of the SARB's performance, material matters and strategic direction. The Board approved the annual report and full annual financial statements for the year ended 31 March 2025 on 13 June 2025, signed on its behalf by:

E L (Lesetja) Kganyago
Governor of the SARB

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

R (Reshoketswe) Ralebepa
Group Chief Financial Officer

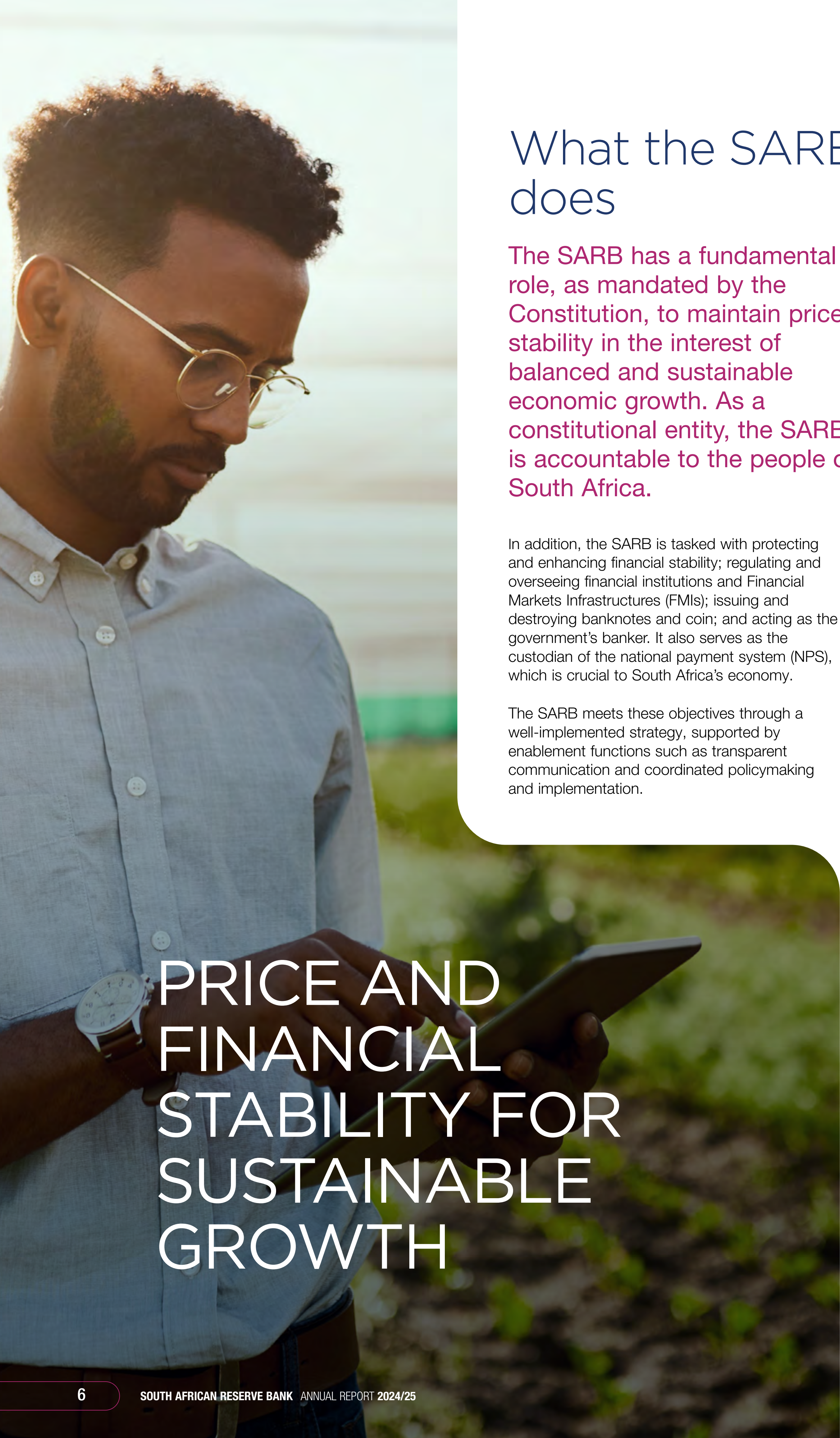
Z (Zoliswa) Copiso
Secretary of the SARB

What the SARB does

The SARB has a fundamental role, as mandated by the Constitution, to maintain price stability in the interest of balanced and sustainable economic growth. As a constitutional entity, the SARB is accountable to the people of South Africa.

In addition, the SARB is tasked with protecting and enhancing financial stability; regulating and overseeing financial institutions and Financial Markets Infrastructures (FMIs); issuing and destroying banknotes and coin; and acting as the government's banker. It also serves as the custodian of the national payment system (NPS), which is crucial to South Africa's economy.

The SARB meets these objectives through a well-implemented strategy, supported by enablement functions such as transparent communication and coordinated policymaking and implementation.



PRICE AND FINANCIAL STABILITY FOR SUSTAINABLE GROWTH

Inputs

Social and relationship inputs

Consistent communication with other regulators and domestic, regional and international stakeholders enhances transparency and accountability. These efforts include:

- empowering Parliament, civil society, businesses, labour groups and other stakeholders with knowledge and understanding of the benefits of price and financial stability;
- collaborating with relevant government departments, particularly National Treasury (NT), and other regulators on various policies;
- engaging with financial institutions to assess risks to the financial sector and exercise regulatory oversight;
- partnering with research and academic institutions to enhance the SARB's own research capabilities and inform its decision-making;
- actively participating in international and regional multilateral forums to contribute to regional integration, inform policy and develop consistent financial sector regulatory frameworks; and
- broadening the SARB's accessibility and accountability through social initiatives, community outreach and stakeholder engagements.

Human and intellectual inputs

As its people are central to its operations, the SARB prioritises attracting and retaining highly skilled and knowledgeable leaders who have a solid grasp of economic and financial issues.

- Through its employee value proposition (EVP), which highlights serving the public good, offering development opportunities and ensuring organisational stability, the SARB successfully attracts and retains top talent.
- The 2 640 dedicated and well-informed employees play a crucial role in fulfilling the SARB's mandate and supporting its objectives. Salaries amounted to R3.4 billion (2023/24: R3.2 billion).
- Investments in training and development to upskill and reskill staff totalled R159.7 million (2023/24: R116.3 million).
- The SARB remains committed to transformation, with its diverse Board comprising nine women and six men, of whom 87% are black.
- Of its total staff complement, 85.7% (2023/24: 84.4%) are black and 54.2% (2023/24: 54.7%) are women.

Financial inputs

The SARB does not aim to generate profit. Instead, it focuses on its policy functions, which include the following:

- Producing banknotes and coin for circulation.
- Operating expenses that totalled R9.6 billion, funded by:
  - revenue from managing foreign exchange (FX) reserves amounting to R10 billion; and
  - interest from managing market operations to implement monetary policy, amounting to R587 million.

Key functions

- Formulate and implement monetary policy.
- Maintain and enhance financial stability, including serving as the lender of last resort in exceptional circumstances.
- Ensure the safety, soundness and integrity of financial institutions regulated by the SARB, such as banks, insurance companies and market infrastructures.
- Bolster the country's resilience to financial shocks.
- Ensure the cost-effective availability and integrity of the currency.
- Compile economic statistics and conduct research and analysis.
- Act as the government's banker.
- Ensure the effective functioning of the NPS.
- Administer the country's prudential and capital flow measures.
- Manage the country's official gold and FX reserves.

Effective governance and risk management are fundamental to the SARB's sustainable fulfilment of its mission and mandate.

The SARB's governance practices are aligned with the principles of good corporate governance as they apply to a central bank. Every employee is expected to maintain the highest level of ethical standards in performing their duties.

The SARB's risk management and control framework is consistent with its constitutional and statutory responsibilities as well as best governance practices.

Key functions continued

Price stability

Primary mandate

Maintain low and stable inflation by targeting the midpoint:

4.5%

Monetary policy: **page 46**

Financial stability

Statutory mandate

Safeguard and boost financial stability in South Africa by identifying and mitigating systemic risks that could disrupt the financial system, and by enhancing the safety, soundness and integrity of financial institutions.

Financial stability: **page 53**

Primary outcomes

Low and stable inflation

Protects the purchasing power of the currency and standard of living of all South Africans, particularly those with fixed incomes who have limited means to protect themselves against rising prices.

Reduces uncertainty in the economy, creating an environment conducive to sustainable and balanced economic growth that supports job creation over time.

Builds trust in the value of the rand, fostering a favourable investment landscape.

Helps maintain and improve South Africa's global competitiveness.

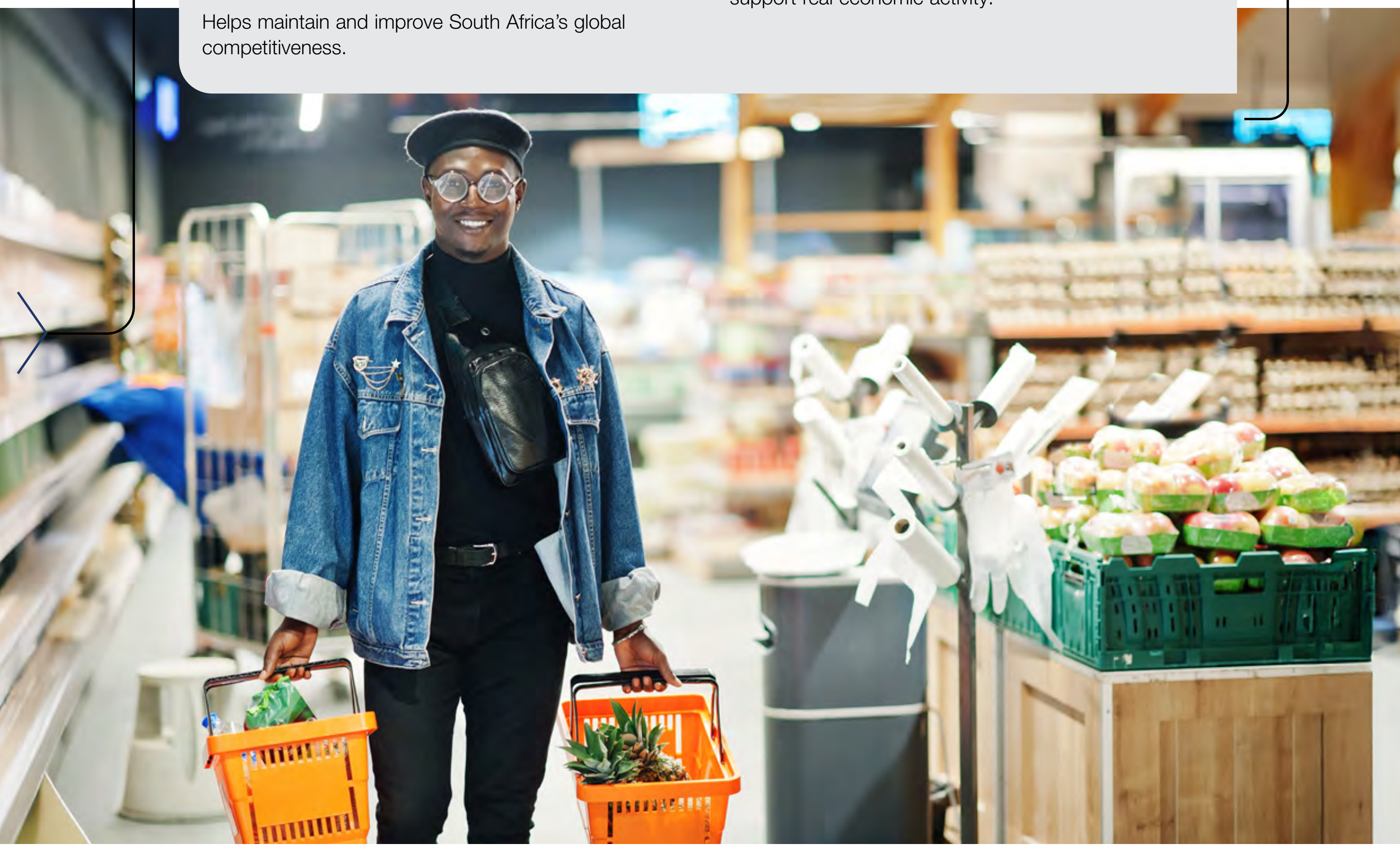
A stable and safe financial system

Supports economic growth and development and promotes job creation.

Ensures a resilient economy capable of withstanding vulnerabilities and shocks, reducing the costs of disruption.

Enhances an efficient financial system that provides financial services to all South Africans.

Facilitates functioning capital and financial markets that support real economic activity.



Supporting outcomes

Social and relationship outcomes

- Building collaborative and trust-based relationships with both the public and private sectors to develop prudent and coherent macroeconomic policies that support sustainable growth.
- Creating regulatory and supervisory frameworks that support financial inclusion and maintain the integrity of the financial system.
- Establishing a credible central bank that earns the trust and respect of the South African public, financial institutions, international counterparts, regulators and governments.
- Forging academic partnerships that develop human capital to improve expertise in monetary policy, financial stability, economics and financial journalism in South Africa and across Africa.

Human and intellectual outcomes

- A well-structured Board that adheres to best practice governance standards.
- Engaged and motivated employees working in a diverse and inclusive environment.
- Employees that are aligned with the SARB's strategic objectives.
- A low regrettable employee turnover rate, which at 1.1% for 2024/25 is well below the internal target of less than 4%.
- Knowledge and information-sharing with stakeholders that increases transparency and credibility.
- A central bank equipped with the technological expertise to ensure price and financial stability as well as regulate financial institutions.
- A modernised payment ecosystem that enables accessible, rapid and affordable payments while safeguarding the integrity of our currency.

Financial outcomes

- A financially stable central bank
- Group profit before tax: R127 billion, of which R100 billion is due to the new GFECRA agreement (2023/24: R20 billion profit)
- SARB profit before tax: R124 billion (2023/24: R18 billion profit)
- SARB profit after tax: R118 billion, transferred to the contingency reserve
- Shareholder dividends: R0.2 million (2023/24: R0.2 million) paid in accordance with the SARB Act

About price and financial stability

The SARB serves South Africans by containing inflation, which reduces the value of the money in their pockets. Its constitutional mandate is to protect the value of the currency in the interest of balanced and sustainable economic growth.

Why price stability matters

Q What is inflation and how is it measured?

A Inflation is the overall rise in prices of common goods and services, which diminishes the purchasing power of money. Keeping long-term inflation low is crucial for protecting purchasing power of money, containing living and business costs and supporting South Africa's global competitiveness. The standard measure of inflation is the consumer price index (CPI), compiled by Statistics South Africa (Stats SA).

The CPI is determined using a basket of goods and services typically bought by a consumer. Inflation is measured by tracking changes in the prices of these items over time.

Q How does the SARB work to achieve price stability?

A The government, together with the SARB, has established an inflation target range of 3–6% to monitor price stability. To safeguard the value of the currency and the purchasing power of South Africans, the SARB aims to keep inflation within this target band, ideally around the midpoint of 4.5%.

Q What are the benefits of having an inflation target?

A A reliable inflation target range reduces uncertainty about the future levels of inflation in the economy and helps manage expectations. With an understanding that inflation will likely be between 3% and 6%, households and businesses can better assess the purchasing power of their income and make informed decisions about spending and investments. This stability supports economic growth.

Q What factors does the SARB consider when making decisions on interest rates?

A The Monetary Policy Committee (MPC) considers both domestic and global economic conditions, along with the impact of its policy decisions on economic growth and employment. The MPC primarily focuses on the projected path of inflation when setting interest rates. Since changes in interest rates affect the economy with a delay of around 12 to 24 months, the MPC's decisions are forward-looking and aimed at maintaining inflation within the target range over the medium term.

Q Why has the SARB not cut interest rates more aggressively despite the decline in inflation?

A Over the past year, the repurchase (repo) rate has been lowered by 75 basis points as the MPC expected inflationary pressures to moderate. Adjustments to the repo rate are made based on the inflation outlook, particularly the forecast for the next 12 to 18 months. The global environment has become more uncertain, necessitating a cautious approach to monetary policy. The SARB's economic forecast, which considers various domestic and global drivers of the inflation outlook, indicates that the current interest rate path is consistent with achieving the inflation target in the outer years of the forecast.

It is important for inflation to remain close to the target not only now but also over the forecast period. Long-term rates are often more important for investment. Allowing inflation expectations to increase over the forecast period increases long-term rates, as lenders seek compensation for the higher levels of inflation. Keeping inflation low and stable provides certainty and allows long-term rates to decrease.

Q How does higher inflation affect South Africans?

A **Inflation diminishes the purchasing power of money.** For example, R100 left in a money box for 10 years will not buy you the same goods and services today as it did a decade ago. This also affects savings and pension plans, which lose value if the interest earned does not keep up with inflation.

Inflation can widen inequality. People with fixed incomes see their purchasing power decline over time. While the wealthy often protect themselves against inflation by investing in assets such as shares or property that increase in value, the poor and those on fixed incomes such as pensioners or grant recipients suffer more when prices of essentials like food, transport and fuel go up.

Confusing price signals can result from high and volatile inflation. This creates uncertainty about future purchasing power, interest rates and real profitability for businesses. Such uncertainty makes decisions like buying a house or expanding a business harder, potentially slowing economic growth.

Higher inflation usually leads to higher interest rates. Lenders demand higher compensation when they expect higher inflation, resulting in increased interest rates. This also reduces government resources for services like education and health, as borrowing and debt-servicing costs rise. In turn, when inflation is expected to decline, interest rates can come down.

When inflation is consistently higher than that of the country's major trading partners or competitors, it increases production costs in the economy vis-à-vis production costs in other countries. This leads to domestic producers losing their competitiveness.

Q Inflation has slowed but why are food prices not coming down as quickly?

A It is important to understand the difference between price levels and inflation. The price level is simply what you pay for a product. Inflation, on the other hand, is the rate at which those prices are changing – how quickly or slowly the prices of products are rising. When the SARB says that it seeks to contain inflation, it adjusts monetary policy to keep inflation low and stable, ensuring that prices increase at a manageable rate that does not quickly erode the buying power of consumers.

Recently, the rate at which food prices are increasing has slowed and, in some cases, prices have decreased. The inflation rate for food and non-alcoholic beverages was 2.7% in March 2025, compared to 6.1% in February 2024. Prices for some staple foods like bread, poultry, meat and eggs are cheaper now than they were a year ago. This drop in food inflation and even the decrease in prices for some products can be attributed to factors such as a stronger rand, lower global agricultural commodity prices and the fading effects of earlier price shocks such as the 2023 avian flu outbreak.

Ensuring a stable financial system

Q Why is the stability of the financial system important?

A Financial stability means that the financial system can continue to provide efficient services like saving, borrowing, investing and transacting even when it faces shocks like a sudden stop in capital flows or the collapse of a bank. This stability is crucial for households and businesses to manage their finances and for facilitating local and international trade.

Q How does the SARB ensure the stability of the financial system?

A The SARB's financial stability mandate is to ensure that the financial system continues to function effectively, even under stress. This responsibility is led by the SARB, alongside other financial sector regulators and NT.

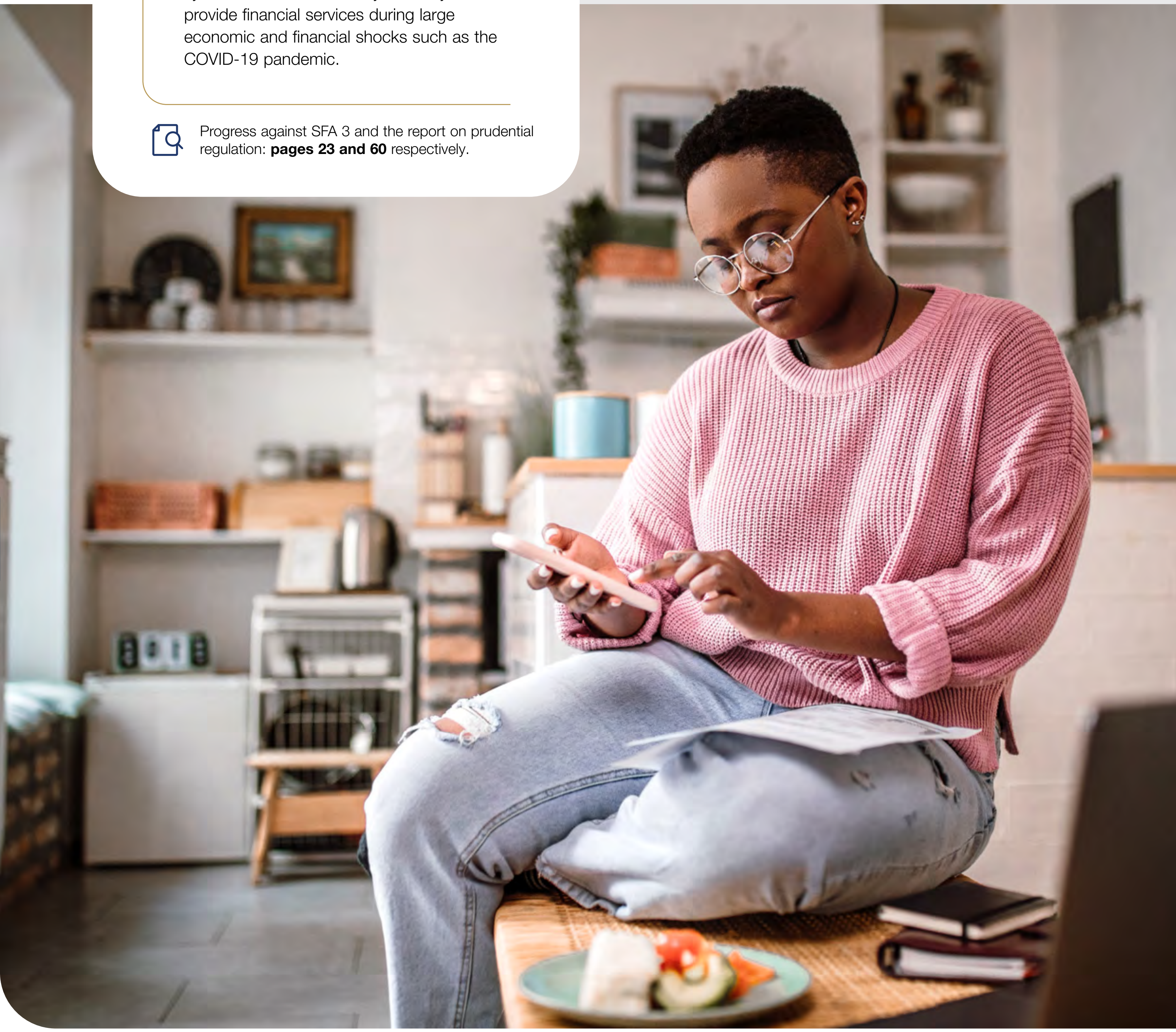
The SARB monitors global and domestic developments as well as the operations of specific financial institutions to identify potential risks and vulnerabilities that could threaten the entire financial system. It recommends policy actions using a macroprudential policy framework to protect against the build-up of vulnerabilities. It also conducts stress tests of financial institutions to assess their resilience against defined adverse scenarios.

Why is South Africa's financial system considered safe and sound?

Local financial institutions are well-capitalised, enabling them to meet their obligations to depositors and policyholders. These institutions perform well against a set of financial stability and microprudential indicators.

These include a risk and vulnerability measure, a net stable funding ratio to ensure banks have sufficient funding to support their assets and other debt obligations for at least a year. The resilience of the financial system is demonstrated by its ability to provide financial services during large economic and financial shocks such as the COVID-19 pandemic.

Progress against SFA 3 and the report on prudential regulation: **pages 23 and 60** respectively.



DELIVERING THE SARB STRATEGY

Governor's message

Globally, it has been a year of extraordinary change.

The 'great election year' of 2024 saw voters in 64 countries, including South Africa, heading to the polls – with some remarkable results. Domestically, our election ushered in a new era of coalition politics, reflecting the maturity of our democracy but also presenting new uncertainties and opportunities.

Economic overview

The global environment has changed significantly with a prolonged period of globalisation and integration that has given way to acute trade tensions. Conditions remain highly uncertain, making it difficult to guess how the dust will settle. However, it seems highly probable that global conditions will be less benign than before, with worse growth prospects and heightened geopolitical risks.

In this context, it matters more than ever that we get our domestic policies right. Unfortunately, we are still struggling to escape our protracted growth stagnation. The economy expanded by only 0.5% last year. The sovereign debt burden has yet to stabilise. Until we achieve debt sustainability and improve growth, South Africa remains vulnerable.

We do, however, have significant strengths we can rely on. Our floating exchange rate regime, consolidated over a quarter of a century, is well-suited to managing volatile global conditions, absorbing shocks and supporting our competitiveness in foreign markets. Our inflation targeting framework is also effective in protecting the value of the rand. Last year, headline inflation averaged 4.4%, just below the midpoint of our 3–6% target range. It is likely to be below 4% this year. Underlying measures of inflation also appear to be contained. While risks to the outlook remain, there can be little doubt that inflation has been brought back under control for now.

The same is not true everywhere. Although price pressures have generally eased since the shocks of 2021 and 2022, inflation remains elevated in many economies. For instance, in the United States (US), inflation has been above target for 51 months and counting, since 2021. The United Kingdom (UK) is at 45 months and the euro area is at 44. Brazil has seen inflation above target for 53 months, and India for 47 months. In contrast, South Africa was above the 4.5% target midpoint for 39 months, between April 2021 and August 2024.

The main concern with South African inflation is not our ability to hit the target. Rather, it is that our target is high compared to other countries. For this reason, despite our success in stabilising inflation, the price level is almost 20% higher than it was in 2021.

> **“While risks to the outlook remain, there can be little doubt that inflation has been brought back under control for now.”**

Although an inflation rate of 4.5% may seem moderate, it still causes prices to double every 16 years. This is hard to reconcile with our constitutional obligation to safeguard the value of the currency. For this reason, we continue to make the case for a lower target, one that aligns with international peers and promotes price stability.

Strategy

This year, the SARB concluded its five-year strategy cycle and launched the next iteration – Strategy 2030. In crafting this strategy, we have reflected deeply on the current landscape and the challenges we might face in future. The headline change is that we have streamlined our strategic focus areas (SFAs) to three core responsibilities: price stability, financial stability and payments and recognise the strong interconnections between these areas. Additionally, we aim to enhance our efforts to modernise South Africa’s payments landscape, which we discuss further on.

Supporting our strategic priorities are several enablement focus areas (EFAs) that help us build an organisation capable of delivering on the strategy. For Strategy 2030 we have identified four EFAs: embedding coordinated policymaking, enhancing public trust in the SARB through communication and engagement, leveraging the use of data and technology, and building a future-fit workforce.

Over time, many organisations suffer from an excess of strategic initiatives and objectives. I am therefore pleased that we have streamlined our initiatives from five SFAs to three and from five EFAs to four. We are a large institution, but we are focused.

Financial stability and prudential regulation

Despite facing many challenges, our financial system remains robust. To nurture this resilience we engage in prudential supervision at the level of individual institutions, implement macroprudential policies to safeguard the entire system and provide deposit insurance to guarantee depositors’ funds, thereby maintaining their confidence in the financial system.

Our newest initiative is deposit insurance, with CODI recently marking its first anniversary. We have yet to use CODI to reimburse depositors, but the capability to do so is in place.

Protecting depositors also means occasionally intervening to enforce regulations and uphold our regulatory objectives.

In this context, our Prudential Authority has taken several enforcement actions against regulated institutions over the past year. The PA also continues to monitor the progress of remedial measures implemented by these regulated entities.

Lastly, we are closely monitoring financial technology (fintech) developments. In particular, we are paying close attention to artificial intelligence (AI) in the financial sector and evaluating the potential risks and rewards it poses.

Payments

An efficient and reliable payments infrastructure is crucial for any modern economy.

Various emerging-market central banks, most prominently in Brazil and India, have made rapid progress in developing fast, affordable, accessible and safe digital payments at the retail level. This has provided citizens with an attractive alternative to cash. Through our Payments Ecosystem Modernisation (PEM) project, we aim to emulate the successes of our peer countries.

At the heart of this initiative is a new national payments utility, which would provide the fundamental infrastructure for processing digital retail payments. This utility would operate on a not-for-profit basis and serve all South Africans, including those who might otherwise be excluded from the digital payments revolution. As part of this effort, we intend to make a significant investment in BankservAfrica, an automated clearing house in Johannesburg.

Our aspiration is not to crowd out the private sector in the payments space, but rather to build better underlying infrastructure which will crowd in investment and innovation by both traditional and challenger firms. To encourage this, we are also undertaking regulatory reforms so that payments activities, such as holding cash balances in e-wallets, will not require a banking licence.

Balance sheet

Our balance sheet has strengthened over the past year. On the asset side, our foreign exchange reserves have grown further, measured in both rand and US dollar terms. This has been driven primarily by rising gold prices.

Our equity position is also stronger than it was before, reflecting the transfers we received from last year's balance sheet reforms. We will continue to maintain prudent buffers to ensure policy solvency, allowing us to fulfil our mandates without financial concerns.

SARB leadership

Last year, we welcomed Mampho Modise as the new Deputy Governor, while DGs Rashad Cassim and Fundi Tshazibana as well as myself had our terms renewed. This leadership continuity has provided the SARB with stability during a turbulent period for the economy.

On 1 April 2025, we also welcomed Khutjo Mabetwa as our new Chief Operating Officer, replacing Pradeep Maharaj who is now leading our PEM programme within the Executive Management Department.

International

Our international responsibilities are reaching a crescendo this year with South Africa presiding over the Group of Twenty (G20). The SARB, along with National Treasury, is steering the G20 Finance Track, working diligently to advance our priorities and sustain international economic coordination, despite the challenging international environment.

Although it is undoubtedly a difficult time to lead the G20, our efforts are well-regarded by the members, who all agree on and appreciate at least one subject: the beauty of our country, the hospitality of our people and the warmth of our welcome.

Outreach

To better serve our stakeholders, the SARB conducts a variety of outreach initiatives. Last year, we engaged with approximately 6 500 members of the public through direct, in-person events, along with many more who accessed our digital content. We particularly focus on high school learners and university students, people who are learning about our society and the economy and who may also consider pursuing a career at the SARB.

Many people in our society still have limited knowledge about the SARB or misunderstand its role, and we aim to change that with continuous and accessible communications. We serve the people of South Africa and the better everyone understands our role, the better they can engage us and defend us from threats.

Our people

At the SARB, we thrive on knowledge: our expertise powers our mandates. For the past five years, we have embraced hybrid ways of working, with some staff members working together at our temporary premises in

Irene Link and many others working from home. This year, as our Head Office renovation nears completion, we will return to working in-person most of the time. As the beacon of Pretoria's central business district, the renovated Head Office will ensure a future-fit workspace for decades to come.

I look forward to walking the floors again, greeting long-standing staff and welcoming new members. I am also excited about the unplanned, serendipitous encounters that happen when people share a workspace. These interactions are so important for nurturing understanding and innovation. Spending more time together will make us a stronger organisation.

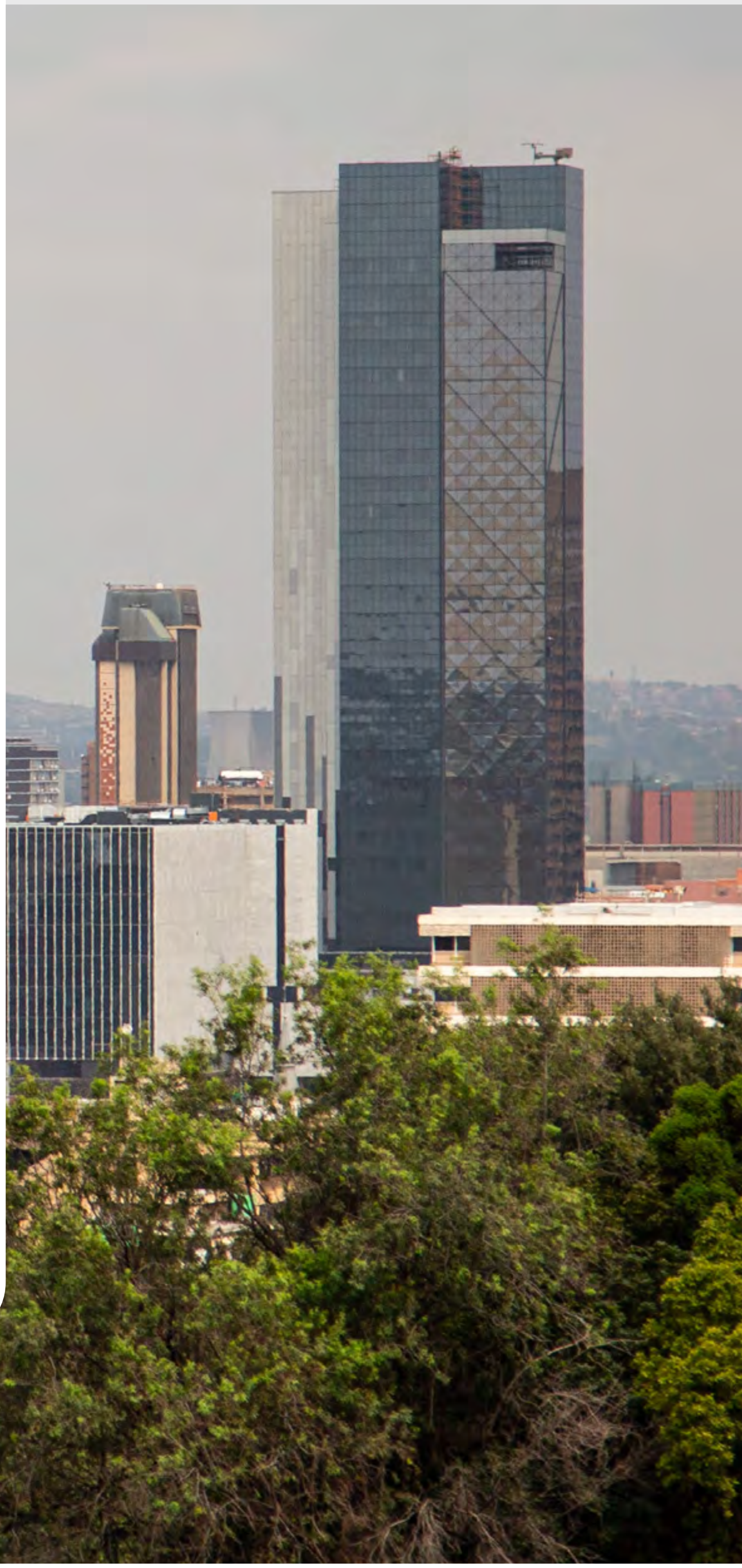
Conclusion

The world is changing. Sadly, it appears to be moving towards a more fragmented and less growth-friendly state compared to what we have experienced over the past three decades or so. South Africa has had it easy during this time, but for most of those years, the environment was favourable to our country and economy, supporting demand for our exports, advancing our productivity through technology and facilitating investment through capital flows. A less open, prosperous and tolerant world order will present profound challenges to our society.

As predictability becomes an ever-scarcer resource, the SARB's role in providing stability is more crucial than ever. Fortunately, the SARB remains robust. With record foreign exchange reserves, a superior inflation performance and a solid capital position, we are well-equipped to anchor the economy. This alone won't be sufficient to achieve balanced and sustainable growth as outlined in our constitutional mandate, but it is the right place to start.

It is a privilege to serve one's country and doing it well is deeply fulfilling. The SARB is a remarkable institution. The Board, Deputy Governors and staff can be proud of what they do for the people of South Africa.

E L (Lesetja) Kganyago
Governor of the SARB



Connecting past successes to future opportunities

The 2024/25 financial year signals the end of the SARB's Strategy 2025 and sets the stage for Strategy 2030. More than two years of Strategy 2025's cycle were impacted by the COVID-19 pandemic and its effects are still noticeable today. These past five years have been transformative and challenging for the SARB. The conclusion of this strategy cycle offers an opportunity to evaluate our performance, celebrate our successes and pinpoint areas for improvement.

Throughout this period, the SARB's objectives were guided by its five SFAs and five EFAs. The SARB reviewed and improved the monetary policy implementation framework (MPIF), reformed interest rate benchmarks and extended the measurement and analysis of the economy. Headline inflation remained within the 3–6% target range, or below it, for 22 consecutive months, with the recent print of 2.7% in March 2025.

The financial system remained resilient, with most supervised institutions liquid and well-capitalised or undertaking corrective action. There were no major systemic events requiring resolution. Key achievements include the operationalisation of CODI, the designation of the SARB as Resolution Authority and significant progress on the Financial Action Task Force (FATF) action items, with potential delisting from the greylist by October 2025.

The SARB's efforts to modernise the NPS gained momentum with the successful migration of both the domestic and regional real-time gross settlement (RTGS) systems to new global messaging standards. On the currency front, the SARB achieved a 100% on-time, in-full fulfilment rate for currency orders from the cash industry, reduced counterfeiting rates to 3.16 parts per million (ppm) from 5.18 ppm in 2020/21, and released a new and optimised banknote and coin series.

Surveys conducted in 2019, 2022 and 2024 indicate that stakeholders continue to hold a favourable view of the SARB.

The SARB's cross-departmental research efforts led to improved collaboration, increased research capacity and the publication of several papers on financial stability and the impacts of financial regulations.

The SARB's Information Technology (IT) Strategy was approved and its cybersecurity posture enhanced to protect its systems and data. The SARB continued to develop critical skills and improve its culture, leadership and trust indicators, supported by the hybrid work adoption and diversity and inclusion (D&I) programmes.

Looking ***ahead:*** Embracing Strategy 2030

We are ready to begin a new journey with the launch of Strategy 2030. This new strategy cycle will guide us through the complex and ever-changing financial landscape. The experiences gained from Strategy 2025 will enhance our approach to Strategy 2030, ensuring we build on past successes while embracing future challenges and opportunities.

Strategy 2030

Strategy 2030 will be underpinned by three core responsibilities:

Maintaining price stability: Maintaining a trusted store of value and ensuring the stability of the currency.

Promoting financial stability: Safeguarding the stability of the financial system and resolving crises when necessary.

Serving as custodian of the NPS: Operating a resilient, effective and accessible payment system.

To achieve these objectives, we have three strategic focus areas:

SFA 1
Deliver low and stable inflation

SFA 2
Safeguard the stability of the financial system

SFA 3
Enhance the resilience, effectiveness and accessibility of payments

To enable the successful execution of these SFAs, we will prioritise four enablement focus areas:

EFA 1
Embed coordinated policymaking

EFA 2
Enhance public trust in the SARB through communication and engagement

EFA 3
Leverage the use of data and technology

EFA 4
Build a future-fit workforce

As we transition to Strategy 2030, we are committed to tackling the challenges and seizing the opportunities that lie ahead, ensuring that the SARB continues to be a trusted and effective institution.

Strategy 2025: How we achieved price and financial stability

Stakeholder value proposition

SFA 1	SFA 2	SFA 3	SFA 4	SFA 5
Maintain headline inflation within the target range	**Protect** and enhance financial stability	**Promote** and enhance the safety, soundness and integrity of regulated financial institutions and market infrastructures	**Enhance** South Africa's resilience to external shocks	**Ensure** cost effective availability and integrity of currency

Objectives unique to each SFA

SFA 1	SFA 2	SFA 3	SFA 4	SFA 5
Maximise monetary policy effectiveness (Target met)	**Enhance** the SARB's ability to respond to shocks and systemic events (Target partially met)	**Enhance** risk-based, outcomes-focused and forward-looking supervision (Target met)	**Improve** the monitoring of existing and emerging vulnerabilities (Target met)	**Optimise** the currency supply chain (Target met)
Anchor inflation expectations (Target partially met)	**Assess** risks and vulnerabilities in the financial system (Target met)	**Implement** integrated and proportional regulatory and supervisory frameworks (Target met)	**Enhance** the functioning of South Africa's financial system (Target partially met)	**Enhance** the integrity of banknotes and coin (Target met)
	Develop and propose possible mitigating options (Target met)	**Improve** regulatory coverage (Target partially met)	**Enhance** the macroeconomic and macroprudential toolkit (Target met)	
	Broaden access to payment services while promoting the safety, efficiency and integrity of the NPS (Target partially met)	**Improve** the monitoring, reporting and surveillance of cross-border transactions (Target met)		

How we enabled our strategic objectives

Cross-cutting themes

- EFA 1: **Improve** transparency and accountability through stakeholder engagement and communication (Target partially met)
- EFA 2: **Coordinate** policymaking and implementation (Target met)
- EFA 3: **Optimise**, integrate and leverage information and technology solutions (Target met)

Organisational capability

- EFA 4: **Improve** strategy execution and internal efficiency (Target met)
- EFA 5: **Attract**, develop and retain critical skills and competencies and embed the SARB culture (Target partially met)

Note: The status of an SFA is determined by the measures in its scorecard and not the achievement of its unique objectives.

Target met | Target partially met | Target not met

SFA 1

Maintain headline inflation within the target range

Objectives

Maintain headline inflation within the target range of 3–6% by delivering a structured research programme, economic analysis and policy advice. This is supported by an effective MPIF, strong information management and targeted communication and stakeholder engagement.

2024/25 Performance overview

Headline inflation remained within the 3–6% target range, or below it, for 22 consecutive months as of March 2025. The SARB forecasts inflation remaining within the target range, at 3.2% in 2025, 4.2% in 2026 and 4.4% in 2027.

Performance scorecard Overall status

Strategic measures	Target (annual)	2024/25 (annual)	2023/24 (annual)
Headline inflation versus target	3–6%	**4.4%** *(2024 calendar year)* **3.8%** *(financial year)*	6% *(2023 calendar year)* 5.5% *(financial year)*

Unique strategic objectives for SFA 1

Maximise monetary policy effectiveness	• The SARB published a range of peer-reviewed research papers including, 17 working papers, 20 economic notes, 18 research briefs and one Special Occasional Bulletin of Economic Notes which informed monetary policy thinking. • In addition, four published editions of the *Quarterly Bulletin* provided timely analysis of economic trends. • High-quality documents were prepared for six MPC meetings, supplemented by two in-depth background notes about labour statistics and public finance considerations. • Additionally, two editions of the *Monetary Policy Review* (*MPR*) were published, providing monetary policy insights and analysis.
Anchor inflation expectations	• The Bureau for Economic Research's five-year-ahead inflation expectations declined to 4.9% in the second quarter of 2024, marking the first time it has fallen below the 5% threshold since the fourth quarter of 2021. • Notably, analysts' expectations have converged towards the midpoint of the target range, while labour and business expectations remain above, at 5.2% and 5.1% respectively. • A process is underway to develop an engagement approach with key price-setters, encompassing both administered price-setters and other stakeholders.

Note: The strategic plan reports headline inflation for the 2024/25 financial year (April 2024 to March 2025).

Target met Target partially met Target not met

SFA 2

Protect and enhance financial stability

Objectives

Continue developing macroprudential frameworks with a greater emphasis on stress-testing to assess their effectiveness. Modernise the NPS, ensuring its safety and efficiency.

2024/25 Performance overview

Inaugural stress-testing exercises were conducted for the insurance sector as well as for climate change-related risks in the banking sector. Several financial stability indicators which assess the overall health of financial conditions within the economy, such as the Financial Conditions Index (FCI), the heatmap and the Residual Vulnerability Matrix (RVM) were updated to ensure they remain appropriate for the domestic environment.

CODI, a subsidiary of the SARB mandated to protect qualifying bank depositors in the unlikely event of their bank failing, became operational on 1 April 2024.

Notable progress was also made in broadening access to the NPS. The prudential and risk management framework, including cyber resilience, for the NPS was drafted and incorporated into the Payments Authorisation Framework. Additionally, a draft Domestic Interoperability Consultation Paper was circulated to key external stakeholders and regulatory bodies.

Performance scorecard

Overall status

Strategic measures	Target (annual)	2024/25 (annual)
Protect and enhance financial stability	Comprehensive set of documented frameworks that guide how the SARB fullfills its financial stability responsibilities.	Sectoral frameworks, including the Macroprudential Policy Framework, the Financial Stability Monitoring and Assessment Framework and the revised FCI were approved and published.

Unique strategic objectives for SFA 2

Enhance the SARB's ability to respond to shocks and systemic events	In response to improving our handling of shocks and systemic events, significant progress was made: • Financial loss absorbing capacity (Flac) requirements were issued and the proposed standards will be tabled for approval in the 2025/26 fiscal year. • Resolution strategies were developed for two of the six systemically important financial institutions (SIFIs), with the remaining four strategies still in development. • A high-level strategy for non-SIFIs was developed and is in the process of being finalised. • Detailed resolution strategies were drafted for two distressed banks, while two other strategies are still being developed.
Assess risks and vulnerabilities in the financial system	Progress includes: • Submission of a Non-Bank Financial Institution Framework to the Financial Stability Committee (FSC). • Successful completion of the first insurance common scenario stress test and delivery of the climate risk stress test (CRST) top down model for use in climate risk stress testing.
Develop and propose possible mitigating options	• High-level frameworks for monitoring and assessing financial stability, including available tools, were approved and published as part of the mitigation strategies.
Broaden access to payment services while promoting the safety, efficiency and integrity of the NPS	• A draft Domestic Interoperability Consultation Paper was distributed to stakeholders for feedback. • A directive on screen-scraping was issued, marking a key milestone in the development of open banking regulations. • A draft Open Banking Regulatory Framework is being reviewed internally. • The Cyber Resilience Directive was published and the Prudential Framework has been completed and incorporated into the Payment Authorisation Framework. This framework will be open for public consultation once it is finalised.

SFA 3

Promote and enhance the safety, soundness and integrity of regulated financial institutions and market infrastructures

Objectives

Embed the PA's enhanced regulatory and supervisory practices and promote a proactive approach with appropriate policies, frameworks and tools to support the evolving financial ecosystem and improve financial surveillance.

2024/25 Performance overview

Significant progress has been made in complying with quantitative prudential standards for SIFIs and other institutions. Compliance with governance and risk management practices has also been achieved or surpassed. There was also notable progress made in implementing remedial actions to address greylisting, with two remaining action items expected to be completed between March and June 2025, potentially leading to delisting in October 2025.

Performance scorecard Overall status

Strategic measures	Target (annual)	2024/25 (annual)	2023/24 (annual)
Percentage of financial institutions that meet or exceed the quantitative prudential standards for SIFIs	100% or under adequate regulatory action	**100%**	100%
Weighted percentage of financial institutions that meet or exceed the quantitative prudential standards for non-SIFIs	90% or under adequate regulatory action	**98%**	96.9%
Compliance with sound governance and risk management practices for SIFIs (proportionate application of smaller banks and co-operative financial institutions)	100% of institutions fully compliant or under adequate regulatory action	**100%**	100%
Weighted percentage of non-SIFIs[1] that comply with sound governance and risk management practices required by legislation	100% of institutions fully compliant or under adequate regulatory action	**99%**	96.4%

1 Non-SIFIs: smaller banks or small- to medium-sized insurers.

Unique strategic objectives for SFA 3

Objective	Status	Outcomes
Enhance risk-based, outcomes-focused and forward-looking supervision	Target met	• The 2024/25 Quality Assurance plan on compliance to supervisory guidelines was executed and finalised. The outcomes indicate a positive trend in the adoption of supervisory guidelines across the PA.
Implement integrated and proportionate regulatory and supervisory frameworks	Target met	• Field testing on the capital standards for financial conglomerates was concluded. • A business risk assessment guidance note on anti-money laundering and countering the financing of terrorism (AML/CFT) supervision was approved and published in November 2024. • The FATF Plenary concluded that South Africa successfully addressed or largely addressed 20 out of the 22 action items in its Action Plan during the reporting cycle. All items relating to the SARB have been removed from the action list. The remaining two items are anticipated to be addressed between March and June 2025.[2]
Improve regulatory coverage	Target partially met	• Four guidance notes on climate-related disclosures, governance and risk practices for banks and insurers were published. • Among the reports were one summarising the feedback from public consultation, a climate risk observation report and the PA Climate Roadmap 2024–26. • A draft consolidated implementation plan for assessing the adequacy of the prudential regulatory framework for collective investment schemes (CISs) and pension funds is currently undergoing consultations.
Improve the monitoring, reporting and surveillance of cross-border transactions	Target met	• Sixty-five percent of financial institutions meet the Financial Surveillance requirements for completeness and accuracy of cross-border transactions, while the rest are under specific regulatory actions due to non-compliance. • All Authorised Dealers adhere to macroprudential requirements. • Additionally, 98.82% of institutional investors are fully compliant with prudential requirements, with the other 1.18% investors under supervisory intervention due to non-compliance.

2 The *SARB Annual Report* was finalised before the June FATF meeting. Developments on the final two action list items will be reflected in the 2025/26 annual report.

Target met Target partially met Target not met

SFA 4

Enhance South Africa's resilience to external shocks

Objectives

Improve the monitoring of existing and emerging external financial and macroeconomic risks and vulnerabilities, continue to enhance the functioning of the financial system, enhance macroeconomic and macroprudential toolkits and improve the coordination of policy responses within the SARB and with NT.

2024/25 Performance overview

Strategies for FX reserve accumulation have been developed and approved, and a re-assessment of the adequacy of the current level of reserves has been completed. Furthermore, the implementation of a Market Tracker and Ticker, development of a visualisation tool for post-trade analytics, reporting instructions for approved dealers and the creation of business cases and architectural designs have been completed.

Performance scorecard

Overall status

Strategic measures	Target (annual)	2024/25 (annual)	2023/24 (annual)
Investment grade credit rating	An investment grade credit rating from at least one of the major rating agencies	December 2024 – Moody's affirmed the sovereign's long-term foreign and local currency debt ratings at 'Ba2' and maintained a stable outlook.	March 2022 – Moody's changed South Africa's outlook to stable, affirming its Ba2 rating.
		November 2024 – S&P Global Ratings affirmed its BB- rating, with a positive outlook.	March 2023 – S&P revised South Africa's outlook to stable as infrastructure constraints weighed on growth and affirmed its 'BB-/B' rating.
		September 2024 – Fitch affirmed South Africa's long-term foreign and local currency debt ratings at 'BB-' and maintained the stable outlook.	January 2024 – Fitch affirmed South Africa's domestic and foreign debt ratings to 'BB-', with a stable outlook.
Ratio of imports of goods, services and income payments covered by reserves	Reserves equal to at least six months of imports of goods and services	5.4 months (2024Q3)	–
Assessing Reserve Adequacy (ARA) metric measures a broad set of risks reflecting potential drains on the balance of payments	ARA between 100% and 150%	93% (2024)	–

Target met   Target partially met   Target not met

Unique strategic objectives for SFA 4

Improve the monitoring of existing and emerging vulnerabilities	Target met	• The FX Monitoring Tool was implemented and achieved its milestones such as the completion of the Market Tracker and Ticker and the customisation work for pre-trade data. • A visualisation tool for post-trade analytics was completed.
Enhance the functioning of South Africa's financial system	Target partially met	• The proof of concept (PoC) for the Triparty Collateral Management system will be integrated into the South African Multiple Option Settlement (SAMOS) version 9 upgrade programme. • To enhance access to the Global Financial Safety Net, the SARB continued discussions with the BIS on this issue. • In finalising the Climate Change Regulatory Framework Position Paper, a climate change policy and regulatory framework has been incorporated into the National Payment System Consultation Paper.
Enhance the macroeconomic and macroprudential toolkit	Target met	• Various strategies have been developed for accumulating FX reserves. • Additionally, a re-assessment of the adequacy of the current level of reserves has been completed and a 'ready-to-execute' proposal will be finalised.

Target met   Target partially met   Target not met

SFA 5

Ensure cost effective availability and integrity of currency

Objectives

Ensure the availability of high-quality banknotes and coin and combat counterfeiting.

2024/25 Performance overview

The strategic goal of ensuring 100% on-time, in-full availability of currency for the cash industry was met. The integrity of the currency, indicated by a counterfeiting rate of 3.16 ppm, remained well below the 12 ppm threshold. The currency-producing subsidiaries met the targets set for managing the unit cost of production of banknotes and coin.

Performance scorecard

Overall status: Target met

Strategic measures	Target (annual)	2024/25 (annual)	2023/24 (annual)
On-time, in-full fulfilment of orders from the cash industry	100% orders fulfilled on time	**100%**	100%
Incidence of counterfeiting measured in ppm (annualised)	<12 ppm or under adequate regulatory action	**3.16 ppm**	4.03 ppm

Unique strategic objectives for SFA 5

Optimise the currency supply chain	• The cost-of-currency supply chain, including operational and personnel costs, remained within budget at the currency-producing subsidiaries. • Banknote buffer levels remained above the nine-month target. • Similarly, coin buffer stocks surpassed the six-month target due to the inventory needed for the third decimal coin withdrawal strategy and a decrease in the demand for certain high-denomination coins.
Enhance the quality of banknotes and coin	• At 75%, the yield of fit banknotes in circulation was achieved.

Target met | Target partially met | Target not met

Enablement focus areas

EFA 1

Improve transparency and accountability through stakeholder engagement and communication

2024/25 Performance highlights

Delivered layered communication initiatives targeting diverse audiences across various platforms. According to the 2023/24 Ipsos survey findings, the SARB's public reputation has improved compared to the 2022 survey. However, some metrics, such as public awareness, saw slight declines. The next survey will be conducted in the 2025/26 financial year.

EFA 2

Coordinate policymaking and implementation

2024/25 Performance highlights

The Cross Departmental Research Committee sets a Bank-wide research agenda. The SARB published papers from the call for proposals on the impacts of financial regulation. The call attracted both local and international interest, resulting in the approval of 17 research proposals.

Eight working papers discussing key topics in financial stability and two on financial inclusion were published in a special March 2025 issue of the *South African Journal of Economics*.

Good progress has been made on climate change initiatives and collaborations with the Network for Greening the Financial System (NGFS) and the Southern African Development Community (SADC) Committee of Central Bank Governors (CCBG).

EFA 3

Optimise, integrate and leverage information and technology solutions

2024/25 Performance highlights

The SARB continues to update its core central banking systems and is in the process of establishing an enterprise information management system, focused on improving information-sharing both within the SARB and across the industry to build an advanced analytics capability.

The PoC for Advanced Analytics and use case models for the PA, National Payment System Department (NPSD) and Financial Markets Department (FMD) have been finalised. A data-sharing strategy has also been approved.

Progress has been made in delivering of Tier 1 programmes. Several of these programmes will continue into the new strategy cycle, with an emphasis on speeding up their delivery.

An Information Governance Maturity Model has been rolled out across departments in the SARB, including among others CODI, Corporate Services Department, Currency Management Department and Group Securities Management Department.

Phase 2 of the Electronic Documents and Records Management System (EDRMS) programme is currently underway and the digitisation of records is progressing well.

EFA 4

Improve strategy execution and internal efficiency

2024/25 Performance highlights

Project, programme and portfolio management initiatives were rolled out across the SARB.

To drive the maturity of enterprise-level strategy management with a focus on enterprise change management, specialised change capability programmes were developed and delivered. A change management resilience programme aimed at employees was also piloted.

EFA 5

Attract, develop and retain critical skills and competencies and embed the SARB culture

2024/25 Performance highlights

Departmental strategic workforce action plans, which focus on critical skills development through learning pathways and skills hubs, are still closely monitored.

Turnover rates of both regrettable losses and critical skills remain within acceptance thresholds, though some concerns persist in a few departments.

The Ways of Work programme continues to support hybrid working arrangements. The D&I programme, now in Phase 4, focused on embedding inclusivity as a core element of the culture of the SARB.

Various webinars and workshops have been conducted to strengthen the SARB culture and foster personal, team and leadership effectiveness. These interventions have contributed to an overall improvement in employee engagement, which rose from 70.9% to 72.2% in the 2024 Employee Engagement Survey.

Target met | Target partially met | Target not met

HOW THE SARB IS GOVERNED

Shareholding and dividend

The SARB's shareholders

As at 31 March 2025, the SARB had **843 shareholders.** These shareholders do not have any rights or involvement in determining monetary policy, financial stability policy or the regulation and supervision of the financial sector.

Their rights are limited to the following activities at the SARB's AGM:

- reviewing the SARB's annual financial statements;
- electing seven non-executive directors of the Board when vacancies arise; and
- appointing the external auditors and approving their remuneration.

SARB shares are traded on an over-the-counter (OTC) share-trading facility managed by the organisation. Although some foreigners still hold shares, only the shareholders residing in South Africa are entitled to vote at the AGM.

Shareholders are allowed one vote for every 200 shares held. The SARB Act restricts shareholders to owning no more than 10 000 shares, including shares held by associates, as defined in the SARB Act.

Dividend

The SARB Act permits the SARB to declare dividends at the rate of 10% a year on the paid-up share capital of the SARB. An interim dividend of five cents per share was paid to shareholders on 25 October 2024. A final dividend of five cents per share was paid to shareholders on 30 May 2025. The total dividend paid for the financial year was R0.2 million (2023/24: R0.2 million).

Governance

The SARB embraces the overarching goals of *King IV*™ and has implemented the principles of responsibility, accountability, fairness and appropriate transparency, in line with legislation governing the SARB.

Ethical culture

The SARB operates in the public interest, making it critical to uphold the highest ethical standards as an institution. The Board and executive management are responsible for ensuring that the SARB fulfils its mandate and executes its strategy, all while adhering to its core values of integrity, excellence, respect and trust, open communication and accountability. Any challenge to the SARB's independence and constitutional mandate is vigorously defended to ensure that the SARB serves South Africa's citizens without fear, favour or prejudice.

The SARB promotes a culture of ethical conduct and compliance. The Ethics Policy and procedures guard against unethical behaviour or unlawful conduct and guide management in the event of such instances occurring. The Board Risk and Ethics Committee (BREC) oversees ethics management, while the Risk Management and Compliance Department (RMCD) manages the day-to-day aspects, including ethics risk assessments and employee declarations on outside interests, gifts, hospitality and personal account trading. The Internal Audit function assists in identifying possible incidents of commercial crime and other irregularities.

The annual Employee Engagement Survey is used to gain employee insight on ethics. In the 2024 survey, the SARB noted improvements in several key leadership drivers, with an overall improvement of 1.3 percentage points from 70.9% to 72.2%. The inclusion of the newly added engagement driver of well-being boosted the score to 72.4%, helping the SARB to retain the Deloitte's Platinum Seal of Achievement – the highest recognition for employee engagement.

Based on the independent Ethics Management Maturity and Ethics Risk Assessments conducted in 2023, the SARB has developed an ethics management strategy and an ethics disclosure system. It also updated its Ethics Policy.

An independent, external hotline is available to employees and the public to anonymously report dishonest, questionable or sensitive matters related to the SARB's business practices. This hotline is available 24/7 and all allegations are treated seriously and investigated. Callers can communicate with trained operators in English, Afrikaans, isiZulu and Sesotho.

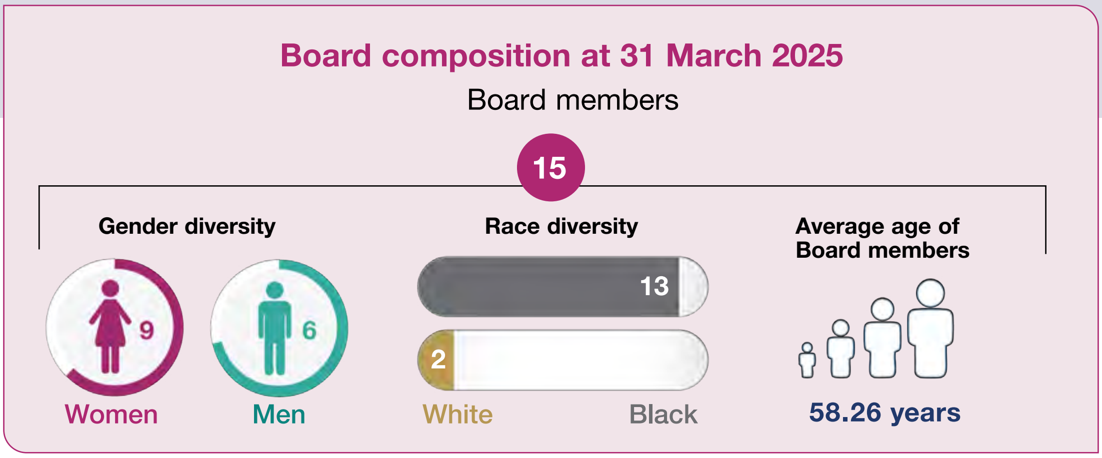
The Board

The Board is responsible for the corporate governance of the SARB. It ensures compliance with principles of good governance, adopts rules and determines policies for the sound accounting, administration and functioning of the SARB. It also ensures these functions and duties are fulfilled. The SARB Act and the Board Charter define the Board's responsibilities.

The SARB Act requires the Board to have 15 members, comprising the Governor, three deputy governors who serve as executive directors and four non-executive directors appointed by the President after consultation with the Minister of Finance. It also includes seven shareholder-elected non-executive directors.

The SARB Act also sets the 'fit and proper' criteria for Board membership and prescribes that a panel evaluates nominated shareholder-elected candidates, considering skills, knowledge and diversity. This ensures that the Board operates with integrity and has the capability and diverse thinking required to fulfil its responsibility for effective governance. Well-constituted committees assist the Board in discharging its duties.

The Board receives reports on governance and oversight matters from the GEC and the various Board committees. The Board ordinarily meets five times a year. Of specific note is the Board's accountability for the governance of information and technology (I&T), which includes ensuring that the I&T strategy supports the SARB's strategic objectives. I&T investments are made within acceptable risk parameters and in line with the SARB's culture, structure and I&T maturity. Various governance structures assist the Board in this responsibility. I&T performance against an approved scorecard is reported quarterly to the Information and Technology Steering Committee, GEC, BREC and Audit Committee.



1 E L (LESETJA) KGANYAGO | 59

Executive chairperson • Governor of the SARB[1]

Appointed by the President

Appointed: 9 November 2014, reappointed for a second and third five-year terms on 9 November 2019 and 9 November 2024 respectively.

Responsibilities: Executive Management Department, Communications Division, Strategy Management Office (SMO), IAD, Economic Research Department (ERD) and the Human Capital and Operations Cluster.

Experience: Served as Director-General at NT and then as a DG of the SARB from 16 May 2011 to 8 November 2014. Served as the Chairperson of the International Monetary and Financial Committee, the primary advisory board to the International Monetary Fund (IMF) Board of Governors, from 18 January 2018 to 17 January 2021. During his time at NT, he represented South Africa at the World Bank, the G20 and the African Development Bank (AfDB), including as Chair of the Development Committee Deputies and Co-chair of the G20 Working Group on the reform of the IMF.

Other current roles
- Chairperson of the CCBG of the SADC.
- Co-chairperson of the Financial Stability Board's (FSB) Regional Consultative Group for sub-Saharan Africa and the FSB's Cross-Border Payments Coordination Group.
- Appointed Chancellor of Stellenbosch University in January 2025.

Awards
- University of South Africa (Unisa) Chancellor's Calabash Outstanding Alumnus Award in 2015.
- Named the GlobalMarkets Awards Governor of the Year for sub-Saharan Africa in 2017.
- Named Central Bank Governor of the Year by Central Banking Publications in 2018.
- Doctor of Commerce, honoris causa, awarded by Stellenbosch University in December 2018.
- Leadership in Practice Award in 2019 from Unisa Graduate School of Business Leadership.
- Doctor of Commerce, honoris causa, awarded by the Nelson Mandela University in December 2020.
- Awarded Central Bank Governor of the Year by African Banker in 2021.
- Doctor of Education, honoris causa, awarded by the Walter Sisulu University in 2025.

1 As is practice around the globe the SARB Act requires the Governor to serve as both the CEO of the SARB and Chairperson of the Board, with a casting and deliberative vote.




2 N (NOMFUNDO) TSHAZIBANA | 48

Executive director • Deputy Governor of the SARB

Appointed by the President

CEO of the PA from 1 April 2022

Appointed: 1 August 2019, reappointed for a second five-year term on 1 August 2024

Responsibilities: SARB Financial Surveillance Department and the PA.

Served as Adviser to the Governors: February 2018 to 31 July 2019

Experience: Prior to joining the SARB, she served as an Alternate Executive Director on the Board of the IMF from 2015 to 2018. Served as Deputy Director-General responsible for Economic Policy and Forecasting at NT from June 2011 to February 2015 and prior to that served in various roles at NT from 2003. Before this, she was responsible for policy analysis at the National Energy Regulator of South Africa (NERSA) and worked in the private sector.

Other current roles

- Member of the Supervisory and Regulatory Committee of the FSB.
- Member of the CODI Board and Chairperson of the CODI Investment Committee.
- Vice Chairperson of the NGFS.

3 R (RASHAD) CASSIM | 59

Executive director • Deputy Governor of the SARB

Appointed by the President

Appointed: 1 August 2019, reappointed for a second five-year term on 1 August 2024

Responsibilities: FMD, Legal Services Department, International Economic Relations and Policy Department and NPSD.

Experience: Served as the Head of the SARB's ERD and Economic Statistics Department (ESD) and as Chief Economist from March 2011 until July 2019. Before joining the SARB, he was the Deputy Director-General at Stats SA responsible for economic statistics. From 2003 until 2006 he was a professor and Head of the School of Economics and Business Sciences at the University of the Witwatersrand (Wits). Before this, he was the Head of Trade and Industrial Policy Strategies and held various research positions at the University of Cape Town (UCT). He served as the chairperson of the international Irving Fisher Committee on Central Bank Statistics under the auspices of the Bank for International Settlements (BIS) between 2019 and 2022.

Other current roles

- Member of the BIS Markets Committee and the Committee on the Global Financial System.
- Serves as South Africa's Central Bank Deputy at the G20 and BRICS meetings.
- Chair of the Financial Markets Liaison Group, the Market Practitioners Group (MPG).
- Chair of the CPD.

4 DR M M P (MAMPHO) MODISE | 42

Executive director • Deputy Governor of the SARB

Appointed by the President

Appointed: 1 April 2024

Responsibilities: Financial Stability Cluster, which includes the FinStab, CODI, the ESD, the RMCD and the Fintech Unit.

Experience: Served as the Deputy Director-General of Public Finance at NT, responsible for fiscal and financing monitoring and evaluating policy proposals across national departments. Was also responsible for overseeing and assessing the performance of public and state-owned entities. Formerly a chief director for strategy and risk management at NT's Asset and Liability Management Division, she was responsible for implementing a strategy and risk management framework and managed the government's relationships with global rating agencies. Her previous roles include Director of Fiscal Policy and Senior Economist in the Economic Policy Division at NT. She chairs the CODI Board and oversees the successful launch and ongoing public engagement of CODI.

Other current roles

- Member of the FSB Standing Committee on Standards Implementation.
- Advisory Board member of SA-TIED (Southern Africa).
- Advisory Board member of the Faculty of Economic and Management Science, University of Pretoria (UP).

5 L H (LERATO) MOLEBATSI | 55

Lead independent non-executive director • Non-executive Directors' Committee (Nedcom) Chairperson

Government appointed: April 2019, reappointed in June 2022

Qualifications: BA Psychology, University of Johannesburg; Senior Executive Leadership Programme for Africa, Harvard University; Senior Management Development Programme Diploma, Stellenbosch University

Experience: A former CEO of a multinational company, she held positions in financial services companies such as Sanlam and Old Mutual. While in government she led policy development and transformational change initiatives. Has worked across the continent with decision-makers of major global institutions such as General Electric (GE), while serving as the CEO of GE South Africa. Currently serves on several boards including as a non-executive director and Chairperson of the Social Ethics Environment and Sustainability Committee at Spur Corporation. Has over 25 years' experience in financial services, mining, government, non-profit and professional services. Has knowledge and skills in policy, strategy, communications, marketing, corporate social investment, black economic empowerment and governance.

6 N B (NORMAN) MBAZIMA | 66

Non-executive director • Audit Committee Chairperson

Board appointed as a casual vacancy: August 2020

Shareholder elected: August 2021, re-elected in July 2024

Qualifications: Fellow of the Association of Chartered Certified Accounts as well as the Zambia Institute of Chartered Accountants

Experience: Over 18 years' exposure as a senior executive at Anglo American, including as CFO and CEO of its various business units. Seventeen years' experience as a professional accountant with Deloitte & Touche, in mining, financial services and other industries. Currently the Chairperson of Anglo American Platinum Limited and various other boards. Is a trustee of Malaria No More. Has knowledge and skills in mining, financial management and governance practices in the public and private sectors.

7 Z (ZOAIB) HOOSEN | 60

Non-executive director • BREC Chairperson

Shareholder elected: July 2019, re-elected in July 2022

Qualifications: MBA and Bachelor of Science (BSc) in Computer Science and Mathematics

Experience: Thirty years' experience in the information and communications technology industry and the former Managing Director of Microsoft South Africa. Currently a member of the Gordon Institute of Business Science (GIBS) Advisory Board, Institute of Directors South Africa and Executive in Residence at Sanari Capital. He advises businesses on their strategic and digital transformation journeys. Has knowledge and skills in industry.

8 Y (YVONNE) MUTHIEN | 68

Non-executive director • Remuneration Committee (Remco) Chairperson

Shareholder elected: July 2018, re-elected in August 2021 and again in July 2024 for a final three-year term

Qualifications: DPhil, Oxford University; Master of Arts, Northwestern University, US; BA (Hons) – cum laude, University of the Western Cape

Experience: Currently Chairperson of Rhodes Food Group, a non-executive director of Aspen and SA SME Fund as well as Chairperson of Mavovo Capital. Has extensive executive management and Board experience across various sectors. Former positions include Senior Executive and Board roles at Sanlam, Sanlam Investments, Santam, BankservAfrica, Coca-Cola and MTN. Has knowledge and skills in commerce and finance, telecommunications and fast-moving consumer goods.

9 N (NICHOLAS) VINK | 70

Non-executive director

Shareholder elected: July 2016, re-elected in July 2019 and again in July 2022 for a final three-year term

Qualifications: Doctorate (PhD) in Agricultural Economics

Experience: Non-executive director on the Rooibos Limited Board and a former President of the International Association of Agricultural Economists (2021–24). Has knowledge and skills in agriculture.

10 J M S D (DUDU) MSOMI | 54

Non-executive director

Government appointed: July 2020, reappointed in September 2023

Qualifications: Bachelor of Arts (BA) degree (Psychology and English); BA (Hons) degree (Cultural and Media Studies); postgraduate diplomas in Advertising and Marketing and Corporate Governance; and a Master of Business Administration (MBA) from the UP's GIBS

Experience: Chairperson of the SARB Retirement Fund Board (employer appointed); Founder and CEO of Busara Leadership Partners; Host of Wisdom Personified Conversations with Dudu Msomi; adjunct faculty member at GIBS; industry expert for Masterstart; SA partner for the CEO Summit Uganda's CEO Apprentice Programme; part-time Commissioner on the KwaZulu-Natal Provincial Planning Commission; a non-executive director of the Vodacom Foundation Advisory Board; Trustee of the Humulani Trust (Invicta Holdings); and a Fellow at the Institute of Directors in South Africa. Has knowledge and skills in strategy, corporate governance, environmental, social and governance (ESG) matters, leadership development, diversity, equity and inclusion, and small-, micro- and medium-sized enterprises.

11 C B (CHARLOTTE) BUITENDAG | 58

Non-executive director

Shareholder elected: July 2016, re-elected in July 2019 and again in July 2022 for a final three-year term

Qualifications: PhD in Econometrics

Experience: Is serving as Professor in Simulation and Futuristic Studies at the Thabo Mbeki Graduate School for Public and International Affairs, Unisa. Has previously served as Professor of Economics at UP. Has knowledge and skills in industry.

12 M M T (TRYPHOSA) RAMANO I 53

Non-executive director

Shareholder elected: August 2020, re-elected in July 2023

Qualifications: CA(SA); postgraduate diploma in Accounting and Bachelor of Commerce (BCom); Advanced Leadership Initiative fellow (2021) at Harvard University, Boston

Experience: Co-founder and Director of Magommake Limited. Has held positions in the public and private sectors. Among other roles, served as the CFO of PPC Limited, WIPHOLD and South African Airways, and as Head of Asset Liability at NT. Serves on the boards and as Chairperson of the Audit and Risk Committee of the International Women's Forum (South Africa) and the Solidarity Fund. She is a member of the South African Institute of Chartered Accountants (SAICA), a non-executive director of the Public Investment Corporation (PIC), Denel SOC Limited, Eskom Holdings SOC Limited, SA Rugby Council, the current Deputy Chairperson of the Council at UP and National Economic Development and Labour Council (Nedlac), and a member of the Board of the National Transmission Company of SA. Has knowledge and skills in commerce and finance.

13 K H (KGABO) BADIMO I 65

Non-executive director

Government appointed: June 2022

Qualifications: PhD in Information Systems, Unisa; MSc in Data Engineering, Keele University in the UK; BSc Computer Sciences, University of the North at Turfloop (University of Limpopo); Executive Leadership Programme at Unisa; Graduate Studies Programme in Business Administration at Wits; and SAP Winning Insights Leadership Development Programme at GIBS

Experience: Serves on the SARB Board as a non-executive director; Board of Airports Company South Africa as a non-executive director and member of the Audit Committee of the Government Communications and Information Systems. Held various senior executive positions including at Dr Temp (Pty) Limited, Oracle SA, Ansys Limited, Neotel, Jasco Limited, Spescom DataVoice (Pty) Limited, SAP SA, MTN, SITA (Pty) Limited, Denel Infoplan (a division within Denel (Pty) Limited) and First National Bank. Has knowledge and skills in IT, banking, defence, rail, mining, mobile communications, telecommunications and data communications.

14 K W (KHOLEKA) MZONDEKI I 56

Non-executive director

Government appointed: September 2023

Qualifications: Chartered Accountant (Fellow Chartered Certified Accountant, UK); BCom and Diploma in Investment Management

Experience: Serves on several JSE-listed company boards as an independent non-executive director (investment and transactions, remuneration, social and ethics). Is an internationally qualified chartered accountant and has extensive experience in senior finance executive roles as Financial Director and CFO. Currently chairs the Audit Committee of Thungela Resources. Served on the Telkom Board, as the lead independent non-executive director at Aveng, and was the Chairman of Trudon, a fintech solutions business. Has knowledge and skills in finance and accounting.

15 S (SHAMIMA) GAIBIE I 61

Non-executive director

Board appointed as a casual vacancy: August 2020

Shareholder elected: August 2021, re-elected in July 2024

Qualifications: BA and Bachelor of Laws (LLB) degrees, Wits; Master of Laws (LLM) degree from the London School of Economics and Political Science (University of London)

Experience: Admitted as an attorney, practising for more than 30 years in labour law, public sector law, commercial law and constitutional law, among other legislation. Previously served as a lecturer of law and acted as a judge in the Labour Court and High Court and is a senior director at law firm Cheadle Thompson & Haysom Inc. Has written articles on labour law and co-authored the 7th edition of *Labour Relations Law: A Comprehensive Guide*. Has knowledge and skills in various fields of law.

Frequency and attendance of Board and its committee meetings from 1 April 2024 to 31 March 2025

Names of Board members	Board (5 meetings)	Audit Committee (5 meetings)	BREC (4 meetings)	Nedcom (4 meetings)	Remco (4 meetings)	Total meeting attendance for each member's allocated committees
E L (Lesetja) Kganyago> **Board Chairperson**	5/5	5/5	4/4	n/a	4/4	**18/18**
N (Nomfundo) Tshazibana#	5/5	4/5*	4/4	n/a	n/a	**13/14**
R (Rashad) Cassim†	5/5	5/5	n/a	n/a	4/4	**14/14**
M M P (Mampho) Modise#	5/5	5/5	4/4	n/a	n/a	**14/14**
C (Charlotte) Buitendag	5/5	n/a	3/4	4/4	n/a	**12/13**
N (Nicholas) Vink	5/5	n/a	n/a	4/4	4/4	**13/13**
Y (Yvonne) Muthien **Remco Chairperson**	5/5	n/a	n/a	4/4	4/4	**13/13**
Z (Zoaib) Hoosen **BREC Chairperson**	5/5	5/5	4/4	4/4	n/a	**18/18**
L (Lerato) Molebatsi **Lead independent non-executive director and Nedcom Chairperson**	5/5	n/a	4/4	3/4*	3/4*	**15/17**
J M S D (Dudu) Msomi	5/5	n/a	4/4	4/4	4/4	**17/17**
M M T (Tryphosa) Ramano	3/5*	4/5*	4/4	3/4*	n/a	**14/18**
N B (Norman) Mbazima **Audit Committee Chairperson**	5/5	4/5*	4/4	4/4	n/a	**17/18**
S (Shamima) Gaibie	4/5*	n/a	n/a	4/4	3/4*	**11/13**
K H (Kgabo) Badimo	5/5	5/5	4/4	4/4	n/a	**18/18**
K W (Kholeka) Mzondeki	4/5*	5/5	n/a	4/4	n/a	**13/14**
Numbers	**71/75**	**42/45**	**39/40**	**42/44**	**26/28**	**220/232**
Percentage	**94.6**	**93.3**	**97.5**	**95.4**	**92.8**	**94.83**

> Attends Audit Committee, BREC and Remco meetings by invitation
Attends Audit Committee and BREC meetings by invitation
† Attends Audit Committee and Remco meetings by invitation
* Apologised for absence(s)
n/a: not applicable

Assessing effectiveness

The Board conducts an annual assessment of the SARB's governance framework against best practice and regularly evaluates whether the *King IV*™ principles can be further applied. The Board Charter and the terms of reference of all Board committees are reviewed every three years, unless otherwise required. In line with the three-year cycle, the Board Charter and the terms of reference were reviewed in February 2023 and approved in March 2023. Board members perform annual self-assessments to evaluate how the Board and its committees are functioning. The Governor meets annually with Board members individually and the discussions are used to inform the nomination (or otherwise) of a Board member for re-election. Nomination recommendations are made after the Board has identified the skills and expertise needed to ensure its effective performance and after the contribution of non-executive directors to the work of the Board has been assessed.

Good performance

The role of governance is to support the SARB's ability to achieve its strategy and fulfil its mandate. To be a credible and well-governed institution, the SARB must have the structures, policies and the necessary skills to manage financial performance and ensure regulatory compliance and risk management, while conducting its social and ethical responsibilities. The Board committees are responsible for approving the SARB's policies which they oversee and monitoring their implementation.

Board committees

The Board has the authority to establish committees and delegate specific powers to enhance its efficiency. While certain responsibilities may be assigned to committees, the Board reaffirms that the ultimate accountability for such matters remains with the Board, which must exercise its decision-making responsibility accordingly.

Non-executive directors chair all Board committees. Board and committee appointments and terms that expired during the year include:

S (Shamima) Gaibie was re-elected for a second term as a member of the Board on 31 July 2024 and reappointed to Remco.

N B (Norman) Mbazima was re-elected for a second term as a member of the Board on 31 July 2024 and reappointed as the Chairperson of the Audit Committee and a member of BREC.

Y (Yvonne) Muthien was re-elected for a third term as a member of the Board on 31 July 2024 and reappointed as the Chairperson of Remco.

The terms of office of L H (Lerato) Molebatsi and K H (Kgabo) Badimo, who serve as government-appointed non-executive directors, expired on 31 May 2025. The SARB is awaiting the appointments or reappointments of the two directors.

AUDIT COMMITTEE

Has an objective, independent role and assists the Board in fulfilling its oversight responsibilities relating to financial reporting, the system of internal controls, the audit process and, as appropriate, the SARB's compliance with laws and regulations as these relate to financial reporting.

The Chairperson is a member of the audit committees of the currency-producing subsidiaries – the SA Mint and SABN – ensuring the sharing of information and alignment with the Group's policies.

The Chairperson of BREC is a member.

Membership

Chairperson

N B (Norman) Mbazima

Non-executive directors

Z (Zoaib) Hoosen

M M T (Tryphosa) Ramano

K H (Kgabo) Badimo

K W (Kholeka) Mzondeki

Attends by invitation

E L (Lesetja) Kganyago

R (Rashad) Cassim

N (Nomfundo) Tshazibana

M M P (Mampho) Modise

Key activities in 2024/25

- Reviewed and noted the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) settlement and payout accounting opinion.
- Reviewed and noted significant matters of judgement that impact on the SARB consolidated annual financial statements for the 2024/25 financial year-end (CPD Inter-Governmental Cash Coordination, ABHL, Land Bank, other major accounting issues).
- Reviewed and noted the IFRS 17 (assessment of CODI).
- Reviewed all significant internal and external audit findings and monitored management's responses to these findings. The committee was satisfied with the audit quality and independence of the external auditors.
- Reviewed the utilisation of the SARB Group's registered auditors and other auditing/accounting firms for non-audit/consulting services.
- Facilitated the process of selecting new external auditors.
- Received a combined assurance report in May 2024 together with the draft 2023/24 *SARB Annual Report*.
- The committee was satisfied with the assurance that the SARB's control environment is sound.
- Noted the SARB Group Litigation Report for the financial year 2024/25.
- Reviewed the Business Solutions and Technology Department's (BSTD) quarterly reports.
- Noted the external auditor's annual independence and audit quality declarations.
- Considered the SARB Group annual financial statements and recommended them for approval to the Board.
- Reviewed the project management governance guidelines on the building project.
- Reviewed the report on SARB insurance for 2024/25.
- Noted the EY transition plan for the SARB for the year ended 31 March 2026.
- Reviewed and approved the annual fee limits for non-audit work by the statutory auditors for the SARB and the Group.
- Reviewed the scope of the internal and external statutory audits.
- Assessed the SARB's internal audit and financial functions as well as the external auditors.

BOARD RISK AND ETHICS COMMITTEE (BREC)

Assists the Board in discharging its responsibilities relating to risk management and good organisational citizenship behaviour, specifically social and ethics responsibilities.

Oversees risk and ethics matters relating to the subsidiaries.

The Chairperson of the Audit Committee is a member.

Membership

Chairperson
Z (Zoaib) Hoosen

Non-executive directors
C B (Charlotte) Buitendag
L H (Lerato) Molebatsi
J M S D (Dudu) Msomi
M M T (Tryphosa) Ramano
K H (Kgabo) Badimo
N B (Norman) Mbazima

Attends by invitation
E L (Lesetja) Kganyago
N (Nomfundo) Tshazibana
M M P (Mampho) Modise

Key activities in 2024/25

- Considered the status of risk management in the SARB Group, including strategic risk reports and projects risk profiles.
- Considered financial risk, security threats and cyber-risk reports, including current and emerging threats as well as insurance reports.
- Received reports on the internal audit work relating to risk management processes.
- Received SARB Group litigation reports.
- Reviewed reports on ethics management, which included the enhancement of ethics processes and procedures, and the amendments made to the Ethics Policy.
- Reviewed reports on business continuity management.
- Reviewed internal audit work performed in respect of the risk management process in the SARB.
- Reviewed reports on the whistle-blowing hotline.
- Considered the SARB's annual corporate social investment (CSI) report.
- Considered the SARB Group risk management and compliance reports.
- Considered the status of compliance management across the SARB Group, including compliance universes, compliance risk assessments and the results of compliance monitoring activities.
- Received the status of implementation of the action plans to address recommendations from the SARB's benchmark exercise, frameworks and reporting against best practices.

NON-EXECUTIVE DIRECTORS' COMMITTEE (NEDCOM)

Assists the Board in fulfilling its legal and oversight obligations and responsibilities, enhancing corporate governance practices, ensuring ongoing director training and development, and evaluating the performance of the Governor, DGs and Secretary of the SARB.

Membership

Chairperson
L H (Lerato) Molebatsi

Non-executive directors
C B (Charlotte) Buitendag
Z (Zoaib) Hoosen
Y (Yvonne) Muthien
N (Nicholas) Vink
S (Shamima) Gabie
J M S D (Dudu) Msomi
M M T (Tryphosa) Ramano
N B (Norman) Mbazima
K H (Kgabo) Badimo
K W (Kholeka) Mzondeki

Attends by invitation
E L (Lesetja) Kganyago

Key activities in 2024/25

- Discussed topics on local and global economic environments as well as areas of interest as part of ongoing director training and development.
- Considered the performance of the Governor, DGs and Secretary of the SARB.
- Considered the succession planning of directors.
- Considered the training needs of directors and implemented an annual training schedule.

REMUNERATION COMMITTEE (REMCO)

Assists the Board in fulfilling its legal and oversight obligations and responsibilities relating to human resources and remuneration matters, and in enhancing corporate governance practices.

Recommends to the Board the remuneration packages of the Governor and DGs.

Reviews the broader human resources strategies to ensure that the SARB has an appropriate reward and performance management structure.

Reviews the general remuneration policy of the SARB and monitors its implementation.

Membership

Chairperson
Y (Yvonne) Muthien

Non-executive directors
S (Shamima) Gaibie
L H (Lerato) Molebatsi
J M S D (Dudu) Msomi
N (Nicholas) Vink

Attends by invitation
E L (Lesetja) Kganyago
R (Rashad) Cassim

Key activities in 2024/25

- Monitored the implementation of various initiatives, embedding a workforce plan that supports the SARB's strategy, workforce demographics, talent and succession management, EVP and the 'SARB Way of Work' programme.
- Reviewed the Human Resources Digitalisation Journey with the implementation of Phase 2 of the HCM Cloud Solution.
- Considered reports on the Employee Wellness Programme (EWP) with mental health matters remaining a focal point for employees.
- Reviewed the SARB D&I journey and its critical phases.
- Agreed on the annual salary increases for employees and the annual performance bonuses, for recommendation to the Board for approval.
- Noted the non-executive directors' annual fees increase as approved by the GEC.
- Considered reports on wage negotiations and settlement reached for salary increases for staff in the bargaining unit.
- Considered reports on ethics and people-related risks as identified by the RMCD.

Executive management

Governors' Executive Committee

In their capacity as executive directors and in line with the SARB Act, the Governor and DGs are responsible for the day-to-day policy decisions and management of the SARB, except for those areas entrusted to the Board, Prudential Committee (PruCo) and CODI.

The members of the GEC are the Governor as Chairperson and the DGs. The Chief Operating Officer (COO), Group Executive: Currency Management and General Counsel attend the meetings ex officio. The Secretary and Assistant Secretary of the SARB also attend the GEC meetings and maintain a record of the deliberations and resolutions for dissemination to the Group, where applicable.

The GEC meets every two weeks and considers policy decisions, strategic matters and other executive management matters.

The following subcommittees of the GEC assist this committee in its responsibilities:

INFORMATION AND TECHNOLOGY STEERING COMMITTEE

Chairperson
DG R (Rashad) Cassim

Provides strategic oversight in the management of I&T, including:

- approving, prioritising and monitoring strategic I&T projects and initiatives that foster technological innovation and advancement;
- overseeing I&T functions to ensure that projects and initiatives deliver value by meeting business objectives, providing effective support to departments;
- driving the targeted organisational architecture, ensuring that departments are effectively supported by I&T functions;
- overseeing resource allocation and budget management;
- actively monitoring the performance of I&T systems, services and projects, ensuring that they meet predefined metrics and key performance indicators;
- overseeing risk management related to I&T and that all IT projects comply with security, privacy and regulatory standards; and
- serving as a key link between I&T and other departments, ensuring alignment between technology and business needs.

PROCUREMENT COMMITTEE

Chairperson
COO P (Pradeep) Maharaj

- Oversees the governance of the procurement process to ensure that the acquisition of goods and services by the SARB or, where applicable, by its subsidiaries is in accordance with the SARB Group Procurement and Supplier Management Policy, related SARB Group risk policies and the current strategy of the SARB.
- Within its delegated authority, either approves the procurement of goods and services or recommends the procurement thereof to the GEC, giving consideration to all the commercial and legal elements that may influence the procurement decision, while noting that the evaluation and approval of the business case falls outside the function or its mandates.
- Reviews the overall broad-based black economic empowerment (B-BBEE) score attained annually to determine if it is in line with the approved B-BBEE strategy and whether the SARB is making progress against its targets.

RISK MANAGEMENT COMMITTEE (RMC)

Chairperson
Governor E L (Lesetja) Kganyago

Oversees risk management in the SARB Group on behalf of the executive and reports on the risk management process, including:

- assuming responsibility for risk management oversight, including business continuity, compliance, ethics and corporate citizenship by determining how these matters should be approached by the SARB Group, including the PA;
- reviewing and endorsing for approval by the BREC and GEC all the policies that are within the scope of the RMC's responsibilities;
- evaluating and approving key focus areas in the management of risk, compliance, ethics and good corporate citizenship matters of the SARB Group;
- reviewing the risk management, compliance management, ethics and good corporate citizenship reports; and
- ensuring that independent assurance is conducted on the effectiveness of risk, compliance, ethics and corporate citizenship management to provide operational adequacy and effectiveness assurance to the GEC.

MANAGEMENT COMMITTEE

Chairperson
DG M M P (Mampho) Modise

Monitors the day-to-day operational management, including:

- reviewing cross-cutting procedures and objectives for internal operations;
- reviewing and amending administrative and operational policies;
- providing assurance that policies and operational systems are aligned with best practice;
- considering management-related issues for inclusion in the organisational strategy or operational matters;
- considering progress reports on the SARB strategy; and
- considering progress reports on the implementation of capital expenditure projects.

RESERVES MANAGEMENT COMMITTEE

Chairperson
DG R (Rashad) Cassim

The SARB's Gold and Foreign Exchange Reserves Management Investment Policy governs the management of reserves. Reserves are managed within the SARB's overall risk tolerance framework and the related strategic benchmarks and targets are encapsulated in strategic asset allocation. External fund managers manage a portion of the FX reserves to enhance the internal reserves management capabilities and diversify risk and return. A three-tier governance structure clearly segregates the responsibilities for executive authority (GEC), strategic management (Reserves Management Committee) and portfolio management (FMD).

The Reserves Management Committee oversees the implementation of the Gold and Foreign Exchange Reserves Investment Policy and facilitates the prudent investment of South Africa's official reserves, including:

- appointing and removing external fund managers, financial custodians and securities lending agents;
- determining the allocation of the active risk budget;
- approving investment guidelines and asset classes for tranches and portfolios;
- monitoring the overall performance of the reserves;
- overseeing quarterly risk reserves management;
- recommending for approval by the GEC, changes to the Gold and Foreign Exchange Reserves Investment Policy, strategic asset allocation, the size of the Securities Lending Programme, the overall risk budget, tranche sizes and currency composition of tranches;
- monitoring the parameters for the annual and periodic re-balancing of tranche sizes and currency composition, the implementation of the investment policy, management of the investment portfolios and Securities Lending Programme as well as the implementation of the GEC resolutions; and
- reporting to the GEC quarterly and to the Board annually.

Risk management

The SARB must execute its mandate of price and financial stability in a complex economic and financial environment where risks evolve rapidly. Owing to its critical role in the economy and the functioning of the financial system, the SARB places a strong emphasis on risk mitigation and management.

The SARB's core functions, whether strategic, operational or policy-driven, come with inherent risks. To manage these risks, the SARB continuously monitors and responds to potential and actual political, economic and regulatory risks stemming from both the global and domestic environments. Additionally, risks associated with strategic initiatives and projects are managed through the SARB's risk management framework, ensuring they remain within accepted levels of risk tolerance.

Given its unique role, the SARB's risk management and control objectives go beyond institutional risk. It considers the public interest in line with its constitutional mandate and statutory responsibilities.

The risk management framework also incorporates the recommended risk management principles of *King IV*™. The SARB Group has adopted the International Organization for Standardization (ISO) 31000: Risk Management standard as its enterprise risk management framework.

Specialised cross-cutting risks

The coordinating role of the Risk Management and Compliance Department extends to the following cross-cutting risk categories.

Compliance

The RMCD provides centre-led compliance management within the SARB. A compliance management policy has been developed, ensuring the following obligations are met:

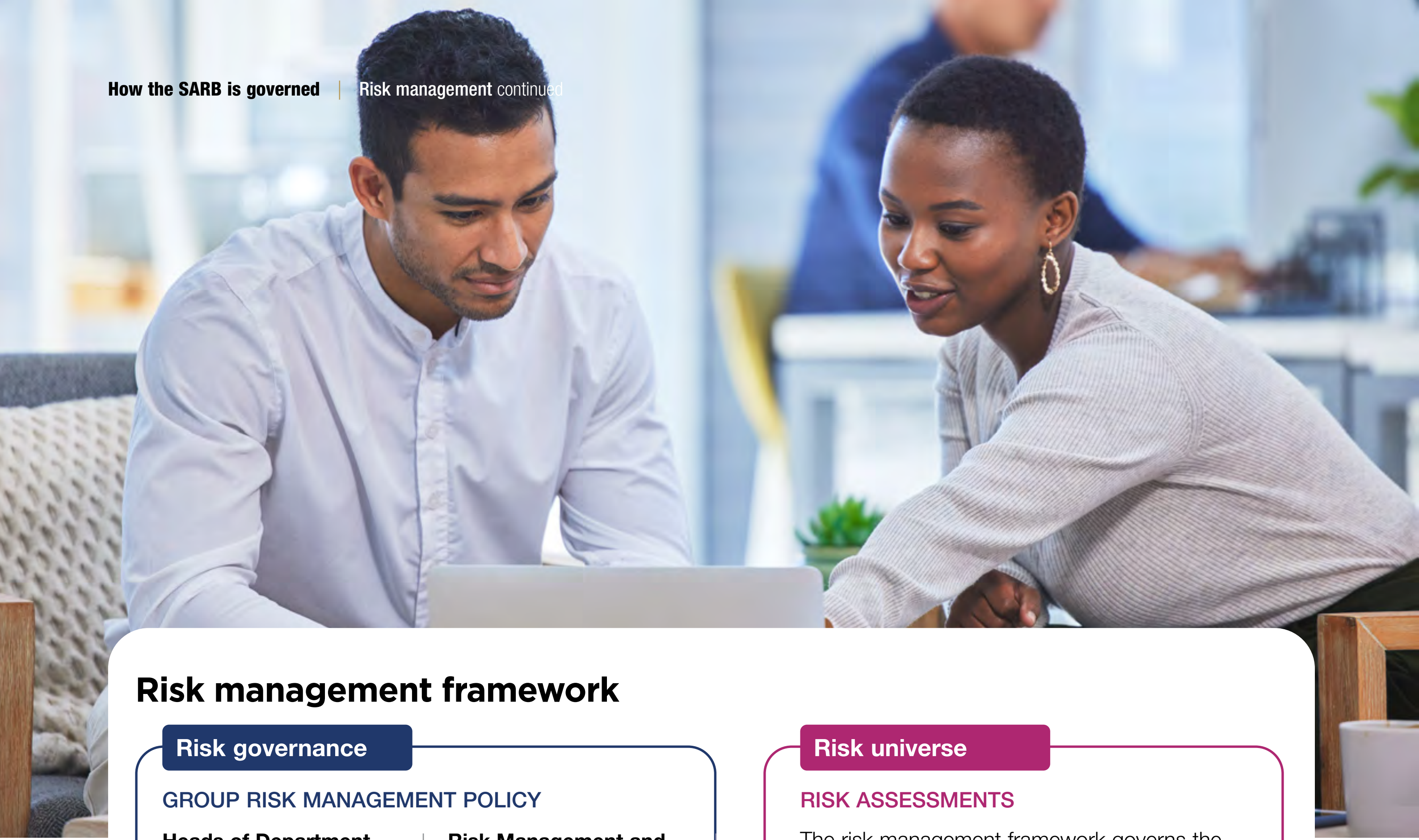
- Develop and maintain a Compliance Policy and framework.
- Identify, assess and monitor compliance with the applicable regulatory requirements.
- Monitor new regulatory developments.
- Enable compliance with environmental, labour, Bill of Rights and AML legislations.
- Promote a culture of compliance and ethics.
- Report on compliance risks to the RMC and BREC.

Business continuity

The SARB adheres to the Good Practice Guidelines of the Business Continuity Institute which are based on the ISO 22301: Business Continuity Management System (BCMS) standard. The SARB and its cash centres have received formal ISO 22301 BCM certification, continuing to maintain this international gold standard.

The RMCD centrally coordinates the SARB's Business Continuity Management (BCM) programme, supported by a policy, framework, incident management plan, scenario analysis and an annual cycle of technical activities. The BCM Committee is fully operational.

The BCM function is involved with the Climate Change Programme and works closely with the Cyber and Information Security Unit (CISU), which oversees governance and the management of the Group's Cyber and Information Security Programme.



Risk management framework

Risk governance

GROUP RISK MANAGEMENT POLICY

Heads of Department and Managing Directors

Oversee strategic, operational and project risk management.

Risk Management and Compliance Department

Facilitates and coordinates integrated risk management in the Group and provides reports to risk oversight committees.

Risk Management Committee

Oversees the full spectrum of risk management in the Group on behalf of the GEC.

Board Risk and Ethics Committee

Reviews the status and effectiveness of risk management in the Group on behalf of the Board.

Risk universe

RISK ASSESSMENTS

The risk management framework governs the full spectrum of risks, including strategic, policy process, operational (covering business continuity, cybersecurity, information security, compliance, occupational health and safety, climate change and CSI), reputational, project and financial risks.

CONTINUOUS RISK MANAGEMENT

This includes managing risk incidents, implementing action plans, conducting daily risk management activities, tracking key risk indicators, performing scenario analysis, and monitoring and assessing external risks including those arising from climate change.

Combined assurance

The SARB has adopted a combined assurance approach, in line with *King IV*™, to increase the effectiveness of assurance activities across the five lines of defence. The model has evolved and undergone continuous improvements, ensuring regular interaction, alignment of assessment methodologies and integrated dashboard-based reporting throughout the lines of defence. The Combined Assurance Framework has been reviewed to align with the revised SARB Group Risk Management Policy.

The Group's combined assurance approach to risk management and control aims to integrate, coordinate and align its assurance processes, optimising the levels of risk, governance and control oversight.

Combined Assurance Forum

The forum ensures the ongoing review of the combined assurance approach, model and processes as well as the sharing of information and coordination of efforts among the assurance providers. This approach contributes significantly towards an effective control environment and upholds the integrity of information used by management, the Board and its committees for internal decision-making. Based on reports from the lines of defence, the Combined Assurance Forum considers the adopted combined assurance approach to be adequate, effective and aligned with best practices.

Combined assurance providers aligned with the Combined Assurance Model

First line of defence	**Departmental management**	The managers of each department are responsible for the ongoing identification, assessment and management of their department's risks. This includes the design, implementation and maintenance of an adequate and effective system of control.
Second line of defence	**Integrated risk management**	The RMCD performs a centre-led and integrated role in risk management coordination, ensuring that risks are managed according to internationally accepted standards and guidelines. The CISU proactively safeguards the SARB Group's digital infrastructure, enhancing business resilience and mitigating potential consequences from cyberthreats. The Privacy Centre of Excellence is responsible for the lawful processing of personal information for the SARB Group.
Third line of defence	**Internal Audit**	The IAD operates as an independent, objective assurance and advisory service. Its role is to evaluate whether risk management, control and overall governance processes are adequately designed and function effectively. The IAD is systematic and disciplined in assessing these processes and advises management on developing control solutions. It also monitors the implementation of corrective actions taken by managers. The IAD's work spans across the SARB Group, covering all operational functions and IT systems and processes. This work aligns with the Institute of Internal Auditors International Professional Practices Framework.
Fourth line of defence	**Independent external assurance service providers:** external audit and other independent assurance	Independent external auditors review the Group's annual financial statements. When deemed necessary, other external assurance service providers are used to obtain independent assurance on the adequacy and effectiveness of the internal processes and practices, ensuring they are aligned to international best practices.
Fifth line of defence	**Board**	The Board oversees that the Combined Assurance Model is implemented to cover significant risks and material matters through a combination of the various assurance services and functions for the SARB Group.

2024/25 Performance highlights

- The RMCD continued to implement action plans to address the recommendations from the SARB's benchmark exercise, frameworks and reporting against best practices.
- The SARB successfully implemented the revised risk management policy and methodology.
- Collaboration between risk management, strategy formulation and other assurance service providers was enhanced.
- A risk management I&T platform that will support integration was procured.
- Risk management training and awareness initiatives were completed with all targeted stakeholders.
- The SARB received ongoing ISO 22301 BCM certification from the British Standard Institute, confirming compliance with effective business continuity system requirements.
- The new Employee Compliance and Conduct declarations system was successfully launched.
- Successfully played a lead role in BCMS peer reviews of various central banks as part of the SADC CCBG ICT and Business Resilience subcommittee.

Looking *ahead*

- Risk management will be continually enhanced to become more forward-looking and to better support business objectives, with a continued focus on the key risks that could prevent the SARB from achieving its Strategy 2030 objectives.
- Risk Management Culture and Ethics management will be improved, along with the enhancement of collaboration and engagement with both internal and external stakeholders.
- The integration of Enterprise-Wide Risk Management will be improved.
- Data, information and technology solutions will be optimised, integrated and leveraged more effectively.

Monetary policy under high uncertainty

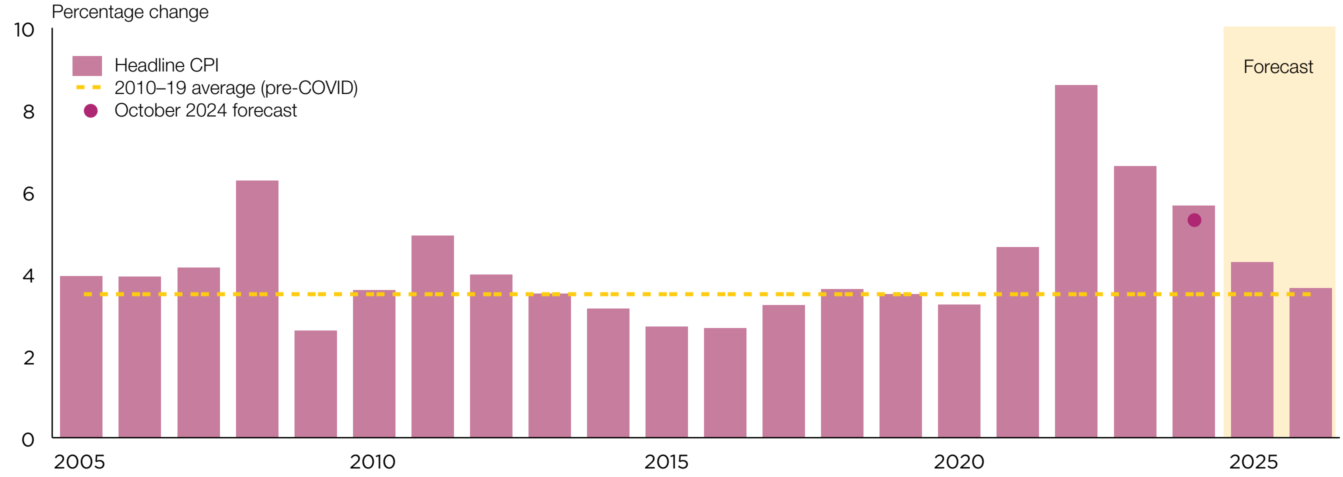
Overview of the world economy

Global inflation continued to moderate in 2024, easing to 5.7% from 6.6% in 2023 and 8.6% in 2022. Favourable price developments in food and energy, coupled with restrictive monetary policy, have underpinned this moderation. While the easing trend is expected to continue, it will not be without setbacks.

THE SARB'S **PERFORMANCE**

Global headline inflation is projected to average 4.3% in 2025 and 3.6% in 2026.[1] However, the disinflation process has slowed in recent months and monthly inflation outcomes have become more volatile and less consistently downward.[2]

Global inflation

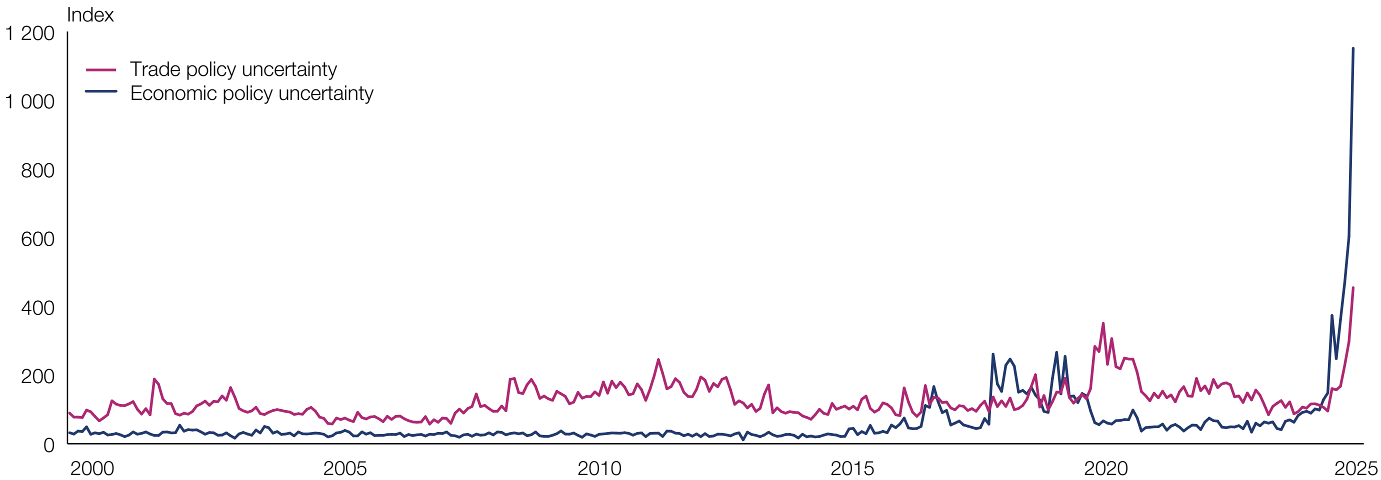


Source: IMF

Inflation continues to exceed the 2% target set by most advanced economies, largely due to sticky services inflation amid somewhat elevated household demand and wage pressures. Goods disinflation has also slowed. Additionally, new inflationary risks have emerged globally, including rising tariffs and escalating trade tensions, which pose serious risks of geoeconomic fragmentation and supply chain breakdowns. However, assessing the impact of these factors on inflation and growth is complicated by weekly policy reversals and high uncertainty about policy endpoints.

Such shocks to world trade are also likely to have negative effects on global economic growth. At this stage, it is unclear whether the inflationary effects of tariffs and fragmentation will offset the disinflationary effects of cooling labour markets and weakening global demand and growth. As a result, market sentiment has shifted, with inflation expectations rising and growth outlooks deteriorating, raising serious concerns about stagflation and ineffective policy responses.

Economic and trade policy uncertainty



Source: S R Baker, N Bloom and S J Davis. 'Measuring economic policy uncertainty'. *The Quarterly Journal of Economics* 131(4). 2016. pp1593–1636

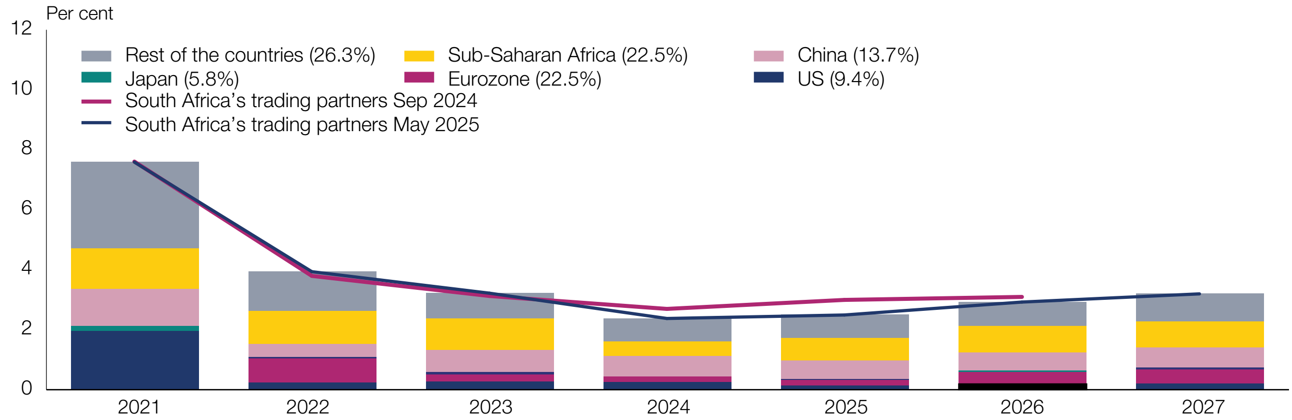
1 IMF. *World Economic Outlook (WEO) Update*. Washington DC: IMF. April 2025.
2 IMF. *WEO*. Washington DC: IMF. October 2024.

Surrounded by stubborn inflation and the emergence of new risks, central banks worldwide have adopted a more cautious approach, implementing smaller-than-expected rate cuts. In emerging markets, inflation volatility has also kept rate cuts modest, while countries like Japan, Brazil and Russia have had to raise rates due to signs of inflation expectations becoming de-anchored.

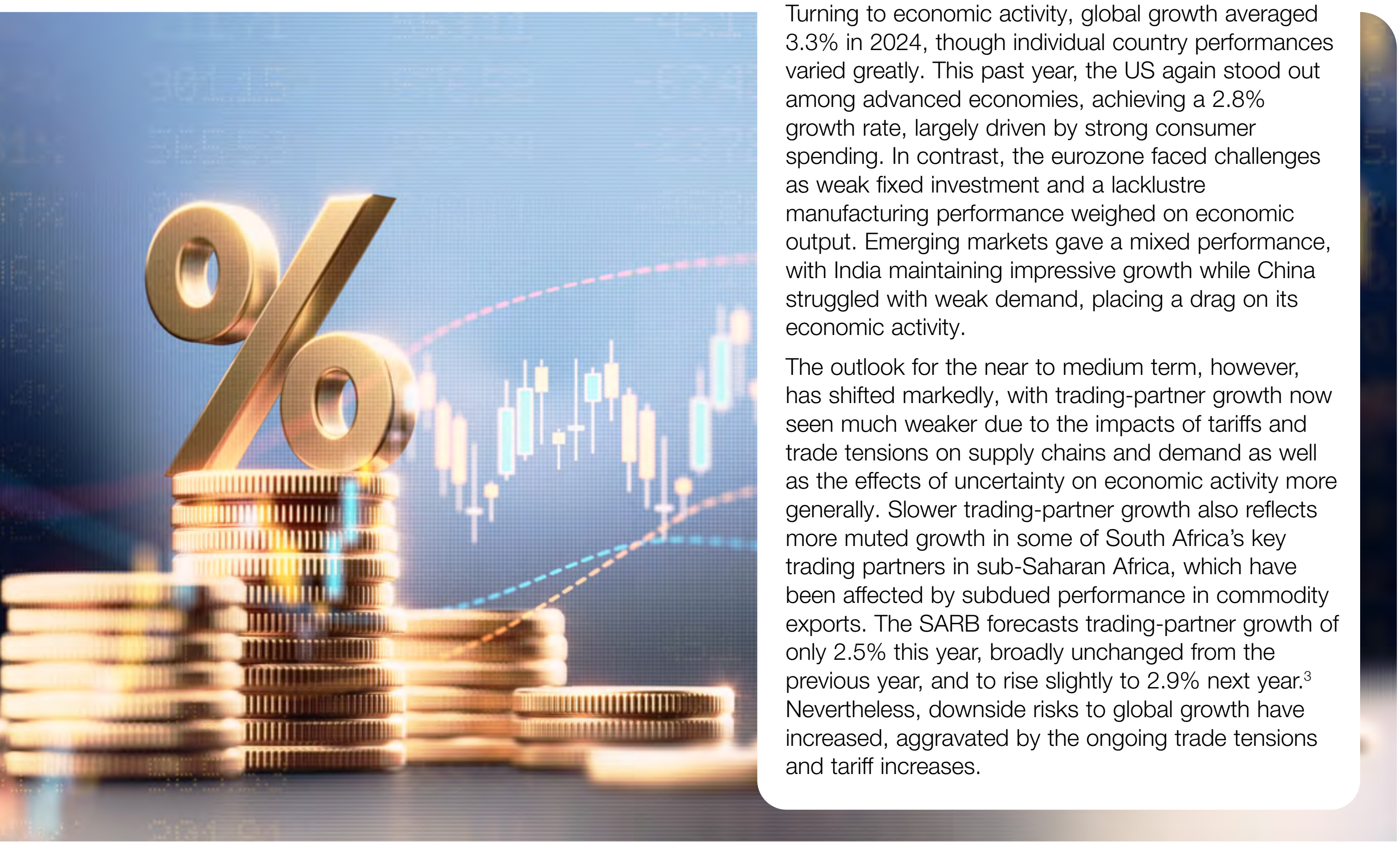
The stubbornness of inflation suggests that demand has been somewhat resilient, partly reflecting expansionary fiscal policies and relatively strong wage growth buoyed by robust labour markets. This resilience may also reflect less traction from monetary policy – if neutral interest rates have risen, then policy is less disinflationary than central banks assume. As a result, interest rates are likely to remain above their pre-pandemic levels for longer, as central banks look to anchor inflation back to targets. Nonetheless, and despite the less sanguine view of inflation risks, modest policy adjustments by major central banks are still expected this year.

Contributions to trading-partner growth*

The chart shows South Africa's major trading partners and their weighted contributions to South Africa's trading-partner growth.



* Weights in brackets (Percentages may not add up to 100 due to rounding.)
Source: SARB



Turning to economic activity, global growth averaged 3.3% in 2024, though individual country performances varied greatly. This past year, the US again stood out among advanced economies, achieving a 2.8% growth rate, largely driven by strong consumer spending. In contrast, the eurozone faced challenges as weak fixed investment and a lacklustre manufacturing performance weighed on economic output. Emerging markets gave a mixed performance, with India maintaining impressive growth while China struggled with weak demand, placing a drag on its economic activity.

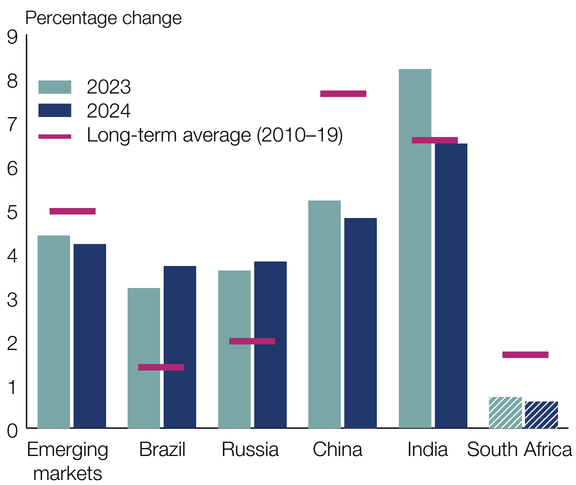
The outlook for the near to medium term, however, has shifted markedly, with trading-partner growth now seen much weaker due to the impacts of tariffs and trade tensions on supply chains and demand as well as the effects of uncertainty on economic activity more generally. Slower trading-partner growth also reflects more muted growth in some of South Africa's key trading partners in sub-Saharan Africa, which have been affected by subdued performance in commodity exports. The SARB forecasts trading-partner growth of only 2.5% this year, broadly unchanged from the previous year, and to rise slightly to 2.9% next year.[3] Nevertheless, downside risks to global growth have increased, aggravated by the ongoing trade tensions and tariff increases.

3 IMF. *WEO Update*. April 2025. (The IMF projects global growth to decline to 2.8% this year, from 3.3% in the previous year, and to rise to 3% in 2026.)

Domestic real economy developments

Economic activity in South Africa remained subdued, with growth slowing to 0.5% in 2024 compared with 0.7% in 2023. Despite improvements in electricity supply and stabilisation in logistics, the domestic economy continues to face challenges such as high costs of production, including energy and operating expenses, alongside a decline in competitiveness. Growth in economic activity was particularly weak when compared to other emerging market peers.

GDP: South Africa versus emerging markets



Sources: IMF and Stats SA

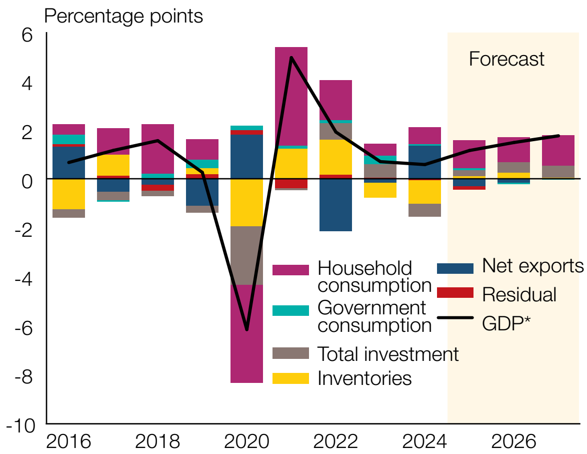
On the supply side, the tertiary sector, notably the finance subsector which expanded by 4% in the second half of 2024, once again led economic growth. However, the primary and secondary sectors struggled, largely due to a poor agricultural performance and the hysteresis effects from load-shedding and logistical constraints affecting mining, manufacturing and construction, among other sectors. Overall, economic activity remains lacklustre, with six of the 10 economic sectors contributing negatively to growth during this period.

Support from demand and spending was also limited as the lingering effects of supply bottlenecks and muted output growth impacted investments, which contracted by 3.7% over the past year. On the other hand, consumer spending grew, lifting growth in gross domestic expenditure. A favourable combination of low inflation, interest rate cuts and withdrawals from the two-pot pension system helped improve real incomes, credit demand and affordability. Additionally, government consumption also contributed to growth this past year.

Looking ahead, growth is expected to continue to be supported by household consumption spending, despite the pull from fiscal drag and muted employment growth. Investment is projected to rebound to 1.8% this year and to rise to 3.4% by 2027. The rest of the components of gross domestic product (GDP) are forecast to have a broadly neutral impact on growth.

The economy is expected to grow by 1.2% in 2025, advancing to 1.8% by 2027. Potential growth is also seen weaker at 1.1% this year, gradually rising to 1.7% by 2027, as the effects of Operation Vulindlela reforms take time to reflect in economic activity, particularly investment. Nonetheless, uncertainties surrounding global trade tensions and tariff increases remain significant risks to domestic growth prospects.[4]

Contributions to real GDP growth



* Percentage change
Sources: Stats SA and SARB

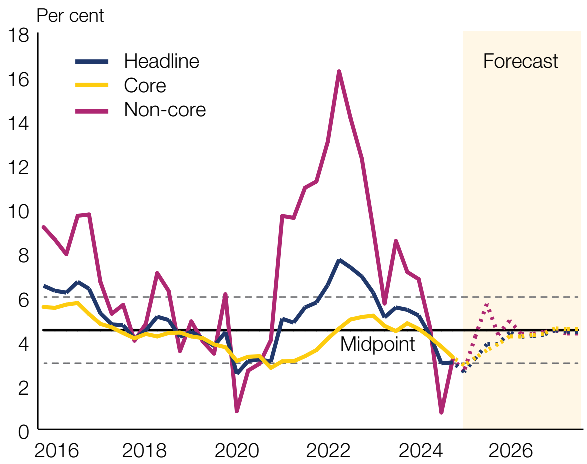
Inflation dynamics

South Africa's headline inflation decelerated sharply during the second half of 2024, reaching 2.8% in October and stabilising around 3% thereafter. The decline was broad-based, affecting both core and non-core inflation rates.[5] Factors contributing to this disinflation included lower food and fuel price inflation as well as rand appreciation. On average, headline inflation for 2024 was 4.4%, marking a decline from 6% recorded in 2023.

Core inflation declined by 0.5 percentage points, averaging 4.3% in 2024 compared with 4.8% in 2023. The decline was driven by a strong rand, which reduced the cost of imported goods, along with monetary policy settings that better managed demand and mitigated second-round effects from the earlier rises in food and fuel inflation.

Headline inflation is projected to average 3.2% this year, increasing to 4.2% in 2026 before reverting to the target midpoint by 2027. This muted trajectory reflects lower inflation projections across all key components of headline inflation, supported by a favourable starting point, lower assumptions for fuel and electricity price increases and a relatively strong rand exchange rate. The trajectory of core inflation is forecast to closely track headline inflation. Inflation risks appear balanced overall, with trade policy uncertainties and potential rand depreciation posing as the main upside risks.

Core versus non-core inflation*



Sources: Stats SA and SARB

4 This works through both the direct effect on SA exports to the US and indirectly via weaker global growth.
5 Core inflation excludes volatile items such as food, non-alcoholic beverages, fuel and electricity, while non-core inflation includes these items.

Monetary policy decisions

The MPC has reduced the policy rate by a cumulative 100 basis points since September 2024, bringing it down to 7.25%. These rate reductions have brought the policy rate closer to its estimated neutral level, despite the current environment of elevated risks and a higher long-term inflation-neutral rate.

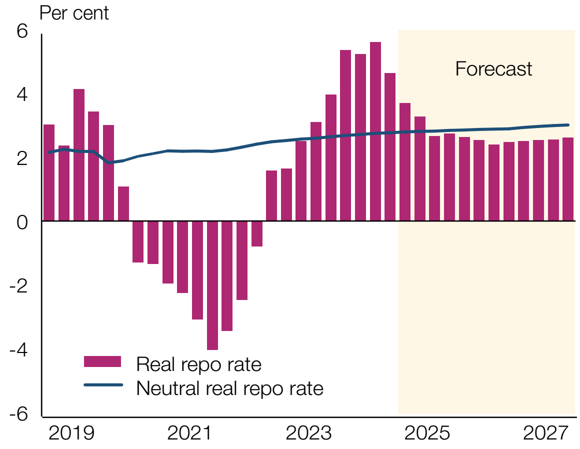
While inflation and its medium-term outlook are assessed to be moderate, there are growing risks due to domestic uncertainties and global trade tensions, reducing confidence in the stability of inflation over the medium term. The SARB remains committed to maintaining low and stable inflation to support balanced and sustainable economic growth.

Recently, discussions have emerged regarding whether South Africa's current inflation target midpoint of 4.5% is consistent with price stability and whether adjusting it to a lower rate might help secure the current trend of low inflation. Analyses undertaken by the SARB, NT and other experts highlight significant potential benefits from reducing the inflation target to 3%. Modelling by the SARB for the May MPC meeting supports this, indicating that inflation expectations could decline quickly given the recent history of inflation hovering around the lower end of the target band, along with enhanced SARB credibility.

Consequently, borrowing costs would fall more significantly under the 3% scenario compared to the baseline forecast over the projected period.

The joint SARB-NT team is almost done with its work on the inflation target and will soon present its recommendations to the Governor and the Minister of Finance.

Real repo and neutral real repo rates



Source: SARB

Governance structure

MONETARY POLICY COMMITTEE
(meets every two months)

Chairperson
Governor of the SARB

Members[6]
DG R (Rashad) Cassim
DG N (Nomfundo) Tshazibana
DG M (Mampho) Modise
Head of ERD
C (Christopher) Loewald

Adviser to the Governors
D (David) Fowkes

Responsibilities

The MPC drives the SARB's responsibilities to achieve and maintain price stability by:

- reviewing economic data, including forecasts, and deciding the appropriate interest rate needed to deliver the SARB's mandate and meet the inflation target; and
- engaging with stakeholders and the public on its monetary policy decisions in the press conference that follows each meeting and various Monetary Policy Forums (MPFs).

6 Other than the DGs, the members of the MPC are appointed by the Governor after consultation with the DGs.

Responding to climate change risks

For four billion people across 111 countries, 2024 marked the hottest year on record.[7] The rising temperatures have disrupted the global water cycle, leading to more frequent extreme weather events such as severe droughts, floods and wildfires.

These events have caused enormous social and economic damage across developed and developing nations. Countries with better disaster risk management frameworks and stable financial systems are better positioned to manage the impacts of these extreme events on businesses and households.

In line with global best practices, the SARB continues to identify and respond to climate change-related risks to ensure both price and financial stability.

Over the past year, the PA published four guidance notes on climate-related disclosures, risk management and governance practices for banks and insurers. These notes aim to enhance financial institutions' responses to climate-related risks, thereby contributing to the resilience of the financial system. Monitoring and evaluating the implementation of these guiding principles will be an important next step in ensuring that financial institutions can effectively manage and mitigate climate-related risks.

Following the development of the supervisory guideline on climate-related risks, the PA is refining its supervisory approach by creating climate-related risk indicators to address some of the data gaps in current supervisory reporting frameworks. Additionally, the PA is finalising supervisory case studies on credit risk as an initial step to improve its risk assessment process.

To integrate climate-related risks into its assessment of financial stability, the SARB completed its first-ever climate risk stress test for systemically important banks. Starting in March 2024, this exercise assessed the potential effects of climate change risks over a period extending to 2050, using three scenarios. The scenarios were aligned with those developed by the NGFS.

Central banks play a crucial role in conducting analyses to address knowledge gaps and help with policy development. During the review period, the SARB initiated an extensive research programme focusing on the impacts of climate change on Southern African countries, particularly on price and financial stability. The findings will be published in 2025 and shared with central banks throughout the region.

In line with other central banks, the SARB is striving to minimise its carbon footprint. The SARB's carbon neutral strategy entails reducing electricity usage and investing in renewable energy sources. Current efforts are progressing as planned.

The SARB is an active contributor to the work of the G20 Sustainable Finance Working Group under South Africa's 2025 G20 Presidency. The focus is on resolving issues in the global sustainable finance architecture, increasing funding for adaptation and developing carbon markets. These global platforms facilitate the sharing of experiences and the creation of urgent, coordinated global policy responses to the growing risks associated with climate change.

The SARB's collaboration with international organisations to develop appropriate responses to climate change risks affecting the South African economy continues. These organisations include the NGFS, the International Association of Insurance Supervisors (IAIS) and Sustainable Insurance Forum, the Basel Committee on Banking Supervision (BCBS) and the Sustainable Banking and Finance Network.

7 Australian National University. Climate extremes in 2024 'wreaking havoc' on the global water cycle. 6 January 2025. https://www.anu.edu.au/news/all-news/climate-extremes-in-2024-wreaking-havoc-on-the-global-water-cycle

Maintaining financial stability

The SARB is tasked, through the FSR Act, with safeguarding South Africa's financial system and maintaining its stability. The SARB ensures that the financial system remains resilient to domestic and global shocks and risks that may threaten it, ensuring it can keep funds flowing efficiently through the economy, even during times of stress. Like price stability, financial stability is essential for sustainable economic growth.

The SARB monitors and assesses risks and vulnerabilities in the financial system, using both quantitative measures and expert judgement. These risks are discussed at FSC meetings and communicated through the biannual publication of the *FSR*.[8]

If an event occurs that could threaten the stability of the broader financial system (i.e. a systemic event) or is imminent, the SARB may take any necessary steps to mitigate and manage the event to protect financial stability and the wider economy.

Main risks and vulnerabilities identified in 2024/25

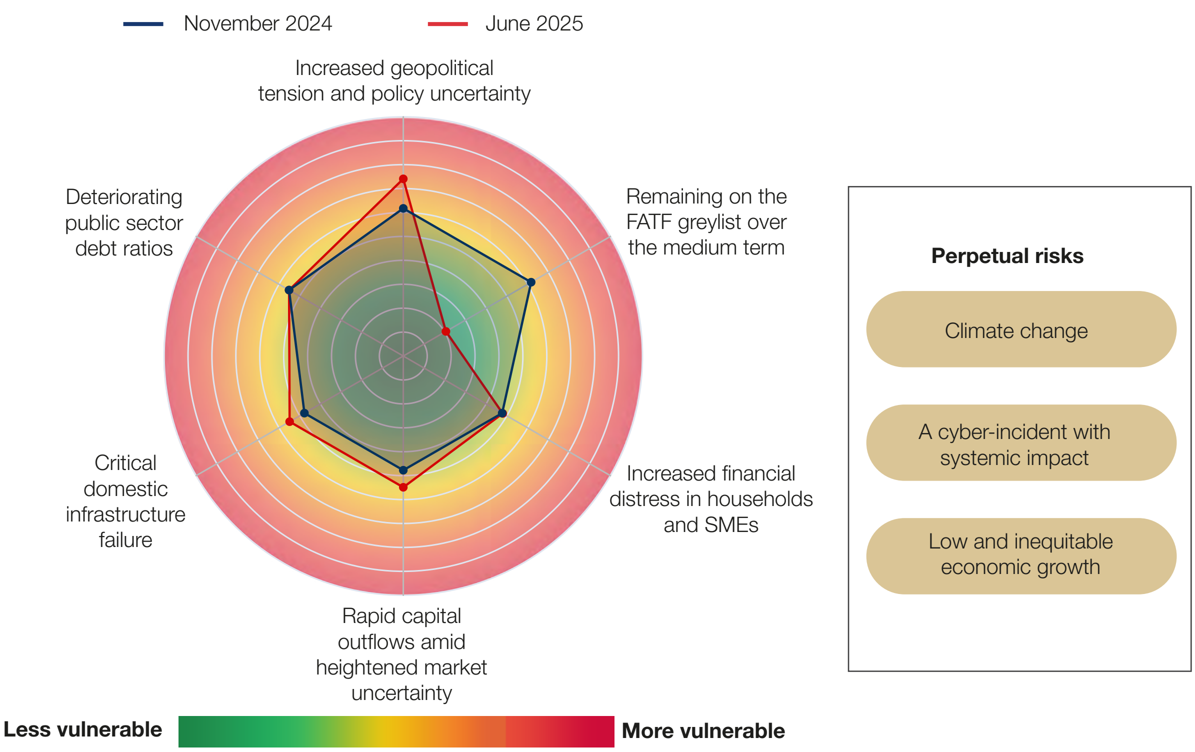
Systemic risks that weighed on the financial stability outlook during the financial year included escalating global conflicts and geopolitical risks. Country-specific factors, such as the implications of being on the FATF greylist, continued to weigh on domestic institutions, despite notable progress made by South Africa in remediating the deficiencies identified by the FATF.

8 SARB. *Financial Stability Review* (*FSR*). February 2025. https://www.resbank.co.za/en/home/publications/review/financial-stability-review

During the period under review, the SARB introduced a visual representation of the key risks to the domestic financial system and the vulnerability of these risks. To this end, the RVM shows the residual vulnerability of the financial system to key financial stability risks. Residual vulnerability considers both the probability of a risk materialising within the forecast period (i.e. the next 12 months) and the effect of mitigating (or amplifying) factors that reduce (or increase) the financial system's vulnerability to these risks.

The RVM provides a forward-looking assessment of the key risks to financial stability in South Africa. The key risks are identified based on the current situation but also consider possible future developments and the vulnerability of the financial system to these developments.

The SARB's Residual Vulnerability Matrix



Source: SARB

Financial stability heatmap

The SARB uses a wide range of indicators that are designed to identify the early build-up of financial imbalances that could contribute to financial instability if left unattended. A snapshot of all material developments is reflected in the financial stability heatmap, which is data-driven and based on historical information.

Update from the Financial Stability Committee

At its October 2023 meeting, the FSC resolved that a positive cycle-neutral (PCN) countercyclical capital buffer (CCyB) of 1% be implemented in South Africa. A PCN CCyB increases financial sector resilience by allowing the capital requirements of banks to be reduced during times of stress. The phase-in period for the 1% buffer started on 1 January 2025 and it is expected to be fully implemented by 31 December 2025. The FSC continues to monitor market risks that might result from large holdings of government bonds by banks. In this regard the FSC resolved that the PA would continue to monitor and close valuation gaps in banks' holdings of SA government bonds.

The financial stability heatmap

Methodology:The heatmap is based on a z-score transformation of the underlying indicators. The transformed indicators are thereafter mapped onto an empirical cumulative distribution function (ECDF). Low values from the ECDF are mapped to green while higher values are mapped to shades of red.

* Other financial intermediaries include unit trusts and finance companies.

Stress testing

Stress testing assesses whether financial institutions have adequate levels of capital and liquidity to deal with extreme but plausible negative shocks. The SARB periodically conducts macroprudential stress tests on South African financial institutions that may pose systemic risks.

Stress testing is a forward-looking macroprudential tool that offers unique insight into the strengths and vulnerabilities of the financial system. It is one of several instruments that the SARB employs to monitor and assess financial stability. Stress testing contributes to the protection and enhancement of financial stability, as outlined in the SARB's mandate set out in the FSR Act.

The SARB conducted its first CRST in March 2024. The CRST subjected systemically important South African banks to a set of plausible, long-term climate-related scenarios and their impact on banks' credit risk.

The outcomes of the exercise indicated that while SIFIs are reasonably well-positioned to assess their vulnerability to climate risks, challenges relating to data gaps and modelling capabilities were identified as areas for potential improvement in subsequent stress-testing exercises.

The Resolution Authority

The Resolution Authority (RA), became operational on 1 June 2023. As the RA, the SARB manages the resolution procedures of all banks and non-bank SIFIs and continues to develop resolution plans for designated financial institutions. The RA does this in the public interest, ensuring an orderly resolution process, protecting depositors' money and minimising the burden on taxpayers. Resolution plans aim to improve how a designated financial institution will deal with a crisis. This will ensure that resolution processes are orderly and ultimately protect financial stability. The SARB regularly conducts crisis simulation exercises to test an institution's ability to deal with a crisis. Two crisis simulation exercises were conducted in March 2025, which tested the Resolution Authority and CODI's decision-making processes in the unlikely event of a bank being placed in resolution and it is no longer able to meet its financial obligations. Crisis simulation exercises provide invaluable insights into how real-time coordination in a crisis scenario could be improved in the interest of protecting and enhancing financial stability.

Governance structures

FINANCIAL STABILITY COMMITTEE
(four meetings during the reporting year)

Chairperson
Governor of the SARB

Committee members
DGs, other MPC members and the heads of line departments[9]

Meetings are divided into two sessions:
- an information session on developments in the global and domestic environments that may impact domestic financial stability; and
- a policy session in which mitigating actions are considered that address any adverse impact on domestic financial stability.

FINANCIAL STABILITY OVERSIGHT COMMITTEE (FSOC)[10]
(two meetings during the reporting year)

Chairperson
Governor of the SARB

Committee members
SARB, NT and representatives of financial sector regulators[11]

The FSOC:
- facilitates cooperation between financial sector regulators and the SARB on financial stability matters;
- makes recommendations to the Governor on the designation of SIFIs; and
- makes recommendations to other organs of state to assist in promoting, protecting, maintaining, managing or preventing risks to financial stability.

FINANCIAL SECTOR CONTINGENCY FORUM (FSCF)[12]
(two meetings during the reporting year)

Chairperson
DG responsible for Financial Stability

Forum members
SARB and representatives of financial sector regulators, financial sector industry associations and organs of state

The FSCF assists the FSOC and SARB with:
- identifying potential risks that may result in a systemic event occurring; and
- coordinating appropriate plans, mechanisms and structures to mitigate risks.

The FSCF has two subcommittees:
- the Operational Risk Subcommittee, which develops contingency measures for events that could severely disrupt operational continuity in the financial sector; and
- the Financial Sector Cyber Resilience Subcommittee, which focuses on industry-wide efforts to increase the resilience of the financial sector to cyberattacks.

9 The relevant line departments include FinStab, the PA departments, Financial Surveillance and the NPSD.
10 An internal non-statutory committee
11 Financial Sector Conduct Authority (FSCA), Financial Intelligence Centre (FIC), National Credit Regulator (NCR) and PA.
12 Statutory committees prescribed by the FSR Act.

Protecting depositors

A year into operations, CODI is a key component of South Africa's financial safety net, providing depositors reasonable access to their money should their bank fail or be placed in resolution.

In accordance with the FSR Act, CODI administers and manages the Deposit Insurance Fund (DIF) and works to raise public awareness of CODI's benefits and limitations of its protection.

CODI's funding model

The DIF

As at April 2024, and per the FSR Act, CODI established the DIF using financial contributions from banks in the form of a loan (liquidity contribution)[13] and premiums.[14]

CODI will use the DIF to provide qualifying bank depositors up to R100 000 of their qualifying account balances if their bank fails and goes into resolution. As at 31 March 2025, the DIF balance was R20 billion.

CODI annually assesses the size of the DIF to ensure it can fulfil its role in a bank resolution.

Operational expenses

CODI started collecting levies[15] from banks on 1 April 2024 to cover its operational expenses. In adherence to the FSR Act, CODI minimises its expenses by outsourcing its support functions to various SARB departments, which includes using their assets, resources and other services. In addition, CODI leverages technology to automate internal processes, ensuring that its organisational structure remains small and efficient.

Public awareness of depositor protection

Raising awareness of depositor protection is a critical element of CODI's legislated functions. CODI launched a campaign to inform the public about its operationalisation, the protection it offers and the limits of this protection.

CODI spokespeople participated in over 65 media interviews across television, radio, print and online platforms.

The deposit insurance legislative framework requires banks to inform and educate their customers about depositor protection. CODI provided banks with training on these requirements and standardised materials for communicating their CODI membership and the benefits and limitations of CODI's protection.

Membership to CODI

Membership to CODI is mandatory for all banks registered under the Banks Act, Mutual Banks Act 124 of 1993 and the Co-operative Banks Act 40 of 2007 (CBA). It also includes banks operating within the borders of South Africa that are regulated and supervised by the PA.

13 The liquidity contributions from banks are calculated as 3% of the bank's covered deposits.
14 Premiums are calculated at 0.2% of a bank's covered deposits per year, payable over 12 months.
15 Levies are based on 0.015% of a bank's covered deposits.

CODI maintains a list of these banks on its webpage and banks are required to display the CODI membership sign on their digital platforms or in physical branches for the benefit of depositors.

CODI's communication with the banking industry

CODI regularly informs member banks on the legislative requirements for deposit insurance, monitors their compliance with the deposit insurance legislative framework and keeps them updated on any developments in deposit insurance.

Additionally, CODI meets quarterly with the Banking Association South Africa's Deposit Insurance Task Group to provide updates on various matters, including legislative and regulatory developments, system advancements and public awareness initiatives.

Strategic success

During the past year, CODI achieved several strategic objectives:

- Established the DIF and reached the targeted fund size approved by the CODI Board.
- Launched a public awareness campaign to educate the public about depositor protection.
- Provided banks with communication materials and guidelines to help them meet their legal obligations to inform the public about CODI and depositor protection.
- Successfully completed a resolution simulation facilitated by the World Bank which tested the coordination and decision-making between financial safety net participants when a bank is placed in resolution.
- Developed processes and templates to improve CODI's speed and efficiency in providing support when a bank is placed in resolution.
- Completed the development of a foundational IT solution.

The CODI Board and Investment Committee

The FSR Act establishes two key governance structures for CODI: the CODI Board and the CODI Investment Committee. The CODI Board is tasked with approving CODI's strategy and decisions related to the DIF, while the Investment Committee reviews the DIF's investment portfolio and makes recommendations to the Board on how to invest the funds in the DIF.

Looking *ahead*

CODI plans to hire external fund managers to invest the DIF money to boost income, proposing to gradually change the DIF's composition by reducing banks' loans and increasing bank premiums. This is to reduce CODI's dependency on loan funding from the banks.

CODI will develop internal processes, templates and contractual agreements for supporting a bank resolution.

CODI will focus on Phase 2 of its IT system rollout to process depositor information from banks and will create mechanisms to validate these submissions.

Mutual banks, co-operative banks, commercial banks and branches of foreign banks are currently CODI members. CODI will explore the feasibility of expanding membership to co-operative financial institutions (CFIs).

Since CODI is a newly operationalised entity, many of its organisational processes are new and will be refined and matured over time. CODI will continue to conduct public awareness initiatives to build confidence in its protection.

CODI aims to assess compliance with the revised Core Principles for Effective Deposit Insurance and develop a plan to address any non-compliance.

Key approvals of the CODI Board during this financial year

4 June 2024

- CODI's annual report and financial statements for the 2024/25 financial year
- Investment policy
- Reduction of the target size of the DIF from 4% to 3% of covered deposits

6 September 2024

- Appointment of designated banks for the CODI panel of payout agent banks

26 November 2024

- CODI's strategy from 2025 to 2030
- CODI's plan to become self-funded
- Operational budget for the 2025/26 financial year
- Maintaining the liquidity tier size at 3% of covered deposits for the 2025/26 financial year
- Size of the liquid and investment tranches and cash holdings of the DIF investment portfolio
- 2025 Board workplan

3 March 2025

- Ratification of the appointment of BDO as external auditors for the 2024/25 financial year-end audit

Prudential regulation

Seven years into its establishment, the PA continues to maintain the resilience and stability of South Africa's financial system through sound regulation and effective supervision. The supervision of financial institutions takes place in the context of prevailing economic and financial conditions.

The PA pays attention to the external environment and how individual financial institutions respond to it. Of particular importance is that individual institutions have robust and dynamic strategic plans, risk mitigation and other governance measures that ensure that depositors' and policy holder funds remain safe in changing economic conditions.

During the reporting period, there has been elevated policy uncertainty, which has contributed to market volatility, and a growing trend towards deregulation, both of which pose risks for the financial sector. Despite these global uncertainties, individual institutions showed resilience throughout the reporting period. The PA focused on enhancing credit, market and operational risk-related measures aimed at strengthening the regulation, supervision and risk management of banks. Systemically important banks and large insurers remained well-capitalised, profitable and had sufficient liquidity for the year under review. The number of non-systemic entities under resolution was unchanged from last year, and increased supervision was applied to institutions that did not fully meet regulatory standards.

Resilience

Effective supervision fosters resilience by ensuring that financial institutions are prepared to navigate uncertainties and mitigate risks. In 2024, the flavour-of-the-year topic focused on strategic business growth and the resilience of regulated financial institutions' business models in the current economic environment. The objective was for financial institutions to review and refine their strategic business models and processes and provide information to the PA to help inform further regulatory and supervisory work that may be required. The assessment identified potential risks, vulnerabilities and inefficiencies within the financial institutions' operations, which will allow the PA to take proactive measures to mitigate these risks.

The engagements with senior management and their respective boards confirmed that financial institutions and market infrastructures (MIs) regularly review their strategic plans to align business models with market trends, competitive landscapes, regulatory changes and growth objectives. Key risks, such as macroeconomic conditions and digital capabilities, underline the necessity for strategic plans to adapt to market changes. Additionally, integrating ESG frameworks has become increasingly crucial to ensure sustainable growth and manage risks.

In the effort to tackle money laundering and combat terrorism financing, resilience involves anticipating threats and adapting strategies to safeguard financial ecosystems. Effective, proportionate and dissuasive sanctions were imposed for non-compliance with the Financial Intelligence Centre Act 38 of 2001 (FIC Act), and the remedial actions undertaken by supervised institutions were monitored. These measures contributed to an upgrade of the FATF greylisting action items in February 2025, supporting South Africa's attempts to be removed from the FATF greylist.

Regulatory strategy progress

The PA refined its strategy to ensure it aligns with the SARB strategy. As part of this effort, the PA extended its 2021–24 Regulatory Strategy until 31 March 2025. The regulatory strategy, aimed at maintaining a safe and sound financial system, outlines the PA's key priorities.

Strengthening and enhancing prudential regulatory and supervisory frameworks

Deposit-taking financial institutions

Banks

The final proposed amendments to the regulations relating to the Basel III post-crisis reforms were approved internally and will be submitted to the Minister of Finance for final approval. These standards relate to credit, market and operational risks faced by banks.

The adjustment to the draft Prudential Standards on Market Risk and Credit Valuation and corresponding documentation were approved on 27 November 2024 and submitted to the Minister of Finance on 27 December 2024 for tabling before Parliament. The PA intends to implement the revised Fundamental Review of the Trading Book and Credit Valuation Adjustment (CVA) frameworks by 1 July 2025.

With effect from 1 February 2025, all Banker's Acceptance (BA) returns and related instructions for completion were removed from the Regulations relating to Banks and reissued under Directive 1 of 2025. The change allows the PA greater flexibility to update reporting requirements and streamline regulatory reporting via the Umoja technology platform, used to gather data from regulated entities.

Mutual banks

The PA is developing prudential standards covering governance, risk management, operational risk management, credit risk, liquidity risk, interest rate risk in the banking book, capital and economic returns. This is in response to the evolving nature, size, complexity and risk profile of mutual banks. These standards will be published for consultation in 2026.

Co-operative banks and financial institutions

A regulatory framework for CFIs and co-operative banks is being developed. The framework proposes a proportional approach to regulating the co-operative banking sector based on its size, complexity and risk profile. The PA has reviewed and updated prudential standards for CFIs and co-operative banks covering registration and operational requirements, governance, risk management and financial soundness.

The PA and the Financial Sector Conduct Authority (FSCA) are working together to convert the prudential standards on governance and risk management into joint standards. The prudential standards on registration and operational requirements, financial soundness requirements and the joint standards on governance and risk management requirements will be published for consultation towards the end of 2025.

Co-operative banks were granted exemptions from certain provisions in the CBA that relate to the regulatory treatment of loans pertaining to CODI.

Market infrastructures

The draft Joint Standard relating to the criteria for exempting an external central counterparty or external trade repository was tabled in Parliament in January 2025. This draft Joint Standard aligns with the G20's expectations and represents a key milestone in South Africa's commitment to mandating central clearing of OTC derivative transactions.

In July 2024, the draft Joint Standard on Minimum Requirements for MIs recovery plans was published for public consultation. This standard proposes minimum compliance requirements for MIs in creating and implementing their recovery plans, ensuring a reasonable chance of recovery following any threat to their operations.

Insurers

The draft Standard on Public Disclosure under section 45 of the Insurance Act 18 of 2017 mandates insurers to disclose specific quantitative and qualitative information. The PA sought extensive consultation to refine this standard, which is currently under internal review.

The draft Standard on Liquidity Risk Management for Insurers was circulated for public consultation in 2024, with further consultations held with specific insurers for additional refinements. The standard addresses concerns that non-traditional insurance activities are not adequately covered by the existing liquidity risk framework as outlined in the Prudential Standard on the Financial Soundness Standards for Insurers (FSI) 6.

Joint Standard 1 of 2024: Outsourcing by Insurers was issued to the industry and came into effect on 1 December 2024. The standard was developed specifically for insurers. The PA and FSCA are in the process of developing a cross-cutting third-party risk management standard for all supervised financial institutions. During the course of 2025, the PA and the FSCA will publish a notification form that allows insurers to submit the necessary information to both authorities under the joint standard.

In November 2024, the PA and FSCA published Joint Communication 7 of 2024, which sought to:

- clarify the current regulatory position regarding the funeral insurance market;
- highlight specific concerns of the authorities regarding both the funeral parlour industry and the distribution of funeral insurance in relation to the current regulatory position and market practices;
- provide details about an inter-regulatory project initiated by the authorities to review the framework for distributing funeral insurance in South Africa; and
- invite participation in the project to ensure an inclusive regulatory framework that protects policyholders while encouraging sustainable market development for the funeral insurance sector.

Implementing and enhancing prudential regulatory and supervisory frameworks

Financial conglomerates

The PA continues to monitor the implementation of the prudential standards for financial conglomerates which came into effect on 1 January 2022. These include:

- Prudential Standard FC02: Intragroup Transactions and Exposures for Financial Conglomerates;
- Prudential Standard FC03: Auditor Requirements of Financial Conglomerates;
- Prudential Standard FC04: Governance and Risk Management for Financial Conglomerates; and
- Prudential Standard FC05: Risk Concentration for Financial Conglomerates.

The draft Prudential Standard FC01: Capital Requirements for Financial Conglomerates has undergone field testing since 2022. The PA has reviewed the regulatory reporting from financial conglomerates based on the draft capital standard. Based on the findings, further changes to the draft standard may not be required. The PA will finalise the standard, with formal consultation commencing in the latter part of 2025. The supervisory framework for financial conglomerates is already in effect and will undergo refinements to incorporate details of the capital requirements standard.

Significant owners

The PA conducts annual assessments of the fitness and propriety of significant owners of specific financial institutions and continues to monitor the significant ownership framework.

Enhancing AML/CFT supervision and implementing the FATF Mutual Evaluation recommendations

Following South Africa's greylisting, the FATF issued an action plan that required various stakeholders to address specific deficiencies. One of the outstanding action items was the effective implementation and follow-up of remedial actions issued after AML/CFT inspections were conducted at supervised entities in terms of the FIC Act. The feedback from the African FATF Joint Group responsible for reviewing and analysing progress on this action item has been largely positive.

The PA processed several enforcement matters relating to FIC Act non-compliance and monitored the progress of remedial actions undertaken by banks, life insurers and life microinsurers to ensure the effective execution of the remedial actions issued by the PA.

Developing an approach to the prudential regulation of pension funds, collective investment schemes and friendly societies

From 1 April 2026, the PA will begin its responsibilities of prudentially regulating and supervising retirement funds, CISs and CIS managers. The PA and FSCA will publish joint communication about the transition in 2025. Additionally, research on the friendly societies sector is being conducted to guide the future regulatory and supervisory regime.

Developing cross-sectoral regulatory instruments for harmonising requirements across different industries

The Joint Standard on IT Governance and Risk Management took effect on 15 November 2024.

The joint standard sets out the IT governance and risk management principles that financial institutions must adhere to, which align with sound practices and processes for managing IT risks.

The Joint Standard on Cybersecurity and Cyber Resilience comes into effect on 1 June 2025.

Other priorities

Supporting financial innovation and new technologies

The PA promotes responsible innovation through its continued participation in the Intergovernmental Fintech Working Group (IFWG). The BCBS consulted on amendments to its framework for the prudential treatment of banks' crypto asset exposures. The revised framework was published in 2024.

The PA is drafting a prudential standard on banks' crypto asset exposures, which is expected to be published for consultation in 2026.

Discussion within the PA about an explicit policy and regulatory framework focused on using and applying AI in the financial sector is at a preliminary stage and is being considered within the SARB's AI Community of Practice (CoP).

During 2024, the PA and the FSCA conducted a survey about the materiality of the adoption of AI in financial institutions. This study aims to investigate the AI landscape within South Africa's financial sector, focusing on safety and soundness, consumer protection and financial stability. The results of the survey are being analysed and is expected to be released in 2025.

The PA's approach to financial inclusion and transformation

Financial inclusion
The PA continues to support financial inclusion through various initiatives aligned with its core statutory mandate. These initiatives include regulation, supervision, data collection and stakeholder collaboration. With South Africa hosting the G20 in 2025, the PA serves on the Global Partnership for Financial Inclusion.

Transformation
The PA engages banks on their commitments and progress under the Financial Sector Charter Code and monitors insurers' adherence to their internal transformation plans.

Developing regulatory and supervisory approaches to climate risks

Guidance notes
The PA has issued four guidance notes focused on climate-related disclosures, governance and risk practices for banks and insurers. The guidance notices seek to provide consistency on evolving practices, promote transparency and ensure international alignment on current climate-related risk practices and voluntary disclosures. The PA will monitor the implementation through continuous supervision and will keep contributing to global and domestic developments in climate-related disclosures where relevant. This includes considerations for assurance and transition plans.

Sustainable finance
The PA is actively observing sustainable finance market developments to inform local and international policy standards. It participates in climate-related discussions, surveys, papers and working groups of the FSB, BCBS, IAIS, and the NGFS.

How the PA is governed

Operational structure
The PA consists of four departments:

Financial Conglomerate Supervision Department
This department is responsible for consolidated prudential supervision of larger, diverse and complex financial groups, including institutions designated as financial conglomerates. It is also responsible for the AML/CFT supervision of banks, co-operative banks, mutual banks and life insurers.

Banking and Insurance Supervision Department
This department is responsible for the prudential supervision of medium- to smaller-sized banks, insurance companies, CFIs, and securities and derivatives MIs on a solo or consolidated basis.

Risk Support Department
This department provides regulatory and supervisory support for credit, operational, market, insurance, and asset and liability management risks. Additionally, it assists with quantitative and actuarial analysis as well as financial institution statistics from an industry perspective.

Policy, Statistics and Industry Support Department
This department oversees policy formulation and the implementation of regulatory and supervisory frameworks. It also provides operational support, industry analysis and technical support for capital and accounting requirements, in addition to support for legal administration and enforcement responsibilities.

Governance structure

Prudential Committee

Chairperson
Governor of the SARB

Members
DGs, with one of the DGs also being the CEO of the PA

Standing invitees[16]

PruCo, established under the FSR Act, ensures the effective management and administration of the PA. It has the authority to create and define the functions of any other subcommittees it deems necessary.

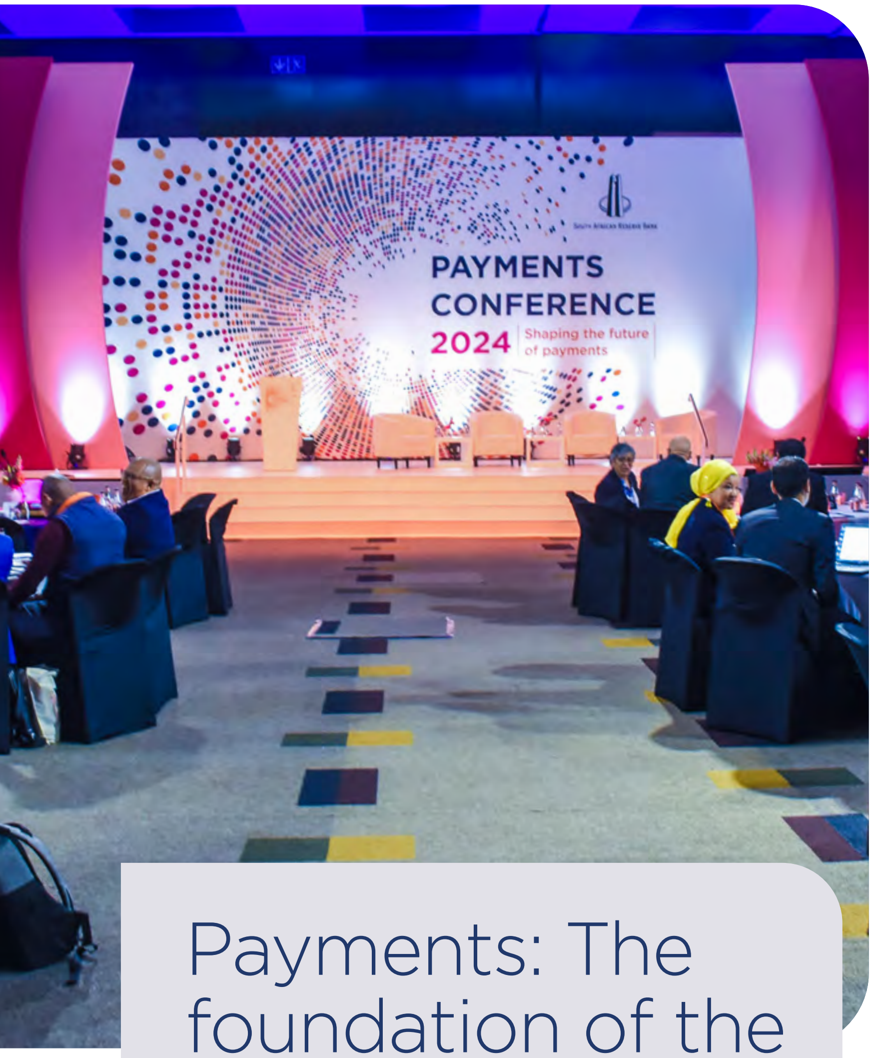
The committee serves as the advisory and decision-making body on policy, regulatory and supervisory matters, following clearly defined terms of reference, policies and delegation of authority. To evaluate and improve its performance, the committee may conduct an annual self-evaluation exercise.

During the review period, the committee held eight meetings, including a strategy session for the 2024/25 financial year.

During the period, PruCo:

- Approved the proposed PA budget for 2025/26 and the expenditure estimate for the following two financial years, including proposed amendments to Schedule 1 of the Financial Sector and Deposit Insurance Levies Act 11 of 2022.
- Approved the removal of all BA returns from the Regulations relating to Banks, to be reissued under Directive 1 of 2025 for greater flexibility in updating reporting requirements.
- Approved proposed amendments to the Regulations relating to Banks on the remaining Basel III post-crisis reforms. The committee also approved, for consultation, the Statement of Need, expected impact and intended operation of these amendments, the respective comment matrices and the proposed Directive.
- Approved the prudential standards on the revised market risk and CVA frameworks for tabling in Parliament.
- Approved the Resolution Authority Prudential Standard RA03: Flac Instrument Requirements for designated institutions.
- Approved Joint Standard 1 of 2024: Outsourcing by insurers.
- Approved the Prudential Standard FSI 6: Liquidity Risk Management for Insurers for public consultation.
- Approved Joint Standard 2 of 2024: Cybersecurity and Cyber Resilience for financial institutions.
- Approved the Prudential Standard CODI 1: Fund Liquidity, relating to the funds that banks holding covered deposits must maintain in the account for purposes of the fund liquidity of CODI's funding model.

16 PA heads of department and Head of FinStab



Payments: The foundation of the financial system

The NPS, operated and regulated by the SARB, is crucial for the stability of the financial system and the economy. The SARB must stay abreast of global payment trends and respond to public demands for payment services that are safe, fast, accessible, convenient and affordable.

To meet both current and future needs, the SARB must ensure that the NPS remains fit for purpose, as outlined in the National Payment System Framework and Strategy Vision 2025 (Vision 2025). The SARB is also exploring initiatives to promote the vital goal of financial inclusion.

Broadening access to payments

Regulatory reforms aimed at broadening access to the NPS are essential for promoting financial inclusion and enhancing system efficiency. The NPS Act, while foundational, has its limitations, particularly in allowing non-banks to offer services such as e-money and remittances, or to access clearing and settlement services independently. In response, the SARB and NT published a policy paper in 2018, which led to the drafting of the NPS Bill. Once passed, this Bill will modernise the NPS, improve stability and promote financial inclusion, in line with Vision 2025.

Additionally, an Exemption Notice has been developed to permit non-bank payment service providers to offer services such as e-money and remittances without classifying them as bank activities under the Banks Act. This will lower entry barriers for new participants and enable broader participation. A comprehensive regulatory framework will accompany the Exemption Notice to ensure that non-bank providers are effectively regulated and supervised. These measures, currently open for consultation, will enhance access to the NPS, contributing to a more inclusive, secure and efficient financial system.

Modernising the ecosystem

The PEM initiative is a strategic effort by the SARB to address the evolving needs of South Africa's payment system. Recognising the gap between global payment innovations and local infrastructure, the SARB seeks to modernise South Africa's payment landscape to make it more efficient, competitive and resilient. The multi-year initiative will tackle issues such as the continued reliance on cash and inefficient payment methods among digitally excluded and underserved communities, while also resolving structural inefficiencies within the current NPS framework.

An important feature of the PEM strategy is the repositioning of payment schemes to bring the management of payments back under the SARB's leadership. Establishing a national payments utility (NPU) is another key priority to accelerate digital transformation for the public good, with the SARB actively negotiating with BankservAfrica and its shareholders to acquire a 50% stake in the company. This ownership will enable the development of digital infrastructure that supports new participants and enhances payment security.

As digital payments continue to grow, the SARB plans to develop a robust Digital Financial Identity (DFID) system to streamline user verification, enhance security and combat fraud. This system is crucial for ensuring secure and efficient payments and will support government projects, such as the National Digital Identity initiative. The PEM programme for the 2025/26 financial year includes several key projects, such as designing new RTGS systems, expanding the fast payment system (FPS) and creating a comprehensive fraud management framework. Through these efforts, the SARB aims to future-proof the payment ecosystem, meeting the evolving needs of individuals and businesses and contributing to a safer, more efficient and accessible financial system.

Insights into consumer payment patterns

In September 2024, the SARB published its inaugural Payments Study to better understand consumer behaviour and the factors influencing the use of different payment methods in South Africa. The study provides valuable insights into how access, pricing and convenience impact consumer choices. It was based on two surveys, the Diary of Consumer Payment Choice and the Survey of Consumer Payment Choice, which gathered both qualitative and quantitative data from over 7 500 respondents nationwide.

Key findings revealed that while cash remains widely used, it is primarily for low-value transactions, whereas digital payment methods and cards are preferred for higher-value payments. The study also highlighted the need for greater financial literacy, as data collected indicated that some consumers hold misconceptions about the requirements for accessing financial products such as debit cards.

The SARB will conduct the next study in 2026 to assess the impact of some of the regulatory and PEM reforms outlined in this report. These insights will help stakeholders in the payments ecosystem better design offerings that improve consumer experience, drive greater adoption of digital payments and support a more inclusive, efficient financial system.

Strategic milestones

Strategic initiatives	Key milestones
2025	
Establishment of the NPU	The acquisition of BankservAfrica, which is subject to the requisite approvals, along with the implementation of interim NPU governance arrangements, is scheduled for the 2025/26 financial year.
Optimisation and sustainability of the domestic and regional RTGS systems	Version 9 of SAMOS will be implemented by November 2025 and will ensure that the domestic RTGS complies with current high-value payment system usage guidelines for all payment settlement messages.
Enabling regulatory frameworks	The SARB will enable greater access to the NPS through an Exemption Notice from the Banks Act and the establishment of a regulatory framework for non-banks by December 2025.
Amendment of the NPS Act	The NPS Bill is expected to be tabled in Parliament by December 2025, with promulgation expected in 2026.
2026	
Implementation of future-fit payments platforms	The architecture requirements and roadmaps to drive replacement efforts are expected to be defined and finalised, with the incremental implementation of systems, products and services between 2026 and 2028.

Looking *ahead*

With Vision 2025 nearing its end, the SARB is now working on formulating a new vision and strategy for payments. Vision 2025 was designed to support financial inclusion for all South Africans by achieving nine specific goals. These goals include establishing a clear and transparent regulatory and governance framework for banks and non-banks, promoting competition and innovation, ensuring cost-effectiveness and improving interoperability in the NPS.

Various stakeholders are being consulted to help create a vision that will deliver a world-class, globally competitive, sustainable, safe and efficient payment system. The SARB intends to finalise the new vision in the second half of 2025 and begin implementation in 2026.

The new financial year will be pivotal as regulatory reforms to integrate non-bank players into the system will move into the implementation phase. At the same time, advancements in PEM projects, such as the establishment of the NPU, the DFID and expansion of the FPS, will help reshape South Africa's payment landscape.

Further, to ensure the successful rollout of faster digital payments, the SARB will focus on aligning and harmonising policy, licensing and supervision practices. This will help prevent delays in and fragmentation of the market and facilitate the smooth adoption of the new payment infrastructure.

Fintech in focus

The SARB's Fintech Unit collaborates proactively with both internal and external stakeholders to unpack fintech developments and gain a deeper understanding of the policy and regulatory implications of fintech in financial services.

The Fintech Unit continues to support the IFWG[17] Innovation Hub which promotes responsible innovation in South Africa. The Hub consists of three units, namely the Innovation Accelerator, the Regulatory Guidance Unit (RGU) and the Regulatory Sandbox (RSB). The RSB provides a controlled environment to test innovative solutions within existing and future regulatory frameworks. In the past year, four use cases were approved for testing in the RSB, with three completing testing and one being granted an extension. The RGU provided guidance to market innovators on financial sector regulation from the 30 enquiries it received. Two-thirds of these enquiries related to products or services still at ideation stage. Details can be found at the IFWG's RGU.[18]

The Innovation Accelerator drives both market-facing innovation initiatives that offer potential benefits to the regulatory and broader financial services sector.

Areas of focus

Crypto assets

The Fintech Unit, through the IFWG's Crypto Assets Regulatory Working Group, monitors crypto market developments. In March 2025, the IFWG published two reports on crypto assets. The first provides progress on the implementation of the recommendations outlined in the IFWG's 2021 Position Paper on Crypto Assets. The second report, a South African Stablecoin Landscape Diagnostic, provides an overview of current ZAR-pegged stablecoin arrangements.

Open finance

The IFWG's Open Finance Integration Working Group (OPI WG) continued research on an open finance roadmap for South Africa, focused on competition dynamics to better understand ways to mitigate anti-competition behaviours. The OPI WG also initiated a cost-benefit analysis on the feasibility of implementing open finance in South Africa. The work will culminate in a policy position and roadmap, due for publication in the second half of 2025.

Central bank digital currencies

The rapid evolution of technology and digital payments has prompted the SARB to look at the feasibility of issuing a central bank digital currency (CBDC). A dedicated CBDC Working Group has been established to explore these matters and a discussion paper is due towards the end of 2025.

Artificial intelligence in financial services

The financial services sector's adoption of AI brings both opportunities and risks, highlighting the importance of regulators and policymakers to promote its safe use. The Fintech Unit has set up an internal AI CoP to coordinate and collaborate on research into the policy and regulatory implications of AI in the financial sector. The AI CoP will accelerate research and support SARB departments in unpacking the risks, opportunities and policy implications of AI.

G20 TechSprint 2025

Under South Africa's G20 Presidency, the SARB is collaborating with the BIS Innovation Hub to host the sixth G20 TechSprint[19] in May, featuring a global competition. This event seeks top-notch technological innovations that address global regulatory challenges and priorities, concluding with the announcement of the competition winners. Open to innovators worldwide, the G20 TechSprint focuses on technology solutions that enhance trust and integrity in open finance.

17 The members of the IFWG are NT, the Competition Commission, NCR, PA, FIC, FSCA, the South African Revenue Service (SARS) and the SARB.

18 IFWG | The Innovation Hub. Insights from the IFWG's Regulatory Guidance Unit. March 2025. https://www.ifwg.co.za/Reports/IFWG%27s%20Regulatory%20Guidance%20Unit%20Report%20March%202025.pdf

19 The G20 TechSprint is an annual hackathon co-organised by the G20 Presidency and BIS Innovation Hub.

G20: Leading the Finance Track

South Africa successfully concluded its BRICS Presidency in December 2023 and took on the G20 Presidency in December 2024, under the theme ‘Solidarity, Equality and Sustainability’.

The Presidency lasts for a year, ending in December 2025 when South Africa hands over the baton to the US. South Africa is the first African country and fourth consecutive emerging market country to lead the G20, also marking the final nation before member rotation begins anew.

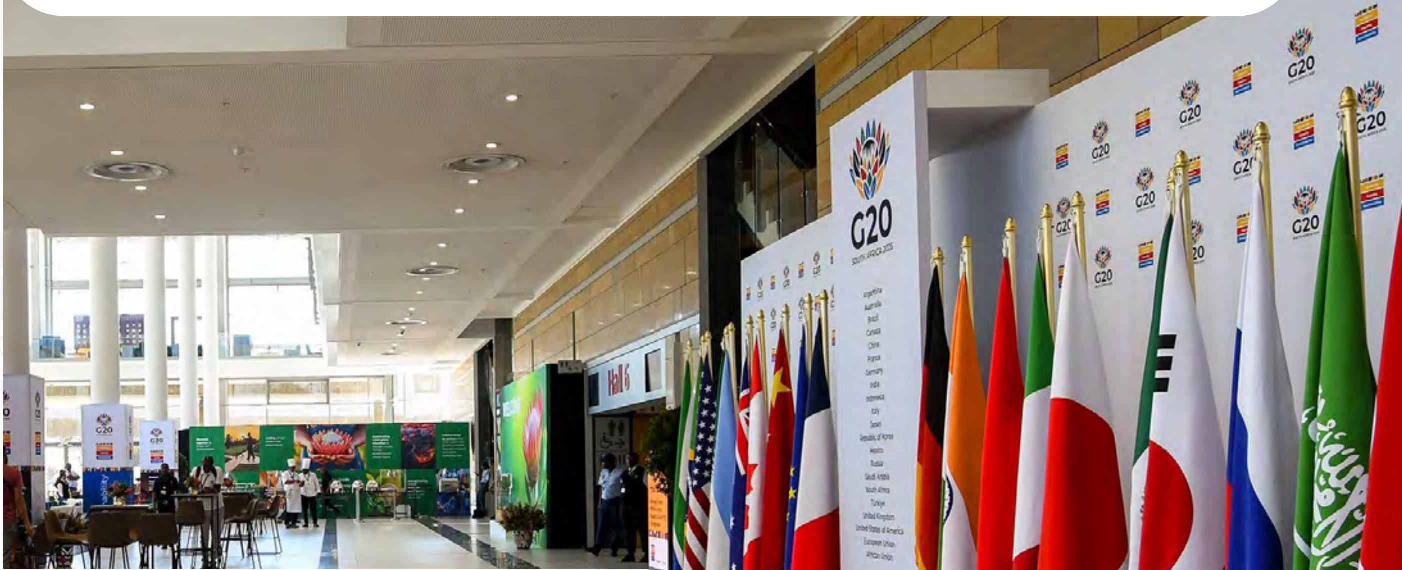
The SARB co-leads the Finance Track alongside the Ministry of Finance. It actively participated in three working groups which focus on (i) policy coordination to promote strong, sustainable, balanced and inclusive global growth; (ii) the promotion of a more stable, resilient and balanced international financial architecture; and (iii) sustainable finance to ensure global growth and stability, by promoting transitions to greener, resilient and inclusive economies.

The SARB and NT develop the priorities for the Finance Track, which the G20 focuses on during South Africa’s Presidency.

The SARB oversees the Financial Sector Issues (FSI) Work Programme and sets priorities for its Presidency in consultation with the FSB, the lead international organisation specifically created by the G20 to carry out this work. In addition, the BIS contributes to the FSI Work Programme with the key objective to strengthen the resilience of the global financial system. During South Africa’s Presidency, the Committee on Payments and Market Infrastructures will be a key partner, especially given the strong focus on cross-border payments.

The FSI Work Programme will focus on assessing risks and vulnerabilities in the financial system. It will examine non-bank financial intermediation, cybersecurity and cyber resilience, cross-border payments, crypto assets, exponential technologies, AI and the review of the implementation of FSB recommendations to date.

To promote regional economic and financial integration in the SADC and Africa, the SARB serves as the Secretariat of the CCBG which is chaired by the Governor, as well as the Common Monetary Area. In these bodies, the SARB collaborates with the relevant countries to develop strategies that would support regional economic and financial integration in the region. The strategic focus areas of these regional bodies largely align with those of the G20. The SARB also actively participates in the Association of African Central Banks, which aims to promote cooperation in the monetary, banking and financial sectors across Africa.



People matters

The SARB prioritises attracting and retaining capable and skilled employees to fulfil its mandate of maintaining price stability. The SARB's people strategy aims to build an engaged, professional and resilient workforce, driven by purpose and excellence in serving the people of South Africa.

Its employee value proposition (EVP) is based on serving the public good, offering development opportunities and ensuring organisational stability in an inclusive and diverse environment. The SARB is committed to building a workforce and leadership with the necessary expertise and a deep understanding of economic and financial matters.

The SARB's **2 640 employees** bring diverse knowledge and skills that help the organisation achieve its mandate and supporting objectives.

Employee salaries amounted to **R3.4 billion** (2023/24: R3.2 billion).

Spending on training and development to upskill and reskill staff amounted to **R159.7 million** (2023/24: R116.3 million).

Of the **total staff complement**, **85.7%** (2023/24: 84.4%) are **black** and **54.2%** (2023/24: 54.7%) are **women**.

The SARB has a low regrettable **employee turnover**, which at **1.2%** for 2024/25 is well below the internal target of less than 4%.

As a central bank, the SARB has the expertise to maintain price and financial stability, regulate the rapid digital transformation of financial institutions, modernise the payment ecosystem and ensure the integrity of the currency.

Performance highlights

Embed the EVP in people processes

To drive the EVP, the SARB:

- continues to bolster career development, empowering employees to manage their own career paths, facilitated through Career Expos that showcased the SARB's career management and development framework;
- conducted training sessions for all people managers, providing them the necessary toolkits to manage more effectively; and
- developed targeted social media campaigns to communicate the SARB's EVP message, which is ongoing.

Phase 1 of a new cloud-based solution to simplify and digitalise human resources processes was implemented on 1 November 2023, and included:

- modernising back-office systems and capabilities; and
- enhancing operational efficiency by improving self-service functions.
- The final phase of the cloud solution began on 1 March 2024 and is progressing well, with full implementation expected by 1 September 2025.

Other performance highlights include:

Embedding a workforce plan

- The SARB Academy has been instrumental in promoting the development of skills identified in each department's Strategic Workforce Plan (SWP). Impact assessments have shown improvements in performance in areas such as central banking, business disciplines, leadership and other relevant skills as a result of the training initiatives. These initiatives have received high satisfaction ratings from participants.

Strengthening culture and embedding the SARB Way of Work

- To enhance the Bank's culture, various initiatives such as webinars and workshops were introduced with the aim to foster personal, team and leadership effectiveness. As a result, the engagement score improved from 70.9% to 72.2% in the 2024 Employee Engagement Survey (EES). There was also an increase in the culture and leadership driver scores from 75.2% to 76.4% and 66.6% to 69% respectively. Additionally, there was a 0.9% reduction in highly stressed employees. The survey found an improvement in the employee net promoter score from 29 to 32.[20]
- Webinars and workshops covered the following topics:
  - How do I multiply others and not diminish them?
  - An Invitation to Level Up | *Atomic Habits*
  - Mental Health Talk
  - Meeting Zen: strengthening a culture of meeting excellence.
- Key employee engagement platforms such as the Governor's staff meetings, *BankIndaba*, departmental staff meetings and town halls reinforced the Bank's core values and culture, contributing towards improvements in the **key trust indicators score** from 51% to **51.8%**. The score for **leaders living the Bank's values** also improved from 59.8% to **62.4%**. **The SARB maintained its Platinum Seal of Achievement from the Deloitte Best Company Survey 2024.** To address employee experience challenges identified in the EES, the SARB implemented organisation-wide action plans, including webinars and leadership development programmes.
- Individual departments and cash centres also developed their own action plans to address specific areas of improvement.

Creating a diverse and inclusive workplace

- The successful return of the in-person Women@SARB seminar revitalised connections and provided a valuable platform for dialogue.
- The inaugural Pride Month event sparked meaningful conversations, promoting inclusivity and empowerment.
- The D&I initiative has reached a critical phase, focusing on consciously cultivating an inclusive organisational culture. Following alignment sessions with all departments, clear guidelines have been established for integrating inclusion into daily operations, including planning, execution, interaction and engagement.

20 A positive employee net promoter score indicates that there are more 'promoters' than 'detractors' within the organisation. In other words, more employees are inclined to recommend the company as a good place to work. Globally, a score exceeding 10 is generally regarded as favourable.

Employee well-being

The SARB's Occupational Health and Wellness team actively supports staff, resulting in improved health and better financial protection.

2024/25 Performance highlights

- **Improved collaboration with external health partners** through awareness campaigns focused on mental health and non-communicable diseases such as diabetes, hypertension and various types of cancer.
- **A renewed focus on medical surveillance** has resulted in early detection of health issues and advice on managing and preventing long-term illnesses.

Through functional work assessments, the Occupational Health and Wellness team continues to provide guidance on managing and accommodating employees whose health affects their ability to fully perform their duties.

Travel Health Advisory Services continues to provide advice and vaccine administration to employees travelling abroad.

Talent management and workforce planning

Talent management and workforce planning aim to develop a responsive and agile workforce in an evolving work environment. Eight postgraduates participated in the Graduate Development Programme, where they received training on central banking as well as personal and professional skills development.

2024/25 Performance highlights

Time to fill critical roles

101 days
(target: < 90 days)
2023/24: 140 days

Critical roles turnover rate

0.8% | **target: < 4%**

2023/24: 0.4%

Overall employee turnover rate

5.3% | **target: < 4%**

2023/24: 5.6%

Regrettable employee turnover

1.2% | **target: < 4%**

2023/24: 1%

Coverage ratio for critical roles

93% | **target: 85%**

2023/24: 91%

Learning and development

The SARB Academy offers tailored programmes that aim not only to enhance performance but also foster personal transformation, ultimately leading to a positive impact on business.

2024/25 Performance highlights

The introduction of digital learning platforms has empowered staff to take ownership of their own development, acquiring skills such as data literacy, leadership and other relevant competencies.

Several workshops and webinars were held to support staff and leaders, focusing on building resilient and agile teams in an ever-changing environment.

- To support the SARB's 2025–30 strategy formulation, several initiatives including a Strategy Bootcamp, Design Thinking sessions and Leader as a Collaborator workshops were conducted to outline the skills needed for the leaders.
- Some of the notable initiatives aimed at raising awareness across the SARB included webinars and workshops on building an ethical culture, reducing our carbon footprint and understanding the two-pot pension fund system.
- The SARB Academy also delivered essential training on Lean Principles for the cash centres, aimed at improving operational efficiencies.

Central banking training

The SARB Academy focused on upskilling initiatives in line with the departmental SWP, including training in Power BI, macroprudential stress testing, bank resolution, the Central Banking Summit and policy drafting.

The **Let's Talk sessions**, which focused on core and emerging central banking topics, were well-received, with discussions ranging from fintech and financial inclusion to climate change.

Learning Week motivated staff to take ownership of their own learning during work, using the digital resources available at the SARB, such as Udemy, Coursera and LinkedIn.

The **Climate Change Skills Hub** hosted quarterly in-person sessions.

Central banking masterclasses are being developed to build institutional knowledge management and retain critical skills in line with the SWP.

Pipeline programmes continued to equip young talent with critical skills. The Pipeline Strategy underpins the SARB's SWP by proactively addressing and enabling the acquisition of current and future critical skills to meet its strategic workforce needs through these programmes.

Absorption per Pipeline programme for the 2024/25 financial year:

Pipeline programme	Department	Intake	Absorbtion	Absorbtion %	Permanent	Contract
Graduate Development Programme	Core Central Banking	8	7	88%	7	
Data Science Development Programme	Core Central Banking	3	3	100%	3	
Grow-IT	BSTD	20	19	95%	2	17
Business Analysis	BSTD	5	5	100%		5
CA Training Programme	PA	2	2	100%	2	

Management and leadership training

Various management and leadership development programmes were conducted, focusing on the 'Leading the SARB Way' leadership competency framework. These included the Senior Management Programme, Specialist Leadership Journey, Transitions Programme, and coaching and mentorship opportunities.

A new **leadership development programme** was introduced to provide specialists with the necessary skills to lead teams.

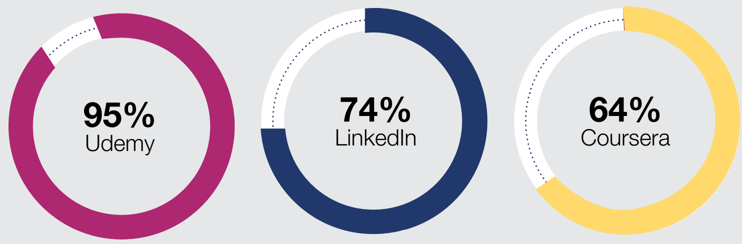
A total of **95 senior-level specialists were trained** and the programme received positive feedback. Delegates appreciated the chance to embrace their leadership roles and lead with confidence.

10 management and leadership development initiatives were delivered

341 employees attended one or more programmes, achieving an overall satisfaction rating of **94%**

Digital learning

The SARB Academy offers three learning platforms:



adoption rate

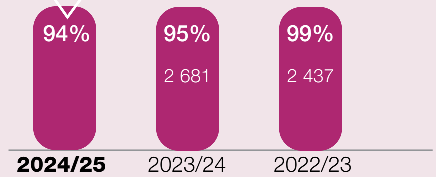
Additionally:

79% employees are satisfied with the learning platforms

89% employees believe that their learning aligns with their individual development plans.

The Academy also hosted information sessions to showcase its customised content, including RTGS introductory videos, Introduction to Central Banking e-learning, PA Climate Task Team workshop video, Financial Markets Trade Settlements e-learning, Non-fiscal Risk Induction and Information-Sharing, Programme SKY-Denodo, ISO training, Cyber Security and Engineering Standard Operating Procedures. Information webinars on ethics were also held during the reporting period.

2 647 employees attended training, including those employees that left the SARB during the period under review.



% of the total workforce

% of employees who received training:

46% Men

0.3% Persons with disability

54% Women

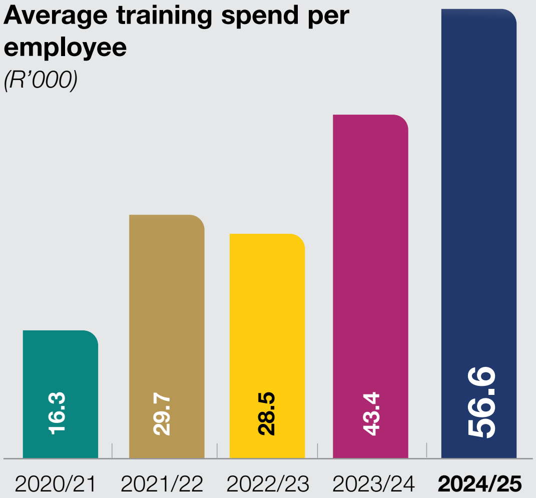
The total training spend was:
R159.7 million,
or 7% of the total payroll

(2023/24: R116.3 million – 5.7% of the total payroll)

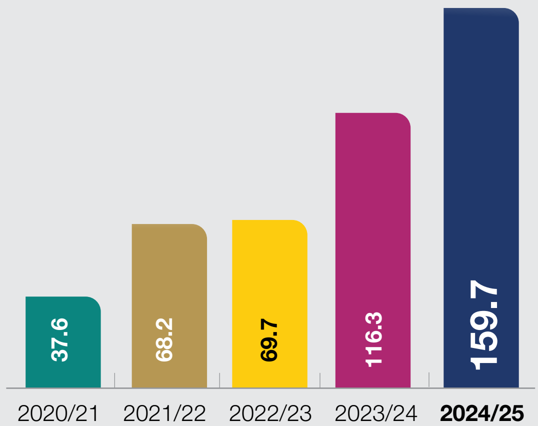
(2022/23: R69.7 million – 3.5% of the total payroll)

Average spend per employee:
R56 600

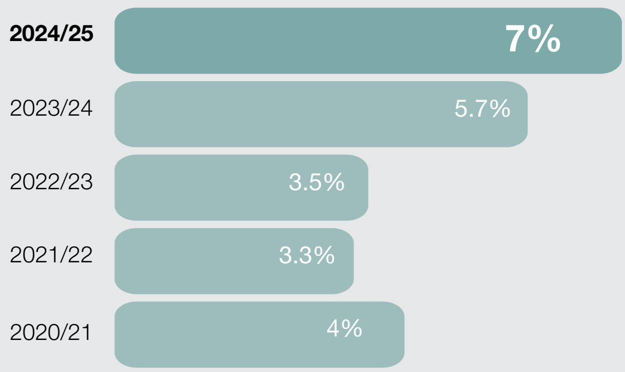
Average training spend per employee
(R'000)



Total training spend
(R'm)



Training spend as a percentage of payroll:

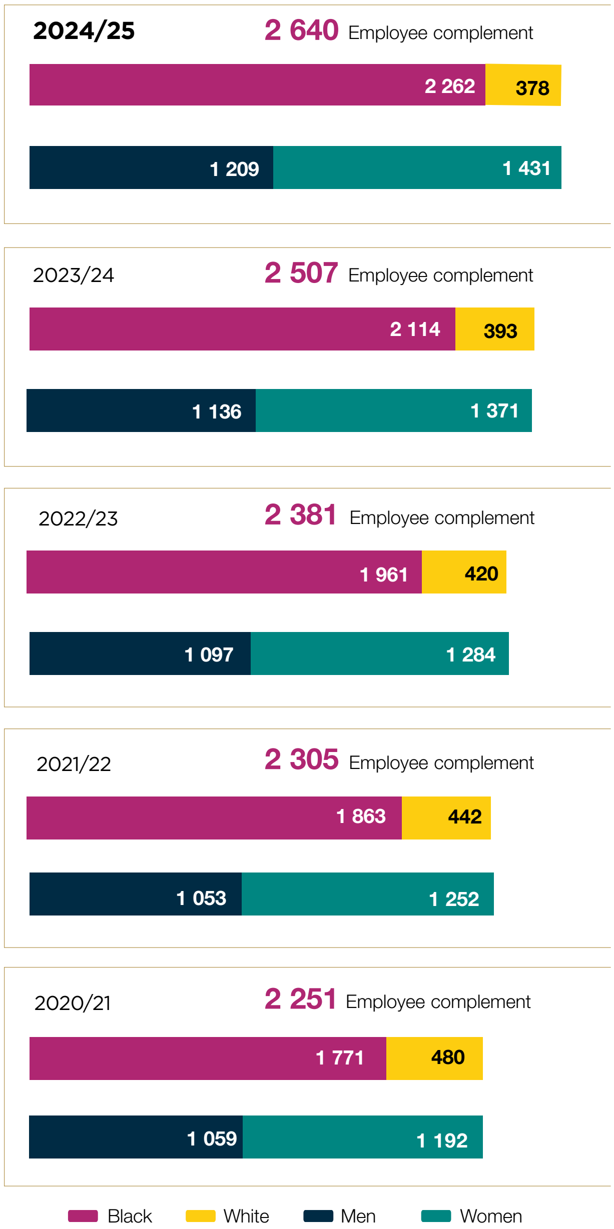


Race of employees trained:

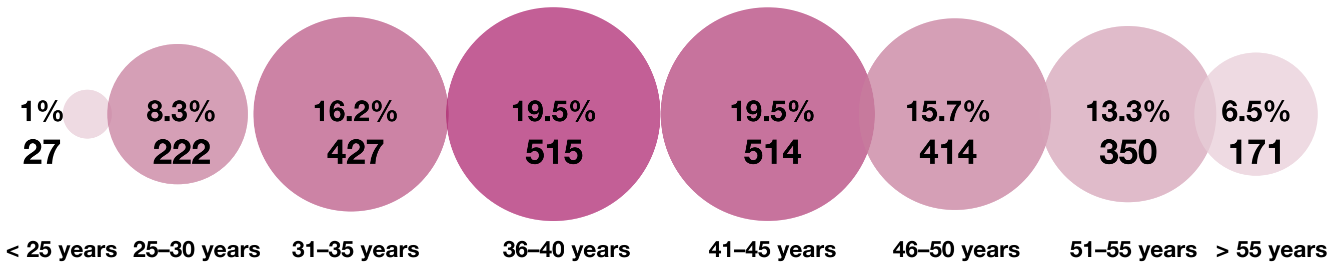
Employee statistics 2024/25

Headcount over five years

(number of permanent employees excluding contractors)

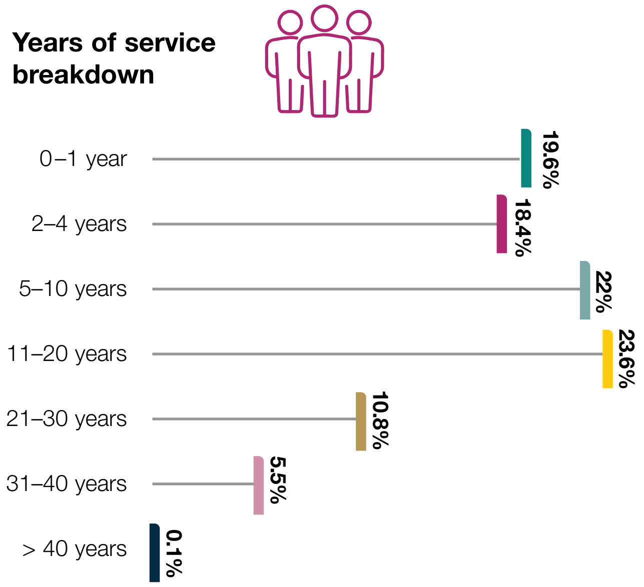


Age group breakdown – Total number of employees 2 640



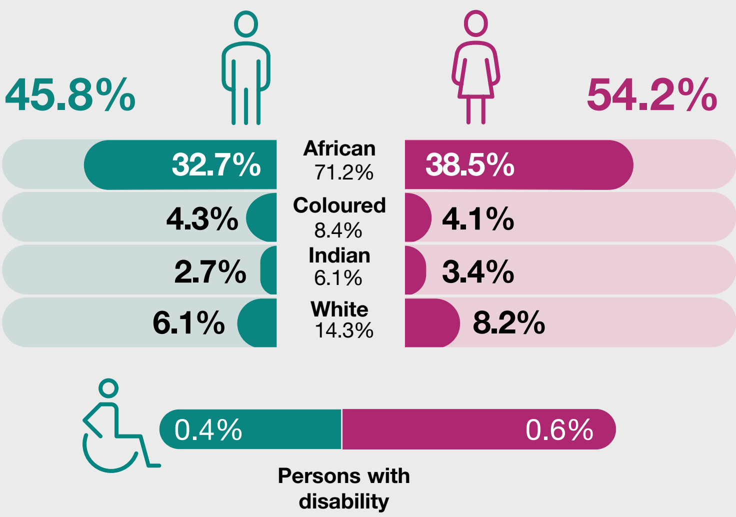
Average age: **42 years** (2023/24: 42 years)

Years of service breakdown



Average years of service: **10 years** (2023/24: 11 years)

Employment equity profile



SARB Retirement Fund

The SARB Retirement Fund is a single scheme that provides a full spectrum of pension benefits to the employees of the SARB, SABN and SA Mint.

On 31 March 2025, the **SARB Retirement Fund** had

3 566
contributing members,

164
preserved members,

1 268 life annuitants,
(126 life annuities transferred from the former SARB Pension Fund and now ring-fenced within the SARB Retirement Fund),

90
living annuitants,
and deferred retirees (members who have retired from the Group but not from the fund).

The fund's **total liability** amounted to
R11.57 billion at year-end.

The year in review was marked by urgent preparation for the implementation of the two-pot retirement system, which began on 1 September 2024. Preparations to ensure all legislative requirements were met, and that the administrator was ready, included, among other actions, the drafting and approval of rule amendments, roadshows to members, updating of all relevant written communication and member information, system configuration and training of the administration staff. The intention of the two-pot retirement system was to improve retirement outcomes by allowing members access to their retirement savings without having to resign from employment. Given the country's tough economic climate, a substantial number of members have seized the opportunity. As at 31 March 2025, approximately 1 200 members had withdrawn from their savings pot and all had drawn the maximum.

Statutory actuarial valuations are performed every three years and interim actuarial valuations annually. The last statutory actuarial valuation was as at 31 March 2024 and found the fund's financial position to be sound. The next statutory actuarial valuation will be based on the audited financial statements for the year ended 31 March 2027. More details regarding the fund's activities will be available with the release of the fund's annual report for the year ending 31 March 2025, expected in September 2025.

The Board of Trustees actively monitors changes in the retirement industry, including any relevant legislative changes. The Board delegates several of its functions to subcommittees that are governed in line with section 7D (2)(a) of the Pension Funds Act 24 of 1956. Each subcommittee has its terms of reference which set out its scope of work.

Members are kept informed using roadshows, circulars and fund booklets. The fund's operations are regularly reviewed to ensure compliance with legislative changes and leading retirement fund practices.

Information and technology

I&T are essential for effective business management and timely decision-making. With rapid technological advancements, businesses have new opportunities for optimisation and transformation across all operations. As these innovations become integrated into business solutions, we remain committed to ensuring strategic alignment and robust governance.

The I&T strategy is adaptable, ensuring ongoing alignment with the SARB's strategy and objectives. Performance is evaluated through the I&T scorecard, focusing on:

- successfully delivering large-scale transformational programmes that support the SARB's strategic and enablement focus areas, along with executing tactical projects and enhancement initiatives;
- enhancing the maturity of I&T processes while maintaining sound governance, risk and compliance (GRC) management; and
- implementing robust measures for system security, stability, performance, availability and continuity.

Looking *ahead*

The 2025–30 I&T strategy aims to enhance the use of innovative, strategic and trusted data and technology, while delivering robust and resilient business solutions.

Key goals of the 2030 I&T strategy are to:

- successfully deliver digital transformation;
- promote the use of data through improved information and data management technology and practices;
- enable, support, govern and secure business and technology solutions and AI; and
- cultivate innovation, supported by a future-fit digital workforce.

2024/25 Performance highlights

01

Co-own and successfully deliver the SARB's digital transformation strategy

Execution of strategic projects

Achieving a 75% or higher execution rate for the portfolio of programmes is evident in the core department sections of this report.

02

Secure, enable, sustain and support business systems and processes

Availability of mission-critical business applications

- Proactive maintenance and monitoring have improved the stability of mission-critical business applications, achieving an uptime of 99.9%, surpassing the target of 99%.
- The Data Centre Project was successfully delivered, enabling two primary sites and a third disaster recovery site.
- The network perimeter security Distributed Denial of Service (DDOS) solution was successfully upgraded, resulting in heightened security and improved performance.

03

Develop the SARB's data assets through the effective integration of information management

- Information management and governance continue to improve within core departments, maintaining a focus on streamlining the collection and storage of information.
- A data-sharing platform has been implemented to reduce the duplication of data collection.
- Significant progress has been made in digitising prioritised departmental records centres, with 90% of the targeted records at Corporate Archives now completed.

04

Enforce I&T governance and controls

- Established an AI policy to oversee the use of AI technologies, ensuring their responsible and ethical development and application.
- A review of the effectiveness of I&T governance structures recommended the creation of an integrated I&T GRC strategy, which is now being implemented.
- The overall I&T control environment remains adequate and effective and is further enhanced through periodic control self-assessments conducted in prioritised areas.
- There is a continued focus on maturing I&T governance processes, using the COBIT framework.

05

Continuously futureproof the technology and business workforce to use innovative solutions

- The security posture of the SARB Group continues to mature, building the capability, capacity and services to monitor and respond effectively to cyberthreats.
- There is a continuous effort to create resilient business solutions that meet stakeholder demands.
- Strategic workforce planning is ongoing.

Engaging the public

Transparency and accountability serve as crucial checks and balances to ensure that the central bank acts in the best interest of the country.

The SARB strives to promote accessibility, transparency and accountability by interacting with the public and other key stakeholders through various forums and events such as conferences, industry engagements, campaigns, educational programmes, digital platforms, publications and by responding to queries.

The SARB uses a range of platforms to enhance understanding of its work. It continually explores new methods to broaden its reach and engage with new audiences while maintaining relationships with its different stakeholders.

The general public

The SARB is a public entity with a constitutional mandate, making it essential for the public to view it as trustworthy. Building legitimacy through public engagement is crucial. The public is the SARB's broadest stakeholder group and it regularly does public outreach programmes aimed at learners, teachers, university students, community groups and business entities. In 2024/25, the SARB reached over 6 500 people through these programmes.

To measure the effectiveness of these engagement initiatives, the SARB conducts a Corporate Reputation Survey every two years. The 2023/24 survey results showed an improvement in the public's awareness of the SARB, rising from 60% to 64%. However, knowledge of its role in society declined from 57% to 54%. Trust and advocacy, which reflect the public's confidence in an institution and their readiness to speak positively about it, saw a minor decline. Overall satisfaction with the SARB also dropped from 61% to 58%.

Aligned with the SARB's broader communications strategy, these initiatives will continue to focus on broadening engagement and making the SARB more accessible to the public by improving the quality and relevance of communication content.

4 886
high school learners and educators

964
university students and lecturers

162
business community members

501
public lectures (by the SARB Governor)

6 513
total stakeholder group participants

Established stakeholders

According to the 2023/24 Corporate Reputation Survey, established stakeholders rated the SARB highly in all reputational metrics, including familiarity, favourability, trust and advocacy. The survey found that favourability and trust had improved slightly, while satisfaction with the SARB leadership remained high. The overall reputation index for established stakeholders stood strong at 84%.

Numerous stakeholder engagements are held throughout the year with labour unions and federations, business and industry bodies, academic institutions and political parties represented in Parliament, among other stakeholders.

Briefings to Parliament

The SARB is accountable to Parliament and is required to present the SARB, PA and CODI annual reports to the Parliamentary Standing Committee on Finance each year. These presentations include the SARB's performance against its mandate and functions, the macroeconomic overview, inflation outlook and key highlights from each annual report. The SARB last presented these reports in October 2024.

Following the general election in May 2024, the SARB conducted an induction session for new and returning Parliamentarians. The session focused on explaining the SARB's mandate, its functions and its role among law makers.

The SARB also participated in a special joint session between the Portfolio Committee on Trade, Industry and Competition and the Standing Committee on Finance, along with all major banks and regulators, to discuss the state of the financial sector.

Monetary Policy Forum

The SARB releases its *MPR* twice a year at the Monetary Policy Forum. The *MPR* seeks to broaden the public's understanding of monetary policy by discussing both domestic and international developments that impact it.

The Monetary Policy Forums and *MPR* releases took place on 23 April and 15 October 2024 and attracted a total of 318 in-person attendees and 708 attendees through streaming platforms.

Talk to the SARB Forums

In-person Talk to the SARB Forums are hosted in the major centres of each province to foster a better understanding of monetary policy and the role of the SARB. Attendees include government officials, representatives of financial institutions, academics, business and labour unions. During the period, 854 stakeholders participated in the Talk to the SARB Forums.

Financial Stability Forums

The FSR Act mandates the SARB to evaluate the stability of South Africa's financial system every six months by publishing the *Financial Stability Review* (*FSR*). According to Section 13 of the FSR Act the SARB must present the *FSR* in Parliament. Each edition is introduced at a Financial Stability Forum hosted by the Governor, DGs and senior SARB officials. In the 2024/25 financial year, 221 attendees participated in the two forums.

Economic Roundtable

The SARB Economic Roundtable is a platform for in-depth discussions on economic matters. Chaired by the Governor, the Roundtable includes a diverse group of participants such as market economists, industry experts, research analysts, asset managers and policymakers. In 2024, 176 delegates attended three Economic Roundtables.

Digital and social media

The SARB uses social media to broaden its audience reach and share information. Using platforms such as X (formerly Twitter), LinkedIn, YouTube and Facebook, the SARB has improved its content by incorporating more videos, infographics and explanatory pieces to boost public understanding.

The SARB's main information hub remains its official website and social media engagements are strategically used to drive traffic to this site.

LinkedIn
244 000
2023/24: 162 000

X
134 500
2023/24: 113 000

Facebook
48 000
2023/24: 48 000

Website
Active users
2 400 000
2023/24: 1 400 000
Page views
16 300 000
2023/24: 7 600 000

Internal stakeholders

SARB employees

Internal stakeholders are crucial to the success of the SARB. Engaging with them enhances the SARB's effectiveness and helps achieve its mandated goals. Employee engagement ensures alignment with the organisation's strategic objectives. Excellent internal communication channels build morale and create a positive work environment. An annual staff engagement survey measures staff sentiment towards the work culture.

Looking *ahead*

The SARB will continue interacting with its stakeholders through existing platforms while exploring innovative, creative ways to increase exposure, ensure better accessibility and strengthen public confidence.

Investing in society

Through its CSI programme the SARB supports socioeconomic development and the upliftment of communities in South Africa.

The SARB's CSI programme focuses on two broad areas – education and community development. In education, the SARB promotes knowledge of monetary policy and develops human capital in economics and financial journalism. This is achieved through its sponsorship of the annual school competition, the MPC Schools Challenge, and the University Chairs programme. The MPC Schools Challenge and university partnerships are closely aligned to the SARB's primary mandate and strategic objectives. The SARB also runs an external bursary programme.

Its community development initiatives include the Employee Volunteerism (EV) and Support for the Arts programmes. Staff members are encouraged to participate in voluntary community activity, taking place annually and linked to Nelson Mandela Day. The arts programme sponsors two art students annually with the aim of fostering local creative art skills.

MPC Schools Challenge

The MPC Schools Challenge is the SARB's flagship CSI initiative and targets Grade 12 learners who study economics and pure mathematics. First piloted in Gauteng in 2012 with the Department of Basic Education, the competition offers learners the opportunity to step into the shoes of SARB MPC members by writing an MPC statement. Submitted essays undergo a shortlisting process and those teams shortlisted present their statements to a panel of senior SARB economists, mimicking the SARB's MPC press conference. Finalists are awarded various prizes, with the four members of the winning team receiving bursaries for further studies.

During the period under review, learners, their educators and education officials from public and private schools attended briefing sessions across the country. The Gauteng session was hosted both in-person and virtually to accommodate schools unable to attend in person.

These sessions attracted:

2 123 attendees

460 schools

The winners of the 2024 Challenge

Panorama Secondary School (Mpumalanga)

The four winning team members all received bursaries and are studying full-time.

Name of student	Race	Gender	Field of study
Ruth Tsakani Makadi Khoza	Black South African	Female	BCom Accounting
Siphesihle Patience Nyudu	Black South African	Female	BCom Economics and Econometrics
Gugulethu Princess Malapane	Black South African	Female	Diploma, Accounting
Molemo Candy Mabele	Black South African	Female	BCom Economics and Econometrics

Employee volunteerism

Through its EV programme, the SARB provides infrastructure support, maintenance and monetary donations to schools for learners with special needs.

The programme is tied to the annual Mandela Day and is run in all provinces. Where the SARB has offices, namely Pretoria, Johannesburg, Durban and Cape Town, employees and their families can volunteer their time on the Saturday closest to Mandela Day (18 July).

In 2024, the EV programme, led by the Governors and executives, took place on 20 July at Zodwa Special School and Don Mattera Special School in Gauteng, Ekuthuthukeni Special School in KwaZulu-Natal (KZN) and Oasis Special School in the Western Cape.

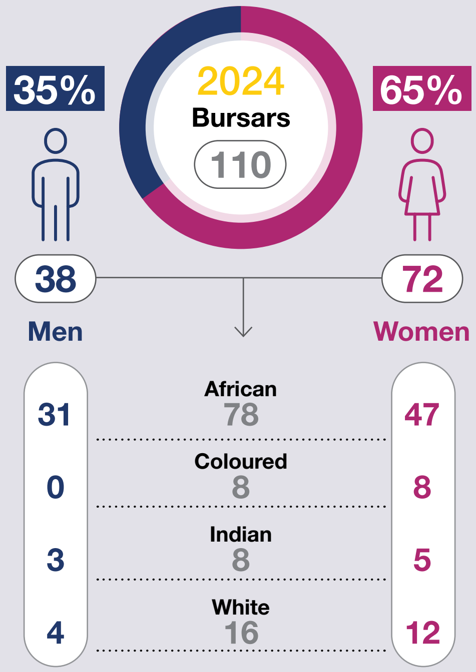
The focus was on schools for learners with intellectual disabilities. The SARB sponsored a further six schools in the provinces where it does not have physical operations.

Special school	Area/Province	Project
Don Mattera	Eldorado Park, Gauteng	**Classroom renovation**
Zodwa	Atteridgeville, Gauteng	**Renovation of toilets**
Oasis	Cape Town, Western Cape	**Playground**
Ekuthuthukeni	Umlazi, KZN	**Classroom renovation**
Jane Furse	Jane Furse, Limpopo	**Playground/multicourt**
Learamele	Mothibistad, Northern Cape	**Industrial washing machine, iron/dryer**
Mantled	Pankop, Mpumalanga	**Borehole and water purification system**
Rorisang	Madikwe, North West	**Playground/multicourt**
Khayalethu	East London, Eastern Cape	**Four smartboards (including training)**
Mphatlalatsane	Viljoenskroon, Free State	**Woodwork machinery**

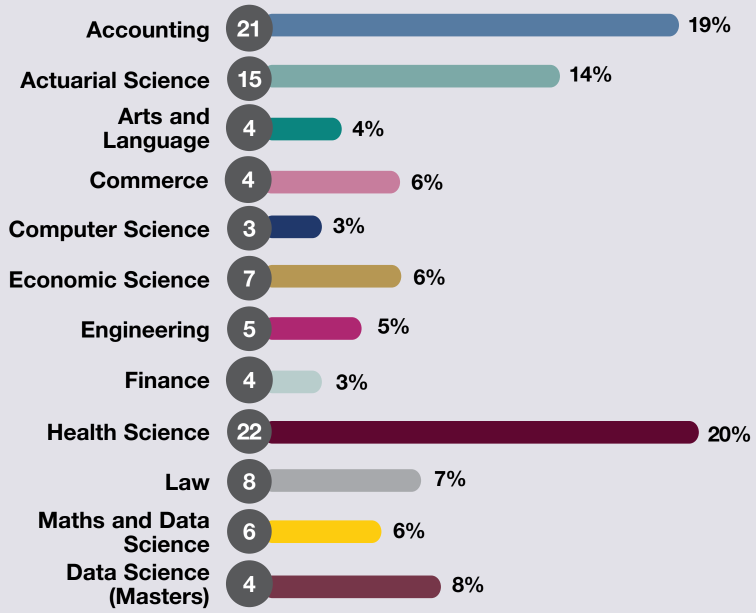
External bursary programme

The SARB bursary scheme caters for students at tertiary institutions from first-year to postgraduate level and covers registration and tuition fees, a stipend and the cost of books and relevant study materials.

In 2024, the SARB provided bursaries to 110 students, 35 of whom were in their first year of study. Nine of the students were pursuing their Master's in Data Science and one was awarded a bursary to pursue an Art degree. Most of the bursars (85%) were from a previously disadvantaged background and 72 (65%) of them were women.

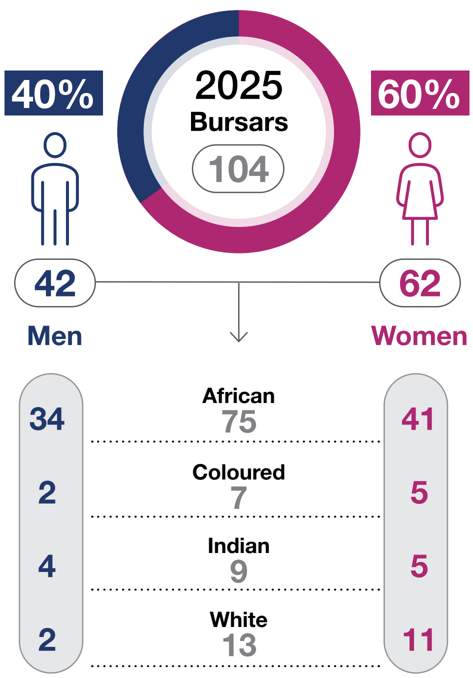


2024 Bursars' fields of study

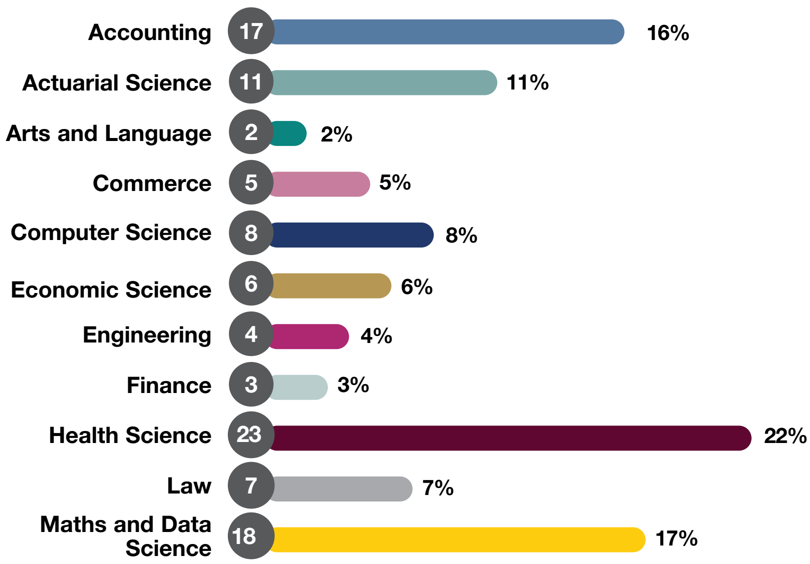


* Percentages may not add up to 100 due to rounding.

For the 2025 academic year, 104 students were awarded bursaries, including 15 first-years. Among the bursars are two Art and nine Master's in Data Science students. A total of 91 (88%) are from previously disadvantaged backgrounds and 60% are female.



2025 Bursars' fields of study



University Chairs

The SARB currently has three partnerships aimed at developing research programmes and support Master's and PhD students housed at Wits, Rhodes University and UP.

A Chair is appointed at the partner institution to coordinate and pursue research in monetary policy, and to enhance financial and economic journalism. Under the Chairs, several postdoctoral students from previously disadvantaged backgrounds are supervised.

University of Pretoria Chair of Monetary Economics

The SARB has been supporting the UP Chair of Monetary Economics for the past 12 years. The partnership is focused on macroeconomic research and developing human capital in monetary economics.

The Chair has ensured that monetary policy is integrated in the university's Economics curriculum. This has resulted in the enrolment and supervision of a significant number of Honours, Master's and PhD students. Collaboration with the SARB's ERD further strengthens this relationship.

A SARB-UP MacroLab is being finalised, due for completion in 2025. It will provide a shared space for UP and SARB researchers to work, exchange ideas and deliver on their research agenda.

Activities:

14

Publications and Working Papers

2 international publications

2 national publications

10 working papers

7

Presentation at conferences

In 2024, researchers participated in and presented to national and international conferences and workshops.

11 PhD students

3 Master's

Academic supervision

6 of the **11** PhD students are funded and supervised by the Chair (3 black, 1 white, 1 coloured and 1 non-South African black).

Dr Tumisang Loate, previously funded by the Chair, has been appointed as a full-time Senior Lecturer in the Department. Mr Charl van Schoor, a research fellow at the Chair, recently joined the SARB's ERD.

Of the 11 PhD students supervised, six are funded through the Chair and are African students.

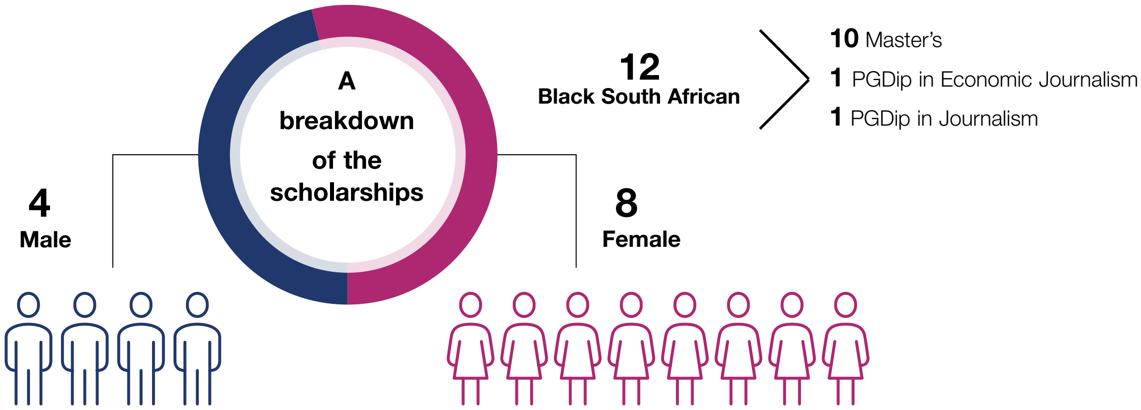
Rhodes University Chair of Economic and Financial Journalism

The Centre for Economic Journalism at Rhodes University is home to the Chair of Economic and Financial Journalism. This partnership aims to enhance the quality of economic and financial reporting.

The Chair offers two postgraduate programmes – the postgraduate Diploma (PGDip) in Economics Journalism and the Economics Specialisation within the PGDip in Journalism. It also supports Master's-level research in Economics and Financial Journalism and provides co-supervision for PhD candidates.

In 2024, 10 scholarships were granted to three black men and seven black women. However, one student withdrew from studies due to ill health. Five are registered for a Master's degree, four for an Honours degree and one for a postgraduate Diploma PGDip. Four of the Master's students are in their final year of study. All the Honours students passed with distinction.

In 2025, 12 scholarships will be awarded.



Wits Journalism Chair

The SARB sponsors the Wits Centre for Journalism, providing support and funding for postgraduate training and qualifications in financial journalism. The programme enables aspirant and experienced journalists to improve their working knowledge of economics and finance.

It has made a significant contribution to training financial journalists and strengthening financial understanding and skills in the South African media space.

The programme has grown significantly, from an initial offering of a single course for working financial journalists to now providing a range of educational options. These include financial journalism courses at Master's and Honours level and certificate courses aimed at community media.

Scholarships breakdown:

Number of students	Gender	Race	Level of study	Nationality
34	**19** Male	**30** black	**8** BA Hons	**30** South African
		3 White	**15** Certificates in Financial Journalism	**4** Namibian
	15 Female	**1** Coloured		
			11 Certificates in Financial Literacy for Community Media	

CSI expenditure

The total expenditure for the CSI programme in 2024/25 is R44 520 986, covering the MPC Schools Challenge, University Chairs and EV and External Bursary programmes.

2024/25 CSI spend

Programme	2024/25	2023/24
University of Pretoria (Chair in Monetary Economics)	R3 200 000	2023/24: R3 200 000
Rhodes University (Economic Journalism Programme)	R3 000 000	2023/24: R2 000 000
Wits (Journalism Programme)	R2 000 000	2023/24: R1 000 000
External bursaries	R24 000 000	2023/24: R22 000 000
Data Science and Machine Learning	R4 000 000	2023/24: R3 000 000
MPC Schools Challenge	R6 000 000	2023/24: R6 000 000
Employee volunteerism	R4 000 000	2023/24: R3 000 000
Total expenditure	**R45 000 000**	2023/24: R44 510 152

The numbers have been rounded up to the nearest million.

Tracking former SARB bursars

For the 2024 academic year, **91%** of SARB bursary recipients passed their exams.

Tracking former SARB bursars

Graduation year	Total	Employed	Not employed/Reason		
2016	9	8	1	Studying	PhD at UP
2017	14	14			
2018	7	6	1	Studying	PhD at UP; Research Assistant at NERSA
2019	7	6	1	Studying	Master's in Economics, Wits
2020	4	4			
2021	9	5	2	Studying	Discip Training – Potch
				Studying	Year 2 LLB – Wits
			2	Studying	FY BCom Hons – Wits
2022	29	23	3	Studying	Master's (Econ) – UP
				Studying	GDip in Acct – UCT
				Studying	LLB Degree – UP
			3	Unemployed	
2023	23	8	10	Interns	Internships
			4	Studying	MSc – Wits
				Studying	CTA – UFS
			1	Unemployed	
2024	16	7	3	Graduate Programme	Two are part of the SARB Data Science
					One is part of an International Programme
			5	Unemployed	
			1	Pending response	

Purposeful procurement

The SARB's procurement strategy focuses on delivering goods and services in a timely manner, while ensuring fairness, equity, transparency, competitiveness and cost-effectiveness.

The Procurement Division is responsible for ensuring procurement services align with the SARB Group Procurement and Supplier Management Policy and procurement strategy. The Procurement Committee (PC) approves all transactions above R5 million, while transactions above R50 million require approval from the GEC. An increase in the authority limits was approved by the GEC during the 2024/25 financial year and came into effect on 1 April 2025.

The PC, chaired by the COO and comprising 10 senior employees, oversees procurement responsibilities.

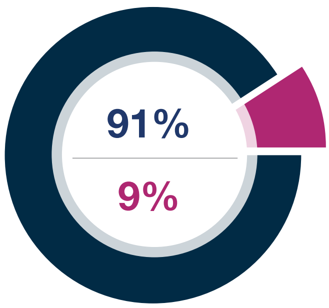
Spending

Procurement spending with suppliers for the 2024/25 financial year amounted to R6.21 billion. This excludes municipal rates and taxes, electricity and intercompany spend as these do not follow a competitive procurement process. The top 20 suppliers accounted for 61% of the total spend.

- The majority – or 91% – of total third-party spend was with local suppliers while 9% was spent with foreign suppliers.
- The split between operational expenditure and capital expenditure spend was 51% and 49% respectively.

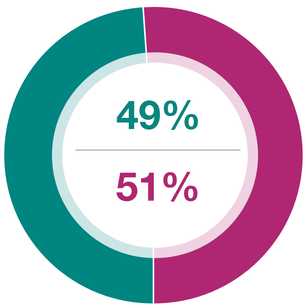
Although not subject to the Public Finance Management Act 1 of 1999 and the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA), the SARB adheres to preferential procurement principles. It has incorporated specific elements of the PPPFA and has developed a three-year B-BBEE strategy to enhance spending with eligible suppliers. This strategy is currently in its first year of implementation. Using the B-BBEE Generic Codes of Good Practice scorecard, the SARB achieved 24.73 out a possible 29 points in terms of B-BBEE recognised spend.

Local spend
2024/25 R5.6 billion
2023/24 R4.3 billion



Foreign spend
2024/25 R0.6 billion
2023/24 R0.4 billion

Spend: CAPEX
2024/25 R3 billion
2023/24 R2.2 billion



Spend: OPEX
2024/25 R3.2 billion
2023/24 R2.5 billion

SARB's score based on the B-BBEE Generic Codes of Good Practice scorecard

Category of spend	Maximum points that can be achieved	SARB score achieved in the past FY
B-BBEE recognised spend	5	5
Black-owned (spend with entities in which black people hold more than 51% of the exercisable voting rights and economic interest)	11	11
Black women-owned (spend with entities in which black women hold more than 30% of the exercisable voting rights and economic interest)	4	4
Qualifying small enterprise (spend with entities with revenue between R10 million and R50 million)	3	1.77
Exempted micro enterprise (spend with entities with revenue <R10 million)	4	0.96
Black designated group (spend with entities in which designated groups hold more than 51% of the exercisable voting rights and economic interest)	2	2
Weighted score out of 29 points	**29**	**24.73**

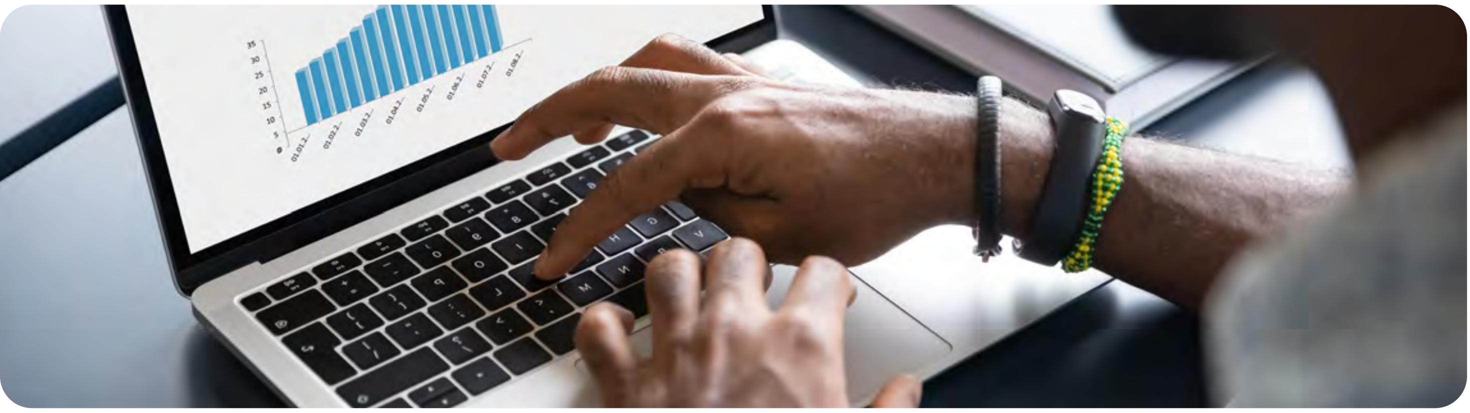
Strategic supplier relationship management (SRM), alongside performance management, is vital for the SARB, given that the majority of its spend is with its strategic partners based on the criticality of their supply to the SARB. This is done to ensure continuous service delivery, drive cost efficiencies, mitigate risk exposure and present innovative solutions to the SARB's challenges. All dealings with suppliers are based on ethical and transparent conduct, good governance and compliance with policies and procedures.

Number of strategic suppliers on the SRM Programme

31

Average supplier performance score (which means suppliers are delivering according to expectations)

69%



Our subsidiaries

The SARB has four subsidiaries: the SABN and SA Mint, which produce currency; CODI, which manages the country's DIF; and the CPD, which provides investment services.

Subsidiaries of the SARB

Currency-producing

South African Mint Company (RF) Proprietary Limited (SA Mint)

Produces coin and coin-related products for South Africa and the export market.

Board Chairperson
SARB Group Executive: Currency Management, M (Mogam) Pillay

Managing Director
L (Liziwe) Mda

South African Bank Note Company (RF) Proprietary Limited (SABN)

Produces notes for South Africa.

Board Chairperson
SARB Group Executive: Currency Management, M (Mogam) Pillay

Managing Director
T (Takalani) Mafhiri

Investment services

Corporation for Public Deposits

Invests call deposits from the public sector in deposits, short-term money market instruments and special Treasury bills. The CPD may also accept call deposits from other depositors, if approved by the Minister of Finance.

All funds invested with the CPD and the related interest earned are repayable on demand.

Board Chairperson
Deputy Governor:
R (Rashad) Cassim

Deposit insurance

Corporation for Deposit Insurance

Administers the DIF to give qualifying bank depositors access up to R100 000 of their qualifying deposits in the unlikely event of their bank being placed in resolution.

Board Chairperson
Deputy Governor:
M (Mampho) Modise

CEO
S (Sabihah) Mohamed

The SARB's Risk Management, Internal Audit, Company Secretariat, Finance and Security Services functions extend to the currency-producing subsidiaries, ensuring operating efficiencies and consistent management approaches, policies and procedures across the SARB Group.

The CPD and CODI operate from the SARB Head Office, using the SARB's accounting systems and infrastructure. The Financial Services Department (FSD) of the SARB administers and accounts for the funds under the CPD's control and oversees its investment activities.

South African Mint

The South African Mint Company

As a leading coin producer globally, the SA Mint adheres to top-quality standards, ensuring best practices in occupational health, safety and environmental management.

Active in the international minting community, the SA Mint is a member of the Mint Directors Association and contributes to its Sustainability Subcommittee and Technical Committee.

The key focus for the 2024/25 financial year has been on the delivery of the SARB's circulation coin order and launching a new range of collectables products.

The SA Mint's business units

Circulation coins

Manufactures and supplies legal tender coins for circulation and transactional use in the local economy and for international customers.

Collectables

Manufactures and sells high-quality precious metal products, mainly gold, silver and platinum, aimed at collectors and gift buyers locally and globally.

Prestige Bullion

Manufactures and sells premium precious metal products (Krugerrands) in gold, silver and platinum, for collectors and gift buyers. The SA Mint holds an 80% share in Prestige Bullion.

2024/25 Performance highlights

Amid fluctuating commodity prices and volatile global economic conditions, the Mint reported revenue of R3 291 million, as at 31 March 2025 compared to R3 225 million in 2023/24. This is mainly due to a slowdown in demand for bullion, with sales at Prestige Bullion of R1 819 million compared to R1 815 million in the previous year.

Other highlights include:

- Completed the SARB order of 887 million coins a month ahead of schedule.
- Collectables coin revenue was R515 million (compared to R439 million in 2023/24). Coin World, the Mint's retail outlet, delivered record revenue of R78 million (2023/24: R75 million) for collectable and bullion sales.
- Developed a product portfolio strategy for Collectables and launched the Big 5 Series III elephant and lion, depicting the animals in motion.
- Commissioned by the Central Bank of Eswatini to produce its 50th anniversary commemorative coins.
- Implemented the Risk Management and Compliance programme, fulfilling a key FIC requirement.
- Achieved two million hours without any lost-time injury (LTI), maintaining a strong focus on safety.
- Received a 75% engagement score in the Deloitte Culture Survey.

Looking *ahead*

The SA Mint's focus will be on delivering the circulation coin order and optimising its supply chain as well as implementing the product portfolio strategy for its Collectables business. Additionally, the SA Mint will continue to focus on the GRC framework.

In the year ahead, the SA Mint will host the Mint Directors Conference 2025 and the Coin Awards.

SABN

The South African Bank Note Company

The ongoing economic challenges and geopolitical conflicts have impacted global supply chains and operational stability. This has led to a strategic reassessment of our equipment maintenance approaches to ensure reliability and availability. By adopting alternative maintenance strategies, we have strengthened our resilience and maintained competitive pricing in an ever-changing global environment.

At the core of our success is our people. We continuously invest in their development through targeted capacity-building initiatives such as leadership development programmes and structured coaching. These efforts provide our teams with the necessary skills and mindset to drive our strategic objectives.

The SABN has retained its international standards accreditation for its Quality Management System, Occupational Health and Safety Management System, and Environmental Management and Business Continuity Management, among other systems and processes.

Additionally, the SABN is accredited by the Banknote Ethics Initiative Accreditation Council. It has maintained its Level 1 accreditation, adhering to a Code of Ethical Business Practice to combat corruption within the industry.

2024/25 Performance highlights

- Produced **802 million banknotes** for the SARB.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) are at R52 million, compared to a loss of R122 million the previous year.
- Net profit before tax amounted to R55 million, compared to a loss of R119 million in 2023/24.
- Achieved a medical treatment frequency rate of 0.65, reinforcing a strong commitment to health, safety and environmental management systems and processes.
- Implemented inline quality inspection systems for banknote numbering to improve quality at the source.

Looking *ahead*

The SABN aims to continue accelerating operational excellence to enhance banknote quality and optimise the cost of currency. A key priority remains the implementation of our Asset Masterplan, ensuring that banknote volume demands are met efficiently and reliably.

We remain committed to embedding ESG principles into our operations.

FINANCIALS

Directors' report

for the year ended 31 March 2025

Introduction

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

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 reporting framework set out in note 1. The financial statements include appropriate disclosures and are based on accounting policies that have been consistently applied 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 foreign exchange and gold transactions.

The directors have considered the impact of the volatility in financial markets due to the implementation of changes in interest rates by central banks globally to curb the rise of inflation, among other factors. The directors have also considered the impact of ongoing geo-political tensions, which 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. 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 (SA 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 (SABN) which produces banknotes.
- The Corporation for Public Deposits (CPD) which receives and invests deposits from the SA government and public entities.
- The Corporation for Deposit Insurance (CODI) which 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 34.

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

Associate

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

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

Achievement of objectives

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

Directors' report continued

for the year ended 31 March 2025

Financial results

The SARB's profit after taxation amounted to R118 billion (2023/24: R13 billion). Net investment income increased by R6 billion to R33 billion (2023/24: R19 billion increase to R27 billion), while operating costs increased by R2 billion to R10 billion (2023/24: R1 billion increase to R8 billion).

The SARB received a transfer of R100 billion (2023/24: Rnil) from National Treasury, to promote the policy solvency of the SARB.

In March 2025, ABHL implemented an employee share scheme which resulted in the SARB's equity shareholding in ABHL being diluted from 50% to 45%. The SARB recognised a dilution loss of R311 million in this regard.

The SA Mint (including Prestige Bullion) made a profit after taxation of R152 million (2023/24: R271 million).

SABN made a profit after taxation of R40 million (2023/24: R87 million loss).

CODI commenced operations in the current financial year and made a profit of R1 billion (2023/24: R1 million loss).

ABHL made a profit after taxation of R71 million (2023/24: R154 million), attributable to the Group.

Financial position

The SARB's total assets increased by R58 billion to R1 296 billion (2023/24: R1 238 billion). The total liabilities of the SARB decreased by R61 billion to R1 139 billion (2023/24: R1 200 billion). The SARB paid R200 billion to National Treasury in partial settlement of the GFECRA liability. Refer to note 21 for details.

The SARB's contingency reserve increased by R118 billion to R151 billion (2023/24: R33 billion) due to the transfer of the current year profit after taxation to the contingency reserve.

The SA Mint's total assets (including Prestige Bullion) decreased by R253 million to R2 853 million (2023/24: R3 106 million), mainly due to lower inventory. The total liabilities of the SA Mint (including Prestige Bullion) decreased by R314 million to R1 062 million (2023/24: R1 376 million) mainly due to lower trade payables.

The SABN's total assets increased by R288 million to R2 865 million (2023/24: R2 577 million) mainly due to higher cash and cash equivalents and inventories. SABN's total liabilities increased by R251 million to R714 million (2023/24: R463 million), mainly due to an increase in accounts payable.

The CPD's total assets increased by R7 billion to R120 billion (2023/24: R113 billion), largely due to a net increase in short- term fixed deposits, offset by lower money market investments. The CPD's total liabilities increased by R6 billion to R118 billion (2023/24: R112 billion), largely due to an increase in deposits.

CODI's total assets increased to R20 billion (2023/24: Rnil), due to the Deposit Insurance Fund investments. CODI's total liabilities increased to R19 billion, due to liquidity tier loans provided by member banks.

Further details on the Group's financial information for the year can be found on page 102.

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. The total dividend paid for the financial year was R200 000 (2023/24: R200 000).

Directors

The composition of the Board at 31 March 2025 is reported in the annual report. At the AGM held on 30 July 2024, the terms of office of S (Shamima) Gaibie as a non-executive director with knowledge and skills in labour, N B (Norman) Mbazima as a non-executive director with knowledge and skills in mining, and Y (Yvonne) Muthien as a non-executive director with knowledge and skills in commerce and finance, expired. The incumbents, being eligible for nomination and re-election, were re-elected as the non-executive directors for a term extending from 31 July 2024 until the day after the AGM in 2027.

The terms of office of L H (Lerato) Molebatsi and K H (Kgabo) Badimo as government-appointed non-executive directors expired on 31 May 2025.

The terms of office of C B (Charlotte) Buitendag and Z (Zoaib) Hoosen, as non-executive directors with knowledge and skills in industry; and N (Nicholas) Vink as a non-executive director with knowledge and skills in agriculture, will expire at the date of the 2025 AGM. By that time, both Profs. Buitendag and Vink will have each completed three terms of office and will therefore not be eligible for re-election. On the other hand, Mr Hoosen would have completed his second term of office and is eligible for re-election by shareholders for another three-year term. As at 31 March 2025 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 34.6.

Directors' report continued

for the year ended 31 March 2025

Events after reporting date

On 9 May 2025, the SARB signed a subscription agreement and a shareholders' agreement to subscribe for 50% of the shares in BankservAfrica. The transaction is still subject to conditions precedent, including Competition Commission approval.

Secretary of the SARB

Z (Zoliswa) Copiso

Registered office

Business address:
370 Helen Joseph Street
Pretoria 0002

Postal address:
P O Box 427
Pretoria 0001

The Board approved the financial statements on 13 June 2025 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

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 2025 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

13 June 2025

Report of the Audit Committee

for the year ended 31 March 2025

Introduction

The Audit Committee, a subcommittee of the SARB Board, consists entirely of independent non-executive directors, including the Chairperson. Its duties are outlined in its terms of reference, which are approved by the Board and reviewed every three years, or more frequently as required.

Throughout the reporting year, the Audit Committee performed its oversight functions independently and in full compliance with its terms of reference.

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

Roles and responsibilities

The Audit Committee supports the Board in its oversight of the SARB's financial reporting processes, risk management and internal financial controls. It also monitors the SARB's compliance with laws and regulations. The Audit Committee confirms that its members were independent from the SARB during the review period and had no other relationships that might compromise 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 confident that the internal financial controls are well-designed and function effectively, providing a solid foundation for creating reliable financial reports. This assessment is based on reports provided by management, risk management teams, internal auditors and external auditors.

The Audit Committee also reviewed and is satisfied with the expertise and experience of the Group CFO in preparing the annual financial statements. The finance function in the SARB has the necessary expertise and adequate resources to support the Group CFO.

Combined assurance

The Group has adopted a combined assurance approach in line with *King IV*™, aimed at increasing the effectiveness of assurance activities across the three lines of assurance. The model has been continuously improved and has now reached a high level of maturity, facilitating regular interaction, alignment of assessment methodologies and effective, integrated dashboard reporting across the three lines of assurance. The Combined Assurance Forum (CAF) ensures the ongoing review of the approach, model and processes as well as regular discussions, information-sharing and coordination among the different 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 from the three lines of assurance and the CAF, the committee finds the combined assurance approach to be adequate, effective and aligned to good practices, ensuring the achievement of the objective of effective assurance activities across the Group.

Financial statements

After reviewing the SARB Group annual financial statements and the associated report from the external auditors, the Audit Committee recommended its approval to the Board. The Audit Committee is confident in the SARB's status as a going concern.

Internal audit

The Audit Committee reviewed and approved the Internal Audit Charter, which outlines the purpose, authority and responsibility of the Internal Audit function. The charter was updated to reflect the new Global Internal Audit Standards. The Audit Committee also approved the internal audit strategy,
the annual internal audit plan, including changes to the plan, and the resources required to deliver on the plan. Additionally, the committee reviewed the IAD's quarterly reports, including its assessment of the internal control environment.

The Audit Committee reviewed the feedback on the internal quality assurance and improvement process, which resulted in an overall assessment of 'generally conforms' with the standards of the Institute of Internal Auditors. An independent external quality assurance review was conducted in May 2022 and the next review is scheduled for 2026.

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

Report of the Audit Committee continued

for the year ended 31 March 2025

External audit

The Audit Committee is confident in the independence of the SARB's external auditors. This conclusion was reached after considering the independence letters from the external auditors, continuously monitoring and approving of non-audit services as well as a formal process for partner rotation and audit firm rotation.

The Audit Committee also reviewed the external auditors' proposed audit scope, approach and fees for the year under review.

Non-audit services

The Audit Committee is responsible for approving the SARB policy regarding the provision of non-audit services by the external auditors. The policy serves as the primary reference for the Audit Committee when setting and approving the limits for such awards. These limits are set to safeguard the external auditors' independence and ensure there is no public perception of a conflict of interest.

The SARB's FSD is authorised to approve the awarding of non-audit services to external auditors and their networks, provided they fall within the limits set by the GEC and the Audit Committee. Any non-audit services that exceed these limits require prior approval by the Audit Committee.

The non-audit fees for the financial year ended 31 March 2025, as well as those from the previous year, remain well within the predetermined limits set by the SARB policy on non-audit services provided by the SARB's external auditors.

Compliance

The Audit Committee is confident that, for the current year, the SARB has implemented appropriate processes and controls to ensure compliance with all the applicable laws and regulations related to financial reporting. This conclusion is based on the Audit Committee's review of reports from both internal and external auditors as well as from executive management and relevant departments.

Information and technology

The Audit Committee is confident in the SARB's I&T capabilities, affirming that its controls are appropriate to support the integrity of financial reporting.

This confidence stems from the Audit Committee's continuous review of assurance reports from the GEC and both the internal and external auditors.

The Audit Committee also acknowledges the SARB's rapidly growing technology footprint, facilitated by the ongoing large-scale 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 to the BREC, the Audit Committee is confident in the procedures for handling confidential and anonymous complaints related to the integrity and ethics at the SARB. These procedures include receiving, evaluating, investigating and reporting on such complaints.

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, foreign exchange transactions and forward exchange contracts.

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 IFRIC® 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, measurement and disclosure 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 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. foreign exchange gains and losses on foreign-denominated assets and liabilities, including special drawing rights (SDRs), are for the account of the SA government and have therefore not been accounted for in profit or loss as required by IAS 21: The Effects of Changes in Foreign Exchange Rates (IAS 21). These valuation gains and losses are accumulated in GFECRA for the account of the SA government;
   b. gold is valued at the statutory gold price and is traded for the account of the SA Government. All gains and losses relating to gold transactions are accumulated in GFECRA for the account of the SA Government;
   c. gains and losses on forward exchange contracts (FECs) are for the account of the SA government and have therefore not been accounted for in profit or loss as required by IFRS 9: Financial Instruments (IFRS 9). These valuation gains and losses are accumulated in GFECRA for the account of the SA Government; and
   d. as a result of transactions a. to c. being accumulated in GFECRA for the account of the SA Government, the GFECRA account is also not accounted for in accordance with the requirements of IFRS Accounting Standards.

Disclosure

In the financial statements 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.

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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 (the Group and the Entity) set out on pages 110 to 202, which comprise the consolidated and separate statements of financial position as at 31 March 2025, 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 material accounting policy information.

In our opinion, the consolidated and separate financial statements for the year ended 31 March 2025 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 International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Entity 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

The scope of our audit was influenced by our application of materiality. We established specific quantitative thresholds for materiality, which, together with qualitative considerations, guided the overall audit approach. These factors influenced the scope of our audit and informed the nature, timing and extent of our audit procedures on the individual financial statements line items and disclosures. They also played a key role in evaluating the impact of identified misstatements, both individually and in aggregate, on the financial statements as a whole.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - SARB
Overall materiality	R13.89 billion (2024: R13.26 billion)	R12.96 billion (2024: R12.37 billion)
Basis for materiality	Based on 1% of total assets (same as prior year)	Based on 1% of total assets (same as prior year)
Rationale for benchmark applied	Total assets were used as the benchmark, consistent with prior years, due to the non-profit nature of all the entities within the SARB group. This approach is considered appropriate given the SARB's role as the custodian of the country's foreign exchange reserves and its position as the largest entity in the Group. All the subsidiaries of the SARB are strategic in nature and exist solely to assist the SARB in fulfilling its various mandates. The primary activities of the subsidiaries are: • SA Mint – which produces circulating and collectable coins, and its subsidiary Prestige Bullion which produces bullion coins. • SA Bank Note – which produces banknotes. • Corporation for Public Deposits – which receives and invests deposits from SA Government and public entities. • Corporation for Deposit Insurance – which 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.	We used Total Assets as the materiality benchmark given the SARB's role as the custodian of the country's foreign exchange reserves. This approach is consistent with prior years. The SARB is a not-for-profit entity and has no listed debt, securities or shares. The primary objective of the SARB is to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa. In order to execute its mandate, the SARB is responsible for maintaining the country's gold and foreign exchange reserves. To achieve its mandate, the SARB's activities are largely investment driven. The performance of the gold and foreign exchange reserves has a direct impact on the SARB's financial position. Accordingly, the statement of financial position, more specifically, Total Assets, is the most appropriate indicator of the central bank's activities.

Group Audit Scope

We tailored the scope of our audit to ensure that we performed enough work to be able to express an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group and the SARB, the accounting processes, controls and the industry in which they operate.

Our scoping is based on the Group's consolidation structure. We define a component as a single reporting entity which feeds into the Group consolidation. In assessing the risk of material misstatement to the consolidated financial statements, and to ensure the quantitative coverage of the significant accounts in the consolidated financial statements of the reporting entities that form part of the Group, we selected the SARB, two of its five subsidiaries (The CPD and CODI) and one division and performed a full scope audit on each. Specific audit procedures were tailored and performed on the SAM's revenue balance (one of the currency producing subsidiaries) and the investment in African Bank Holdings Limited (the only associate in the Group), to verify the cash flows and discount rate

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

used in the valuation of that investment. These entities were selected for testing as they were assessed to be significant either due to their nature, size or risk characteristics.

In order to ensure audit coverage over the consolidated financial statements, under the joint audit firms’ audit methodologies, we tested both the design and the operating effectiveness of the relevant business process controls and performed substantive testing over each financial statement line item that is in scope.

Further specific audit procedures over the related parties' transactions, the group consolidation and areas of significant judgement (including the expected credit losses and business combinations) were directly led by the group engagement team.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting entities to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements.

We issued formal written instructions to all component auditors setting out the audit work to be performed by each of them and maintained regular communication with component auditors throughout the audit cycle. These interactions included attending certain component clearance meetings and holding regular conference calls, as well as reviewing and assessing any matters reported. The Group engagement team also reviewed selected audit working papers from the component teams to evaluate the sufficiency of audit evidence obtained and fully understand the matters arising from the component audits.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the EAR Rule, we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

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

Key audit matter	How the matter was addressed
Expected Credit Losses (ECL) - Note 29.2 (consolidated financial statements) Management is required to exercise significant judgement in assessing the impairment of financial assets measured at amortised cost. No impairment was raised against the financial assets balance of R3.5 billion and financial guarantees of R1.3 billion as disclosed in note 29.2 to the annual financial statements. There is judgement involved in the definitions and methodologies applied to the modelled ECL, including the determination of what constitutes a Significant Increase in Credit Risk (SICR) and the consequent timely allocation of the loans and advances to the appropriate stage. The SARB Group is required to recognise an allowance for either 12 month or lifetime ECLs in accordance with IFRS 9 Financial Instruments (IFRS 9), depending on whether there has been a SICR since initial recognition. The ECL is calculated by multiplying the Loss Given Default (LGD), Probability of Default (PD) and applicable discount factors. The significant judgements applied in determining the impairment included: • The probability that an advance will default (PD). The PDs are derived from top three rating agencies; • Credit risk changes (SICR); • The size of credit exposures ("Exposures At Default (EAD)); and • The Loss Given Default (LGD). Due to the high degree of estimation uncertainty, management judgement, and significant auditor attention, the expected credit losses have been considered a matter of most significance in the current year audit of the consolidated financial statements.	We have: • Evaluated the SICR; • Evaluated the macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement; • Tested the accuracy and the completeness of the model input data; • Evaluated the input assumptions applied to estimate the PD, EAD and LGD in the ECL measurement. We have tested the appropriateness and adequacy of the ECL including the following: • key assumptions which drive the parameters feeding into the ECL model, by performing sensitivity analyses, to obtain insight into the elements which may potentially shift the ECL estimate. We have performed relevant benchmarking considerations; • the inputs used in the macroeconomic forecasting model, and how these have been input into the ECL models. We assessed the adequacy and sufficient of disclosure in the financial statements in terms of the financial reporting framework. *Key observations:* Based on the results of our audit procedures performed, we did not note any significant matters requiring further consideration.
Amortising notes - Note 4 (consolidated financial statements) Significant judgement is applied by management in the determination of whether the new notes are purchased/originated credit impaired (POCI). IFRS 9 requires classification of the notes based on the business model and their contractual cash flow characteristics. The new notes were issued as a restructuring solution to the Promissory Notes that defaulted in 2020. Classification of the notes as POCI would result in the ECL on the notes being measured at an amount equal to the result of default events possible in their lifetime. Due to the high degree of management judgement, and significant auditor attention, the amortising notes have been considered a matter of most significance in the current year audit of the consolidated financial statements.	In evaluating whether the new notes are purchased/originated credit impaired we: • Obtained an understanding of the terms of the related agreements and assessed whether the expected cashflows from the old promissory notes differed significantly with the cashflows under the terms of the new notes; • Engaged our internal credit and accounting technical experts to assist where significant judgement has been applied. Where • management used specialists to perform the POCI assessment, we evaluated their competence, capabilities and objectivity. We assessed the adequacy and sufficient of disclosure in the financial statements in terms of the financial reporting framework. *Key observation:* Based on the results of our audit procedures performed, we did not note any significant matters requiring further consideration.

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

Key audit matter	How the matter was addressed
Gold and Foreign Exchange Contingency Reserve Account (GFECRA) - Note 21 (consolidated and separate financial statements) In terms of sections 25 to 28 of the SARB Act, the gains or losses arising from the valuation and trading of gold, gains or losses on assets denominated in foreign currencies, which are attributable to the depreciation or appreciation of the Rand and gains or losses on Forward Exchange Contracts traded by the SARB, are for the account of the South African Government as disclosed in note 21 to the annual financial statements. Due to the significance of this balance and significant auditor attention, GFECRA has been considered a matter of most significance in the current year audit of the consolidated and separate financial statements.	We have: • Recalculated the movements in the gold price, foreign exchange and the forward exchange contracts adjustment accounts; • Tested the integration of the reporting system and the trading platform for the extraction of prices and foreign currency exchange rates; • Reperformed the reasonability test for the foreign currency exchange rates. • Tested that the daily postings into the gold price, foreign exchange and the forward exchange contracts adjustment accounts are affected and that the previous day's postings are reversed; • Engaged Accounting Technical expertise in the assessment of the GFECRA settlement framework and agreements as well as the accounting treatment of the agreed settlement.; • Obtained confirmation of the transfer of funds from the SARB to National Treasury to support the partial extinguishment of the GFECRA liability. We assessed the adequacy and sufficient of disclosure in the financial statements in terms of the financial reporting framework. *Key observations:* Based on the results of our audit procedures performed, we did not note any significant matters requiring further consideration.

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 any other purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "South African Reserve Bank Annual Financial Statements 2024/25" and the document titled "South African Reserve Bank Annual Report 2024/25". 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.

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.

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

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 Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Group and/or the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group, as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO South Africa Inc.
BDO South Africa Inc. (Jun 19, 2025 22:51 GMT+2)

SizweNtsalubaGobodo Grant Thornton Inc.

BDO South Africa Inc
Director: Alethia Chetty
Registered Auditor
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Illovo
2196
19 June 2025

SizweNtsalubaGobodo Grant Thornton Inc.
Director: Agnes Dire
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1687
19 June 2025

Consolidated and separate statements of financial position

as at 31 March 2025

		GROUP		SARB	
	Note	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Assets					
Cash and cash equivalents	2	**90 053**	61 743	**–**	–
Amounts due by Group companies	34.4	**–**	–	**194**	777
Accommodation to banks	3	**353**	451	**353**	451
Investments	4	**425**	23 637	**–**	–
Other assets	5	**2 356**	2 816	**1 952**	2 597
Gold and foreign exchange reserves	6	**1 235 701**	1 179 025	**1 235 701**	1 179 025
Inventories	7	**2 524**	2 587	**6**	5
Forward exchange contract assets	8	**78**	118	**78**	118
Loans and advances	9	**4 494**	7 080	**4 494**	7 080
Current taxation receivable	24	**5**	35	**–**	–
South African government bonds	10	**34 803**	32 007	**34 803**	32 007
Equity investment in Bank for International Settlements	11	**7 184**	6 605	**7 184**	6 605
Investments in subsidiaries	34.1	**–**	–	**1 012**	1 012
Investment in associate	34.3	**3 189**	3 429	**2 795**	3 106
Property, plant and equipment	12	**7 396**	5 297	**5 875**	3 800
Intangible assets	13	**1 322**	1 397	**1 292**	1 367
Total Assets		**1 389 883**	1 326 227	**1 295 739**	1 237 950
Liabilities					
Notes and coin in circulation	15	**167 771**	169 504	**167 771**	169 504
Deposits	16	**579 638**	474 272	**462 002**	363 947
Amounts due to Group companies	34.4	**–**	–	**50 328**	28 303
Foreign deposits	17	**88 338**	101 224	**88 338**	101 224
Other liabilities	18	**3 535**	3 732	**2 181**	1 747
Liquidity tier liability	19	**18 779**	–	**–**	–
Forward exchange contract liabilities	8	**6**	24	**6**	24
Current taxation payable	24	**1 427**	58	**1 432**	58
Deferred taxation liabilities	14	**795**	753	**631**	598
Post-employment benefits	20	**2 793**	2 685	**2 566**	2 470
Gold and Foreign Exchange Contingency Reserve Account	21	**363 901**	531 989	**363 901**	531 989
Total Liabilities		**1 226 983**	1 284 241	**1 139 156**	1 199 864
Capital and reserves					
Share capital	22	**2**	2	**2**	2
Accumulated profit		**4 561**	2 935	**–**	–
Statutory reserve		**458**	458	**458**	458
Contingency reserve		**152 856**	34 258	**151 238**	33 415
Bank for International Settlements revaluation reserve	11	**4 033**	3 426	**4 033**	3 426
Property plant and equipment revaluation reserve	12	**144**	128	**144**	128
Post-employment benefit remeasurement reserve	20	**765**	713	**708**	657
Non-controlling interest		**81**	66	**–**	–
Total capital and reserves		**162 900**	41 986	**156 583**	38 086
Total liabilities, capital and reserves		**1 389 883**	1 326 227	**1 295 739**	1 237 950

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

for the year ended 31 March 2025

		GROUP		SARB	
	Note	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Interest revenue from amortised cost items	32	**9 381**	10 697	**1 094**	1 298
Interest revenue from fair value items	32	**13 803**	14 674	**13 774**	14 609
Interest expense	32	**(23 253)**	(18 339)	**(15 454)**	(9 372)
Net interest (expense) revenue		**(69)**	7 032	**(586)**	6 535
Fair value gains	32	**33 669**	20 164	**33 559**	19 941
Dividend income	32 & 34.3	**145**	112	**145**	112
Operating income	23.1	**4 997**	3 370	**1 326**	1 127
Other income	23.1	**100 000**	–	**100 000**	–
Total income		**138 742**	30 678	**134 444**	27 715
Movement in credit loss allowances	29.2	**342**	337	**–**	8
Operating costs	23.2	**(11 891)**	(10 561)	**(9 658)**	(8 448)
Share of net profit of associate	34.3	**71**	154	**–**	–
Dilution loss on investment in associate	34.3	**(311)**	–	**(311)**	–
Impairment loss on investment in associate	34.3	**–**	(982)	**–**	(982)
Profit before taxation		**126 953**	19 626	**124 475**	18 293
Taxation	24	**(6 714)**	(5 372)	**(6 652)**	(5 301)
Profit for the year		**120 239**	14 254	**117 823**	12 992
Attributable to:					
The parent		**120 224**	14 213	**117 823**	12 992
Non-controlling interest	34.1	**15**	41	**–**	–
		120 239	14 254	**117 823**	12 992
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Net gain on equity investments designated at fair value through other comprehensive income	11	**774**	417	**774**	417
Revaluation of property, plant and equipment	12	**20**	–	**20**	–
Remeasurement of post-employment benefits	20	**69**	139	**70**	136
Taxation	14	**(190)**	(128)	**(190)**	(127)
Other comprehensive income for the year net of taxation		**673**	428	**674**	426
Total comprehensive income for the year		**120 912**	14 682	**118 497**	13 418
Total comprehensive income attributable to:					
The parent		**120 897**	14 641	**118 497**	13 418
Non-controlling interest	34.1	**15**	41	**–**	–
		120 912	14 682	**118 497**	13 418

Consolidated and separate statements of cash flows

for the year ended 31 March 2025

	Note	GROUP 2025 R mil	GROUP 2024 R mil	SARB 2025 R mil	SARB 2024 R mil
Net cash flows generated from operating activities					
Net cash flows generated from operations	26	**32 665**	32 835	**22 432**	13 648
Interest received		**8 708**	10 697	**1 074**	1 298
Interest paid		**(21 982)**	(18 339)	**(15 216)**	(9 372)
Taxation paid	24	**(5 456)**	(3 700)	**(5 436)**	(3 524)
Dividends paid[1]	25	**–**	–	**–**	–
Dividends received	32 & 34.3	**145**	112	**145**	112
Net cash flows generated from operating activities		**14 080**	21 605	**2 999**	2 162
Net cash flows utilised in investing activities					
Purchase of property, plant and equipment	12	**(2 490)**	(2 186)	**(2 337)**	(2 068)
Proceeds on disposal of property, plant and equipment and intangible assets		**–**	235	**–**	235
Purchase of intangible assets	13	**(669)**	(338)	**(662)**	(329)
Net cash flows utilised in investing activities		**(3 159)**	(2 288)	**(2 999)**	(2 162)
Net cash flows generated from financing activities					
Interest paid on liquidity tier liability		**(1 271)**	–	**–**	–
Increase in liquidity tier liability	19	**18 929**	–	**–**	–
Repayment of liquidity tier liability	19	**(269)**	–	**–**	–
Net cash flows generated from financing activities		**17 389**	–	**–**	–
Total cash and cash equivalents movement for the year		**28 310**	19 317	**–**	–
Cash and cash equivalents at the beginning of the year	2	**61 743**	42 426	**–**	–
Total cash and cash equivalents at the end of the year	2	**90 053**	61 743	**–**	–

1 *Dividends paid for the 2024/25 financial year amounted to R0.2 million (2024: R0.2 million).*

Consolidated statement of changes in equity

for the year ended 31 March 2025

	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 R mil	Total R mil	Non-controlling interest R mil	Total R mil
Group										
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 to/(from) reserves	–	–	–	13 835	–	–	(13 835)	–	–	–
Balance at 31 March 2024	**2**	**713**	**128**	**34 258**	**3 426**	**458**	**2 935**	**41 921**	**66**	**41 986**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**120 224**	**120 224**	**15**	**120 239**
Other comprehensive income	**–**	**52**	**16**	**–**	**607**	**–**	**–**	**675**	**–**	**675**
Total comprehensive income for the year	**–**	**52**	**16**	**–**	**607**	**–**	**120 224**	**120 899**	**15**	**120 914**
Transfer to/(from) reserves	**–**	**–**	**–**	**118 598**	**–**	**–**	**(118 598)**	**–**	**–**	**–**
Dividends paid[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2025	**2**	**765**	**144**	**152 856**	**4 033**	**458**	**4 561**	**162 819**	**81**	**162 900**
Note	22									

[1] *Dividends paid for the 2024/25 financial year amounted to R0.2 million (2024: R0.2 million).*

Consolidated statement of changes in equity

continued

for the year ended 31 March 2025

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 (i.e. contingency reserve) 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 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 the 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 (i.e contingency reserve) and payment of dividends has to be made to the SA government. For the year ended 31 March 2025, no surplus (2024: Rnil) was 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 made to the SA government. For the year ended 31 March 2025, no profits (2024: Rnil) were due to the SA government by the CPD.

Non-controlling interest

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

Separate statement of changes in equity

for the year ended 31 March 2025

	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 R mil	Total R mil
SARB								
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 to/(from) reserves	–	–	–	12 992	–	–	(12 992)	–
Dividends paid[1]	–	–	–	–	–	–	–	–
Balance at 31 March 2024	**2**	**657**	**128**	**33 415**	**3 426**	**458**	**–**	**38 086**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**117 823**	**117 823**
Other comprehensive income	**–**	**51**	**16**	**–**	**607**	**–**	**–**	**674**
Total comprehensive income for the year	**–**	**51**	**16**	**–**	**607**	**–**	**117 823**	**118 497**
Transfer to/(from) reserves	**–**	**–**	**–**	**117 823**	**–**	**–**	**(117 823)**	**–**
Dividends paid[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2025	**2**	**708**	**144**	**151 238**	**4 033**	**458**	**–**	**156 583**
Note	22							

[1] *Dividends paid for the 2024/25 financial year amounted to R0.2 million (2024: R0.2 million).*

Separate statement of changes in equity continued

for the year ended 31 March 2025

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 (i.e. contingency reserve) 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 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 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 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 (i.e. contingency reserve) and payment of dividends has to be made to the SA government. For the year ended 31 March 2025, no profits (2024: Rnil) were due to the SA government by the SARB.

Notes to the consolidated and separate financial statements

for the year ended 31 March 2025

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 102.

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, among other factors.

The directors have also considered the impact of the ongoing geo-political tensions. 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 application of the going concern assumption is therefore deemed to be appropriate.

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

These financial statements comprise the consolidated and separate statements of financial position as at 31 March 2025, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year ended 31 March 2025, as well as the notes, comprising a summary of material accounting policies and other explanatory notes.

In accordance with section 55 of the FSR Act, separate financial accounts in relation to the PA are required. The PA annual financial accounts are included on page 203.

The Group's functional and presentation currency is the South African rand and all amounts are rounded to the nearest million, unless otherwise stated.

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 1.22 and the relevant notes.

The accounting policies have been applied consistently to all years presented.

1.2 New accounting pronouncements

1.2.1 New accounting pronouncements effective in the current financial year

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

The amendments clarify 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 12 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 12 months of the reporting period. Additional disclosures would be required in such circumstances. The effective date of the amendments is for financial years commencing on or after 1 January 2024. The amendments do not have a material impact on the Group's financial statements.

Amendments to IAS 1: Non-current liabilities with covenants

The amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. The amendments also provide 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 amendments is for financial years commencing on or after 1 January 2024. The amendments do not have a material impact on the Group's financial statements.

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

The amendments require 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 amendments is for financial years commencing on or after 1 January 2024. The amendments do not 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 2025

1. Accounting policies continued

1.2 New accounting pronouncements continued

1.2.1 New accounting pronouncements effective in the current financial year continued

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

The amendments apply 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 amendments require 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 amendments is for financial years commencing on or after 1 January 2024. The amendments do not have a material impact on the Group's financial statements.

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related disclosures

IFRS S1 and IFRS S2 are the inaugural standards issued by the International Sustainability Standards Board (ISSB). IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term while IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1. The effective date of these Sustainability Disclosure Standards is for financial years commencing on or after 1 January 2024 with the adoption thereof currently not being mandatory in South Africa. The Group is currently developing its broader sustainability strategy and will consider adopting these voluntary standards in future financial years, when the strategy has been finalised.

1.2.2 New accounting pronouncements issued but not yet effective

Several new IFRS Accounting Standards and amendments are effective for financial years commencing on or after 1 January 2025 and have not been early adopted in preparing these financial statements. The Group will adopt these amendments, if applicable, in the relevant financial year in which they become effective.

These are as follows:

Amendments to IAS 21: Lack of exchangeability

The amendments apply to currencies that 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 amendments is for financial years commencing on or after 1 January 2025. It is unlikely that the amendments will have a material impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

The amendments clarify that financial assets and financial liabilities are recognised and derecognised at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting the specified conditions. The new exception permits companies to elect to derecognise certain financial liabilities settled via electronic payments systems earlier than the settlement date. The amendments also provide guidelines to assess contractual cash flow characteristics of financial assets for the year ended 31 March 2025, which apply to all contingent cash flows including those arising from ESG-linked features. Additionally, these amendments introduce additional disclosure requirements with respect to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The effective date of these amendments is for financial years commencing on or after 1 January 2026. It is unlikely that the amendments will have a material impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity

These amendments address the application of 'own use' and hedge accounting requirements for Contracts Referencing Nature-dependent Electricity, often referred to as Power Purchase Agreements (PPAs), which meet specified criteria. If a PPA qualifies for the 'own use' exemption it is accounted for as an executory contract rather than as a derivative. In contrast, if a PPA does not qualify for the 'own use' exemption it is accounted for as a derivative to which hedge accounting considerations may apply. The amendments apply to contracts that reference electricity generated from nature-dependent sources and for which cash flows vary based on the amount of electricity generated by a reference production facility.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.2 New accounting pronouncements continued

1.2.2 New accounting pronouncements issued but not yet effective continued

New disclosures have also been introduced. The effective date of these amendments is for financial years commencing on or after 1 January 2026. It is unlikely that the amendments will have a material impact on the Group's financial statements.

Annual improvements to IFRS Accounting Standards: Volume 11

Annual improvements are limited to changes that either clarify wording in an IFRS Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the IFRS Accounting Standards. The effective date of these annual improvements is for financial years commencing on or after 1 January 2026 and have been made to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. It is unlikely that the improvements will have a material impact on the Group's financial statements.

IFRS 18: Presentation and Disclosures in Financial Statements

IFRS 18 is the new IFRS Accounting Standard issued with the objective of providing investors with more transparent and comparable information about entities' financial performance. This new IFRS Accounting Standard replaces IAS 1: Presentation of Financial Statements (IAS 1) with only a few key new concepts being introduced, namely:

- requirements relating to the structure of the statement of profit or loss including the introduction of required new subtotals in the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside of the entity's financial statements (Management-defined Performance Measures (MPM)); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The effective date of this IFRS Accounting Standard is for financial years commencing on or after 1 January 2027. The impact of IFRS 18 on the Group's financial statements is still being assessed.

IFRS 19: Subsidiaries without public accountability: Disclosures

IFRS 19 is a voluntary IFRS Accounting Standard that enables an eligible subsidiary to provide reduced disclosures compared to the disclosure requirements of an applicable IFRS Accounting Standard. A subsidiary is eligible to apply IFRS 19 if it does not have public accountability and its parent company produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. Entities that elect to apply IFRS 19 are, however, still required to apply the recognition measurement and presentation requirements of an applicable IFRS Accounting Standard. The effective date of this IFRS Accounting Standard is for financial years commencing on or after 1 January 2027. It is unlikely that IFRS 19 will be adopted by the subsidiaries within the Group; however, the adoption is at the discretion of the relevant subsidiary Boards. For consolidation, all subsidiaries will still be required to provide the full IFRS disclosures.

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 relevant 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 accumulated impairment losses. Where appropriate, the cost includes loans to subsidiaries with no repayment terms where these are considered part of the investment in subsidiaries.

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 without control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

The Group initially recognises its investment in associate at cost and subsequently accounts for its share of the post-acquisition profits or losses of the associate in profit or loss and the Group's share of movements in OCI of the associate, in OCI.

Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. In the separate financial statements of the SARB the investment in associate is accounted for at cost less accumulated impairment losses where appropriate.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

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.

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.

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

Derivatives assets that do not meet the criteria for amortised cost or 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Financial assets held at mandatory FVPL include:

- foreign exchange reserves; 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 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 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.

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.

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 as described in note 29.2.2.

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 being 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 29.2.2. 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 gains 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 the SA government. Therefore all these gains or losses are transferred to the GFECRA.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Subsequent measurement continued

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.

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 29.2.2.1 for a description of how the Group determines when an SICR has occurred.
- If the financial instrument is credit-impaired the financial instrument is then moved to 'stage 3'.
- 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 29.2.2.3 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 29.2.2.4 includes an explanation of how the Group has incorporated this in its ECL models.

The ECL assessment for the guarantee provided to the commercial banks under the loan guarantee scheme (LGS), bounce back scheme (BBS), energy bounce back scheme (EBBS) as well as the guarantee provided to member banks for liquidity tier contributions made to CODI, are summarised below:

- The ECL allowances calculated by the commercial banks for the portfolio of borrowings under the LGS and BBS 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 allowances are limited to the maximum amount guaranteed by the SARB, which is 20.5% of the capital amount advanced to commercial banks. The SARB's obligations under these schemes are covered by a full back–to–back guarantee from the SA government.
- The ECL allowance for the SARB guarantee to member banks for their liquidity tier contributions to CODI is calculated with reference to CODI's PD.

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 29.2.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Subsequent measurement continued

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.

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 coin in circulation;
- deposits;
- liquidity tier liability; and
- other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities that are 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. 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.

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, which is generally their issue proceeds net of transaction costs incurred. 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 1.9) 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 the SA government. Therefore, all these gains 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.4 Financial instruments 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.

1.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statements 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.

1.4.4 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 suffer loss. This amount represents the maximum exposure not recognised in the statement of financial position.

Loan commitments

Loan commitments represent firm commitments by the Group to provide credit. This amount represents the maximum exposure not recognised in the statement of financial position. Refer to note 33.

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 (IFRS 13). Refer to note 31 for further details.

1.5.1 Derivatives

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

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 US dollar, euro, Chinese yuan, 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 2025

1. Accounting policies continued

1.5 Fair value continued

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 the 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

PPE 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 for more than one period.

PPE are recognised as an asset when:

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

PPE 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, which is the fair value at the date of the revaluation less any subsequent accumulated impairment losses. Other PPE items are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is determined separately for each significant part of an item of Property, plant and equipment and is charged so as to write off the cost of the assets (other than land, valuable art and items under construction) to their residual value over their estimated useful life using the straight-line method. Land and valuable art have indefinite useful lives and are not depreciated. Depreciation is included as part of operating costs in the statement of profit or loss and other comprehensive income.

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 (years)
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.

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

An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of a PPE item is included in the profit or loss.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

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.

Amortisation is provided to write down the intangible assets on a straight-line basis to their residual values. The residual value of an intangible asset with a finite useful life is assumed to be zero unless it is expected that the intangible asset will be disposed of before the end of its economic life. Amortisation is included as part of operating costs in the statement of profit or loss and other comprehensive income. The residual values, amortisation period and the amortisation method for intangible assets are reviewed at each reporting date and adjusted if appropriate. The estimated average useful lives of the assets are as follows:

Item	Depreciation method	Average useful life (years)
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 develoment and is measured at cost. Work in progress is transferred to the related category of assets and amortised accordingly when the asset is completed and available for use.

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

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

1.9 Gold

Gold is held by the SARB as part of its foreign reserves. In terms of the SARB Act gold is recorded at the statutory rate at initial recognition including transaction costs. Subsequent to initial measurement, it is valued at the statutory price. All gains or losses on gold, including gold deposits, are for the account of the SA government and are accumulated in the GFECRA account.

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.

Deferred taxation is provided using the liability method based on temporary differences. However, deferred taxation liabilities are not recognised if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using taxation laws enacted or substantively enacted at the reporting date.

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 20.3 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.11 Employee benefits continued

1.11.1 Pension and retirement funds continued

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.

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 repurchase 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 SA 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.15 Cash and cash equivalents

Cash and cash equivalents consist 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 presentation.

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 CODI protection for covered deposits

In terms of legislation, CODI is required to pay qualifying depositors a limited amount of their covered deposits, in the unlikely event that a bank fails. A contingent liability is disclosed in this regard in note 33.4.

When a bank is placed in resolution, a liability will be recognised on the statement of financial position, measured at management's best estimate of the amount required to settle the liability.

1.18 Revenue recognition

1.18.1 Net interest income

Net interest income or expense is recognised using the effective interest method, taking into account the principal outstanding and the effective interest rate over the period to maturity. Net interest income is recognised in profit or loss.

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.

1.18.2 Operating income

Operating income consists of revenue from contracts with customers within the scope of IFRS 15: Revenue from Contracts with Customers (IFRS 15) and operating income outside the scope of IFRS 15.

1.18.2.1 Operating income within the scope of IFRS 15

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 thethe NPS and 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 funds transfers (EFTs), 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 banknotes and coin

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.18 Revenue recognition continued

Management fees

The Bank receives management fees from the CPD, SARB Retirement Fund, SABN and SA Mint.

A fee is charged to the SABN and SA Mint for the secretariat support provided by the SARB Group Secretariat, including meeting facilitation, minute-taking, circulation of resolutions and the fulfilment of certain legislative requirements in terms of the Companies Act as well as 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 the SARB performs for the CPD. The SARB 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 monthly.

1.18.2.2 Operating income outside the scope of IFRS 15

The income below relates to amounts received that are outside the scope of IFRS 15.

Licence fees

Annual licence fees are fees charged by the SARB in accordance with legislation to institutions that have been granted licences to operate as a bank or as an insurance business. Fees are payable in advance on an annual basis and non-refundable. Revenue is recognised annually when the fees are due.

Levies

Annual levies are charged by CODI and the PA to financial instititutions, in accordance with legislation, to cover operating costs. Levies are recognised in profit or loss per the amount invoiced, in the period in which the amount relates.

Premiums

Monthly premiums are charged by CODI to member banks, in accordance with legislation, to fund the DIF from which covered depositors are paid in the event of a bank failure. Premiums are recognised in profit or loss per the amount invoiced, in the period in which the amount relates.

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.

1.18.3 Other income

Other income relates to non-operating income that is outside the scope of IFRS 15. Currently, other income consists of amounts from the government, to promote the policy solvency of the SARB. The income is subject to parliamentary approval and is recognised in the period in which parliamentary approval is obtained.

1.19 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.

1.20 Related parties

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

Related parties include but are not limited to subsidiaries, the associate, members of management who hold positions of responsibility within the Group, including those charged with governance in accordance with legislation, and members of management who are responsible for the strategic direction of the Group and 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.

1.21 Share capital

Issued ordinary shares are classified as equity and measured at cost.

1.22 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 ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.22 Key accounting estimates and judgements continued

1.22.1 Fair value of financial instruments

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

1.22.2 Measurement of expected credit loss allowance

The measurement of the ECL 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 29.2 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 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.

1.22.3 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, and the alpha and beta to determine the overall discount rate. Free cash flows for a period of three to five years are provided by the investee and further assessed by management. Detailed information about the estimates made by the Group in the above areas is set out in note 34.

1.22.4 Post-employment benefits

The cost of the defined benefit pension plans and other benefit plans as well as 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.

Actuarial valuations are performed annually in accordance with the requirements of IAS 19. Statutory actuarial valuations are performed triennially, in accordance with legislative requirements.

1.22.5 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.

1.22.6 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

1. Accounting policies continued

1.22 Key accounting estimates and judgements continued

1.22.7 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's assets and liabilities in response to the liquidity requirements of the market. The SARB continuously monitors and actively manages its liquidity requirements.

1.22.8 Lease identification

In certain circumstances the determination of whether a contract is or contains a lease requires significant judgement.

The Group has assessed that the contracts with the SABN and the SA Mint for the production and supply of banknotes respectively, do not contain a lease as defined by IFRS 16 due to leased items being unidentifiable.

1.23 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.

To assess whether a contract is or contains a lease, management determines whether the asset under consideration is 'identified', which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to obtain substantially all the economic benefits from the use of the asset as well as the right to direct the use of the asset.

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).

The Group does not have any lease liabilities as all lease payments were made upfront before the commencement of the lease. 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 PPE 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.

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 PPE. Refer to the accounting policy for PPE for details of useful lives.

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 2025

2. Cash and cash equivalents

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Bank and cash balances	**37 691**	16 034	**–**	–
South African money market investments	**39 180**	31 347	**–**	–
Short–term South African fixed deposits	**13 182**	14 362	**–**	–
Total cash and cash equivalents	**90 053**	61 743	**–**	–

Owing to its role in the creation and withdrawal of money, the SARB has no cash and cash equivalents 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 7.75–7.95% (2024: 8.50–8.63%) on short-term South African fixed deposits with financial institutions and 7.53–7.62% (2024: 7.11–8.50%) 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.

Restricted cash and cash equivalents amount to R17 million (2024: Rnil) and relate to DIF investments which may only be used by CODI for payouts to depositors in the event of a bank failure, as well as payments in support of other bank resolution strategies as determined by the SARB.

The DIF investments included in the Group cash and cash equivalents relate to Shari'ah compliant investments held with other financial instutitions and earn investment income linked to the repo rate. Cash investments held by CODI with the SARB are disclosed as interest-bearing deposits in amounts due to Group companies. Refer to note 34.4

Maturity structure of financial assets

Within 1 month	**67 962**	34 480	**–**	–
Between 1 and 3 months	**22 091**	27 263	**–**	–
Total financial assets	**90 053**	61 743	**–**	–

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

Fair value of repo agreements	**13 182**	14 362	**–**	–
Fair value of collateral received	**13 290**	14 409	**–**	–
Fair value of collateral permitted to sell or repledge at the reporting date	**13 290**	16 480	**–**	–
Collateral cover	**100%**	100%		
Maturity date	**10 April 2025**	04 April 2024		

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 2025

3. Accommodation to banks

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Advances under repurchase agreements	**250**	451	**250**	451
Standing facility	**103**	–	**103**	–
Total accommodation to banks	**353**	451	**353**	451

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

Repo agreements

The standard repo agreements yield interest at the repo rate (2024: repo rate) of the SARB.

Standard repo agreements	**7.50%**	8.25%	**7.50%**	8.25%

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

Fair value of collateral received	**251**	450	**251**	450
Fair value of collateral permitted to sell or repledge at the reporting date	**251**	450	**251**	450
Collateral cover	**100%**	100%	**100%**	100%

The collateral received consists of various SA government bonds and Treasury bills with maturities ranging from 1 to 26 years (2024: 1 to 26 years).

There were no defaults in the current financial year (2024: no defaults). The ECL for repo agreements has been assessed to be immaterial (2024: 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 29.1 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% (2024: repo plus 1%).

Standing facility	**8.50%**	9.25%	**8.50%**	9.25%

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

Fair value of collateral received	**103**	–	**103**	–
Fair value of collateral permitted to sell or repledge at the reporting date	**103**	–	**103**	–
Collateral cover	**100%**	–	**100%**	–

The collateral received consists of SA government bonds and Treasury bills with maturities ranging from 16 to 35 years (2024: 16 to 35 years).

At the reporting date, none of the collateralised advances were past due or impaired (2024: none). There were no defaults in the current financial year (2024: no defaults). The ECL for the standing facility has been assessed to be immaterial (2024: 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 29.1.1 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 2025

4. Investments

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Short-term South African fixed deposits	**–**	19 153	**–**	–
Short-term South African money market investments	**82**	4 133	**–**	–
Long-term amortising notes	**355**	–	**–**	–
ECL allowance	**(12)**	–	**–**	–
Mandatory FVPL			**–**	
Short-term South African money market investments	**–**	351	**–**	–
Total investments	**425**	23 637	**–**	–
Maturity structure of financial assets				
Within 1 month	**73**	2 465	**–**	–
Between 1 and 3 months	**–**	19 148	**–**	–
Between 3 and 12 months	**–**	2 024	**–**	–
More than 12 months	**352**	–	**–**	–
Total financial assets	**425**	23 637	**–**	–
For investments that meet the definition of financial assets at mandatory FVPL:				
Maximum exposure to credit risk	**–**	351	**–**	–

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

All investments are placed in accordance with investment guidelines approved by the Boards of the respective subsidiaries.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

5. Other assets

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Financial assets				
LGS margin entitlement and credit premium receivable	**31**	554	**31**	554
Loans and advances to staff	**351**	339	**351**	339
Other financial assets	**1 207**	793	**870**	686
Non-financial assets				
Treasury SDR account	**–**	491	**–**	491
Other non-financial assets	**697**	588	**630**	476
Value-added taxation	**70**	51	**70**	51
Total other assets	**2 356**	2 816	**1 952**	2 597
Maturity structure of financial assets				
Within 1 month	**1 207**	793	**870**	686
Between 1 and 12 months	**2**	339	**2**	339
More than 1 year	**380**	554	**380**	554
Total financial assets	**1 589**	1 686	**1 252**	1 579

Financial assets are neither past due nor impaired (2024: none).

Loans and advances to staff consist of vehicle finance, home loans and other advances to staff and yields interest at repo plus 1% (2024: 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. A 0.5% portion of this margin is the credit premium, which is then transferred to the credit premium account.

As at 31 March 2025, an amount of R31 million (2024: R554 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 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 account consists of all interest charged by the IMF on the liability accounts, including the IMF loan to the 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 2025

6. Gold and foreign exchange reserves

		GROUP		SARB	
	Note(s)	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Mandatory at FVPL					
Money market instruments and fixed deposits	6.1	**233 688**	214 896	**233 688**	214 896
Securities	6.2	**646 221**	667 242	**646 221**	667 242
Derivatives	6.3	**76**	166	**76**	166
SARB Act					
Gold coin, bullion and deposits	6.4	**231 195**	169 535	**231 195**	169 535
IMF SDR assets	6.5	**124 521**	127 186	**124 521**	127 186
Total gold and foreign exchange reserves		**1 235 701**	1 179 025	**1 235 701**	1 179 025

6.1 Money market instruments and fixed deposits

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Cash and money market accounts	**10 691**	9 129	**10 691**	9 129
Fixed deposits	**222 997**	205 767	**222 997**	205 767
Total money market instruments and fixed deposits	**233 688**	214 896	**233 688**	214 896

Maturity structure	Up to 1 month R mil	Total R mil
Group and SARB 2025		
Cash and money market accounts	**10 691**	**10 691**
Fixed deposits	**222 997**	**222 997**
Total money market instruments and fixed deposits	**233 688**	**233 688**
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

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 2025

6. Gold and foreign exchange reserves continued

6.2 Securities

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Asset-backed securities	**2 536**	2 816	**2 536**	2 816
Certificate of deposits	**57 173**	45 973	**57 173**	45 973
Commercial papers	**48 952**	58 008	**48 952**	58 008
Corporate bonds	**9 994**	4 581	**9 994**	4 581
Financial bonds	**98**	5 328	**98**	5 328
Government agency, state, supranational bonds	**154 195**	182 042	**154 195**	182 042
Government bonds	**239 657**	260 609	**239 657**	260 609
Mortgage-backed securities	**17 093**	16 839	**17 093**	16 839
Other investments	**3 238**	166	**3 238**	166
Treasury bills	**113 285**	90 880	**113 285**	90 880
Total securities	**646 221**	667 242	**646 221**	667 242

	CURRENT				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 2025								
Financial assets at mandatory FVPL	**58 407**	**108 183**	**113 480**	**89 849**	**183 176**	**71 023**	**22 103**	**646 221**
Total securities	**58 407**	**108 183**	**113 480**	**89 849**	**183 176**	**71 023**	**22 103**	**646 221**
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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

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 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 RMC and 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 2025				
FECs	**9**	**19**	**(10)**	**25 772**
Futures contracts	**67**	**103**	**(36)**	**45 415**
Total derivatives	**76**	**122**	**(46)**	**71 187**
Group and SARB 2024				
FECs	170	177	(7)	26 430
Futures contracts	(4)	26	(29)	30 627
Total derivatives	166	203	(36)	57 057

[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 2025						
FEC assets	**19**	**–**	**19**	**(8)**	**–**	**11**
FEC liabilities	**(10)**	**–**	**(10)**	**8**	**–**	**(2)**
Group and SARB 2024						
FEC assets	177	–	177	(6)	–	171
FEC liabilities	(7)	–	(7)	6	–	(1)

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

6. Gold and foreign exchange reserves continued

6.4 Gold coin, bullion and deposits

6.4.1 Gold coin and bullion

	R mil	Fine ounces
Group and SARB 2025		
As at 31 March 2024	**169 535**	**4 032 738**
Purchases during the year	**14 522**	**287 905**
Sales during the year	**(20 900)**	**(412 015)**
Change in the statutory price	**60 873**	**–**
As at 31 March 2025	**224 030**	**3 908 628**
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

Gold coin and bullion consist of 3 908 628 fine ounces at the statutory price of R57 317 per ounce (2024: 4 032 738 fine ounces at R42 040 per ounce).

6.4.2 Gold deposits

	R mil	Fine ounces
Group and SARB 2025		
As at 31 March 2024	**–**	**–**
Gold deposits	**6 359**	**125 000**
Change in the statutory price	**806**	**–**
As at 31 March 2025	**7 165**	**125 000**

Gold deposits consist of 125 000 fine ounces at the statutory price of R57 317 per ounce as at 31 March 2025 (2024: Rnil), and earn a return ranging from 3–5 basis points.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

6.5 IMF SDR assets

In accordance with the SARB Act, the SARB serves as the fiscal agent for the SA government in its dealings with international financial institutions (IFIs). This includes transactions with IFIs and performing financial agency work on behalf of the government. In compliance with the SARB Act, the accounts with the IMF which records all transactions with the IMF have been included in these financial statements. Refer to note 17 for the corresponding 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 yuan, 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 2025, XDR1 was equal to R24.40 (2024: R25.18).

The various rights are disclosed below:

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
SDR Holdings[1]	**108 600**	110 760	**108 600**	110 760
IMF New Arrangements to Borrow financial transactions plan account	**15 921**	16 426	**15 921**	16 426
Total IMF SDR assets	**124 521**	127 186	**124 521**	127 186

[1] *The SDR asset carries interest at an effective rate of 3.09% (2024: 4.11%). SA government promissory notes have been pledged as collateral against these SDRs.*

The following table presents details of collateral held:

	GROUP 2025	GROUP 2024	SARB 2025	SARB 2024
Fair value of collateral received	**61 426**	62 063	**61 426**	62 063
Collateral cover	**57%**	56%	**57%**	56%

At the reporting date, none of the collateralised advances were past due or impaired (2024: none). During the year under review, no defaults were experienced (2024: no defaults).

7. Inventories

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Raw materials[1]	**403**	291	**–**	–
Work in progress[2]	**995**	479	**–**	–
Consumable stores	**171**	138	**6**	5
Maintenance spares	**206**	180	**–**	–
Finished goods[3]	**749**	1 499	**–**	–
Total inventories net of write-downs	**2 524**	2 587	**6**	5
Write-downs (included above)	**(9)**	(25)	**–**	–

Inventories are measured at the lower of cost and net realisable value. The costs to produce banknotes and coin are expensed as incurred and disclosed in note 23.2 under cost of currency.

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

8. Foreign exchange contract assets and liabilities

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
SARB Act				
Unrealised gains on FECs	**78**	118	**78**	118
Unrealised losses on FECs	**(6)**	(24)	**(6)**	(24)
Net unrealised gains transferred to GFECRA[1]	**72**	94	**72**	94

[1] *These amounts represent unrealised gains and losses on FECs which will be for the account of the 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 R10 billion (2024: R10 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 2025						
FEC assets	**78**	**–**	**78**	**(74)**	**–**	**4**
FEC liabilities	**(6)**	**–**	**(6)**	**74**	**–**	**68**
Group and SARB 2024						
FEC assets	118	–	118	(39)	–	79
FEC liabilities	(24)	–	(24)	39	–	15

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

9. Loans and advances

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Interest-bearing local loans				
LGS loan	**3 213**	6 268	**3 213**	6 268
BBS loan	**637**	812	**637**	812
EBBS loan	**644**	–	**644**	–
Total loans and advances	**4 494**	7 080	**4 494**	7 080

Interest-bearing local loans

Loan guarantee scheme

The SARB entered into a 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 R90 billion was allocated to nine commercial banks.

The total outstanding balance (including interest) of R3 billion (2024: R6 billion) is guaranteed by the SARB. The guarantee is limited to the R3 billion allocated to the commercial banks. In turn, NT has guaranteed the SARB for losses incurred under the scheme. The guarantees were entered into together with the loan agreements and are therefore considered integral to the loans. The guarantees are incorporated in the related ECL assessment for the loans.

The loan accrues interest at the prevailing repo rate (2024: 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 (2024: none). During the year under review, no defaults were experienced (2024: no defaults).

Bounce back scheme

In April 2022, the BBS was established to assist eligible small businesses to recover from the impact of COVID-19, the floods and the riots that took place 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 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 (2024: 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. NT has guaranteed the SARB for losses incurred under the scheme up to an amount of R8 billion, limited to the amount advanced to the commercial banks.

The guarantees were entered into together with the loan agreements and are therefore considered integral to the loans. The guarantees are incorporated in the related ECL assessment for the loans.

At the reporting date none of the BBS loans were past due or impaired (2024: none). During the current financial year, no defaults were experienced (2024: no defaults).

Energy bounce back scheme

In May 2023, the EBBS was established to alleviate the impact of sustained load-shedding on small-and medium-sized enterprises (SMEs) 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. Each participating commercial bank may drawdown on the facility for a period of 18 months from the signature date of their respective agreements. The SARB approved facilities of R12 billion, of which R669 million was drawn down in the current financial year.

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9. Loans and advances continued

Interest-bearing local loans continued

Energy bounce back scheme continued

The loan accrues interest at the prevailing repo rate (2024: 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. NT has guaranteed the SARB for losses incurred under the scheme up to an amount of R8 billion, limited to the amount advanced to the commercial banks. The guarantees were entered into together with the loan agreements and are therefore considered integral to the loans. The guarantees are incorporated in the related ECL assessment for the loans.

At the reporting date none of the EBBS loans were past due or impaired (2024: none). During the current financial year, no defaults were experienced (2024: no defaults).

10. South African government bonds

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Mandatory FVPL				
Interest-bearing listed bonds	**32 827**	32 827	**32 827**	32 827
Coupon interest accrued	**392**	747	**392**	747
Fair value adjustments	**1 584**	(1 567)	**1 584**	(1 567)
Total SA government bonds	**34 803**	32 007	**34 803**	32 007
Effective interest rate	**10.17%**	10.21%	**10.17%**	10.21%

There were no purchases of SA government bonds during the current year (2024: none).

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

11. Equity investment in Bank for International Settlements

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
FVOCI				
Opening balance	**6 605**	5 866	**6 605**	5 866
Fair value adjustments	**774**	417	**774**	417
Foreign exchange movements transferred (to)/from GFECRA	**(195)**	322	**(195)**	322
Closing balance	**7 184**	6 605	**7 184**	6 605

The carrying amount that would have been recognised had the BIS shares been carried at cost was R638 million (2024: R658 million).

The shares held in the BIS are held as part of the SARB's function as a central bank and are thus long-standing in nature. Shares are only transferable with the prior consent of the BIS.

The SARB's investment in the BIS consists of 8 612 shares (2024: 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 is based on the XDR[1] of XDR34 184 (2024: XDR30 463).

Refer to note 31 for further detail on the fair value hierarchy disclosures. Changes in value due to foreign exchange movements are transferred to GFECRA. For the year ended 31 March 2025, a movement of R195 million (2024: R322 million) was transferred to 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 US dollar, euro, Japanese yen, pound sterling and Chinese yuan.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

12. Property, plant and equipment

Group	2025 Cost/ revaluation R mil	2025 Accumulated depreciation R mil	2025 Carrying value R mil	2024 Cost/ revaluation R mil	2024 Accumulated depreciation R mil	2024 Carrying value R mil
Land	**158**	**–**	**158**	158	–	158
Buildings	**1 205**	**(594)**	**611**	1 171	(542)	629
Plant, vehicles, furniture and equipment	**5 458**	**(3 617)**	**1 841**	5 506	(3 644)	1 862
Valuable art	**218**	**–**	**218**	198	–	198
Work in progress	**4 568**	**–**	**4 568**	2 451	–	2 451
Total	**11 607**	**(4 211)**	**7 396**	9 484	(4 187)	5 297

SARB	2025 Cost/ revaluation R mil	2025 Accumulated depreciation R mil	2025 Carrying value R mil	2024 Cost/ revaluation R mil	2024 Accumulated depreciation R mil	2024 Carrying value R mil
Land	**149**	**–**	**149**	149	–	149
Buildings	**864**	**(454)**	**410**	832	(408)	424
Plant, vehicles, furniture and equipment	**2 492**	**(1 785)**	**707**	2 465	(1 770)	695
Valuable art	**218**	**–**	**218**	198	–	198
Work in progress	**4 391**	**–**	**4 391**	2 334	–	2 334
Total	**8 114**	**(2 239)**	**5 875**	5 978	(2 178)	3 800

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

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	Revaluations R mil	Reclassifications R mil	Depreciation R mil	Impairment loss R mil	Closing balance R mil
Group 2025									
Land	158	–	–	–	–	–	–	–	158
Buildings	629	2	–	32	–	–	(52)	–	611
Plant, vehicles, furniture and equipment	1 862	63	(2)	320	–	(48)	(354)	–	1 841
Valuable art	198	–	–	–	20	–	–	–	218
Work in progress	2 450	2 425	–	(352)	–	48	–	(3)	4 568
Total	5 297	2 490	(2)	–	20	–	(406)	(3)	7 396
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
SARB 2025									
Land	149	–	–	–	–	–	–	–	149
Buildings	424	1	(1)	31	–	–	(45)	–	410
Plant, vehicles, furniture and equipment	695	53	–	240	–	(48)	(233)	–	707
Valuable art	198	–	–	–	20	–	–	–	218
Work in progress	2 334	2 283	–	(271)	–	48	–	(3)	4 391
Total	3 800	2 337	(1)	–	20	–	(278)	(3)	5 875
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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

12. Property, plant and equipment continued

Leased assets

Included in PPE are right of use assets with a carrying amount of R5 million (2024: R23 million) relating to the lease of office buildings by the SARB. The lease term is for three 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 prior financial year, additional parking space was included in the lease, which will 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 R19 million (2024: R15 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 next valuation is scheduled for 31 December 2025.

Refer to note 31 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	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Valuable art	**37**	37	**37**	37

13. Intangible assets

	2025			2024		
GROUP	Cost R mil	Accumulated amortisation R mil	Carrying value R mil	Cost R mil	Accumulated amortisation R mil	Carrying value R mil
Internally generated computer software	**1 688**	**(1 335)**	**353**	1 137	(412)	725
Purchased computer software	**1 107**	**(909)**	**198**	1 658	(1 197)	461
Work in progress	**771**	**–**	**771**	211	–	211
Total	**3 566**	**(2 244)**	**1 322**	3 006	(1 609)	1 397

	2025			2024		
SARB	Cost R mil	Accumulated amortisation R mil	Carrying value R mil	Cost R mil	Accumulated amortisation R mil	Carrying value R mil
Internally generated computer software	**1 688**	**(1 334)**	**354**	1 137	(412)	725
Purchased computer software	**995**	**(826)**	**169**	1 526	(1 082)	444
Work in progress	**769**	**–**	**769**	198	–	198
Total	**3 452**	**(2 160)**	**1 292**	2 861	(1 494)	1 367

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for the year ended 31 March 2025

13. Intangible assets continued

Reconciliation of intangible assets

	Opening balance R mil	Additions R mil	Disposals R mil	Transfers in/(out) R mil	Reclassifications R mil	Amortisation R mil	Impairment loss R mil	Total R mil
Group 2025								
Internally generated computer software	**725**	**17**	**(45)**	**39**	**207**	**(590)**	**–**	**353**
Purchased computer software	**461**	**2**	**(1)**	**74**	**(230)**	**(108)**	**–**	**198**
Work in progress	**211**	**650**	**–**	**(113)**	**23**	**–**	**–**	**771**
Total	**1 397**	**669**	**(46)**	**–**	**–**	**(698)**	**–**	**1 322**
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
SARB 2025								
Internally generated computer software	**725**	**18**	**(45)**	**39**	**207**	**(590)**	**–**	**354**
Purchased computer software	**444**	**2**	**(1)**	**56**	**(230)**	**(102)**	**–**	**169**
Work in progress	**198**	**643**	**–**	**(95)**	**23**	**–**	**–**	**769**
Total	**1 367**	**663**	**(46)**	**–**	**–**	**(692)**	**–**	**1 292**
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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

14. Deferred tax

	Note(s)	GROUP 2025 R mil	GROUP 2024 R mil	SARB 2025 R mil	SARB 2024 R mil
Balance at the beginning of the year		**(753)**	259	**(598)**	450
Movements during the year:					
Current year timing differences	24	**142**	232	**157**	192
Prior year adjustments	24	**5**	(3)	**–**	–
Utilisation of tax losses		**–**	(1 113)	**–**	(1 113)
Other comprehensive income		**(190)**	(128)	**(190)**	(127)
Balance at the end of the year		**(795)**	(753)	**(631)**	(598)
Comprising:					
Deferred taxation liabilities		**(795)**	(753)	**(631)**	(598)
Net deferred taxation liability		**(795)**	(753)	**(631)**	(598)

Deferred taxation liabilities are attributed as set out below:

	2023 R mil	Amounts charged to profit or loss R mil	Amounts charged to OCI R mil	2024 R mil	Amounts charged to profit or loss R mil	Amounts charged to OCI R mil	2025 R mil
Group							
Post-employment benefits	717	46	(38)	725	**47**	**(18)**	**754**
Prepaid expenditure and other items	11	–	–	11	**(18)**	**–**	**(7)**
Revaluation adjustments	(35)	–	–	(35)	**–**	**(4)**	**(39)**
Property, plant and equipment	(605)	(8)	–	(613)	**34**	**–**	**(579)**
Intangible assets	(243)	93	–	(150)	**116**	**–**	**(34)**
Employee benefits accrual	154	42	–	196	**(9)**	**–**	**187**
Revenue received in advance	–	30	–	30	**(1)**	**–**	**29**
Fair value adjustments on BIS shares	(854)	–	(90)	(944)	**–**	**(168)**	**(1 111)**
Taxation losses	1 113	(1 087)	–	26	**(16)**	**–**	**10**
Lease payments	–	–	–	–	**(5)**	**–**	**(5)**
Total deferred taxation	258	(884)	(128)	(753)	**148**	**(190)**	**(795)**
SARB							
Post-employment benefits	662	42	(37)	667	**45**	**(19)**	**693**
Prepaid expenditure and other items	(3)	(1)	–	(4)	**(2)**	**–**	**(6)**
Revaluation adjustments	(35)	–	–	(35)	**–**	**(4)**	**(39)**
Property, plant and equipment	(323)	(14)	–	(337)	**26**	**–**	**(311)**
Intangible assets	(241)	93	–	(148)	**117**	**–**	**(31)**
Employee benefits accrual	132	41	–	173	**(23)**	**–**	**150**
Revenue received in advance	–	30	–	30	**(1)**	**–**	**29**
Fair value adjustments on BIS shares	(854)	–	(90)	(944)	**–**	**(167)**	**(1 111)**
Taxation losses	1 113	(1 113)	–	–	**–**	**–**	**–**
Lease payments	–	–	–	–	**(5)**	**–**	**(5)**
Total deferred taxation	451	(921)	(127)	(598)	**157**	**(190)**	**(631)**

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

15. Notes and coin in circulation

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Notes	**159 880**	161 827	**159 880**	161 827
Coin	**7 891**	7 677	**7 891**	7 677
Total notes and coin in circulation	**167 771**	169 504	**167 771**	169 504

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. Deposits

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Non-interest-bearing	**293 276**	283 925	**293 203**	283 852
Banks' reserve accounts	**165 113**	151 508	**165 113**	151 508
Other current accounts	**4 474**	3 872	**4 474**	3 872
SA government accounts	**123 689**	128 545	**123 616**	128 472
Interest-bearing	**286 362**	190 347	**168 799**	80 095
Banks' current accounts	**168 799**	80 095	**168 799**	80 095
Call deposits	**117 563**	110 252	**–**	–
Total deposits	**579 638**	474 272	**462 002**	363 947
Maturity structure of deposits				
On demand	**414 525**	322 764	**296 889**	212 439
Within 1 month	**165 113**	151 508	**165 113**	151 508
Total deposits	**579 638**	474 272	**462 002**	363 947

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 R200 million (2024: R1 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 SDRs to member countries based on the member's IMF quota shares. SA government accounts is the allocation received on behalf of and payable to the 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 (2024: repo rate). The prevailing rate at year-end for call deposits was 7.5% (2024: 8.25%). 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 holds the deposits for participants of the platform. The margin call deposits earn interest at the repo rate (2024: repo rate). The prevailing rate at year-end for margin call deposits was 7.5% (2024: 8.25%).

Notes to the consolidated and separate financial statements continued

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17. Foreign deposits

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Designated FVPL				
Foreign deposits	**88 338**	101 224	**88 338**	101 224

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 NT. Refer to note 29 for further detail on the analyses of the currency composition and maturity structure of these foreign deposits.

18. Other liabilities

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amortised cost				
Financial liabilities				
Accounts payable	**1 177**	1 477	**135**	140
Accruals	**770**	820	**597**	720
RCLF fees received in advance	**109**	113	**109**	113
LGS provision for loss claims	**31**	554	**31**	554
Margin call	**122**	170	**–**	–
Other financial liabilities	**545**	220	**542**	217
Non-financial liabilities				
Treasury SDR account	**759**	–	**759**	–
Other non-financial liabilities	**22**	378	**8**	3
Total other liabilities	**3 535**	3 732	**2 181**	1 747
Maturity structure of financial liabilities				
Within 1 month	**1 807**	2 800	**1 383**	1 190
Between 1 and 12 months	**947**	–	**31**	–
More than 1 year	**–**	554	**–**	554
Total financial liabilities	**2 754**	3 354	**1 414**	1 744

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 and 9).

Treasury SDR account

The net payable 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 R68 billion and payable of R69 billion. Refer to note 6.5 for more details.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

19. Liquidity tier liability

	GROUP		SARB	
	2025 R mil	2024 R mi	**2025 R mil**	2024 R mi
Liquidity tier liability	**18 660**	–	**–**	–
Interest payable on liquidity tier liability	**119**	–	**–**	–
Total liquidity tier liability	**18 779**	–	**–**	–
Maturity structure of liquidity tier liability:				
Within 1 month	**119**	–	**–**	–
More than 5 years	**18 660**	–	**–**	–
Total liquidity tier liability	**18 779**	–	**–**	–

The purpose of the liquidity fund contribution is to enable CODI to initially build up its fund base.

Member banks are required to maintain a minimum amount in the account of the DIF, based on their level of covered deposits for as long as they are licensed.

The contribution amount is based on a percentage of total covered deposits, published by CODI on an annual basis. The liquidity fund contribution is rolled and adjusted monthly with changes in the member banks' total covered deposits. During the current financial year, the prescribed liquidity fund contribution was 3% of covered deposits.

The liquidity fund contribution is interest-bearing and the capital will be repaid to the member banks as CODI builds up sufficient funds in the DIF. This year, R269 million of the liability was repaid due to the deregistration of a member bank.

Interest on the liquidity tier liability is payable monthly to member banks at the repo rate. As at 31 March 2025, the repo rate was 7.5%.

The SARB issued a guarantee to the member banks for the loan amounts provided to CODI in the form of the liquidity tier contributions. This guarantee was entered into at the same time as the liquidity tier contributions and is thus considered to be integral to these loans. Refer to note 33.

20. Post-employment benefits

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

		GROUP		SARB	
	Note(s)	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Amounts recognised in the statement of financial position					
Post-employment medical benefits	20.1	**2 715**	2 610	**2 497**	2 403
Post-employment group life benefits	20.2	**78**	75	**69**	67
Total post-employment benefits		**2 793**	2 685	**2 566**	2 470
Maturity structure of post-employment benefits					
Within 12 months		**425**	424	**410**	410
More than 12 months		**2 368**	2 261	**2 156**	2 060
Total post-employment benefits		**2 793**	2 685	**2 566**	2 470

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

20. Post-employment benefits continued

20.1 Post-employment medical benefits

Post-employment medical benefits are provided to retired staff in the form of subsidised medical aid premiums. This benefit has been closed to all new employees at the SARB since 1 September 2011 and the SABN since 2003. The liability reflected the accumulated post-employment medical benefit liability at 31 March 2025.

		GROUP		SARB	
	Note(s)	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Balance at the beginning of the year		**2 610**	2 583	**2 403**	2 386
Movement during the year:					
Amount recognised in profit or loss	23.2	**327**	317	**304**	293
Interest cost		**301**	290	**280**	268
Service cost		**26**	27	**24**	25
Cash movements					
Benefits paid		**(158)**	(151)	**(145)**	(139)
Amount recognised in OCI		**(64)**	(139)	**(65)**	(137)
Financial assumption gains		**15**	(76)	**14**	(68)
Experience gains on liabilities		**(79)**	(63)	**(79)**	(69)
Balance at the end of the year		**2 715**	2 610	**2 497**	2 403

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 31 March 2025.

20.2 Post-employment group life benefits

		GROUP		SARB	
	Note(s)	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Balance at the beginning of the year		**75**	72	**67**	64
Movement during the year:					
Amount recognised in profit or loss	23.2	**10**	10	**8**	9
Interest cost		**8**	8	**7**	7
Service cost		**2**	2	**1**	2
Cash movements					
Benefits paid		**(6)**	(5)	**(5)**	(5)
Amount recognised in OCI		**(1)**	(2)	**(1)**	(1)
Financial assumption gains		**1**	(4)	**1**	(3)
Experience (gains)/losses on liabilities		**(2)**	2	**(2)**	2
Balance at the end of the year		**78**	75	**69**	67

20.3 Post-employment retirement fund benefits

The Group has made provision for pension and provident plans covering substantially 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 2024 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).

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

20. Post-employment benefits continued

20.3 Post-employment retirement fund benefits continued

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 FSCA 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.

The life pension quoted by the retirement fund is based on the amount of capital available to the employee, as well as marital status, gender and age. There are currently 1 280 life pensioners (2024: 1 253 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 2025 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 2025					
Balance at the beginning of the year		**3 090**	**(3 342)**	**252**	**–**
Movement during the year:					
Amount recognised in profit or loss	23.2	**360**	**(386)**	**30**	**4**
Service cost		**1**	**2**	**–**	**3**
Interest cost/(income)		**359**	**(388)**	**30**	**1**
Cash movements		**(49)**	**49**	**–**	**–**
Benefits paid/(received)		**(49)**	**49**	**–**	**–**
Employer contributions received		**–**	**–**	**–**	**–**
Amount recognised in OCI		**(51)**	**(154)**	**201**	**(4)**
Financial assumption gains		**(27)**	**(154)**	**201**	**20**
Experience losses on liabilities		**(24)**	**–**	**–**	**(24)**
Balance at the end of the year		**3 350**	**(3 833)**	**483**	**–**
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	23.2	313	(339)	26	–
Service cost		1	–	–	1
Interest cost/(income)		312	(339)	26	(1)
Cash movements		3	(5)	–	(2)
Benefits (received)/paid		3	(3)	–	–
Employer contributions received		–	(2)	–	(2)
Amount recognised in OCI		16	(4)	(10)	2
Financial assumption gains		(43)	(4)	(10)	(57)
Experience gains on liabilities		59	–	–	59
Balance at the end of the year		3 090	(3 342)	252	–

Notes to the consolidated and separate financial statements continued

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20. Post-employment benefits continued

20.3 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. At present, 119 pensioners (2024: 127 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 2025 amounted to R88 million (2024: R98 million), while the plan assets towards this liability amounted to R88 million (2024: R98 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 2024 found the fund to be fully funded, with the actuarial liability of pensions to be R3 billion (2021: R3 billion) with plan assets of R3 billion (2021: R3 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 2025 per the interim valuation:

Local equities	24%
Local property	2%
Local fixed interest	34%
Cash	6%
Foreign investments	26%
Other	8%
	100%

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

20. Post-employment benefits continued

20.4 Key assumptions

	Post-employment benefits	
	2025	2024
Discount rate (Post-employment group life and medical benefits)	**12.00%**	12.05%
Discount rate (Post-employment retirement fund benefits)	**11.70%**	11.70%
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)	**4.19%**	4.23%
Net discount rate (Post-employment group life benefits)	**4.67%**	4.72%
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%
60	**100%**	2.50%
Normal retirement age	**63**	63
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	**5.00%**	5.90%
Category 2	**3.75%**	4.43%
Category 3	**2.25%**	2.66%
Valuation date	**31 March 2025**	31 March 2024

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 2025

20. Post-employment benefits continued

20.5 Sensitivity analysis

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
The effect of a 1% increase and decrease in the discount rate is as follows:				
Employers' accrued liability				
1% decrease	**3 322**	3 492	**3 070**	3 252
Valuation basis	**2 793**	2 685	**2 566**	2 470
1% increase	**1 762**	1 907	**1 556**	1 714
Employers' service and interest cost				
1% decrease	**779**	783	**750**	755
Valuation basis[1]	**703**	689	**670**	662
1% increase	**680**	672	**652**	646
The effect of a 1% increase and decrease in the medical inflation rate is as follows:				
Employers' accrued liability				
1% decrease	**1 771**	1 905	**1 566**	1 711
Valuation basis	**2 793**	2 685	**2 566**	2 470
1% increase	**3 280**	3 067	**3 028**	2 827
Employers' service and interest cost				
1% decrease	**637**	623	**612**	598
Valuation basis[1]	**703**	689	**675**	662
1% increase	**843**	770	**811**	740
The effect of a one year increase and decrease in the post-employment mortality rate is as follows:				
Employers' accrued liability				
1 year downward	**3 049**	3 212	**2 817**	2 992
Valuation basis	**2 793**	2 685	**2 566**	2 470
1 year upward	**1 974**	2 125	**1 753**	1 915
Employers' service and interest cost				
1 year downward	**725**	706	**695**	678
Valuation basis[1]	**703**	689	**675**	662
1 year upward	**687**	674	**659**	647
The effect of a 1% increase and decrease in the salary inflation rate is as follows:				
Employers' accrued liability				
1% decrease	**2 052**	2 183	**1 825**	1 969
Valuation basis	**2 793**	2 685	**2 566**	2 470
1% increase	**2 943**	2 730	**2 716**	2 514
Employers' service and interest cost				
1% decrease	**703**	688	**674**	661
Valuation basis[1]	**703**	689	**675**	662
1% increase	**704**	690	**675**	663
The effect of a one year increase and decrease in the base pension increase rate is as follows:				
Employers' accrued liability				
1 year downward	**2 979**	3 148	**2 752**	2 933
Valuation basis	**2 793**	2 685	**2 566**	2 470
1 year upward	**2 045**	2 189	**1 818**	1 974
Employers' service and interest cost				
1 year downward	**673**	659	**644**	632
Valuation basis[1]	**703**	689	**675**	662
1 year upward	**808**	799	**779**	772

[1] *Forecast service and interest costs for the year ending 2026.*

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for the year ended 31 March 2025

21. Gold and Foreign Exchange Contingency Reserve Account

		GROUP		SARB	
	Note(s)	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
SARB Act					
Opening balance		**531 989**	458 714	**531 989**	458 714
Profit on gold price adjustment account[1]		**61 617**	27 606	**61 617**	27 606
Profit/(loss) on FEC adjustment account		**6 225**	(14 291)	**6 225**	(14 291)
(Loss)/profit on foreign exchange adjustment account		**(35 937)**	59 915	**(35 937)**	59 915
Movement in unrealised gains/(losses) on FECs		**72**	(7)	**72**	(7)
		563 966	531 937	**563 966**	531 937
Payments (to)/from the SA government		**(200 065)**	52	**(200 065)**	52
Total GFECRA liability		**363 901**	531 989	**363 901**	531 989
Balance composition					
Balance currently due to the SA government		**363 829**	531 895	**363 829**	531 895
Net unrealised gains on FECs	8	**72**	94	**72**	94
		363 901	531 989	**363 901**	531 989

[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 gains and losses incurred on gold, foreign exchange transactions and forward exchange contracts 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.

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 instalments over the next 3 financial years. In the current financial year, R200 billion of this amount was settled and R50 billion will be settled over the next two financial years. 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.

22. Share capital

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Issued				
2 000 000 shares (2024: 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

23. Profit before taxation

23.1 Operating and other income

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Administration and management fees	**–**	–	**113**	26
Bank charges	**260**	291	**260**	291
Commission on banking services	**2 263**	716	**925**	716
Rental income	**8**	65	**6**	6
Sales of bank notes and coin to third parties	**2 337**	2 193	**–**	–
Sundry income	**129**	105	**22**	88
Total operating income	**4 997**	3 370	**1 326**	1 127
Other income[1]	**100 000**	–	**100 000**	–
Total operating and other income	**104 997**	3 370	**101 326**	1 127

[1] *To promote the policy solvency of the SARB, NT transferred R100 billion to the SARB in the current financial year. This was considered to be a separate transaction to the settlement of the GFECRA liability, with the amount being recognised as income.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

23. Profit before taxation (continued)

23.2 Operating costs

	Note(s)	GROUP 2025 R mil	GROUP 2024 R mil	SARB 2025 R mil	SARB 2024 R mil
Depreciation and amortisation					
Buildings		**52**	55	**45**	48
Computer software		**698**	297	**692**	291
Plant, vehicles, furniture and equipment		**354**	492	**233**	335
Total depreciation and amortisation	12 & 13	**1 104**	844	**970**	674
Net loss/(profit) on disposal:					
Property, plant and equipment and intangible assets	12 & 13	**34**	(4)	**46**	(4)
Impairment loss on:					
Property, plant and equipment and intangible assets	12 & 13	**3**	325	**3**	325
Write-down of inventories					
Write-down of inventories	7	**9**	25	**–**	–
Auditor's remuneration – external					
Audit fees		**35**	37	**25**	28
Consulting fees					
Consulting fees[1]		**431**	387	**404**	363
Employee costs					
Directors' remuneration	34.6	**41**	37	**40**	37
Remuneration and recurring staff costs		**3 789**	3 627	**3 092**	2 971
Contribution to funds – Normal		**345**	310	**332**	294
Contributions to funds – Additional		**–**	3	**–**	3
Movement in provision for post-employment medical benefits	20.1	**327**	317	**304**	293
Movement in provision for post-employment group life benefits	20.2	**10**	10	**8**	9
Movement in provision for post-employment retirement fund benefits	20.3	**4**	–	**4**	–
Premiums paid – Medical aid		**155**	144	**140**	129
Premiums paid – Group life		**9**	9	**5**	5
Total employee costs		**4 680**	4 457	**3 925**	3 741
Other					
Cost of new currency		**21**	19	**2 491**	1 791
Manufacturing costs		**2 742**	2 468	**–**	–
IT infrastructure		**791**	579	**734**	547
Other operating costs[2]		**2 041**	1 424	**1 060**	983
Total operating expenses		**11 891**	10 561	**9 658**	8 448

[1] *Consulting fees include non-audit services by the external auditors of R592 058.*
[2] *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 2025

24. Taxation

	Note(s)	GROUP 2025 R mil	GROUP 2024 R mil	SARB 2025 R mil	SARB 2024 R mil
South African normal taxation					
Current					
Local income taxation – current period		**6 861**	4 488	**6 810**	4 380
Deferred					
Current year timing differences	14	**(142)**	(232)	**(157)**	(192)
Adjustment in respect of prior years	14	**(5)**	3	**–**	–
Tax loss utilised		**–**	1 113	**–**	1 113
Total taxation		**6 714**	5 372	**6 653**	5 301
		%	%	**%**	%
Reconciliation of taxation rate					
South African normal taxation rate		**27.00**	27.00	**27.00**	27.00
Adjusted for:					
Disallowable expenses		**(0.36)**	1.68	**0.06**	2.08
Donations		**0.01**	0.05	**0.01**	0.06
Dilution loss on investment in associate		**0.07**	–	**0.07**	–
Impairment on investment in associate		**–**	1.35	**–**	1.45
Expenses of a capital nature		**(0.44)**	0.28	**(0.02)**	0.57
Exempt income and special deductions		**(21.45)**	(1.30)	**(21.71)**	(0.10)
Capital gains tax		**–**	(0.02)	**(0.02)**	(0.10)
Other income[1]		**(21.28)**	–	**(21.69)**	–
Special allowances[2]		**(0.17)**	(1.28)	**–**	–
Prior years		**–**	0.01	**–**	–
Effective taxation rate		**5.19**	27.39	**5.35**	28.98
Taxation paid					
Opening balance – taxation (payable)/receivable		**(22)**	721	**(58)**	754
Current taxation for the year recognised in profit or loss		**(6 861)**	(4 488)	**(6 810)**	(4 380)
Interest accrued		**–**	45	**–**	45
Closing balance – taxation payable		**1 427**	22	**1 432**	58
Taxation paid		**(5 456)**	(3 700)	**(5 436)**	(3 523)

1 *Other exempt income relates to the R100 billion received from NT in the current financial year. Refer to Note 23.1.*
2 *Special allowances in Group mainly relate to the CPD and CODI, which are exempt from taxation.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

25. Dividends paid

The SARB shares qualify for a maximum dividend of 10 cents per share per annum in terms of the SARB Act. A total dividend of 10 cents per share, amounting to R200 000, was paid for the current financial year (2024: 200 000). The dividend was paid in two instalments of 5 cents per share, being the interim and final dividend, amounting to R100 000 each.

26. Net cash generated from operations

		GROUP		SARB	
	Note(s)	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Reconciliation of profit before taxation to cash generated from operating activities					
Profit before taxation for the year		**126 953**	19 626	**124 475**	18 293
Adjustments for:					
Interest revenue		**(8 708)**	(10 697)	**(1 074)**	(1 298)
Interest expense		**23 253**	18 339	**15 216**	9 372
Fair value adjustments on investments	32	**(110)**	(223)	**–**	–
Dividends received	32 & 34.3	**(145)**	(112)	**(145)**	(112)
Depreciation, amortisation and impairment	12 & 13	**1 107**	1 169	**973**	999
Net profit/(loss) on disposal of fixed assets	23.2	**34**	(4)	**46**	(4)
Profit from associate	34.3	**(71)**	(154)	**–**	–
Dilution loss on investment in associate	34.3	**311**	–	**311**	–
Impairment loss on investment in associate	34.3	**–**	982	**–**	982
Credit impairment reversal	29.2	**(342)**	(337)	**–**	(8)
Unrealised foreign exchange gains		**–**	1	**–**	–
Post-employment benefits	20	**173**	171	**162**	159
Interest accrued on taxation	24	**–**	(45)	**–**	(45)
Net cash generated from operating activities		**142 455**	28 716	**139 964**	28 338
Changes in operating assets and liabilities:					
Amounts due by Group companies	34.4	**–**	–	**583**	(770)
Accommodation to banks	3	**98**	1 947	**98**	1 947
Investments	4	**23 324**	17 892	**–**	–
Other assets	5	**465**	5 388	**648**	5 378
Gold and foreign exchange reserves	6	**(56 676)**	(85 706)	**(56 676)**	(85 706)
Inventories	7	**63**	(801)	**(1)**	(4)
FEC assets	8	**40**	65	**40**	65
Loans and advances	9	**2 586**	2 989	**2 586**	2 989
South African government bonds	10	**(2 796)**	1 822	**(2 796)**	1 822
Equity investment in BIS	11	**195**	(322)	**195**	(322)
Notes and coin in circulation	15	**(1 733)**	(2 061)	**(1 733)**	(2 061)
Deposits	16	**105 371**	21 845	**98 055**	18 332
Amounts due to Group companies	34.4	**–**	–	**22 025**	2 890
Foreign deposits	17	**(12 886)**	(26 265)	**(12 886)**	(26 265)
Other liabilities	18	**146**	(5 891)	**436**	(6 202)
Liquidity tier liability	19	**119**	–	**–**	–
FEC liabilities	8	**(18)**	(57)	**(18)**	(57)
GFECRA	21	**(168 088)**	73 274	**(168 088)**	73 274
Net cash generated from/(utilised by) changes in working capital		**(109 790)**	4 119	**(117 532)**	(14 690)
Net cash generated from operations		**32 665**	32 835	**22 432**	13 648

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

27. Capital commitments

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Already contracted for but not yet incurred				
Buildings	**869**	1 443	**761**	1 440
Plant, vehicles, furniture and equipment	**377**	231	**161**	199
Intangible assets	**792**	1 093	**792**	1 084
Total capital expenditure contracted for, but not yet incurred	**2 038**	2 767	**1 714**	2 723
Already approved for but not yet contracted for				
Buildings	**698**	999	**506**	887
Plant, vehicles, furniture and equipment	**1 812**	778	**1 331**	302
Intangible assets	**374**	333	**355**	325
Total capital expenditure approved, but not yet contracted for	**2 884**	2 110	**2 192**	1 514

These capital commitments will be funded from internal resources.

28. Events after the reporting period

On 9 May 2025, the SARB signed a subscription agreement and a shareholders agreement to subscribe for 50% of the shares in BankservAfrica. The transaction is still subject to conditions precedent, including Competition Commission approval.

29. 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 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 monetary policy.

The 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

Reserves management continued

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, including the DGs, 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 reports, furthermore, highlight future risks that might adversely impact 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 RMCD, with oversight by the RMC and BREC. Certain aspects of risk management specific to financial instruments are described below.

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 21 – GFECRA.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

Reserves management continued

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 issuing SARB debentures, conducting reverse repos, transferring public sector funds between the market and the SARB and performing 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 their daily positions on their settlement accounts. These include access to their cash reserve balances held with the SARB, supplementary repos/reverse repos conducted at the repo rate and an automated standing facility that automatically settles end-of-day balances on the banks' settlement accounts at a rate of 1% 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 MPC, which conducts monetary policy within a flexible inflation-targeting framework. This committee consists of seven members of the SARB: the Governor, three DGs and three senior officials of the SARB.

Daily operations

The Domestic Market Operations Section (within FMD) is responsible for conducting all domestic market operations associated with the SARB's responsibility for monetary policy implementation. These operations include all activities related to providing and draining liquidity 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;
Note 17 – Foreign deposits; and
Note 19 – Liquidity tier liability.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk

Market risk monitoring is conducted at all levels , such as the Portfolio and Tranche level, with continual with constant tracking of the risk metrics , including 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.

29.1.1 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.

29.1.2 Price risk

Assets used as collateral (refer to note 3) are subject to a daily mark-to-market valuation. 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%). The excess collateral value is to protect against the risk embedded in the assets used as collateral. Treasury bills are valued at the most recent auction's discount rates.

29.1.3 Currency risk

Foreign exchange operations

The framework of control regarding market operations in foreign exchange, (i.e. 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 profit or loss and other 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 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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 2025																
Financial assets																
Amortised cost																
Cash and cash equivalents	90 021	100	–	-	18	–	14	–	–	–	–	–	–	–	90 053	100
Accommodation to banks	353	100	–	–	–	–	–	–	–	–	–	–	–	–	353	100
Investments	82	100	–	–	–	–	–	–	–	–	–	–	–	–	82	100
Other financial assets	1 565	98.5	–	–	19	1.2	5	0.3	–	–	–	–	–	–	1 589	100
Loans and advances	4 494	100	–	–	–	–	–	–	–	–	–	–	–	–	4 494	100
Investments	343	100	–	–	–	–	–	–	–	–	–	–	–	–	343	100
FVPL																
SA government bonds	34 803	100	–	–	–	–	–	–	–	–	–	–	–	–	34 803	100
FVOCI																
Equity investment in BIS	–	–	–	–	–	–	–	–	–	–	–	–	7 184	100	7 184	100
SARB Act																
FEC assets	–	–	–	–	78	100	–	–	–	–	–	–	–	–	78	100
Gold and foreign exchange[1]	–	–	231 195	18.7	678 135	54.9	41 522	3.4	34 307	2.8	74 843	6.0	175 699	14.2	1 235 701	100
Total financial assets	131 661	9.6	231 195	16.9	678 250	49.3	41 541	3.0	34 307	2.5	74 843	5.4	182 883	13.3	1 374 680	100
Unrecognised financial assets																
Guarantees	3 398	100	–	–	–	–	–	–	–	–	–	–	–	–	3 398	100
Total unrecognised financial assets	3 398	100	–	–	–	–	–	–	–	–	–	–	–	–	3 398	100

[1] *Included in the 'Other' category is R124 522 million for amounts denominated in XDR.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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 2025																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	167 771	100	–	–	–	–	–	–	–	–	–	–	–	–	167 771	100
Deposits	579 638	100	–	–	–	–	–	–	–	–	–	–	–	–	579 638	100
Other financial liabilities	2 651	96.3	–	–	48	1.7	55	2.0	–	–	–	–	–	–	2 754	100
Liquidity tier liabilities	18 779	100	–	–	–	–	–	–	–	–	–	–	–	–	18 779	100
FVPL																
Foreign deposits	–	–	–	–	69 711	78.9	9 666	10.9	4 684	5.3	2 090	2.4	2 187	2.5	88 338	100
SARB Act																
FEC liabilities	–	–	–	–	6	100	–	–	–	–	–	–	–	–	6	100
GFECRA	363 901	100	–	–	–	–	–	–	–	–	–	–	–	–	363 901	100
Total financial liabilities	1 132 740	92.8	–	–	69 765	5.7	9 721	0.8	4 684	0.4	2 090	0.2	2 187	0.2	1 221 187	100
Unrecognised financial liabilities																
Guarantees	3 398	100	–	–	–	–	–	–	–	–	–	–	–	–	3 398	100
Loan commitments	119 421	100	–	–	–	–	–	–	–	–	–	–	–	–	119 421	100
Total unrecognised financial liabilities	122 819	100	–	–	–	–	–	–	–	–	–	–	–	–	122 819	100

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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 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	23 285	100	–	–	–	–	–	–	–	–	–	–	–	–	23 285	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	–	–	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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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
Deposits	474 272	100	–	–	–	–	–	–	–	–	–	–	–	–	474 272	100
Other financial liabilities	2 400	71.5	–	–	945	28.2	9	0.3	–	–	–	–	–	–	3 354	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	1 178 165	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 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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 2025																
Financial assets																
Amortised cost																
Amounts due by group companies	194	100	–	–	–	–	–	–	–	–	–	–	–	–	194	100
Accommodation to banks	353	100	–	–	–	–	–	–	–	–	–	–	–	–	353	100
Other financial assets	1 252	100	–	–	–	–	–	–	–	–	–	–	–	–	1 252	100
Loans and advances	4 494	100	–	–	–	–	–	–	–	–	–	–	–	–	4 494	100
FVPL																
SA government bonds	34 803	100	–	–	–	–	–	–	–	–	–	–	–	–	34 803	100
FVOCI																
Equity investment in BIS	–	–	–	–	–	–	–	–	–	–	–	–	7 184	100	7 184	100
SARB Act																
FEC assets	–	–	–	–	78	100	–	–	–	–	–	–	–	–	78	100
Gold and foreign exchange[1]	–	–	231 195	18.7	678 135	54.9	41 522	3.4	34 307	2.8	74 843	6.1	175 699	14.1	1 235 701	100
Total financial assets	**41 096**	**3.2**	**231 195**	**18.0**	**678 213**	**52.9**	**41 522**	**3.3**	**34 307**	**2.7**	**74 843**	**5.7**	**182 883**	**14.2**	**1 284 059**	**100**
Unrecognised financial assets																
Guarantees	3 398	100	–	–	–	–	–	–	–	–	–	–	–	–	3 398	100
Total unrecognised financial assets	**3 398**	**100**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3 398**	**100**

[1] *Included in the 'Other' category is R124 522 million for amounts denominated in XDR.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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 2025																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	167 771	100	–	–	–	–	–	–	–	–	–	–	–	–	167 771	100
Deposits	462 002	100	–	–	–	–	–	–	–	–	–	–	–	–	462 002	100
Amounts due to Group companies	50 328	100	–	–	–	–	–	–	–	–	–	–	–	–	50 328	100
Other financial liabilities	1 414	100	–	–	–	–	–	–	–	–	–	–	–	–	1 414	100
FVPL																
Foreign deposits	–	–	–	–	69 711	79	9 666	11	4 684	5.3	2 090	2.4	2 187	2.5	88 338	100
SARB Act																
FEC liabilities	–	–	–	–	6	100	–	–	–	–	–	–	–	–	6	100
GFECRA	363 901	100	–	–	–	–	–	–	–	–	–	–	–	–	363 901	100
Total financial liabilities	**1 045 416**	**92**	**–**	**–**	**69 717**	**6.1**	**9 666**	**0.9**	**4 684**	**0.4**	**2 090**	**0.2**	**2 187**	**0.2**	**1 133 760**	**100**
Unrecognised financial liabilities																
Guarantees	22 177	100	–	–	–	–	–	–	–	–	–	–	–	–	22 177	100
Loan commitments	21 295	100	–	–	–	–	–	–	–	–	–	–	–	–	21 295	100
Total unrecognised financial liabilities	**43 472**	**100**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**43 472**	**100**

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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 2025

29. Risk management in respect of financial instruments continued

29.1 Market risk continued

29.1.3 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
Deposits	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
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	89	–	–	82 656	7	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 2025

29. Risk management in respect of financial instruments continued

29.2 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, and 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, such as the 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.

29.2.1 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 29.2.2 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.2 Credit risk continued

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

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
AAA	**86 282**	124 829	**86 282**	124 829
AA	**263 242**	275 742	**263 242**	275 742
A	**75 282**	72 962	**75 282**	72 962
A-1	**586 884**	542 562	**586 884**	542 562
Total foreign financial assets	**1 011 690**	1 016 095	**1 011 690**	1 016 095

29.2.2 ECL measurement

The key judgements and assumptions adopted by the Group for the measurement of ECL are discussed below:

29.2.2.1 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 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 one-notch rating movement (i.e. moving from A+ to A). The SICR for the SARB is defined as a rating change of more than two notches as this change is guaranteed to move the asset to the next rating category or risk profile. Therefore a three-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; and (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, however, is 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.

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 2025 (2024: none).
The CPD did not use the low credit risk exemption for any financial instruments in the year ended 31 March 2025 (2024: none).

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.2 Credit risk continued

29.2.2 ECL measurement continued

29.2.2.2 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 2025

29. Risk management in respect of financial instruments continued

29.2 Credit risk continued

29.2.2 ECL measurement continued

29.2.2.3 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** – This is the 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 29.2.2.4 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, are monitored and reviewed periodically.

There have been no significant changes in estimation techniques or assumptions used during the reporting period (2024: none).

29.2.2.4 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 2025

29. Risk management in respect of financial instruments continued

29.2 Credit risk continued

29.2.3 Credit risk exposure

29.2.3.1 Financial instruments subject to impairment

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

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Opening loss allowance as at 31 March	**(354)**	(691)	**–**	(8)
Loss allowance recognised during the year	**(12)**	–	**–**	–
Loss allowance reversed during the year	**354**	337	**–**	8
Loss allowance as at 31 March	**(12)**	**(354)**	**–**	**–**

	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 2025					
ECL opening balance	**–**	**(354)**	**–**	**–**	**(354)**
Loss allowance	**(12)**	**–**	**–**	**–**	**(12)**
Loss allowance reversed	**–**	**354**	**–**	**–**	**354**
ECL closing balance	**(12)**	**–**	**–**	**–**	**(12)**
GROUP 2024					
ECL opening balance	–	(691)	–	–	(691)
Loss allowance reversed	–	337	–	–	337
ECL closing balance	–	(354)	–	–	(354)
SARB 2025					
ECL opening balance	**–**	**–**	**–**	**–**	**–**
ECL closing balance	**–**	**–**	**–**	**–**	**–**
SARB 2024					
ECL opening balance	–	(8)	–	–	(8)
Loss allowance reversed	–	8	–	–	8
ECL closing balance	–	–	–	–	–

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 2025

29. Risk management in respect of financial instruments continued

29.2 Credit risk continued

29.2.3 Credit risk exposure continued

29.2.3.2 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. In terms of the SARB Act, no unsecured lending is allowed with the exception of loans made to the 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 2025 (2024: 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.

29.2.4 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 Inter-Governmental Cash Co-ordination (IGCC) facility–refer to note 9.

As at 31 March 2025 the Group recognised a loss allowance reversal of R354 million (2024: R337 million loss allowance); SARB loss allowance reversal of Rnil (2024: R8 million).

29.3 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 to ensure that sufficient funds are available to meet obligations.

There are no other assets that are specifically used to manage liquidity risk.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.3 Liquidity risk continued

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

	On demand or agreement R mil	Up to 1 month R mil	1–3 months R mil	4–6 months R mil	7–12 months R mil	1–5 years R mil	More than 5 years R mil	Total R mil
GROUP 2025								
Financial liabilities								
Notes and coin in circulation	**167 771**	**–**	**–**	**–**	**–**	**–**	**–**	**167 771**
Deposits	**414 525**	**165 113**	**–**	**–**	**–**	**–**	**–**	**579 638**
Foreign deposits	**48**	**88 290**	**–**	**–**	**–**	**–**	**–**	**88 338**
Other financial liabilities	**–**	**–**	**2 584**	**90**	**80**	**–**	**–**	**2 754**
Liquidity tier liability	**–**	**119**	**–**	**–**	**–**	**–**	**35 776**	**35 895**
FEC liabilities	**–**	**–**	**6**	**–**	**–**	**–**	**–**	**6**
GFECRA[1]	**313 901**	**–**	**–**	**–**	**–**	**50 000**	**–**	**363 901**
Total financial liabilities	**896 245**	**253 522**	**2 590**	**90**	**80**	**50 000**	**35 776**	**1 238 303**
Unrecognised financial liabilities								
Guarantees	**3 398**	**–**	**–**	**–**	**–**	**–**	**–**	**3 398**
Loan commitments	**119 421**	**–**	**–**	**–**	**–**	**–**	**–**	**119 421**
Total unrecognised financial liabilities	**122 819**	**–**	**–**	**–**	**–**	**–**	**–**	**122 819**
GROUP 2024								
Financial liabilities								
Notes and coin in circulation	169 504	–	–	–	–	–	–	169 504
Deposits	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

[1] *The repayment of the GFECRA liability is subject to certain conditions being met and agreement by the SARB and the SA government. Refer to Note 21.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.3 Liquidity risk continued

	On demand or agreement R mil	Up to 1 month R mil	1–3 months R mil	4–12 months R mil	1–5 years R mil	More than 5 years R mil	Total R mill
SARB 2025							
Financial liabilities							
Notes and coin in circulation	**167 771**	**–**	**–**	**–**	**–**	**–**	**167 771**
Deposits	**296 889**	**165 113**	**–**	**–**	**–**	**–**	**462 002**
Amounts due to Group companies	**50 328**	**–**	**–**	**–**	**–**	**–**	**50 328**
Foreign deposits	**48**	**88 290**	**–**	**–**	**–**	**–**	**88 338**
Other financial liabilities	**–**	**1 383**	**–**	**31**	**–**	**–**	**1 414**
FEC liabilities	**–**	**–**	**6**	**–**	**–**	**–**	**6**
GFECRA[1]	**313 901**	**–**	**–**	**–**	**50 000**	**–**	**363 901**
Total financial liabilities	**828 937**	**254 786**	**6**	**31**	**50 000**	**–**	**1 133 760**
Unrecognised financial liabilities							
Guarantees	**22 177**	**–**	**–**	**–**	**–**	**–**	**22 177**
Loan commitments	**21 295**	**–**	**–**	**–**	**–**	**–**	**21 295**
Total unrecognised financial liabilities	**43 472**	**–**	**–**	**–**	**–**	**–**	**43 472**
SARB 2024							
Financial liabilities							
Notes and coin in circulation	169 504	–	–	–	–	–	169 504
Deposits	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

[1] *The repayment of the GFECRA liability is subject to certain conditions being met and agreement by the SARB and the SA government. Refer to Note 21.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

29. Risk management in respect of financial instruments continued

29.4 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 (i.e. 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 2025

30. 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[1] R mil
GROUP 2025							
Financial assets							
Cash and cash equivalents	2	–	–	–	–	**90 053**	**90 053**
Accommodation to banks	3	–	–	–	–	**353**	**353**
Investments	4	–	–	–	–	**425**	**425**
Other financial assets	5	–	–	–	–	**1 589**	**1 589**
Gold and foreign exchange reserves	6	–	**355 716**	**879 985**	–	–	**1 235 701**
FEC assets	8	–	**78**	–	–	–	**78**
Loans and advances	9	–	–	–	–	**4 494**	**4 494**
SA government bonds	10	–	–	**34 803**	–	–	**34 803**
Equity investment in BIS	11	**7 184**	–	–	–	–	**7 184**
Unrecognised financial assets							
Guarantees	33	–	–	–	–	**3 398**	**3 398**
Financial liabilities							
Notes and coin in circulation	15	–	–	–	–	**167 771**	**167 771**
Deposits	16	–	–	–	–	**579 638**	**579 638**
Foreign deposits	17	–	–	–	**88 338**	–	**88 338**
Other financial liabilities	18	–	–	–	–	**2 754**	**2 754**
Liquidity tier liability	19	–	–	–	–	**18 779**	**18 779**
FEC liabilities	8	–	**6**	–	–	–	**6**
GFECRA	21	–	**363 901**	–	–	–	**363 901**
Unrecognised financial liabilities							
Guarantees	33	–	–	–	–	**3 398**	**3 398**
Loan commitments	33	–	–	–	–	**119 421**	**119 421**

[1] *The carrying values of instruments carried at amortised cost closely approximate their fair values.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

30. 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[1] R mil
GROUP 2024							
Financial assets							
Cash and cash equivalents	2	–	–	–	–	61 743	61 743
Accommodation to banks	3	–	–	–	–	451	451
Investments	4	–	–	351	–	23 286	23 637
Other financial assets	5	–	–	–	–	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
SA government bonds	10	–	–	32 007	–	–	32 007
Equity investment in BIS	11	6 283	322	–	–	–	6 605
Unrecognised financial assets							
Guarantees	33	–	–	–	–	6 382	6 382
Financial liabilities							
Notes and coin in circulation	15	–	–	–	–	169 504	169 504
Deposits	16	–	–	–	–	474 272	474 272
Foreign deposits	17	–	–	–	101 224	–	101 224
Other financial liabilities	18	–	–	–	–	3 354	3 354
FEC liabilities	8	–	24	–	–	–	24
GFECRA	21	–	531 989	–	–	–	531 989
Unrecognised financial liabilities							
Guarantees	33	–	–	–	–	6 382	6 382
Loan commitments	33	–	–	–	–	117 739	117 739

[1] *The carrying values of instruments carried at amortised cost closely approximate their fair values.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

30. Classification of financial assets and liabilities continued

	Note(s)	Fair value through other comprehensive income debt instruments 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[1] R mil
SARB 2025							
Financial assets							
Amount due by Group companies	34	**–**	**–**	**–**	**–**	**194**	**194**
Accommodation to banks	3	**–**	**–**	**–**	**–**	**353**	**353**
Other financial assets	5	**–**	**–**	**–**	**–**	**1 252**	**1 252**
Gold and foreign exchange reserves	6	**–**	**355 716**	**879 985**	**–**	**–**	**1 235 701**
FEC assets	8	**–**	**78**	**–**	**–**	**–**	**78**
Loans and advances	9	**–**	**–**	**–**	**–**	**4 494**	**4 494**
SA government bonds	10	**–**	**–**	**34 803**	**–**	**–**	**34 803**
Equity investment in BIS	11	**7 184**	**–**	**–**	**–**	**–**	**7 184**
Unrecognised financial assets							
Guarantees	33	**–**	**–**	**–**	**–**	**3 398**	**3 398**
Financial liabilities							
Notes and coin in circulation	15	**–**	**–**	**–**	**–**	**167 771**	**167 771**
Deposits	16	**–**	**–**	**–**	**–**	**462 002**	**462 002**
Amounts due to Group companies	34	**–**	**–**	**–**	**–**	**50 328**	**50 328**
Foreign deposits	17	**–**	**–**	**–**	**88 338**	**–**	**88 338**
Other financial liabilities	18	**–**	**–**	**–**	**–**	**1 414**	**1 414**
FEC liabilities	8	**–**	**6**	**–**	**–**	**–**	**6**
GFECRA	21	**–**	**363 901**	**–**	**–**	**–**	**363 901**
Unrecognised financial liabilities							
Guarantees	33	**–**	**–**	**–**	**–**	**22 177**	**22 177**
Loan commitments	33	**–**	**–**	**–**	**–**	**21 295**	**21 295**

1 *The carrying values of instruments carried at amortised cost closely approximate their fair values.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

30. Classification of financial assets and liabilities continued

	Note(s)	Fair value through other comprehensive income debt instruments 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[1] R mil
SARB 2024							
Financial assets							
Amounts due by Group companies	34	–	–	–	–	777	777
Accommodation to banks	3	–	–	–	–	451	451
Other financial assets	5	–	–	–	–	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
SA government bonds	10	–	–	32 007	–	–	32 007
Equity investment in BIS	11	6 283	322	–	–	–	6 605
Unrecognised financial assets							
Guarantees	33	–	–	–	–	6 382	6 382
Financial liabilities							
Notes and coin in circulation	15	–	–	–	–	169 504	169 504
Deposits	16	–	–	–	–	363 947	363 947
Amounts due to Group companies	34	–	–	–	–	28 303	28 303
Foreign deposits	17	–	–	–	101 224	–	101 224
Other financial liabilities	18	–	–	–	–	1 744	1 744
FEC liabilities	8	–	24	–	–	–	24
GFECRA	21	–	531 989	–	–	–	531 989
Unrecognised financial liabilities							
Guarantees	33	–	–	–	–	6 382	6 382
Loan commitments	33	–	–	–	–	26 600	26 600

[1] *The carrying values of instruments carried at amortised cost closely approximate their fair values.*

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

31. Fair value hierarchy disclosures

The tables below analyse 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 (2024: none).

31.1 Valuation techniques used to derive Level 1 fair values

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

31.2 Valuation techniques used to derive Level 2 fair values

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

Specific valuation techniques used 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.

31.3 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.

The equity investment in the BIS as well as the revaluation of valuable art are recurring fair value measurements.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

31. Fair value hierarchy disclosures continued

Reconciliation of assets and liabilities at recurring fair value measurements at Level 3

	Opening balance R mil	Gains recognised in other compre-hensive income R mil	Purchases R mil	Sales R mil	Transfers ((to)/from GFECRA R mil	Closing balance R mil
GROUP 2025						
Assets						
Property, plant and equipment						
Valuable art	**198**	**20**	**–**	**–**	**–**	**218**
Financial assets at FVOCI						
Equity investment in BIS	**6 605**	**774**	**–**	**–**	**(195)**	**7 184**
Total	**6 803**	**794**	**–**	**–**	**(195)**	**7 402**
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
SARB 2025						
Assets						
Property, plant and equipment						
Valuable art	**198**	**20**	**–**	**–**	**–**	**218**
Financial assets at FVOCI						
Equity investment in BIS	**6 605**	**774**	**–**	**–**	**(195)**	**7 184**
Total	**6 803**	**794**	**–**	**–**	**(195)**	**7 402**
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

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

31. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
GROUP 2025					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	**–**	**–**	**218**	**218**
Investment in associate	34.3	**–**	**3 189**	**–**	**3 189**
Financial assets					
Gold and foreign exchange reserves	6	**470 919**	**764 782**	**–**	**1 235 701**
Gold coin and bullion		**231 195**	**–**	**–**	**231 195**
Money market instruments and deposits		**–**	**233 688**	**–**	**233 688**
Securities		**239 657**	**406 564**	**–**	**646 221**
Derivatives		**67**	**9**	**–**	**76**
IMF SDR assets		**–**	**124 521**	**–**	**124 521**
FEC assets	8	**–**	**78**	**–**	**78**
SA government bonds	10	**34 803**	**–**	**–**	**34 803**
Equity investment in BIS	11	**–**	**–**	**7 184**	**7 184**
Financial liabilities					
FEC liabilities	8	**–**	**6**	**–**	**6**
Foreign deposits	17	**–**	**88 338**	**–**	**88 338**
Items not measured at amortised cost					
Financial assets					
Cash and cash equivalents	2	**–**	**90 053**	**–**	**90 053**
Accommodation to banks	3	**–**	**353**	**–**	**353**
Investments	4	**–**	**425**	**–**	**425**
Other financial assets	5	**–**	**1 589**	**–**	**1 589**
Loans and advances	9	**–**	**4 494**	**–**	**4 494**
Financial liabilities					
Notes and coin in circulation	15	**–**	**167 771**	**–**	**167 771**
Deposits	16	**–**	**579 638**	**–**	**579 638**
Other financial liabilities	18	**–**	**2 754**	**–**	**2 754**
Liquidity tier liability	19	**–**	**18 779**	**–**	**18 779**
GFECRA	21	**363 901**	**–**	**–**	**363 901**

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

31. 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	34.3	–	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 not measured at fair value					
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
Deposits	16	–	474 272	–	474 272
Other financial liabilities	18	–	3 354	–	3 354
GFECRA	21	531 989	–	–	531 989

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

31. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
SARB 2025					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	–	–	218	218
Investment in associate	34.3	–	2 795	–	2 795
Financial assets					
Gold and foreign exchange reserves	6	470 919	764 782	–	1 235 701
Gold coin and bullion		231 195	–	–	231 195
Money market instruments and deposits		-	233 688	–	233 688
Securities		239 657	406 564	–	646 221
Derivatives		67	9	–	76
IMF SDR assets		–	124 521	–	124 521
FEC assets	8	–	78	–	78
SA government bonds	10	34 803	–	–	34 803
Equity investment in BIS	11	–	–	7 184	7 184
Financial liabilities					
FEC liabilities	8	–	6	–	6
Foreign deposits	17	–	88 338	–	88 338
Items not measured at fair value					
Financial assets					
Amounts due from Group companies	34.4	–	194	–	194
Accommodation to banks	3	–	353	–	353
Other financial assets	5	–	1 252	–	1 252
Loans and advances	9	–	4 494	–	4 494
Financial liabilities					
Notes and coin in circulation	15	–	167 771	–	167 771
Deposits	16	–	462 002	–	462 002
Amounts due to Group companies	34.4	–	50 328	–	50 328
Other financial liabilities	18	–	1 414	–	1 414
GFECRA	21	363 901	–	–	363 901

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

31. 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	34.3	–	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 not measured at fair value					
Financial assets					
Amounts due from Group companies	34.4	–	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
Deposits	16	–	363 946	–	363 946
Amounts due to Group companies	34.4	–	28 303	–	28 303
Other financial liabilities	18	–	1 744	–	1 744
GFECRA	21	531 989	–	–	531 989

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

32. 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
GROUP 2025					
Interest revenue	**23 184**	**13 803**	**–**	**9 381**	**–**
Interest expense	**(23 253)**	**–**	**–**	**(23 253)**	**–**
Fair value gains	**33 669**	**37 317**	**(3 648)**	**–**	**–**
Dividend income related to investments held at year-end	**80**	**–**	**–**	**–**	**80**
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	62	–	–	–	62
SARB 2025					
Interest revenue	**14 868**	**13 774**	**–**	**1 094**	**–**
Interest expense	**(15 454)**	**–**	**–**	**(15 454)**	**–**
Fair value gains	**33 559**	**37 207**	**(3 648)**	**–**	**–**
Dividend income related to investments held at year-end	**80**	**–**	**–**	**–**	**80**
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	62	–	–	–	62

33. Commitments, guarantees and contingent liabilities

33.1 Loan guarantee scheme

In May 2020, the SARB entered into an LGS with various participating banks to provide funding to assist businesses recover from the impact of COVID-19. The SARB provided a guarantee to the commercial banks for the LGS loans, to the extent of the current exposure of R3 billion (2024: R6 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 have exhausted 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 for any losses which may be incurred by the SARB in respect of the LGS loans. The government reduced this guarantee from R100 billion to R12 billion in April 2022. At 31 March 2025, the LGS loan outstanding amounted to R3 billion.

33.2 Bounce back scheme

In April 2022, the BBS was established to assist eligible small businesses to recover from the impact of COVID-19, floods and the riots that took place 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 had approved facilities of R1 billion, of which R938 million was drawn down. At 31 March 2025, the balance outstanding amounted to R637 million. The availability period for drawdowns ended on 30 April 2024. The SARB also issued a guarantee to the commercial banks for 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, which was subsequently reduced to R960 million.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

33. Commitments and guarantees (continued)

33.3 Energy bounce back scheme

In May 2023, the EBBS was established to alleviate the impact of sustained load-shedding on SMEs and households. In terms of the scheme, the SARB advances loans to participating commercial banks who advance energy bounce back loans to eligible businesses and households. The SARB approved facilities of R12 billion of which R11 billion remained undrawn at 31 March 2025 (2024: R12 billion undrawn). The SARB also issued a guarantee to the participating commercial banks for losses incurred under the scheme. The SARB guarantee is limited to 20.5% of the total capital amount advanced to the participating 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 EBBS. Each participating commercial bank may drawdown on the facility for a period of 18 months from the signature date of their respective agreements. As at 31 March 2025, the availability period for drawdowns for most of the participating commercial banks had ended, with only two remaining participants having an availability period for drawdowns expiring in April and June 2025, respectively.

33.4 CODI contingent liability

In terms of section 166AA of the FSR Act, CODI has an obligation to provide protection to qualifying depositors by ensuring that they have access to their covered deposits in the event that their bank is placed in resolution. The protection is limited to R100 000 per depositor, per bank. The estimated outflow relating to this contingent liability will only be determinable once a particular bank is in resolution. As at 31 March 2025, there were no member banks placed in resolution.

33.5 CODI commitment and guarantee

The SARB issued a guarantee to commercial banks for loan amounts provided to CODI for the liquidity tier of the DIF, effective from 1 April 2024. Member banks of CODI 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.

33.6 Restricted-use committed liquidity facility

The SARB approved a restricted-use committed liquidity facility (RCLF) of R18 billion to commercial banks effective from 1 February 2025. 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. The facility was undrawn as at 31 March 2025.

33.7 Inter-governmental cash co-ordination

Loans are advanced by the CPD as part of the national government's 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. NT and the provincial treasuries may 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 repo plus 0.1%, which was 7.6% (2024: repo plus 0.1% which was 8.35%) at the reporting date. As at 31 March 2025, the IGCC loan balance was Rnil (2024: Rnil).

The CPD and the SARB concluded updated IGCC legal agreements with NT, provincial treasuries and state-owned entities. These agreements clarify repayment terms for the facility and outline 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 relating to the IGCC facility has been reversed in full. Refer to note 29.2 for movements on the ECL allowance.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

34. Related party information

The following list provides an overview of the nature of relationships relevant to the SARB Group:

Subsidiaries:
CPD, CODI, SABN, SA Mint and Prestige Bullion (a subsidiary of SA Mint)

Associates:
ABHL
Grindrod Bank (a subsidiary of ABHL)
African Bank Limited (a subsidiary of ABHL)
African Bank Insurance Group Limited (a subsidiary of ABHL)

Other key relationships:
SARB Retirement Fund
SA government (NT)

34.1 Investment in subsidiaries

	Authorised and issued share capital		GROUP		SARB	
	Number of shares '000	% held	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
CPD	2 000	100	**–**	–	**2**	2
SABN	61 000	100	**–**	–	**803**	803
Share capital	61 000	100	**–**	–	**61**	61
Subordinated loan	–	–	**–**	–	**742**	742
SA Mint	60 000	100	**–**	–	**206**	206
CODI	1 000	100	**–**	–	**1**	1
Total investment in subsidiaries			**–**	–	**1 012**	1 012

Contribution to group profit

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

	GROUP 2025 R mil	GROUP 2024 R mil	SARB 2025 R mil	SARB 2024 R mil
CPD	**775**	929	**–**	–
SABN	**40**	(87)	**–**	–
SA Mint	**137**	229	**–**	–
CODI	**1 380**	(1)	**–**	–
Total contribution to Group profit	**2 332**	1 070	**–**	–

Financial assistance to subsidiaries

The subordinated loan to the SABN of R742 million (2024: R742 million) bears no interest and has no fixed terms of repayment. 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 as a separate category of equity by SABN and is thus included as a component of the SARB's investment in subsidiary.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

34. Related party information continued

34.1 Investment in subsidiaries continued

34.1.1 Investment in Prestige Bullion

Prestige Bullion is a subsidiary of the SA Mint. The SA Mint holds a 80% (2024: 80%) interest in Prestige Bullion. Prestige Bullion distributes and sells bullion Krugerrand coins to local and international markets. The SA Mint is responsible for the manufacturing while the marketing and distribution of the coins is done by Rand Refinery 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.

Summarised financial information of Prestige Bullion

The below summarised financial information consists of extracts from Prestige Bullion's Statement of financial position and Statement of profit or loss and other comprehensive income.

	PRESTIGE BULLION	
	2025 R mil	2024 R mil
Statement of financial position		
Current assets	**822**	1 326
Total assets	**822**	1 326
Total equity	**439**	365
Current liabilities	**383**	961
Total liabilities	**383**	961
Total equity and liabilities	**822**	1 326
Statement of comprehensive income		
Revenue	**1 819**	1 815
Gross profit	**119**	315
Operating expenses	**(25)**	(35)
Profit before tax	**100**	284
Total comprehensive income	**73**	207

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

34. Related party information continued

34.1 Investment in subsidiaries continued

34.1.2 Transactions with non-controlling interests

Rand Refinery

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

	GROUP	
	2025 R mil	2024 R mil
Profit attributable to non-controlling interest	**15**	41
Accumulated non-controlling interest at year-end	**81**	66

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

34.2 Inventory held on behalf of the SARB by the SA Mint

At year-end, coin inventory of R773 million (2024: R671 million) was held on behalf of the SARB.

34.3 Investment in associate

ABHL is the holding company of ABL and African Insurance Group Limited (AIG). 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.

On 25 March 2025, ABHL implemented an employee share scheme, which resulted in the dilution of the SARB's shareholding from 50% to 45%, for no proceeds. The SARB incurred a loss on the dilution of R311 million, which was recognised in profit or loss. The SARB has, however, retained significant influence in ABHL.

Dividends of R65 million (2024: R50 million) were received from ABHL in the current financial year.

	Authorised and issued share capital		GROUP		SARB	
African Bank Holdings Limited	Number of shares '000	% held	**2025 R mil**	2024 R mil	**2025 R mil**	2024 R mil
Cost	250 000	45	**5 000**	5 000	**5 000**	5 000
Accumulated profit attributable to Group			**1 437**	1 366	**–**	–
Accumulated impairment losses			**(2 937)**	(2 937)	**(1 894)**	(1 894)
Loss in dilution of shareholding			**(311)**	_	**(311)**	_
Carrying value of investment in associate			**3 189**	3 429	**2 795**	3 106

34.3.1 Impairment assessment for investment in associate

An impairment assessment 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 impairment assessment is performed periodically to closely monitor the investment.

During the current financial year, no impairment loss was recognised (2024: R982 million impairment loss).

The recoverable amount, for the purposes of determining the impairment loss or reversal, was calculated by means of the 'fair value less costs to sell' method, applying the discounted cash flow technique.

Notes to the consolidated and separate financial statements continued

for the year ended 31 March 2025

34. Related party information continued

34.3 Investment in associate continued

34.3.1 Impairment assessment for investment in associate continued

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 five-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 17.93% (2024: 18.62%) 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 for various scenarios at the time of the valuation:
  - South African risk free rate of 11.08% based on the daily average yield on government bonds with an outstanding maturity of 10 years and longer.
  - Beta of 0.75% and an equity market risk premium of 5.43% based on quoted indicators of similar listed entities.
  - Alpha risk adjustment of 2.5% to adjust for the inherent uncertainty in long-term cash flow forecasts.

34.3.2 Sensitivity analysis

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
The effect of a 1% increase and decrease in the discount rate is as follows:				
ABHL carrying value				
1% decrease	**3 238**	3 494	**2 844**	3 171
Valuation basis	**3 189**	3 429	**2 795**	3 106
1% increase	**3 142**	3 366	**2 748**	3 044
Impairment (loss)/reversal				
1% decrease	**49**	(917)	**49**	(917)
Valuation basis	**–**	(982)	**–**	(982)
1% increase	**(48)**	(1 044)	**(48)**	(1 044)
The effect of a 10% increase and decrease in the cash flow forecast is as follows:				
ABHL carrying value				
10% decrease	**869**	3 118	**2 475**	2 796
Valuation basis	**3 189**	3 429	**2 795**	3 106
10% increase	**3 510**	3 740	**3 116**	3 417
Impairment (loss)/reversal				
10% decrease	**(320)**	(1 293)	**(320)**	(1 293)
Valuation basis	**–**	(982)	**–**	(982)
10% increase	**320**	(671)	**320**	(671)

34. Related party information continued

34.4 Amounts due by/to related parties

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Amounts due by related parties				
Loans and advances[1]				
CPD	**–**	–	**–**	763
Grindrod Bank	**–**	26	**–**	26
ABL	**20**	–	**20**	–
Other assets[2]				
SABN	**–**	–	**178**	5
SA Mint	**–**	–	**14**	9
CODI	**–**	–	**2**	–
Grindrod Bank	**–**	2	**–**	2
ABL	**5**	–	**2**	–
Amounts due to related parties				
Deposits[3]				
CPD	**–**	–	**30 287**	28 268
SA government				
Non-interest-bearing	**123 689**	128 544	**123 616**	128 472
Interest-bearing	**91 139**	91 139	**–**	–
CODI[4]	**–**	–	**19 927**	–
ABL	**–**	2 463	**–**	2 463
Grindrod Bank	**–**	2 528	**–**	2 528
Other liabilities[5]				
SABN	**–**	–	**–**	26
SA Mint	**–**	–	**1**	9
SA government (GFECRA liability)[6]	**363 829**	531 895	**363 829**	531 895
CODI	**–**	–	**114**	–
SARB Retirement Fund	**78**	71	**–**	–
SA government (Treasury SDR account)	**759**	–	**759**	–
ABL	**474**	–	**–**	–

1 *Loans and advances consist of intercompany overdraft balances and LGS advances. Overdraft balances are held with the SARB for daily cash management and interest on overdrawn balances is charged at the repo rate. Refer to note 9 for details on the terms of the LGS advances.*
2 *Other assets consist of trade receivables as well as LGS margin entitlement and credit premium balances. Refer to note 5 for details.*
3 *Deposits consist of current accounts, call deposits and bank reserve accounts. Refer to note 16 for details.*
4 *CODI deposits held with the SARB include DIF investments of R20 billion (2024: Rnil).*
5 *Other liabilities comprise trade payables. Refer to note 18.*
6 *Refer to note 21 for details on amounts owed to the SA government.*

34. Related party information continued

34.5 Transactions between the SARB and its related parties

	GROUP		SARB	
	2025 R mil	2024 R mil	**2025 R mil**	2024 R mil
Interest revenue				
ABL	**93**	86	**126**	86
Grindrod Bank	**50**	85	**50**	85
CPD	**–**	–	**5**	11
SA government	**254**	401	**–**	–
	397	572	**181**	182
Dividends received				
ABHL	**65**	50	**65**	50
	65	50	**65**	50
Interest paid				
ABL	**26**	1	**4**	1
Grindrod Bank	**11**	4	**2**	4
CPD	**–**	–	**2 363**	2 218
SA government	**10 113**	11 074	**–**	–
CODI	**–**	–	**1 434**	–
SARB Retirement Fund	**8**	5	**–**	–
	10 158	11 084	**3 803**	2 223
Administration fees received				
CPD	**–**	–	**4**	4
SABN	**–**	–	**–**	1
SA Mint	**–**	–	**1**	3
SARB Retirement Fund	**5**	5	**5**	5
	5	5	**10**	13
Administration and management fees paid				
SABN	**–**	–	**37**	33
SA Mint	**–**	–	**5**	4
SARB Retirement Fund	**1**	5	**–**	–
	1	5	**42**	37
Rent paid				
SABN	**–**	–	**2**	1
	–	–	**2**	1
Other income[1]				
ABL	**29**	1	**4**	1
Grindrod Bank	**7**	1	**–**	1
SA government	**100 000**	–	**100 000**	–
	100 036	2	**100 004**	2
Cost of new currency				
SABN	**–**	–	**1 545**	867
SA Mint	**–**	–	**892**	876
	–	–	**2 437**	1 743
Pension fund contributions				
SARB Retirement Fund	**366**	325	**332**	294
	366	325	**332**	294

[1] *Other income comprises SAMOS fees, PA levies, CODI levies and premiums; and income from NT to support the policy solvency of the SARB.*

Notes to the consolidated and separate financial statements continued

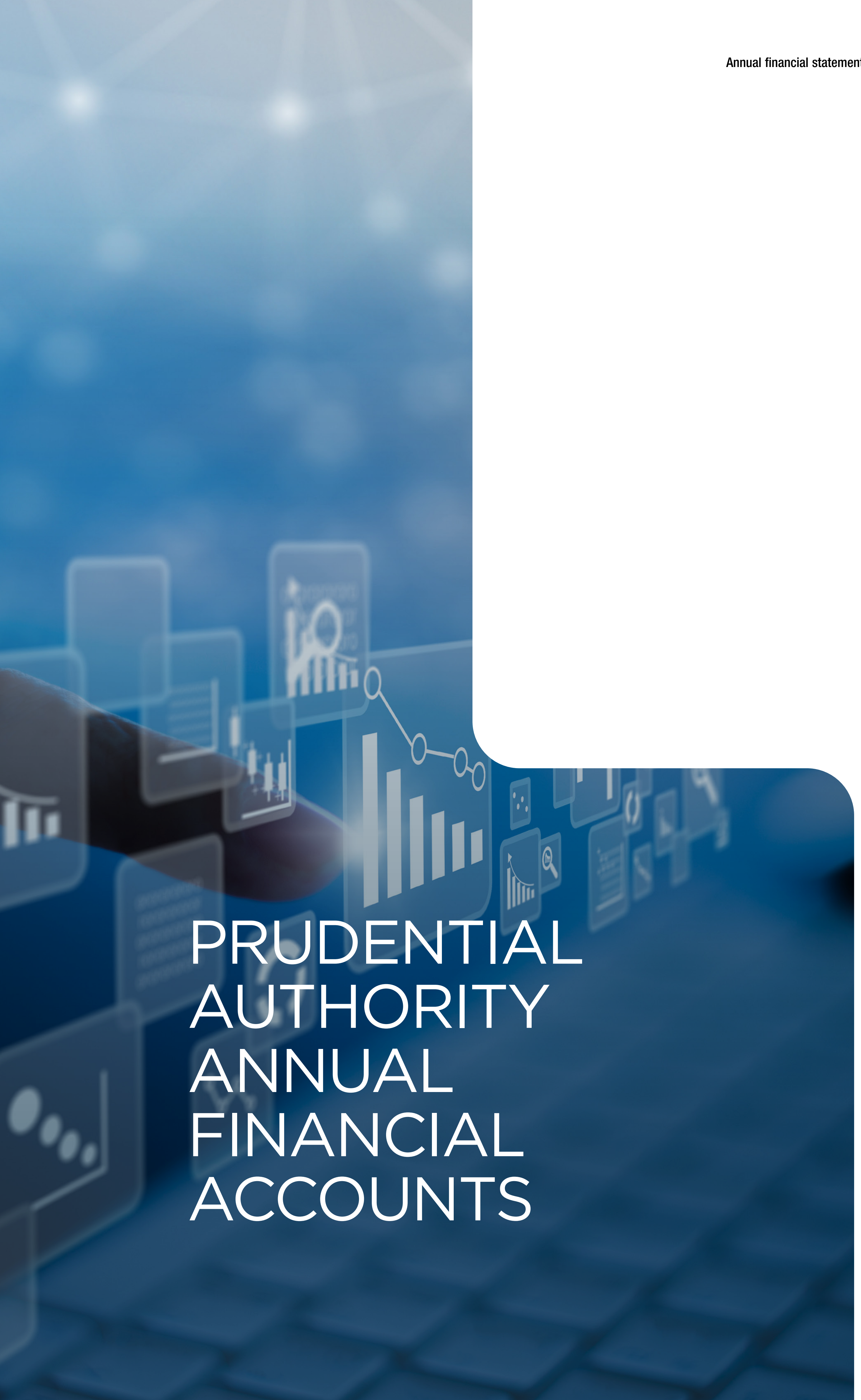
for the year ended 31 March 2025

34. Related party information continued

34.6 Directors' remuneration

	GROUP		SARB	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Executive directors: Remuneration for services				
Governor E L Kganyago				
Remuneration and recurring fringe benefits	**9 882**	9 324	**9 882**	9 324
Other fringe benefits	**380**	396	**380**	396
	10 262	9 720	**10 262**	9 720
Deputy Governor K Naidoo[1]				
Remuneration and recurring fringe benefits	**1 088**	6 638	**1 088**	6 638
Other fringe benefits	**–**	2	**–**	2
	1 088	6 640	**1 088**	6 640
Deputy Governor N Tshazibana				
Remuneration and recurring fringe benefits	**7 033**	6 638	**7 033**	6 638
Other fringe benefits	**41**	54	**41**	54
	7 074	6 692	**7 074**	6 692
Deputy Governor R Cassim				
Remuneration and recurring fringe benefits	**6 994**	6 613	**6 994**	6 613
Other fringe benefits	**73**	45	**73**	45
	7 067	6 658	**7 067**	6 658
Deputy Governor M Modise				
Remuneration and recurring fringe benefits	**6 933**	–	**6 933**	–
Other fringe benefits	**94**	–	**94**	–
	7 027	–	**7 027**	–
Total remuneration of executive directors	**32 518**	29 710	**32 518**	29 710
Non-executive directors: Remuneration for services				
C B Buitendag	**574**	547	**574**	547
J M S D Msomi	**888**	671	**888**	671
K Badimo	**695**	644	**695**	644
L H Molebatsi	**713**	666	**713**	666
N Vink	**560**	529	**560**	529
N B Mbazima	**1 450**	1 158	**795**	742
M M T Ramano	**637**	628	**637**	628
K W Mzondeki	**571**	253	**571**	253
S Gaibie	**538**	513	**538**	513
T Nombembe	**107**	426	**–**	207
Y G Muthien	**666**	629	**666**	629
Z Hoosen	**801**	752	**801**	752
Total remuneration of non-executive directors	**8 200**	7 416	**7 438**	6 781
Total remuneration of directors	**40 718**	37 126	**39 956**	36 491

[1] *Resigned in December 2023.*



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 206 to 208. The PA's financial accounts comprise the statement of financial position at 31 March 2025, 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.

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 19, 2025 22:52 GMT+2)

BDO South Africa Inc
Director: Alethia Chetty
Registered Auditor
Johannesburg, South Africa
Wanderers Office Park
52 Corlett Drive
Illovo
2196
19 June 2025

SizweNtsalubaGobodo Grant Thornton Inc.

SizweNtsalubaGobodo Grant Thornton Inc.
Director: Agnes Dire
Registered Auditor
Johannesburg, South Africa
152 14th Road
Noordwyk
Midrand
1687
19 June 2025

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.

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 2025

		Prudential Authority	
	Note	**2025 R mil**	2024 R mil
Assets			
Other assets		**49**	47
Liabilities			
Income received in advance		**26**	17
Other liabilities		**21**	28
Unclaimed balances		**2**	2
Total liabilities		**49**	47

Statement of profit or loss and other comprehensive income for the year ended 31 March 2025

	Note	2025 R mil	2024 R mil
Operating income			
Levies	2.1	**596**	550
Fees	2.2	**13**	7
Operating income		**–**	6
Total operating income		**609**	563
Expenditure			
Personnel costs	2.4	**(422)**	(393)
Operational costs	2.4	**(220)**	(212)
Total expenditure		**(642)**	(605)
Amounts borne by the SARB	2.5	**33**	42
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, are borne by the SARB. These costs are measured at the transaction amount and are recognised as income or expenses in the period incurred, net of recoveries.

2. Explanatory notes
2.1 Levies are charged to regulated financial institutions in terms of legislation, to cover the direct operating costs of the PA.

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

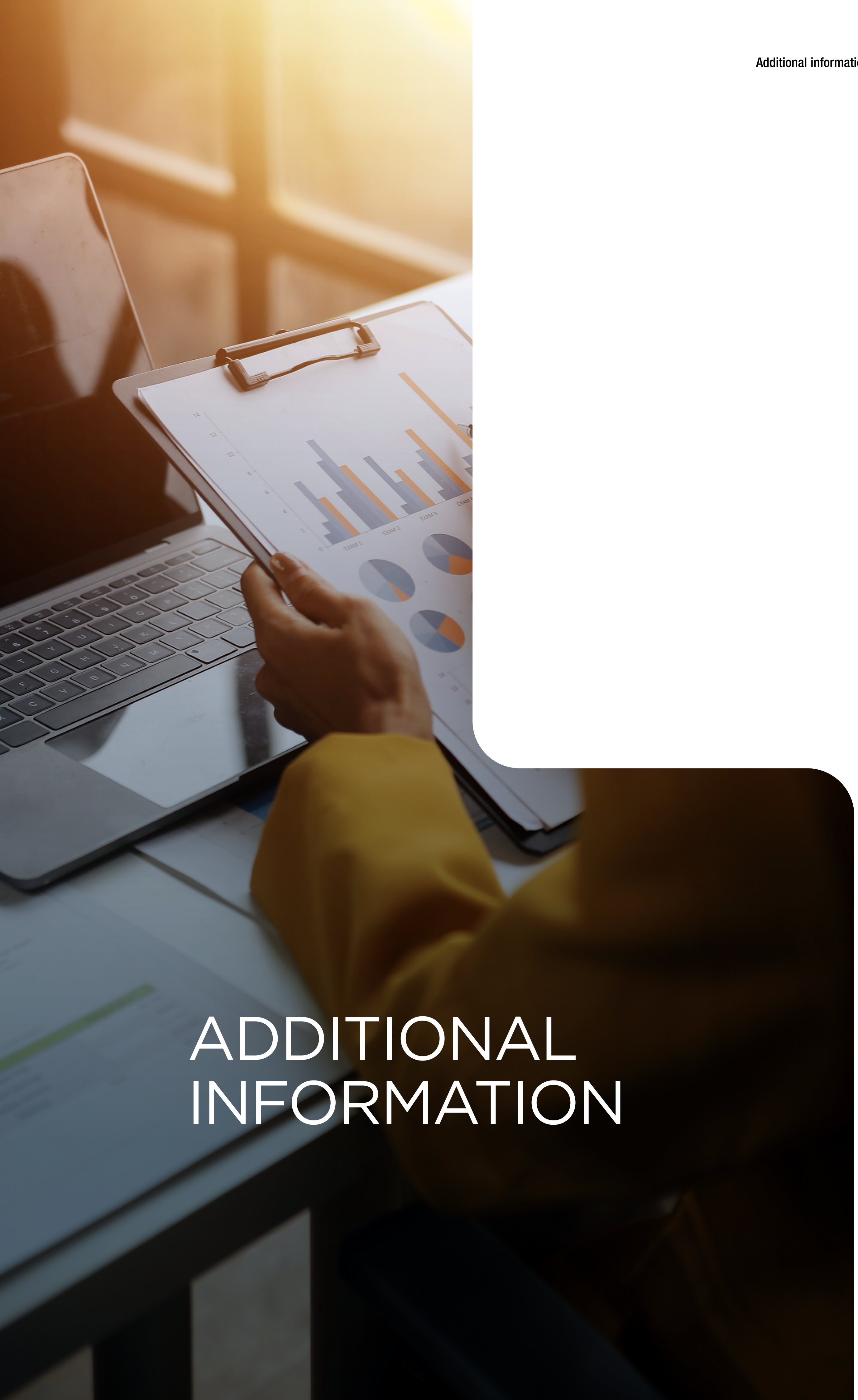
2.3 Penalties are raised for non-compliance by persons within the regulated sector should they be found guilty of contravening a financial sector law or an enforceable undertaking accepted by the PA. The PA deducts from this total all costs incurred in making and enforcing the administrative penalty order. The remaining balance after applying this deduction is paid into the National Revenue Fund (NRF) (if any). The SARB also has a responsibility in terms of the FIC Act to ensure that banks and life insurance companies comply with the FIC Act. The SARB has authority in terms of the Section 45C of the FIC Act 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 R20 million (2024: 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	
	2025 R mil	2024 R mil
Operating costs include:		
Professional fees	**169**	170
Membership fees	**3**	4
Official functions	**17**	6
Training (foreign and local)	**4**	4
Travel expenses (foreign and local)	**23**	23
Other operating costs	**4**	5
	220	212

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



ADDITIONAL INFORMATION

Minutes of the 104th annual Ordinary General Meeting

of the shareholders of the South African Reserve Bank – held on 30 July 2024

The Chairperson, SARB Governor Lesetja Kganyago, extended a warm welcome to all who had joined the hybrid meeting and declared the 104th annual AGM of the shareholders of the SARB duly constituted in terms of the regulations to the SARB Act.

The Chairperson advised the shareholders that the SARB was holding its second hybrid AGM using the Council for Scientific and Industrial Research (CSIR) venue and not its own conference facilities. This arrangement was due to a renovation and construction project continuing at the SARB Head Office in Pretoria. Due to the limited space available for conference facilities at the temporary venue at the Irene Link building, the SARB had again considered the CSIR as a suitably conducive and accessible venue in the Pretoria vicinity. The Chairperson thanked the shareholders for their understanding.

The Chairperson informed the shareholders present at the AGM that the proceedings of the meeting were being recorded for future reference, if it became necessary. The meeting complied with the Protection of Personal Information Act 4 of 2013. The shareholders had been requested during registration on the LUMI Technologies SA Proprietary Limited (LUMI) platform to give consent to the SARB/LUMI to collect, collate, process and store their data for the purposes of this meeting. He reminded the shareholders joining online that they could ask questions related to the business of the meeting in a written format or through a virtual microphone. He also confirmed that written messages could be submitted at any time prior to a matter being put to a vote.

All the shareholders present in person and online who held 200 or more shares in the SARB, and who were entitled to vote in accordance with the provisions of the SARB Act and its regulations, were advised that voting on each of the matters under consideration at the AGM would take place by means of a poll conducted electronically and facilitated by LUMI, an independent external party.

The Chairperson mentioned that shareholders' questions would be answered during the meeting, and that both the questions and the answers would be recorded in the minutes. However, should questions from shareholders be received after the closing of the poll and question time, they would be responded to directly via their registered email address.

The Chairperson introduced the following persons who had joined him on the podium and were available to answer any questions that the shareholders might have on the matters before the meeting:

- SARB DGs: Ms Nomfundo Tshazibana, Dr Rashad Cassim and Dr Mampho Modise;
- Chairperson of the Audit Committee, Mr Norman Mbazima;
- Chairperson of Remco, Dr Yvonne Muthien;
- Chairperson of BREC, Mr Zoaib Hoosen;
- Chairperson of Nedcom, Ms Lerato Molebatsi;
- SARB General Counsel, Ms Rebecca Tee; and
- Secretary of the SARB, Ms Zoliswa Copiso.

The Chairperson made the following announcements to the shareholders:

- He mentioned that, as he had reported at the 2023 AGM, the third term of office of Dr Terence Nombembe as a government-appointed non-executive director had expired on 15 July 2023. The President had filled that vacancy by appointing Ms Kholeka Mzondeki as the government-appointed non-executive director to the SARB Board for a period of three years, with effect from 23 September 2023.
- He further mentioned that his second term as the SARB Governor was due to expire on 8 November 2024. However, in March 2024, the President had reappointed him as the SARB Governor for another five-year term, with effect from 9 November 2024.
- The President had also reappointed both DGs Fundi Tshazibana and Rashad Cassim for another five-year term, with effect from 1 August 2024, since their first term as DGs was due to expire on 31 July 2024.
- Following the resignation of Mr Kuben Naidoo as a DG with effect from 1 December 2023, the President had appointed Dr Mampho Modise as a DG for a five-year term with effect from 1 April 2024.

The Chairperson presented his address, which follows these minutes for record-keeping purposes, marked as 'Annexure A'.

The Chairperson then turned to the formal business of the day and confirmed the agenda for the AGM as follows:

- Receive and accept the minutes of the AGM held on 28 July 2023.
- Receive and consider the SARB's annual financial statements for the financial year ended 31 March 2024, including the directors' report and the independent external auditors' report.
- Approve the appointment of (i) BDO and SNG Grant Thornton as the SARB's independent external auditors for the 2024/25 financial year in terms of regulation 22.1(a) read with regulation 7.3(c) of the regulations to the SARB Act; and (ii) BDO and Ernst & Young Incorporated (EY) as the SARB's independent external auditors starting from the 2025/26 financial year.
- Elect three non-executive directors to the SARB Board.
- Consider any further business arising from the items mentioned above (in terms of regulation 7.3(e) of the regulations to the SARB Act).

The Chairperson confirmed that the Secretary of the SARB had not received any requests for special business to be placed on the agenda of this AGM in terms of regulation 7.3(d) of the regulations to the SARB Act.

The Secretary of the SARB confirmed the shareholder representation at this hybrid AGM at the time of reporting as follows:

- The total number of shares in the issued share capital of the SARB held by its shareholders was 2 000 000 (two million).
- Twenty shareholders were present in person and online.
- Eight shareholders were represented by proxy.
- There were 440 votes exercisable by the shareholders present in person or online, and those holding duly certified proxy forms for this purpose.

The shareholders were reminded that voting on each of the matters under consideration at the AGM would take place by means of a poll conducted electronically and facilitated by LUMI.

The Chairperson then invited the shareholders to submit any questions related to the first four resolutions.

A shareholder, Dr Jannie Rossouw, referred to the recommendation of BDO and EY as the SARB's independent external auditors starting from the 2025/26 financial year. He stated that it was not a practice at the SARB to recommend to shareholders the appointment of the SARB's independent external auditors a year ahead of the 2025 AGM. Dr Rossouw enquired whether the SARB would present the same recommendation again for confirmation by the shareholders at the 2025 AGM.

The Chairperson stated that the rationale to appoint the SARB's independent external auditors a year ahead was due to the overlap of handover from the SARB's 2024/25 independent external auditors to EY from 1 April 2025.

Acceptance of the minutes of the 2023 AGM

The Chairperson proposed that the minutes of the 103rd AGM held on 28 July 2023 (included in the *SARB Annual Report 2023/24*) be taken as read and accepted.

There were no objections or corrections to the minutes.

Based on the results of the poll, the Chairperson declared that the minutes of the 2023 AGM were accepted by 98.91% of the votes cast, while 1.09% had abstained from voting.

Acceptance of the SARB's annual financial statements for the financial year ended 31 March 2024, including the directors' report and the independent external auditors' report

The Chairperson formally presented the annual financial statements of the SARB for the financial year ended 31 March 2024, including the directors' report and the independent external auditors' report.

The summarised SARB Group annual financial statements were included in the SARB *Annual Report 2023/24*, which had been published on the SARB website and posted to the shareholders on 28 June 2024. The full set of the 2023/24 SARB annual financial statements had also been made available on the SARB website on the same day.

Based on the results of the poll, the Chairperson declared that the SARB's audited annual financial statements for the financial year ended 31 March 2024 were accepted by 96.45% of the votes cast, while 3.55% had abstained from voting.

Remuneration of the SARB's independent external auditors

The Chairperson proposed that the remuneration of the SARB's independent external auditors in respect of the general statutory audit of the SARB for the financial year ended 31 March 2024 be confirmed and approved.

Based on the results of the poll, the Chairperson declared that the remuneration of the SARB's independent external auditors for the general statutory audit for the financial year ended 31 March 2024, amounting to R22 726 955 excluding VAT, was approved by 100% of the votes cast.

Appointment of independent external auditors

The Chairperson then turned to the appointment of independent external auditors for the 2024/25 and 2025/26 financial years, as follows:

- BDO and SNG Grant Thornton as the SARB's independent external auditors for the 2024/25 financial year, in terms of regulation 22.1(a) read with regulation 7.3(c) of the regulations to the SARB Act.

  Based on the results of the poll, the Chairperson declared that BDO and SNG Grant Thornton were appointed as the SARB's independent external auditors for the 2024/25 financial year, by 100% of the votes cast.

  The auditors were congratulated on their reappointment.

- BDO and EY as the SARB's independent external auditors starting from the 2025/26 financial year.

  The Chairperson reported that SNG Grant Thornton had been auditing the SARB Group for more than a decade and its tenure was due to expire on 31 March 2025. The Audit Committee's Mandatory Audit Firm Rotation Policy states that an audit firm cannot serve as the appointed auditors of the SARB Group for more than 10 consecutive years. Accordingly, SNG Grant Thornton would be conducting its last audit work for the SARB Group for the financial year ending 31 March 2025.

  The SARB's Audit Committee had satisfied itself with the process of selecting a firm of independent external auditors that would replace SNG Grant Thornton as a new joint external auditor to the SARB Group. The new external auditor would conduct the audit jointly with the existing and remaining audit firm, BDO.

  It was reported that the SARB Audit Committee, supported by the Board, had recommended the appointment of EY and the reappointment of BDO as the SARB's independent external auditors for the 2025/26 financial year. The appointment of EY for the provision of joint external audit services starting from the 2025/26 financial year was subject to the annual re-election process that would be followed at the SARB's AGM, for a potential maximum period of 10 years.

  Based on the results of the poll, the Chairperson declared that BDO and EY were appointed as the SARB's independent external auditors for the 2025/26 financial year, by 100% of the votes cast.

  The Chairperson congratulated EY on its appointment and BDO for its reappointment.

Election of three non-executive directors

The Chairperson turned to the election of three non-executive directors to fill the vacancies for shareholder-elected non-executive directors that would become available on the day after the AGM. The terms of office of Ms Muthien as a non-executive director with knowledge and skills in commerce and finance, Ms Gaibie as a non-executive director with knowledge and skills in labour, and Mr Mbazima as a non-executive director with knowledge and skills in mining would expire on the day after the 2024 AGM. They were all eligible and available for re-election by the shareholders.

The Panel, appointed in terms of section 4(1C) of the SARB Act, had considered the nominations for these vacancies. This Panel comprised:

- the Governor of the SARB, Mr Lesetja Kganyago;
- retired Constitutional Court Judge Baaitse Elizabeth Nkabinde and Prof. Deon Rossouw, the CEO of the Ethics Institute of South Africa, both nominated by the Minister of Finance; and
- Messrs Kaizer Moyane and Thulani Tshefuta, both nominated by Nedlac.

The Panel had confirmed three candidates in terms of section 4(1G) of the SARB Act for consideration for the three vacancies and was satisfied that all three candidates were eligible as well as fit and proper to stand for election as directors of the SARB. The CVs of these three candidates had been sent to the shareholders together with the Notice of the Meeting.

The Chairperson then invited the shareholders to submit any questions related to the three resolutions to elect the non-executive directors. No questions were raised regarding the three resolutions.

Ms Muthien had been the only candidate selected by the Panel with knowledge and skills in commerce and finance to fill the first position for a non-executive director. She was re-elected as a non-executive director with expertise in commerce and finance, with 84.37% of the votes cast in favour and 1.5% votes against, while 14.13% had abstained from voting.

Ms Gaibie had been the only candidate selected by the Panel with knowledge and skills in labour to fill the second position for a non-executive director. She was re-elected as a non-executive director with labour expertise, with 84.65% of the votes cast in favour and 10.02% votes against, while 5.33% had abstained from voting.

Mr Mbazima had been the only candidate selected by the Panel with knowledge and skills in mining to fill the third position for a non-executive director. He was re-elected as a non-executive director with expertise in mining, with 86.81% of the votes cast in favour and 0.48% votes against, while 12.71% had abstained from voting.

The Chairperson congratulated all three persons on their re-election as non-executive directors. In terms of section 5 of the SARB Act, their appointments would be effective from 31 July 2024 to the day after the AGM in 2027.

Special business to be considered at this AGM

The Chairperson reiterated his earlier confirmation that the Secretary of the SARB had not received any requests for special business to be placed on the agenda of this AGM. However, he invited the shareholders to raise any questions arising from the matters under consideration at the AGM and from his speech.

A shareholder, Dr Rossouw, expressed appreciation for the establishment of CODI to protect qualifying bank depositors in the event of a bank failure. He sought clarity on whether the R100 000 that could be accessed by the qualifying bank depositors (should their bank be placed into resolution) was per institution or per deposit per institution. The Chairperson explained that the qualifying bank depositors are covered (up to R100 000) per institution irrespective of the number of accounts a depositor has in the same institution.

Another shareholder, Mr Benny Manyala, enquired whether the SARB was planning to issue digital certificates to shareholders to replace the current paper certificates. The Chairperson stated that the SARB Act would have to be amended to allow for digital certificates as the current SARB Act stipulates the issuance of paper shareholder certificates.

Mr Manyala further asked how South Africa's inflation target was determined and the factors that were taken into consideration. The Chairperson provided context by stating that the inflation target was determined through a process jointly coordinated or managed by the SARB and NT in the Macroeconomics Standing Committee. An appropriate inflation target for South Africa was set through consideration of South Africa's previous inflation and economic performance, including how South Africa compared with its peer countries.

There were no further questions or comments from the shareholders.

The Chairperson then gave Mr Sim Tshabalala, the Group Chief Executive of Standard Bank Group Limited (SBG), the opportunity to propose a vote of thanks to the SARB on behalf of his organisation, the financial services sector and the SARB shareholders.

Mr Tshabalala expressed profound gratitude to the SARB for its outstanding and globally recognised work as well as its continued excellence in pursuit of every element of its mandate. He mentioned that the SARB continued to be recognised as one of the most skilled, effective and credible monetary authorities in the world. He stated that it was beyond any doubt that the SARB could – and would – always do what was required to keep inflation expectations well anchored to the target range.

Mr Tshabalala mentioned that the CPI had remained well within its target range for most part of the past 15 years. Then, since 2020, the COVID-19 pandemic and increased geopolitical tensions had together provided a textbook challenge to monetary policy. He mentioned that the SARB had shown itself to be a truly credible and independent central bank by bringing inflation back down into the target range in short order when South Africa was confronted by large exogenous shocks to prices without having to resort to excessively high real policy rates.

Mr Tshabalala stated that the SARB provided a solid and dependable policy anchor through challenging political and global cycles. By doing so, it reduced the costs and risks of borrowing while making more investment possible and enabling easier and more confident decision-making by all of South Africa's economic actors. SBG therefore wholeheartedly endorsed the SARB's view that low and steady inflation was conducive to faster, more sustainable and more inclusive economic growth.

Regarding prudential regulation, Mr Tshabalala stated that the SARB's PA continued to be regarded as one of the strongest and most advanced prudential regulators in the world. The SARB had played an important global role in the development of the final Basel III requirements and South Africa would, without a doubt, be among the first countries to achieve full adoption of the 'Basel endgame'.

Furthermore, the PA was one of the leading global voices on the single most prominent issue facing humanity, being the management and mitigation of climate change. The PA was doing globally important work in developing central banks' approach to the management of climate risk and supporting the growth of a more sustainable finance market.

Mr Tshabalala highlighted that the SARB's FinStab similarly continued to do work of great national importance in analysing and developing a South African systemic risk management framework.

Overall, it was his opinion that the SARB's very thoughtful and highly systematic prudential and risk management work was bearing fruit in the soundness and stability of the entire South African banking system.

Experts and industry insiders understood the SARB's achievements in terms of things such as capital and liquidity ratios, stress tests and resolution plans. SBG had daily experience of interacting with the punctilious and probing officials of the PA and FinStab. Despite all the economic shocks and political uncertainty, South Africa had been experiencing chronic social and economic vulnerabilities caused by extreme inequality. But there was complete public confidence in the soundness and efficiency of the financial system.

Continuing with his speech, Mr Tshabalala drew attention to the excellent work that the SARB had done this year to increase the probability that South Africa would be removed from the FATF greylist in 2025. Along with NT, this was yet another example of the SARB being among the most constructive participants in South Africa's national life.

Similarly, Mr Tshabalala pointed out the continued excellence of the payments cluster, which quietly yet very effectively kept the South African economy's transactions functioning smoothly. He further commended the banknotes and coin-producing teams, which were making an invaluable contribution to maintaining the country's national identity, supporting social inclusion and combating crime.

Mr Tshabalala mentioned that it was particularly important not to overlook the work of the SARB's ERD and ESD. The two departments provided a truly superb factual and analytical base not only for monetary policy, but also for understanding the economy in its entirety.

Concluding his speech, Mr Tshabalala expressed appreciation for the exceptionally high quality of the SARB's communications to all its stakeholders. He referred to the SARB Governor's keynote address to the FSCA conference in March 2024, where the Governor had discussed the interactions between technical excellence and perceived fairness. The Governor had stated that technical correctness was highly vulnerable to popular pressure unless people felt that the technically correct decisions were visibly, directly and quickly helping to make their lives better. The SARB had regularly made the point that South Africa's technically excellent financial sector was also a powerful force for more inclusive national development. He commended the SARB on its contribution to transformation under the Broad-Based Black Economic Empowerment Act 53 of 2003, and to diversity and inclusion. In addition, he believed that the SARB explained its mandate and the reasons for its existence in a transparent and accessible manner. In addition, he opined that various organisations would do well to emulate the SARB's capacities in the previously mentioned areas.

Following the vote of thanks by Mr Tshabalala, the Chairperson thanked him and confirmed that all the business included in the agenda had been transacted.

Finally, the Chairperson took the opportunity to thank President Cyril Ramaphosa, Deputy President Paul Mashatile, the government and Parliament of the Republic of South Africa for their continued support. The sound working relationship between NT and the SARB had continued.

He also expressed sincere appreciation to the Minister of Finance, Mr Enoch Godongwana; the Deputy Ministers of Finance, Dr David Masondo and Mr Ashor Sarupen; the Director-General of NT, Dr Duncan Pieterse; as well as the NT staff for their ongoing support of the SARB.

Sincere thanks were expressed to the members of the SARB Board for their continued contributions and support, and for ensuring appropriate corporate governance at the SARB.

Sincere appreciation was also expressed to DGs Tshazibana, Cassim and Modise for sharing the workload, as well as to the entire management and staff of the SARB for their continued dedication and support during what was once again a challenging year. The Chairperson thanked them for their contributions and stated that he was confident their continued efforts would ensure that the coming year would be even more successful.

The Chairperson then thanked the shareholders for their attendance and participation and confirmed that the SARB would continue to count on their support in future.

The Chairperson declared the proceedings closed.

E L Kganyago

Chairperson

Annexure A

An address by Lesetja Kganyago, Governor of the SARB, to the 104th AGM of the SARB shareholders held on Tuesday, 30 July 2024

Introduction

After another momentous year, today we convene the South African Reserve Bank's annual Ordinary General Meeting.

In April, we marked 30 years of South Africa's still-young democracy. It has been an extraordinary three decades, with a global financial crisis rivalling that of 1929, a catastrophic health pandemic, as well as our own ongoing struggle to develop a new democratic dispensation to better address our legacy of inequality and poverty.

Despite these many challenges, the recent national and provincial elections have underscored our resilience as a society, with the ushering in of a new government of national unity.

While the SARB has been in existence for over a century, it is our democratic Constitution that sets its current mandate: to protect the value of the local currency in the interest of balanced and sustainable economic growth – and to do so without fear, favour or prejudice.

I am honoured to be part of a renewed leadership of the SARB, with DG Fundi Tshazibana and DG Rashad Cassim being reappointed, and Mampho Modise filling the vacant deputy governor role. Our track record notwithstanding, we continue to face enormous challenges but trust we will be supported by the dedicated staff of the SARB and its subsidiaries.

I now turn to our economic outlook.

The global economy continues a long recovery path from the pandemic. This path has been a troubled one, and despite better prospects in recent months, remains beset by risks and vulnerabilities built up during the pandemic. Inflation remains stubbornly high and public debt levels globally are at record levels. Technological development carries both risks to cybersecurity and the hope of large and sustained boosts to global productivity. Meanwhile, 22 July appears to have been the hottest day on Earth in recent history.

In short, we are entering an era of new economic challenges, even as the recent ones have yet to be overcome. There is little fiscal or monetary policy space available to deal with the risks that could emerge to financial stability, renewed inflation pressures or even the growing challenge of climate change.

Inflation remains a major policy concern for central banks globally. Although global inflation declined from 8.7% in 2022 to 6.8% in 2023, and continues to ease in 2024, it remains high relative to the 2–3% inflation targets that many countries are trying to achieve.

Restrictive monetary policy, along with the recovery in supply chains and other pandemic-related bottlenecks, has helped inflation to recede from its 2022 highs. However, global disinflation has slowed recently, as is well illustrated by consumer price inflation in the US, still sitting at 3% relative to their 2% target.

The slow pace of disinflation reflects a pattern of lower imported inflation but higher services inflation across most economies. In some, rising wages and sustained pent-up demand for services have been key factors. In emerging markets specifically, fiscal challenges and sustained currency depreciations have played more of a role.

Policy commitment to reduce inflation back to targets has been strongly signalled around the globe, and central banks have generally been cautious in their approach to policy.

Deepening geo-economic fragmentation, higher temperatures and other supply-related risks raise concerns about the long-term prospects for inflation, and considerable effort is going into reassessments of neutral real rate levels.

While inflation remains higher than desired, global economic activity has proven to be more resilient than expected.

Global growth surprised higher at 3.3% in 2023, despite considerable divergence in growth across individual economies. Generally, however, global growth rates are expected to remain below pre-pandemic trends. This reflects the impact of protectionist measures on global trade, relatively tight financial conditions as well as uncertainty of future policy trajectories.

Greater stability in global affairs and more sustainable fiscal policy settings across the G20 countries would help to dampen uncertainty and enable longer-term horizons for policymakers, firms and households.

While lowering debt levels weigh on growth in the short term, the longer-term effects of falling borrowing costs act to improve growth prospects, supporting private investment and freeing up fiscal space. Lower inflation would also open monetary policy space and support easier credit conditions, complementing the fiscal actions.

The SARB forecasts trading-partner growth to remain moderate in the medium term, hovering at around 3%.

On the domestic front, despite varied sectoral performances, output in the South African economy slowed to 0.7% in 2023 from 1.9% in 2022 and remains well below growth in peer emerging markets.

Load-shedding and logistical challenges have been weighing heavily on economic activity, depressing the credit appetite of businesses and the spending of households.

Despite such weak growth in output, however, employment levels have recovered the 2.2 million jobs lost during the height of the pandemic. As of the first quarter of this year, total employment surpassed its 2019 level. Nonetheless, job creation has been too slow and not enough to offset the growth in the labour force, leaving the unemployment rate elevated at 32.9% in the first quarter of this year.

South Africa's tailwind for growth coming from strong terms of trade continued to fade, despite remaining at historically good levels. Exports also suffered over the past 12 months from energy and logistics challenges as much as price factors. Imports were also muted by logistics. As energy and logistics constraints continue to ease, the growth outlook will also improve. The domestic economy is expected to grow by 1.1% this year, rising to 1.7% by 2026, as both household spending and investment start to strengthen.

Moving to domestic inflation, as with the global trend of moderating inflation, South Africa's headline inflation decelerated over the past year, falling from 6.9% in 2022 to average 6% in 2023.

These annual averages, however, hide the ongoing volatility in the underlying components of inflation, in turn demonstrating the risks and uncertainty marking the disinflation path. Since September of last year, headline inflation has been fluctuating between 5% and 6%, with frequent monthly setbacks coming from fuel, food and services prices.

In February, core inflation rose by 0.4 percentage points to 5%, propelled sharply higher by medical insurance inflation. Encouragingly, as of June, core inflation has moved to 4.5%. The SARB sees core inflation averaging 4.6% this year from 4.8% last year. Inflation expectations eased in the first half of this year but remain well above the midpoint of the target band.

While headline inflation came out between 5% and 6% for much of the past year, our current forecast shows it easing to 4.9% this year, pulled lower mainly by softening food and fuel inflation, and resting at the midpoint in 2025 and 2026.

Even with some quantitative and qualitative adjustments to risk perceptions over time, the Monetary Policy Committee has felt it appropriate to maintain the repurchase rate at 8.25%, a level set in May of 2023.

Turning to financial stability, the SARB continued to ensure that the financial system remains resilient, without any systemic threats materialising during the 2023/24 financial year.

This is despite the risks to the outlook that include sustained geopolitical tensions, sticky inflation and government debt levels that remain uncomfortably elevated, globally. These risks have coincided with an unprecedented number of national elections around the world, leading to some uncertainty and heightened market volatility.

South Africa is still confronted with its government's growing debt levels and ever-higher debt-servicing costs, as well as domestic financial institutions' high exposure to that debt. The SARB continues to monitor this sovereign-financial sector nexus closely.

Though we are working hard to exit the FATF greylist, the effects of being greylisted are being felt as foreign counterparties apply greater scrutiny to our domestic institutions.

At the same time, the impact of climate change is becoming more frequent and more severe, as the recent winter storms that lashed the Western Cape and necessitated the declaration of a state of disaster have highlighted.

As part of its ongoing efforts to understand and mitigate the risks, the SARB conducted its first comprehensive stress test of South Africa's major insurance companies, which included a climate change component. Going forward, climate-related risk will increasingly feature as part of the SARB's stress-testing scenarios.

As of 1 July 2023, the SARB became the Resolution Authority and is now obliged to develop resolution plans for systemically important banks and insurers, should they fail.

Accompanying this was the launch of CODI, a new subsidiary of the SARB with its own Board and Investment Committee. CODI will manage the country's first deposit insurance scheme and covers qualifying depositors up to R100 000 if their bank fails, is liquidated, or placed into resolution. These milestones will bolster trust and confidence in the financial system and strengthen its robustness.

The regulatory and supervisory work of the PA goes hand in hand with our financial stability efforts. When it comes to the banking sector, elevated levels of inflation and rising interest rates have been eroding the disposable income of households and the profitability of businesses, resulting in a rise in impaired advances for banks.

The PA will continue to monitor the credit risk management practices of banks and make sure that prudent financial and risk management practices are put in place to weather any storm that may arise.

In its work to safeguard the interests of depositors and policy holders, the PA placed two institutions under judicial management, while it continues to monitor several institutions that are in various stages of resolution because of financial and governance-related matters.

These challenges aside, the PA has supported efforts to grow a more diverse financial industry, having licensed one bank during the period under review, with five more in progress. Four new insurers – three life and one non-life – were registered, with a further 11 applications in progress, six of which are life insurers. Two co-operative financial institutions were also registered, with a further two in progress.

The PA and the Financial Surveillance Department are driving the SARB's efforts to get South Africa off the FATF greylist. FATF has identified 22 action items that South Africa must address to improve its anti-money laundering and combating the financing of terrorism regime. Currently, eight of the 22 items have been addressed or largely addressed, and 14 remain in progress. South Africa is left with two reporting cycles, in September 2024 and January 2025, in terms of the action plan.

Although foreign counterparties have been applying greater scrutiny to our domestic institutions because of the FATF greylisting, the PA has found no immediate negative impact on correspondent banking relationships. It is nevertheless imperative that the action items are addressed timeously to avoid long-term negative effects on the economy.

Moving to operational matters: during the year under review, the SARB saw the overhaul of its balance sheet with the introduction of new arrangements governing the Gold and Foreign Exchange Contingency Reserve Account, or GFECRA. Announced in February 2024, the new GFECRA framework will allow the government to access a portion of these funds to reduce debt issuance, while providing the SARB with a stronger capital position. In June, these arrangements were passed into law with the gazetting of the Gold and Foreign Exchange Contingency Reserve Account Defrayal Amendment Act 27of 2024. This Act was accompanied by the signing of the GFECRA settlement agreement between the SARB and the Minister of Finance. The agreement ensures that, among other conditions, the SARB's solvency is not undermined by any GFECRA profits distribution. These distributions will be used to reduce government borrowing. There will be no sales of FX reserves if such reserves are below estimated adequacy levels.

As of 1 July, R100 billion had been transferred to the SARB, and roughly three-quarters of the R100 billion due to NT this year has already been paid out. We expect to complete the transfers by mid-August.

The SARB is the custodian of South Africa's national payment system. In the past, payment systems were often viewed as the 'boring plumbing' underpinning a central bank's work. But with the rapid advancements in fintech, payment systems globally are instead becoming central to innovation, enabling more digital transaction offerings, reducing the reliance on cash, and providing new ways to drive financial inclusion and economic development.

The recently published Digital Payments Roadmap outlines the key interventions that the SARB, together with public and private stakeholders, will implement to advance efforts to improve digital payments adoption by consumers.

The SARB's PEM programme will further support efforts to make domestic payments cheaper, faster, more reliable and more accessible to underserved communities. The programme includes the establishment of a new centralised public payments utility and the renewal of the domestic settlement system, namely the SAMOS system. The SARB will also implement foundational enablers such as a digital financial identity for consumers.

Alongside modernisation efforts, the SARB remains committed to ensuring that our payment and settlement services continue to serve the industry effectively and efficiently. To this end, in June, we successfully migrated the SADC-RTGS to the ISO 20022 global financial messaging standard. ISO 20022 is an open standard for payments messaging that creates a common language and model for payments data across countries. The adoption of this new standard by the SADC-RTGS and its participants comes well ahead of the global November 2025 deadline.

In its day-to-day operations, the SARB procures a range of goods and services. Its procurement strategy is focused on fair, equitable, transparent, competitive and cost-effective purchasing. Although the SARB is exempt from the PPPFA, it nevertheless applies preferential procurement principles in its sourcing and procurement activities. This year has been the first of a three-year B-BBEE strategy, demonstrating our commitment to maintaining and improving spend with qualifying suppliers. The bulk of the SARB's R4.7 billion in spending – or a little over 91% – went to local suppliers. Using the Generic Codes of Good Practice scorecard, the SARB achieved 21.6 out of a possible 27 points in terms of recognised B-BBEE spend.

Information and technology infrastructure is critical to the functioning of the SARB. The rapid changes in how we use and process information affect every facet of our work. The proactive management of the SARB's networks and systems has ensured that mission-critical business applications have remained up and running 99.9% of the time over the past year.

The resilience of our systems has been enhanced by initiatives such as the redesign of our data centres and network modernisation. We are also working to build a workforce of the future, strengthening our cyber team to build local and regional resilience to cyber incidents.

Our commitment to serving the economic well-being of all South Africans is also evidenced in our CSI programme, which focuses primarily on education. At the heart of this work is our external bursary programme, which aims to develop human capital in monetary policy, financial stability, data science and economic journalism. In 2023, the SARB sponsored 110 students – 63 continuing bursars, 35 first-year bursars and 12 students studying towards their master's degree in data science. Eighty six percent are from previously disadvantaged backgrounds and 63% are female.

The importance of the SARB's role in our economy demands the utmost from its staff members. Without their commitment and expertise, this central bank would not be able to achieve its strategic objectives or deliver on its mandate.

To ensure that staff continue developing their professional skills, the SARB's spend on training increased to almost 6% of total payroll in the 2023/24 financial year. More than half of the employees that received training, or 56%, were women.

Diverse organisations which reflect the societies they operate in are typically more successful. Having rolled out the third phase of its D&I programme, the SARB has incorporated a diversity and inclusion accountability framework into its performance scorecard, ensuring it is embedded in everything that we do.

At the same time, our staff experience is being steadily improved through the digitalisation of our people management systems.

To conclude, the year ahead will throw new challenges at the SARB. Our international activities will receive particular focus as South Africa takes up the G20 Presidency. Together with NT, the SARB is gearing up to co-chair the Finance Track from December 2024. It will focus on, among other issues, global macroeconomic matters, climate change, cross-border payments and capital flows, as well as the financial inclusion agenda.

Over the past year, the SARB has worked to ensure a coherent G20 agenda which is relevant for the country, the G20 members and the African continent. South Africa is the fourth country in the Global South to lead the G20 Presidency before it moves back to an advanced economy.

On the regional front, we have prioritised a strategy focused on the integration of SADC member countries, in our role as Chair and Secretariat of the SADC CCBG.

The year 2025 will also mark the culmination of the SARB's five-year strategy cycle. The formulation of our new Strategy 2030 is currently underway. Whatever the outcome of this process, I can assure you that the SARB, as your central bank, will remain in service to the country.

We will continue to ensure the cost-effective availability and integrity of our currency. We will continue to ensure that the financial sector safeguards depositors and policy holders. We will continue to enhance South Africa's resilience to external shocks.

But above all, we will hold fast to our price and financial stability mandates.

Abbreviations

ABHL	African Bank Holdings Limited
AGM	annual Ordinary General Meeting
AI	artificial intelligence
AML/CFT	anti-money laundering and countering the financing of terrorism
BA	Bachelor of Arts
Banks Act	Banks Act 94 of 1990
BA (returns)	Banker's Acceptance (returns)
B-BBEE	broad-based black economic empowerment
BBS	bounce back scheme
BCBS	Basel Committee on Banking Supervision
BCM	Business Continuity Management
BDO	BDO SA Inc.
BIS	Bank for International Settlements
Board	Board of Directors
bps	basis points
BREC	Board Risk and Ethics Committee
BRICS	An association of five major emerging national economies Brazil, Russia, India, China and South Africa
BSc	Bachelor of Science
BSTD	Business Solutions and Technology Department
CA(SA)	Chartered Accountant South Africa
CBA	Co-operative Banks Act 40 of 2007
CBDC	central bank digital currency
CCBG	Committee of Central Bank Governors
CCyB	countercyclical capital buffer
CEO	Chief Executive Officer
CFI	co-operative financial institution
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
CIS	collective investment scheme
CISU	Cyber and Information Security Unit
CLF	committed liquidity facility
CODI	Corporation for Deposit Insurance
Constitution	Constitution of the Republic of South Africa, 1996
COO	Chief Operating Officer
CoP	Community of Practice
CPD	Corporation for Public Deposits
CPD Act	Corporation for Public Deposits Act 46 of 1984
CPI	consumer price index
CRST	climate risk stress test
CSI	corporate social investment
CSIR	Council for Scientific and Industrial Research
CVA	Credit Valuation Adjustment
D&I	diversity and inclusion
DFID	Digital Financial Identity
DG	Deputy Governor
DIF	Deposit Insurance Fund
EAD	exposure at default
EBBS	energy bounce back scheme
EBITDA	earnings before interest, taxes, depreciation and amortization
ECDF	empirical cumulative distribution function
ECL	expected credit loss
EES	Employee Engagement Survey
EFA	enablement focus area
EIR	effective interest rate
ERD	Economic Research Department
ESD	Economic Statistics Department
ESG	environmental, social and governance
EVP	employee value proposition
ex officio	by virtue of one's position or status (Latin)
EY	Ernst & Young Incorporated
FATF	Financial Action Task Force
FCI	Financial Conditions Index
FEC	foreign exchange contract
FIC	Financial Intelligence Centre
FIC Act	Financial Intelligence Centre Act 38 of 2001
fintech	financial technology
FinStab	Financial Stability Department
Flac	financial loss absorbing capacity
FMA	Financial Markets Act 19 of 2012
FMD	Financial Markets Department
FMIs	financial market infrastructures
FPS	fast payment system
FSB	Financial Stability Board
FSC	Financial Stability Committee
FSCA	Financial Sector Conduct Authority
FSD	Financial Services Department

FSCF	Financial Sector Contingency Forum
FSI 6	Financial Soundness Standards for Insurers 6
FSI Work Programme	Financial Sector Issues Work Programme
FSOC	Financial Stability Oversight Committee
FSR Act	Financial Sector Regulation Act 9 of 2017
FVOCI	fair value through other comprehensive income
FVPL	fair value through profit or loss
FX	foreign exchange
G20	Group of Twenty
GDP	gross domestic product
GEC	Governors' Executive Committee
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
GIBS	Gordon Institute of Business Science
GRC	governance, risk and compliance
Hons	Honours (degree)
IAD	Internal Audit Department
IAIS	International Association of Insurance Supervisors
IAS	International Accounting Standards
i.e.	id est (that is to say) (Latin)
IFI	international financial institution
IFRS	International Financial Reporting Standards
IFWG	Intergovernmental Fintech Working Group
IMF	International Monetary Fund
Inc.	incorporated
IP	Investment Policy
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
IT	information technology
I&T	information and technology
King IV™	*King IV™ Report on Corporate Governance in South Africa, 2016*
KZN	KwaZulu-Natal
LEX	Large Exposures
LGD	loss given default
LGS	loan guarantee scheme

LLB	Bachelor of Laws
LLM	Master of Laws
LTI	lost-time injury
LUMI	LUMI Technologies SA Proprietary Limited
MBA	Master of Business Administration
MI	market infrastructure
MP	Member of Parliament
MPC	Monetary Policy Committee
MPF	Monetary Policy Forum
MPhil	Master of Philosophy
MPIF	monetary policy implementation framework
MPR	*Monetary Policy Review*
NCR	National Credit Regulator
NGFS	Network for Greening the Financial System
NPS	national payment system
NPS Act	National Payment System Act 78 of 1998
NPSD	National Payment System Department
NPU	national payments utility
NRF	National Revenue Fund
NT	National Treasury
OCI	other comprehensive income
OPI WG	Open Finance Integration Working Group
OTC	over the counter
PA	Prudential Authority
PC	Procurement Committee
PCN	positive cycle-neutral
PD	probability of default
PEB	post-employment benefits
PEM	Payments Ecosystem Modernisation
PhD	Doctor of Philosophy/Doctorate
PoC	proof of concept
PPA	power purchase agreement
PPE	property, plant and equipment
ppm	parts per million
PPPFA	Procurement Policy Framework Act 5 of 2000
Prestige Bullion	Prestige Bullion (RF) Proprietary Limited
Pruco	Prudential Committee

RCLF	restricted-use committed liquidity facility
Remco	Remuneration Committee
repo rate	repurchase rate
RGU	Regulatory Guidance Unit
RMC	Risk Management Committee
RMCD	Risk Management and Compliance Department
RSB	Regulatory Sandbox
RTGS (system)	real-time gross settlement (system)
RVM	Residual Vulnerability Matrix
SAA	Strategic Asset Allocation
SABN	South African Bank Note Company (RF) Proprietary Limited
SADC	Southern African Development Community
SA Mint	South African Mint Company (RF) Proprietary Limited
SAMOS (system)	South African Multiple Option Settlement (system)
SARB	South African Reserve Bank
SARB Act	South African Reserve Bank Act 90 of 1989, as amended
SARB debentures	South African Reserve Bank debentures
SARB Group	South African Reserve Bank Group, including its subsidiaries and associate
SDR	special drawing right
SFA	strategic focus area
SICR	significant increase in credit risk
SIFI	systemically important financial institution
SME	small- and medium-sized enterprise
SNG Grant Thornton	SizweNtsalubaGobodo Grant Thornton Inc.
SPPI	solely payments of principal and interest
SRM	supplier relationship management
Stats SA	Statistics South Africa
SWP	Strategic Workforce Plan
UK	United Kingdom
Unisa	University of South Africa
UP	University of Pretoria
US	United States
VAT	value-added tax
Vision 2025	National Payment System Framework and Strategy Vision 2025
Wits	University of the Witwatersrand
XDR	the currency in which an SDR is valued

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