

SOUTH AFRICAN RESERVE BANK



South African
Reserve Bank

ANNUAL REPORT 2025/26

Delivering low inflation
for balanced and sustainable
economic growth

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The full annual financial statements of the SARB Group are available at <https://www.resbank.co.za/en/home/publications/publication-detail-pages/reports/annual-reports/2026/sarb-2025-26>



Feedback

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

INTRODUCTION

SARB overview

The Constitution of the Republic of South Africa, 1996 (Constitution), adopted 30 years ago, enshrined the independence of the South African Reserve Bank (SARB) and provided it with a clear mandate to achieve and maintain price stability in the interest of 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.

Why the SARB exists

The SARB is the central bank of the country. It serves the broader economic interests of all South Africans and its operations are not profit-driven. In addition to its primary mandate, the SARB's powers and functions – typically performed by central banks – are defined by Acts of Parliament. These other functions shall always be subject to the primary object to the SARB.

The core legislation that gives the SARB its powers and responsibilities includes 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).

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 paid 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



Respect and trust



Excellence



Accountability



Open communication

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).

STATUTORY RESPONSIBILITY

(enabled by the NPS Act)

Enhance the resilience, effectiveness and accessibility of payments

This involves ensuring the inclusivity, efficiency and security of the national payment system (NPS) and that banknotes and coin are trusted and available in the economy.

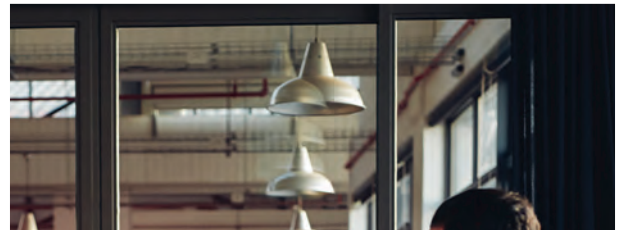
How the SARB is governed

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).

The SARB's 15-member Board includes the Governor and DGs as executive members and 11 non-executive directors. Of the non-executive directors, four are appointed by the President and seven are elected by SARB shareholders.

The Governor holds a dual role of Chief Executive Officer (CEO) of the SARB and Chairperson of the Board, as prescribed by the SARB Act. In line with best practice and to ensure independence the Board also has a lead independent director.

Non-executive directors do not have any rights or involvement in setting monetary policy, financial stability policy, or regulation and supervision. The Board's primary responsibility is to ensure good corporate governance.



About this report

The *SARB Annual Report* for the year ended 31 March 2026 provides a comprehensive overview of the organisation's efforts to execute its mandate.

The report gives readers a clear summary of the SARB's strategy, performance and impact on society, highlighting both material financial and non-financial information.

The primary audience of this report is Members of Parliament (MPs), specifically the Standing and Select Committees on Finance, through which the SARB reports to the people of South Africa. It is also of interest to shareholders, members of the public and anyone seeking insight into how the SARB carries out its mandate and strategy.



SCOPE AND BOUNDARY

THE SARB GROUP

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

CURRENCY-PRODUCING

South African Mint Company (RF)¹ Proprietary Limited, including its subsidiary Prestige Bullion (RF) Proprietary Limited (SA Mint)

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

INVESTMENT SERVICES

Corporation for Public Deposits (CPD)

DEPOSIT INSURANCE

Corporation for Deposit Insurance (CODI)

The successful achievement of the SARB's mandate depends on strong and effective relationships with a diverse range of stakeholders, including government, other regulators and the broader community. These relationships are discussed throughout this report.

Note on associates: The SARB holds a 45% stake in African Bank Holdings Limited (ABHL) following a successful resolution process in 2014. As at the date of this report, ABHL is classified as an associate within the SARB Group. The SARB intends to sell its shares in ABHL via an initial public offering or a partial sale, which will be managed by the ABHL Board. As part of its drive to modernise the payments ecosystem, the SARB acquired a 50% share in PayInc in November 2025.

¹ For the purposes of the *SARB Annual Report*, "(RF)" refers to a ring-fenced company, as contemplated in section 11(3)(b) of the Companies Act 71 of 2008. This denotes that the SA Mint and SABN's memorandums of incorporation contain restrictive conditions that limit or prohibit the amendment of certain provisions and restrict these two companies' activities, assets or risks, thereby ensuring legal and financial separateness.

REPORTING FRAMEWORKS

The Constitution, together with the SARB Act, provides the framework for the SARB's operations. Accordingly, the annual report is prepared and published in compliance with the SARB Act.

In addition, the following reporting frameworks have guided the preparation of this report:

*The King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™)*²

The International Financial Reporting Standards (IFRS)

The International Integrated Reporting <IR> Framework

The principles of these frameworks are applied with consideration for their practicality and relevance to a central bank. Where the legislative requirements differ from the guidance provided by these reporting frameworks, the legislative requirements take precedence.

The SARB currently applies the principles and recommended practices of *King IV™*, where appropriate, as long as they do not conflict with the requirements of the SARB Act. The SARB reviews its governance framework annually against recognised best practice standards.

In preparation for the transition to the *King V™ Report on Corporate Governance, 2025 (King V™)*, the SARB is reviewing its governance practices and disclosures against the *King V™* principles. The SARB will adopt relevant *King V™* principles on an early-adoption and transitional-alignment basis and will use the *King V™* Disclosure Framework to report its alignment in the next reporting cycle.

² Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

Assurance

The full SARB Group Annual Financial Statements included in this report have been independently audited by the SARB's external auditors, BDO South Africa Incorporated (BDO) and Ernst & Young Incorporated (EY).

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

Statement of responsibility

Section 4A (1c) of the SARB Act requires the Board to approve the annual report and annual financial statements. The Act also mandates that these documents be submitted 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 addresses matters the SARB considers material, namely those factors that enable it to fulfil its constitutional mandate and statutory responsibilities. This information reflects the SARB's values and supports accountability to Parliament and the people of South Africa. Information included in the annual report was provided and approved by heads of department and senior specialists within the SARB. Draft versions of the report were reviewed through the SARB's governance and management structures. The Governors' Executive Committee (GEC) ensured factual accuracy and the inclusion of relevant and material information. The Audit Committee also considered the annual report before it was submitted to the Board. In the Board's opinion, the annual report presents a fair and balanced account of the SARB's performance, material matters and strategic direction. The Board approved the annual report and the full annual financial statements for the year ended 31 March 2026 on 10 June 2026 and authorised their issue, 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



DELIVERING LOW INFLATION FOR BALANCED AND SUSTAINABLE ECONOMIC GROWTH

What the SARB does

The SARB's primary mandate is to protect the value of the currency in the interest of balanced and sustainable economic growth.

This mandate comes from the Constitution, with the SARB being accountable to the people of South Africa.

In addition to its primary mandate, the SARB has a statutory responsibility to enhance and protect financial stability in South Africa. Other duties include regulating and supervising financial institutions and financial market infrastructures (FMIs); issuing and destroying banknotes and coin; and serving as the government's banker. The SARB also acts as the custodian of the NPS, a critical pillar of the economy.

The SARB achieves these goals through its key strategic focus areas, supported by enablement functions such as transparent communication, coordinated policymaking, leveraging data and building a future-fit workforce.

INPUTS

Social and relationship inputs

Enhancing transparency and accountability through regular communication with other regulators and domestic, regional and international stakeholders. This involves:

- continuously engaging with Parliament, civil society, businesses, labour groups and other stakeholders to build an understanding of the benefits of price and financial stability;
- collaborating with relevant government departments and regulators, such as National Treasury (NT) and the Financial Sector Conduct Authority (FSCA), on various policies;
- working with financial institutions, businesses, state-owned enterprises and other financial regulators to assess risks to the financial sector and exercise regulatory oversight;
- partnering with research and academic institutions to strengthen the SARB's research capabilities and guide its decision-making;
- participating in international and regional multilateral forums to encourage integration, shape policy and develop consistent financial sector regulations; and
- increasing the SARB's accessibility and accountability through social initiatives, community outreach and stakeholder engagements.

Human and intellectual inputs

The SARB recognises that people are central to its success. It therefore prioritises attracting and retaining skilled professionals with an understanding of central banking economic and financial issues. The SARB's employee value proposition (EVP) – centered on public good, professional development and organisational stability – remains a strong tool for securing and keeping top talent.

- The SARB's 2 834 employees play a key role in fulfilling its mandate and supporting the organisation's objectives. Salaries amounted to R3.8 billion (2024/25: R3.4 billion).
- The central bank invested R179.6 million (2024/25: R159.7 million) in staff skills development.
- The SARB is committed to transformation, with a diverse Board comprising eight women and seven men, 87% of whom are black.
- Of all staff, 87.3% are black (2024/25: 85.7%) and 55% are women (2024/25: 54.2%).

Financial inputs

The SARB does not operate to maximise profit; instead, it focuses on meeting its policy functions, which include the following:

- The production of banknotes and coin for circulation.
- Operating expenses totalling just under R11 billion, funded by:
 - revenue from managing foreign exchange (FX) reserves and
 - interest from managing market operations to implement monetary policy.

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, produce research and provide analysis.
- Act as banker to the government.
- 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.

Strong governance and effective risk management are essential for the SARB to consistently achieve its mandate

The SARB's governance is based on principles of sound corporate governance relevant to central banks. All employees are expected to uphold the highest ethical standards in their roles.

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

Keep inflation low and stable by achieving a **3%-point** target, with tolerance band of 1 percentage point on either side of the target.



Monetary policy: **page 42**

FINANCIAL STABILITY

Statutory mandate

Safeguard and strengthen 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 50**

NATIONAL PAYMENTS

Statutory responsibility

Keep the payment system functioning optimally and ensuring it is safe, efficient and accessible to all whether using digital or cash payments.



National payments: **page 57**

KEY OUTCOMES

Low and stable inflation

Protects the purchasing power of the currency and standard of living of all South Africans.

Reduces economic uncertainty to foster sustainable growth that supports long-term job creation.

Helps maintain and improve South Africa's global competitiveness.

A stable and safe financial system

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

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

Ensures the stability of the financial system through the soundness of regulated financial institutions and financial market infrastructures.

A resilient, effective and accessible payment system

Ensures that the public can make secure, efficient payments.

Enhance the availability, security and affordability of cash.

SUPPORTING OUTCOMES

Social and relationship outcomes

- Fostering collaborative and trust-based relationships with both the public and private sectors to develop prudent, coherent macroeconomic policies that drive sustainable growth.
- Developing regulatory and supervisory frameworks that promote financial inclusion and uphold the integrity of the financial system.
- Building 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 to cultivate human capital, enhancing expertise in monetary policy, financial stability, economics and financial journalism within South Africa and across Africa.

Human and intellectual outcomes

- A well-structured Board that follows best practice governance standards.
- Engaged and motivated employees working in a diverse and inclusive environment.
- Employees aligned with the SARB's strategic objectives.
- A low regrettable employee turnover rate, which at 1.5% for 2025/26 is significantly below the internal target of less than 4%.
- Knowledge and information-sharing with stakeholders to enhance transparency and credibility.
- A central bank equipped with technological expertise to maintain price and financial stability and regulate financial institutions.
- A modernised payment ecosystem that enables accessible, fast and affordable payments, while safeguarding the integrity of our currency.

Financial outcomes

- A financially stable central bank.
- Group profit before tax: R11 billion (2024/25: R127 billion profit, including R100 billion attributable to the new Gold and Foreign Exchange Contingency Reserve Account (GFECRA) agreement).
- SARB profit before tax: R9 billion (2024/25: R124 billion).
- SARB profit after tax: R7 billion, transferred to the contingency reserve.
- Shareholder dividends: R0.2 million (2024/25: R0.2 million) paid in accordance with the SARB Act.





WHAT YOU NEED TO KNOW ABOUT THE SARB'S WORK

The SARB serves South Africans by maintaining low and stable inflation, keeping the financial system and financial institutions stable and ensuring that payments are affordable, efficient, safe and accessible.

Price stability

Q

What is inflation and how is it measured?

A

Inflation is the overall increase in prices of goods and services. Keeping inflation low is crucial for protecting the value of money, reducing living and business costs and supporting South Africa's global competitiveness. The consumer price index (CPI), compiled by Statistics South Africa (Stats SA), is the standard measure of inflation. The CPI is calculated based on a basket of goods and services consumers typically buy. Inflation is measured by tracking changes in the prices of these items over time.

Q

What are the benefits of having an inflation target?

A

A credible inflation target reduces uncertainty about the future inflation levels in the economy and helps manage expectations. Knowing inflation will likely head towards 3%, households and businesses can better judge the purchasing power of their income and make informed decisions about spending and investment. This stability supports economic growth.

Q

How does the SARB work to achieve price stability?

A

The Minister of Finance and the SARB have agreed to a point target for inflation of 3% to protect the currency and the purchasing power of South Africans. The SARB uses this targeted rate and focused communication to influence consumption and investment decisions as well as expectations of future inflation. Communication is key to managing inflation expectations; and interest rates are set to achieve the inflation target and influence consumption and investment decisions in the economy.

Q

Why was the inflation target range replaced with a point target with a tolerance band?³

A

Point targets are generally seen as better than ranges because they give a single, clear anchor that guides inflation expectations more effectively. With a range, expectations may drift towards the upper bound, but a point target offers maximum transparency. It increases central bank accountability, as deviation from the target must be explained. This clarity simplifies communication with the public and shows a commitment to fighting both inflationary and deflationary risks. A range could signal a 'zone of indifference' regarding price fluctuations.

³ Recommended further reading: M Ehrmann, 'Point targets, tolerance bands, or target ranges? Inflation target types and the anchoring of inflation expectations', *European Central Bank Working Paper Series* No. 2562, May 2021 <https://data.europa.eu/doi/10.2866/411165>.

Q

What factors does the SARB consider when making interest rate decisions?

A

The Monetary Policy Committee (MPC) assesses both local and global economic conditions as well as the effects of its policy decisions on growth and employment. The MPC primarily focuses on the expected path of inflation when setting interest rates. Because changes in interest rates affect the economy with a lag of 12 to 24 months, the MPC's decisions are forward-looking and aim to maintain inflation at the 3%-point target over the next two to three years.

Q

How would the SARB achieve its new inflation target amid the large oil and gas shocks due to the war in the Middle East?

A

The war will affect inflation in South Africa. However, the impact depends on how long the war lasts and whether prices stay higher after hostilities end. Analysis by the SARB indicates that prolonged tensions could push inflation above the 3% target this year and possibly next year. Higher oil and gas prices directly increase South Africa's energy costs, specifically for petrol and diesel and put pressure on food prices as a result of rising fertiliser costs. These increases could affect other prices – known as second-round effects – particularly where energy-intensive inputs are used, such as transportation. However, unlike the last energy shock in 2022, global inflation is starting from a lower point, suggesting the impacts may be more muted. The SARB remains committed to achieving the 3% inflation target over the next two to three years.

Q

Inflation has slowed but why are 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 is the rate at which those prices are changing – how quickly or slowly prices are rising or falling. When the SARB says that it seeks to contain inflation, it adjusts monetary policy to keep inflation low and stable, ensuring that prices rise at a rate at which individuals and businesses can better plan for the future, maintain the value of their savings and avoid the negative effects of unpredictable or excessive price increases.

Q

Why is higher inflation bad for South Africans?

A

High inflation erodes the purchasing power of money. For example, a loaf of brown bread costs approximately R17.50 in 2025. Assuming annual inflation of 6%, this loaf of bread will cost you around R31 by 2035. By contrast, under the assumption of 3% annual inflation, the same loaf of bread would cost around R24.

Inflation can widen inequality. People with fixed incomes see their purchasing power fall faster over time. While the wealthy often protect themselves against inflation by investing in diverse assets that gain 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 rise.

Confusing price signals can result from high and volatile inflation. This creates uncertainty about future buying 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 leads to higher interest rates. Lenders to public and private borrowers demand higher compensation when they expect higher inflation to maintain real returns. To compensate for the risk posed by rising inflation, lenders charge higher interest rates. In the case of government borrowers, rising debt-servicing costs reduce resources for services like education and health.

Higher inflation reduces South Africa's competitiveness. When inflation is consistently higher than that of the country's main trading partners or competitors, it increases production costs in the economy compared to costs in other countries. This leads to domestic producers losing their competitiveness.



Financial stability

Q Why is the stability of the financial system important?

A Financial stability means the financial system can provide efficient ways to save, borrow, invest and transact, even if there is a shock, such as a global pandemic or collapse of a financial institution, that disrupts normal market functioning. This stability is crucial for households and businesses to manage their finances and for facilitating local and international trade.

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

A Local financial institutions are well capitalised with ample liquidity, enabling them to meet their obligations to depositors and policyholders. These institutions perform well against a set of financial stability and microprudential indicators.⁴ 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.

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, together with other financial sector regulators and National Treasury. The SARB monitors global and domestic developments as well as the operations of regulated financial institutions to identify risks and vulnerabilities that could threaten the entire financial system. It recommends or takes policy actions using a macroprudential policy framework⁵ to protect the system against vulnerabilities. It also conducts stress tests of financial institutions to assess their resilience against defined adverse scenarios.



⁴ A microprudential indicator provides insight into how an individual financial institution is performing against a particular metric.

⁵ The SARB's macroprudential framework guides the identification, monitoring and assessment of risks to domestic financial stability as well as what tools to use to mitigate these risks.

Payments

Q

What is the national payment system and why does it matter to me?

A

The NPS is the ecosystem that enables money to move between people, businesses and banks in and outside South Africa. It covers the entire payment process – from the payer to the beneficiary – and includes the tools, systems, institutions, rules and infrastructure used to process and settle payments.

The NPS supports everyday transactions such as card purchases, electronic funds transfers (EFTs), debit orders and cash withdrawals, allowing consumers and businesses to exchange money safely and efficiently.

It matters to you because it enables the safe circulation of money in the economy, allowing people to receive salaries, make payments and transfer funds easily. A safe and reliable NPS also supports trade and financial inclusion and helps reduce fraud and financial crime. Without it, payments would be slower, less secure and more difficult for individuals and businesses.

Q

If the country is moving towards digital payments, will I still be able to use cash?

A

Yes. While South Africa is promoting digital payments to improve efficiency, inclusion and convenience, this does not mean cash will disappear. Digital payments enable faster, safer and more cost-effective transactions and can expand access to financial services for individuals and small businesses. However, cash remains legal tender and continues to play an important role in the economy. Many people, businesses and communities rely on cash for everyday transactions, particularly in informal markets, rural areas and during power or network disruptions. South Africa is adopting a balanced approach, where both digital and cash payments coexist. Consumers and businesses can choose the payment methods and options that suit their needs, ensuring the payments system is inclusive, reliable and accessible to all.

Q

A

Why is it still expensive and slow to send money across borders?

Cross-border payments remain costly and slow due to a mix of structural, regulatory and operational factors, with an important distinction between wholesale and retail transactions.

At the wholesale level, large-value payments between banks are relatively efficient, supported in the Southern African Development Community (SADC) by the SADC real-time gross settlement (SADC-RTGS) system, which enables near real-time settlement. Most challenges persist in retail (low-value) payments used by individuals and businesses, which often rely on multiple intermediaries and fragmented payment systems. These payments face frictions such as incompatible or aging infrastructure, differing regulations and compliance requirements. Additional costs and delays arise from currency conversion processes and limited competition when it comes to payment service providers. SADC central banks are leading initiatives, including reforms to the region's instant payment platform – Transactions Cleared on an Immediate Basis (TCIB)⁶ – to make it easier for providers to use it and support the formalisation of payment flows. Regulatory reforms are also underway to promote a more competitive and inclusive market, allowing both banks and non-banks to participate in the payments value chain.

Q

A

Recently the SARB acquired a 50% stake in PayInc. Why was this done and what does this change in ownership mean for consumers and competition?

The SARB acquired a 50% stake in PayInc (formerly BankservAfrica) to ensure South Africa's core payments infrastructure operates in the public interest and aligns with NPS policy objectives. As a systemically important FMI, PayInc plays a crucial role in the stability and efficiency of the payments ecosystem. The acquisition supports the modernisation of the payments landscape under the Payments Ecosystem Modernisation (PEM) Programme, while maintaining collaboration with the private sector. For consumers, this does not mean the SARB will operate a payments business or compete with banks and financial technology firms (fintechs). Instead, the shared ownership helps ensure payment infrastructure remains reliable, affordable, interoperable and inclusive. Ultimately, it is expected to support more resilient systems and promote accessible, low-cost digital payment services that benefit households and businesses.

⁶ The TCIB is a cross-border, low-value payment scheme that enables payments in real time.

DELIVERING THE SARB STRATEGY



Governor's message

Over the past year, South Africa's economy showed some green shoots. Growth steadied, confidence improved and macroeconomic policies aligned to support reforms, including the adoption of a new 3% inflation target.

At the same time, the global environment became more challenging, with uncertainty dominating policy discussions.

The result is a mixed picture.

The good news includes lower borrowing costs and tighter risk spreads compared with last year, along with a credit rating upgrade, a stronger currency and South Africa's exit from the Financial Action Task Force's (FATF) greylist. The bad news is largely driven by sharply higher fuel prices following the Middle East crisis, with knock-on effects on transport costs and food prices.

Our job is to navigate these difficult conditions so that the good news endures and the bad news proves temporary.

Our constitutional mandate is to protect the value of the currency. Since 2000, we have pursued this objective through an inflation-targeting framework, with a target band of 3–6%. We have built significant credibility under this framework, not least by steering inflation towards the 4.5% midpoint. However, the target was always somewhat high and the band too wide – a legacy of the fateful decision, dating back to 2002, to postpone plans to narrow it.

It has taken nearly a quarter century to fix that mistake, but we have finally done so. The new 3%-point target, with a tolerance band of 1 percentage point on either side, is well aligned to peer-country inflation rates.

We pushed hard for this reform in 2025 because we knew that the 3–6% band was suboptimal and saw an opportunity to disinflate while inflation was already low. Encouragingly, the benefits were evident quickly. The entire yield curve shifted downwards as markets priced in sustainably lower inflation and, with it, structurally lower interest rates. Inflation expectations also declined, with longer-term expectations reaching all-time lows in early 2026.

When we made the case for a new target, we always knew we could be hit by some adverse shocks. For this reason, we gave ourselves about two years to reach the target – sooner if everything went right and later if problems were to emerge. We knew, whatever happened, we would not make the old mistake of postponing the target reform.

As it happens, we have now been hit by such a shock and this built-in flexibility is coming in handy. Before this latest Middle East crisis, inflation was exactly where we wanted it – 3% in February and 3.1% in March. Our job now is to return inflation to target once the shock dissipates.

There is very little monetary policy can do about the initial effects of supply-side disruptions, like we have seen this year. The oil price, for instance, is not responsive to the SARB policy rate. But there is no reason such a shock should lead to permanently higher inflation. As the monetary authority, we are responsible for longer-term inflation dynamics and we are setting policy to ensure that inflation returns to target once this shock passes. While inflation will be higher in 2026, we intend to guide it back down to 3% through 2027 and 2028.

Turning to financial stability, a recurring theme in global discussions lately is the resilience of emerging markets. This does not mean all developing countries are doing well. Many remain vulnerable, including some on our continent. Rather, it reflects the fact that middle-income economies like South Africa have avoided repeating the crises of the 1990s and 2000s, such as sudden stops, currency collapses, bank failures and International Monetary Fund (IMF) bailouts. We may still be blown about by global storms, but we are no longer uprooted.

This resilience is not merely a stroke of good luck. Over decades, we have worked hard to construct macro-financial frameworks capable of withstanding stress and



Our Payments Ecosystem Modernisation initiative continues, with this year marking the SARB's acquisition of a 50% stake in what used to be BankservAfrica, now rebranded as PayInc to show this institution is not just there to serve banks.

to maintain microprudential standards that limit risk. We have accumulated substantial stocks of foreign exchange reserves; for instance, South Africa's foreign exchange holdings reached all-time highs at around US\$80 billion in 2026. We have also embraced policies such as inflation targeting, which help anchor expectations, facilitate exchange-rate flexibility and enable capital market development that allows countries to issue long-term debt in their own currencies. Notably, South Africa has the largest share of non-resident ownership in local-currency bonds among liquid emerging markets. That would not be possible without confidence in the value of the rand.

Of course, the task of protecting financial stability is never complete. We are continually surveilling the perimeter for emerging risks and refining our policy toolkit to deal with them.

Over the past year, the South African regulatory authorities have invested heavily in getting the country off the FATF greylist. We have introduced a positive counter-cyclical capital buffer so it can be adjusted up or down as conditions demand. We have also completed the Basel III reforms, ensuring South Africa is compliant with our global commitments, and leaning against the tendency to weaken safeguards as memories of the last crisis dim.

We are also getting to grips with the financial sector implications of new technologies such as stablecoins and artificial intelligence (AI). On one hand, these innovations offer real gains. For example, where cross-border payments are now slow and expensive, stablecoins may make them work better. AI tools may also parse financial data more thoroughly than humans ever could, making it better at identifying new creditworthy borrowers, for instance. On the other hand, they also pose risks. For example, what if the AI system develops a bias against some people and there is no human authorised to step in



We now have a new framework for monetary policy implementation that relies on building a surplus of liquidity and taking deposits, rather than engineering a shortage and making loans.

and stop it? In these contexts, our task is to set policies that limit risks without stifling innovation and adoption.

A similar principle applies to exchange control. While the SARB has long regulated capital outflows under powers delegated by the Finance Ministry, the rules did not cover crypto assets. There is no reason, however, that these assets should be exempt from controls, any more than certain industries should be exempt from taxes. A level playing field requires shared rules, which is why crypto assets are now being brought into the framework.

At the same time, those shared rules need to be appropriate to the times. South Africa's exchange control approach dates back to the 1930s. The measures announced by National Treasury in this year's Budget represent a decisive step towards modernising the framework, reducing burdens on individuals and firms, while protecting legitimate objectives like preserving macroeconomic stability and preventing illicit activity. We welcome these reforms.

Another key reform area is payments. Our Payments Ecosystem Modernisation initiative continues, with this year marking the SARB's acquisition of a 50% stake in what used to be BankservAfrica, now rebranded as PayInc to show this institution is not just there to serve banks. Instead, PayInc will serve as a public utility focused on delivering significantly cheaper and faster digital payments.

Twenty years ago, we pioneered gross settlement systems for high-value payments, but now we lag behind in retail fast-payment systems. Countries like Brazil, Thailand and India are well ahead of us. Although higher-income South Africans have access to the most sophisticated digital payment technologies, these are not readily accessible and affordable for most South Africans. PEM aims to transform this situation by creating a more inclusive, secure and cost-effective digital payments ecosystem.

Although we expect better digital payments to compete with cash, we do not see cash being retired. It remains the single most popular payment method in South Africa, in the sense that it is used for more transactions than any other medium.

Our focus here – through our Cash Smart Strategy – is on improving the cost-effectiveness and safety of cash to better serve the needs of those who rely on it.

Our Strategy 2030 centres on just three strategic focus areas: price stability, financial stability and payments. We nonetheless undertake many enablement functions that support these apex mandates.

A major focus this past year was South Africa's Presidency of the Group of Twenty (G20), where the SARB co-led the finance track with National Treasury. We took a disciplined approach to the agenda, with a few key focus areas, including work on cross-border payments. I can confidently say our efforts were appreciated and received strong support from the G20 community. It was also important to see central bank independence embraced in the communiqué issued in Durban at the third meeting of the G20 Finance Ministers and Central Bank Governors. Principles like respect for multilateralism and central bank independence are critical and will endure through future G20s.

Closer to home, we are undertaking important benchmark interest rates reforms. The world is moving away from so-called offered rates – based on quotes and not actual transactions – such as the London Interbank Offered Rate (Libor) or the Johannesburg Interbank Average Rate (Jibar). Jibar will be discontinued on 31 December 2026 and replaced by the South African Rand Overnight Index Average (ZARONIA), which is based on actual wholesale transactions. We have already passed the 'no new Jibar' milestone (on 1 May) and the end is nearly in sight. Reforming a rate like Jibar, which underpins so many contracts, was always going to be an arduous endeavour, but the market is well prepared to complete the journey.

In addition to ZARONIA, we are also reworking two other benchmarks. We have stopped referring to our policy rate as the repurchase (repo) rate. We now have a new framework for monetary policy implementation that relies on building a surplus of liquidity and taking deposits, rather than engineering a shortage and making loans. With repo lending having dropped to zero, it is misleading to say policy transmits through this facility. We prefer the simplicity of 'SARB policy rate'.

We are also re-examining the Prime rate. This is a more contentious issue, as Prime is a familiar part of the financial landscape, especially for households.

Although Prime is often described as the rate for banks' best customers, it does not fully reflect market conditions. In fact, many loans are extended at rates below Prime (especially for mortgages). It is also difficult to say why the spread to the policy rate should be 350 basis points, a gap first established in 2001 that never changed.

At the same time, Prime is merely a reference point; it does not shape the cost of debt any more than switching from Fahrenheit to Centigrade changes the temperature. Nonetheless, it is often perceived as causing higher borrowing costs.

Accordingly, we have proposed phasing Prime out to improve transparency around interest-rate setting. Our contribution as the monetary authority is to set the policy rate, which affects the whole financial system. We therefore think it makes more sense to allow markets to price directly off the policy rate.

Finally, a big internal change is that SARB staff have returned to the office full-time. We have a beautifully renovated Head Office building in the heart of our capital. It is good to be back together, enjoying the collegiality and informal collaboration that come from working together in person. There have been some trade-offs, such as higher transport costs. Nevertheless, it has been important to re-centre the organisation at Head Office.

It has been an extraordinary year and we can all be very proud of what we have achieved.

Thank you.



E L (Lesetja) Kganyago
Governor of the SARB



DELIVERING TODAY, TO MEET THE FUTURE

The 2025/26 financial year marked a strong start to the SARB Strategy 2030. The organisation delivered optimal performance across its strategic focus areas (SFAs) and enablement focus areas (EFAs), laying a firm foundation for the period ahead.













Building on the credibility established in the previous strategy cycle, the SARB has demonstrated its ability to deliver tangible outcomes – anchoring inflation, safeguarding financial stability, modernising payments and advancing public trust, leveraging data and technology and promoting workforce transformation.

These achievements signal not only continuity but also a clear trajectory towards achieving 2030’s objectives, where transformation, inclusivity and resilience will define the SARB’s role in South Africa’s economic future. This year’s outcomes affirm that the SARB is advancing with purpose, connecting strong delivery in the present, to meet future challenges and opportunities.



STRATEGY 2030

Early progress, clear direction – sharper, performance-focused

STAKEHOLDER VALUE PROPOSITION	OBJECTIVES UNIQUE TO EACH SFA	Enabling and advancing our strategy – <i>dynamic and directional</i>	
<p>SFA 1</p>  <p>Deliver low and stable inflation</p>	<p>Reduce and maintain inflation within the target set </p>	<p>EFA 1</p>  <p>Embed coordinated policymaking</p>	<p>EFA 2</p>  <p>Enhance public trust in the SARB through communication and engagement</p>
<p>SFA 2</p>  <p>Safeguard the stability of the financial system</p>	<p>Strengthen measures to maintain financial stability </p> <p>Strengthen oversight, regulation and supervision </p>	<p>▼</p> <p>Cross-cutting themes</p>	
<p>SFA 3</p>  <p>Enhance the resilience, effectiveness and accessibility of payments</p>	<p>Enhance inclusivity, efficiency and security of the national payment system </p> <p>Optimise the currency supply chain </p>	<p>EFA 3</p>  <p>Leverage the use of data and technology</p>	<p>EFA 4</p>  <p>Build a future-fit workforce</p>
		<p>▼</p> <p>Cross-cutting themes</p>	

 Target met  Target partially met  Target not met

SFA 1

DELIVER LOW AND STABLE INFLATION

Objectives

Price stability: Deliver and maintain low and stable inflation by reinforcing the credibility of monetary policy, actively managing market instruments and aligning analytical and modelling frameworks with international best practice. This ensures confidence in the SARB's ability to safeguard purchasing power and anchor expectations in a volatile global environment.

2025/26 Performance overview

The SARB has made progress in delivering low and stable inflation, reinforcing the credibility of monetary policy. Headline inflation averaged 3.2% in 2025, with inflation at 3.1% for March 2026, in line with the new point target announced in November 2025. This reflects disciplined policy execution and alignment, ensuring that households and businesses can plan with confidence in a predictable price environment. Performance highlights include:

- **Anchored inflation outcomes:** Inflation outcomes and forecasts remained firmly aligned with the revised target, underscoring the SARB's ability to maintain price stability in a shifting global and domestic economic landscape. This achievement was critical in safeguarding purchasing power, reducing uncertainty and demonstrating that monetary policy decisions are both credible and effective in anchoring expectations. The recent conflict in the Middle East is expected to see prices rise in the near term, with inflation returning to target in 2027 or 2028, depending on how long the conflict lasts.
- **Financial market reforms:** Benchmark interest rate reforms, notably the planned discontinuation of Jibar and transition to instruments linked to ZARONIA, are modernising financial markets. These reforms strengthen transparency, reduce systemic risk and align South Africa's financial infrastructure with international best practice. By enhancing the reliability of benchmark rates, the SARB reinforces trust in market operations and creates a more resilient foundation for investment and lending.

Performance scorecard

Overall status 

Strategic measures	Annual target	2025/26 (annual)	2024/25 (annual)
Headline inflation versus target	3% ⁷	3.2% (2025 calendar year) 3.1% (financial year)	4.4% (2024 calendar year) 3.8% (financial year)

Unique strategic objectives for SFA 1

Reduce and maintain inflation within the target set

The strategic objective is tracking green as headline inflation averaged 3.2% in 2025, lower than the previous year (4.4% in 2024), with forecasts of 3.7% (2026), 3.3% (2027) and 3% (2028), indicating alignment with the revised target. Initiatives supporting the objective are also on track.



Target met



Target partially met



Target not met

⁷ The Strategy 2030 cycle began with the SARB targeting the 4.5% midpoint of the then target range of 3–6%. On 12 November 2025, the Minister of Finance formally announced the agreement to move to a 3%-point target, with a tolerance band of 1 percentage point on either side.

SFA 2

SAFEGUARD THE STABILITY OF THE FINANCIAL SYSTEM

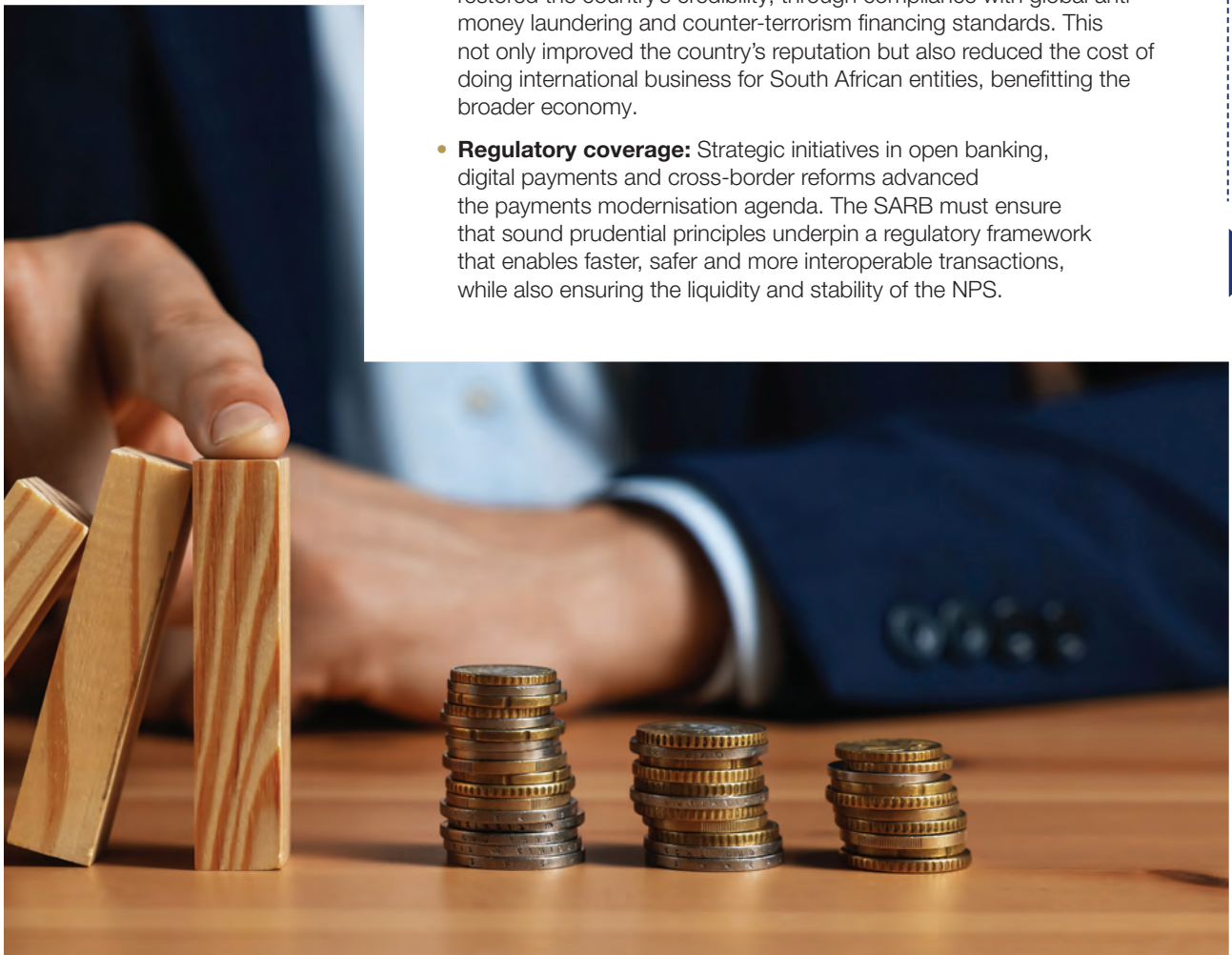
Objectives

Financial stability: Strengthen the resilience of South Africa's financial system through robust supervisory oversight, enhanced risk monitoring and crisis preparedness. By advancing climate-related risk frameworks and resolution tools, the SARB ensures that systemic risks are contained and that the financial sector remains a pillar of economic stability.



2025/26 Performance overview

The SARB advanced its mandate to safeguard financial stability, achieving several milestones across resolution preparedness, regulatory oversight and systemic resilience. Performance highlights include:

- **Strengthened financial stability:** The rollout of the Financial Loss-Absorbing Capacity (FLAC) Framework, along with an industry-wide crisis simulation, marked a decisive step in fortifying resilience against systemic shocks. Ongoing stress-testing across banking and insurance provided valuable insights into system-wide vulnerabilities and interdependencies. This approach improved preparedness and reassured stakeholders that the system can withstand major disruptions without undermining public confidence.
- **Depositor insurance readiness:** Operational capacity was demonstrated through the timely depositor repayments following the resolution of Ditsobotla Primary Savings and Credit Co-operative Bank (DCB). This showcased the effectiveness of the payout system and reinforced trust in depositor protection mechanisms. The publication of CODI's first annual report further strengthened transparency and accountability, signalling to the public that the safety net for depositors is credible and operationally sound. This achievement boosted confidence in smaller financial institutions and the broader financial system.
- **Regulatory and supervisory progress:** Regulated institutions remained financially stable, supported by the full implementation of Basel III reforms. These reforms raised capital and liquidity standards, ensuring banks are better able to absorb shocks. South Africa's removal from the FATF greylist restored the country's credibility, through compliance with global anti-money laundering and counter-terrorism financing standards. This not only improved the country's reputation but also reduced the cost of doing international business for South African entities, benefitting the broader economy.
- **Regulatory coverage:** Strategic initiatives in open banking, digital payments and cross-border reforms advanced the payments modernisation agenda. The SARB must ensure that sound prudential principles underpin a regulatory framework that enables faster, safer and more interoperable transactions, while also ensuring the liquidity and stability of the NPS.





Performance scorecard Overall status 

Strategic measures	Annual target	Actual performance 2025/26
<p>Systemic risk monitoring framework enhanced and entrenched</p> 	Operationalise and embed financial stability monitoring frameworks	<p>A high-level monitoring and decision-making framework was approved by the Financial Stability Committee (FSC) and published on the website.</p> <p>Financial sector monitoring frameworks have been completed and non-financial sector frameworks are in progress.</p> <p>A revised Financial Conditions Index (FCI) and credit gap have been published.</p>
<p>Resilient financial institutions</p> 	Regulated institutions with adequate capitalisation, sufficient liquidity and effective risk management	<p>Regulated institutions are largely meeting regulatory requirements.</p> <p>Instances of non-compliance are under adequate regulatory corrective action.</p>



Unique strategic objectives for **SFA 2**

<p>Strengthen measures to maintain financial stability</p> 	<p>Planned outputs are progressing well; however, two initiatives are delayed.</p> <ul style="list-style-type: none"> The development of a framework for cross-border crisis management groups is slightly delayed, as the inclusion of an additional pilot bank to test the draft framework is scheduled for September 2026. The Financial Stability Data Transformation Programme is impacted by limited credit data from the National Credit Regulator (NCR), restrictions on depositor data, delays in system transitions and underperformance by external contractors.
<p>Strengthen oversight, regulation and supervision</p> 	<p>Most planned outputs and initiatives are on track but key projects have experienced delays.</p> <ul style="list-style-type: none"> The Transitional Arrangements initiative, which involves shifting the prudential regulation of pension funds, collective investment schemes, friendly societies and medical schemes from the FSCA to the PA, has been delayed due to changes from the original timelines. The PA Transformation Programme Umoja, a flagship PA initiative meant to unify, streamline and modernise supervisory processes across the financial sector, has faced capacity constraints and data inconsistencies that impacted its effectiveness. The 1FinSurv Programme, a strategic effort to modernise South Africa's financial surveillance framework, encountered delays in completing Release 1 and 2. <p>Three initiatives – access of non-banks to payment clearing and settlement; the implementation of the regulatory framework for non-banks; and the development and implementation of the NPS prudential and risk management framework – have been delayed. Progress on these projects is pending the finalisation and approval of the Authorisation Framework and Exemption Notice.</p> <p>The alignment of insurance capital standards with international standards through drafting of the Financial Conglomerates (FC)-06 standard, did not progress as planned due to the dependency on the FC-01 standard, which is still being finalised.</p>

 Target met  Target partially met  Target not met

SFA 3

ENHANCE THE RESILIENCE, EFFECTIVENESS AND ACCESSIBILITY OF PAYMENTS

Objectives

Payments Ecosystem

Modernisation: Modernise and secure the payments landscape by upholding currency integrity and ensuring universal access across digital and physical payment channels. The SARB is shaping a payments ecosystem that is future-fit, inclusive and trusted through innovative digital payment frameworks, upgrades to settlement systems and supply chain resilience.





2025/26 Performance overview

Several achievements during 2025/26 advanced the modernisation of the payments landscape while safeguarding currency integrity, ensuring resilience and accessibility across both digital and physical channels. Performance highlights include:



- **Digital transition:** The acquisition of a stake in PayInC, which will form the basis of the National Payment Utility (NPU), served as a critical milestone in payments ecosystem reforms. While the adoption of a fast-payment system remains at an early stage, the initial uptake provides a strong baseline for future growth. This transition is critical in promoting efficiency, reducing reliance on physical cash and positioning the economy to benefit from digital innovation and financial inclusion.
- **Payments infrastructure and inclusivity:** Foundational reforms progressed optimally, including the establishment of the NPU through the PayInC acquisition and preparations for domestic and regional RTGS renewal. Faster-payment systems advanced through benchmarking, testing and proof-of-concept execution. These reforms are essential for ensuring that payment services remain accessible to all segments of society, while also strengthening regional integration and competitiveness in the global financial system.
- **Currency integrity and supply chain:** The reliable fulfilment of industry cash orders, disciplined cost management and exceptionally low counterfeiting incidents reinforced confidence in physical currency, which remains a dependable medium of transaction, even as digital adoption accelerates. Maintaining this balance between physical and digital channels is essential for universal access and public confidence.



Performance scorecard Overall status 

Strategic measures	Annual target	Actual performance 2025/26
Percentage (%) split in cash vs digital transactions 	Progressive shift from cash to digital payments	While baseline data shows that digital transactions are higher in volume and value, cash transactions are not fully captured, as they are only recorded at the point of withdrawal. In the upcoming year, automated teller machine (ATM) withdrawals per capita will be introduced as a measurement.
Percentage (%) adoption of fast-payment systems* 	% growth or annual target	By value – 0.03% By volume – 0.16%
Cash in circulation as a % of GDP 	Downward or stable trend	Over the past five years, the data has shown a steady declining trend, with figures decreasing from 3.53% in 2020 to 2.47% in 2024, reflecting a decline in the compound annual growth rate (CAGR) of -6.9%.
Number of currency counterfeiting incidents in parts per million (ppm) 	Decreased number of currency counterfeiting incidents by less than 12 ppm (annualised)	2.79 (Forecasted) Counterfeit levels remain low, following similar trends to the previous years.

Unique strategic objectives for SFA 3

Enhance inclusivity, efficiency and security of the national payment system 	Most planned outputs and initiatives are progressing well and remain on track with set targets. However, two initiatives are in amber status: <ul style="list-style-type: none"> • Implementation of Exemption Notices and Framework for non-bank inclusion is awaiting finalisation and approval of the Authorisation Framework and accompanying Exemption Notice. • The review and revision of the interchange determination is pending the implementation of the new Payment Information Return (PAYIR) system, a regulatory data collection tool used by the SARB to monitor and supervise the NPS.
Optimise the currency supply chain 	The outputs planned for the period under review progressed well. Three initiatives require attention: <ul style="list-style-type: none"> • The Supply Chain Optimisation initiatives faced delays due to the ongoing evaluation of options to import or locally produce blank coins. • Efforts to improve cash supply chain infrastructure were influenced by the Cash Smart Strategy, which is designed to make physical cash more affordable, ethical and accessible, especially for rural and low-income communities. • The Cape Town Cash Centre (C3) project continued to experience ongoing issues with structural construction.

 Target met
  Target partially met
  Target not met

* The adoption of fast-payment systems was measured using PayShap transaction data for the 2024 calendar year, based on both transaction values and volumes. Adoption was calculated as the proportion of PayShap transaction values and volumes relative to total digital transaction values and volumes.

ENABLEMENT FOCUS AREAS (EFAS)

EFA 1 

Embed coordinated policymaking

2025/26 Performance highlights

The SARB advanced its objective of embedding coordinated policymaking by implementing a structured, policy-driven research agenda. Key performance highlights include:

- **Research delivery:** Outputs included the production of 20 economic notes, 25 working papers and 33 research briefs.
- **Cross-departmental coordination:** The Cross-Departmental Research Committee (CDRC) provided oversight and ensured alignment, with outputs reviewed by the IMF and constructive feedback incorporated.


EFA 2 

Enhance public trust in the SARB through communication and engagement

2025/26 Performance highlights

The SARB advanced its goal of strengthening public trust through targeted communication and proactive stakeholder engagement. Key performance highlights include:

- **Price-setter engagements:** A dedicated strategy was developed and partially implemented, with initial engagements commenced with key stakeholders.
- **Corporate social investment (CSI):** A CSI plan was updated and approved, further reinforcing the SARB's commitment to social impact and community engagement.

EFA 3 

Leverage the use of data and technology

2025/26 Performance highlights

The SARB made advances in leveraging data and technology, although there were challenges with portfolio delivery. Key achievements include:

- **Systems stability:** Mission-critical systems have maintained availability above 99%, supporting operational reliability and resilience.
- **Data and information governance:** Core departments strengthened governance and information management practices.
- **Cybersecurity resilience:** The SARB maintained external collaboration across regional and global forums, including leadership in cyber-resilience task teams and collective incident response.
- **Portfolio delivery:** The portfolio delivery rate averaged 67%, with three out of nine Tier 1 programmes needing improvement.

EFA 4 

Build a future-fit workforce

2025/26 Performance highlights

The SARB continued to advance its efforts to build a future-fit workforce. While several measures, such as talent mobility and succession pool readiness, showed positive progress, some key concerns persist.

- **Depth of succession:** On average, there is one successor per role, compared to the target of two, highlighting the need to further strengthen succession pipelines.
- **Vacancy rate:** The overall vacancy rate averaged 20%, reflecting both existing vacancies and newly created roles not scheduled for immediate filling. However, when measured against positions committed for filling in the 2025/26 financial year, the vacancy rate aligns with the target of 10%.
- **Transformation – employment equity targets:** While sectoral targets are generally being met, challenges remain with the representation of coloured males and females across various occupational levels. Mitigating measures are underway to address these issues.

Looking ahead:

The results from the first year of the SARB Strategy 2030 cycle provide a solid anchor, even as the world enters a period of considerable change.

The SARB will continue to focus on delivering its streamlined SFAs and supporting EFAs, despite the accumulation of risks, prioritising initiatives that are delayed or facing implementation challenges.



Target met



Target partially met



Target not met

HOW THE SARB IS GOVERNED

Shareholding and dividend

The SARB's shareholders

As at 31 March 2026, the SARB had **855 shareholders**. These shareholders have no rights or involvement in setting monetary policy, financial stability policy, or the regulation and supervision of the financial sector.

Shareholder rights at the SARB's AGM are limited to:

- 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 over the counter, with the process managed by the organisation. Although some foreigners still hold shares, only the shareholders living in South Africa may vote at the AGM.

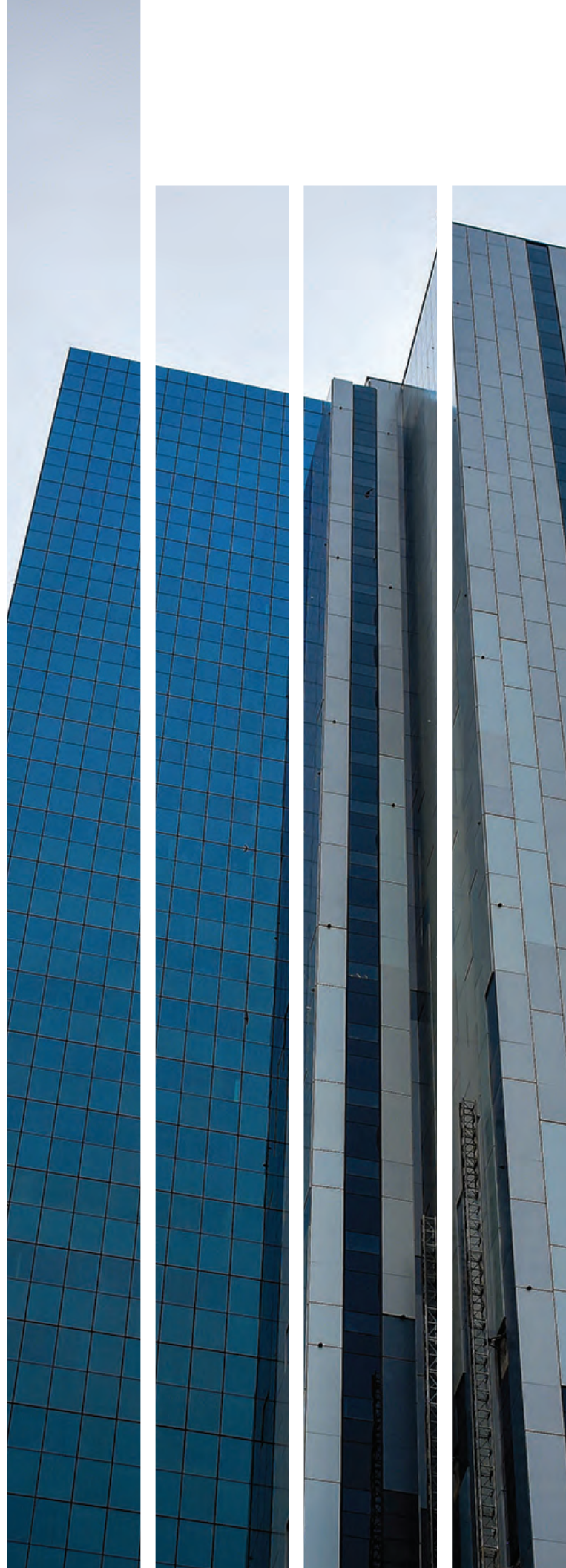
Shareholders receive one vote for every 200 shares held. The SARB Act limits any shareholder, including associates as defined in the Act, to a maximum holding of 10 000 shares.

In 2025, the SARB held its AGM in the newly renovated Head Office Campus building, providing a modern environment for shareholders and stakeholders.

DIVIDEND

The SARB Act allows the SARB to declare dividends at a rate of 10% a year on paid-up share capital. An interim dividend of five cents per share was paid to shareholders on 31 October 2025. A final dividend of five cents per share was paid to shareholders on 29 May 2026.

The total dividend paid for the financial year was R0.2 million (2024/25: R0.2 million).





Governance

The SARB supports 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

As an entity operating in the public interest, it is critical that the SARB proactively upholds the highest ethical standards. The Board and executive management ensure that the SARB fulfils its mandate, executes its strategy and embodies its values of respect and trust, open communication, integrity, accountability and excellence. The SARB serves South Africa's citizens without fear, favour or prejudice and challenges to its independence and constitutional mandate are vigorously defended.

The SARB promotes a culture of ethical conduct and compliance. The Ethics Policy safeguards against unethical or unlawful conduct and provides guidance to management when breaches occur. The Board Risk and Ethics Committee (BREC) oversees ethics management, while the Risk Management and Compliance Department (RMCD) manages the day-to-day activities, including ethics risk assessments and employee declarations on outside interests, gifts and hospitality as well as personal account trading. The Internal Audit Department (IAD) helps detect possible incidents of commercial crime and other irregularities.

The annual Employee Engagement Survey is used to gather employee insights on ethics. The 2026 survey results show a decline in staff perceptions that people at all levels are held accountable for ethical behaviour, dropping from 60.8% in 2025 to 53.7% in 2026. A plan is being developed to understand the decline and address employee concerns.

The SARB Ethics Policy was reviewed and formally approved during the period under review, following recommendations from the independent Ethics Management Maturity Assessment and Ethics Risk Assessment. This has strengthened the SARB's ethics governance framework.

Employees and the public can use an independent external hotline to anonymously report dishonest practices and sensitive matters related to the SARB's business. All allegations are taken seriously and investigated. The hotline* is available 24/7, with trained operators able to communicate in English, Afrikaans, isiZulu and Sesotho.

* The hotline number is **0800 384 425**

The Board

The Board is responsible for the corporate governance of the SARB. It ensures compliance with principles of good governance and adopts rules and policies that support sound accounting, administration and the effective functioning of the SARB. The Board also ensures these responsibilities are performed as required. The SARB Act and the Board Charter define the Board's responsibilities.

In line with the SARB Act, the Board consists of 15 members. The Governor and three DGs serve as executive directors; four non-executive directors are appointed by the President of the Republic of South Africa after consulting with the Minister of Finance; and seven non-executive directors are elected by shareholders.

The SARB Act also specifies the 'fit and proper' criteria for Board membership. A panel evaluates nominated candidates for shareholder-elected positions, considering their skills, knowledge and diversity. This process helps

maintain the integrity, competence and diversity of perspectives required for effective governance. Well-constituted Board committees assist the Board in carrying out its duties.

The Board receives reports on governance and oversight matters from the GEC and various Board committees, and usually meets five times a year. Notably, the Board is accountable for the governance of information and technology (I&T), ensuring that the I&T strategy aligns with 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 support the Board in this responsibility, with I&T performance against an approved scorecard reported quarterly to the Information and Technology Steering Committee, GEC and Audit Committee.



Board of Directors



1



2



3



4



5

1 E L (LESETJA) KGANYAGO | 60

Executive chairperson • **Governor of the SARB⁸**

Appointed by the President

Appointed: 9 November 2014, reappointed for a second and third five-year term 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 of 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 (IMFC), the primary advisory board to the IMF Board of Governors, from 18 January 2018 to 17 January 2021. During his time at NT, the Governor represented South Africa in international organisations, including 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 Committee of Central Bank Governors (CCBG) of the SADC.
- Co-chairs the Financial Stability Board's (FSB) Regional Consultative Group for sub-Saharan Africa and the FSB's Cross-Border Payments Coordination Group (CPC).
- Appointed Chancellor of Stellenbosch University in January 2025.

Awards

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

2 N (NOMFUNDO) TSHAZIBANA | 49

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 (FinSurv) 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 Network for Greening the Financial System (NGFS).
- Chairperson of the Sustainable Insurance Forum (SIF).

3 R (RASHAD) CASSIM | 60

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: Financial Markets Department (FMD), Legal Services Department (LSD), International Economic Relations and Policy Department (IERPD) as well as National Payment System Department (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) and the CPD Board.

4 DR M M P (MAMPHO) MODISE | 43

Executive director • **Deputy Governor of the SARB**

Appointed by the President

Appointed: 1 April 2024

Responsibilities: Financial Stability Cluster, which includes the Financial Stability Department (FinStab), CODI, ESD, 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 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 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).

⁸ The SARB Act requires the Governor to serve as both the de facto CEO of the SARB and Chairperson of the Board, with a casting and deliberative vote.

Board of Directors



5 L H (LERATO) MOLEBATSII | 56

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

Government appointed: April 2019, reappointed in June 2022 and again in August 2025 for a final three-year term

Qualifications: Bachelor of Arts (BA) Psychology, University of Johannesburg (UJ); 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 | 67

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 Accountants as well as the Zambia Institute of Chartered Accountants

Experience: Over 18 years' exposure as a senior executive at Anglo American, including as Chief Financial Officer (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 Valterra Platinum and various other boards. Has knowledge and skills in mining, financial management and governance practices in the public and private sectors.

7 Z (ZOAIB) HOUSEN | 61

Non-executive director • Board Risk and Ethics Committee (BREC) Chairperson

Shareholder elected: July 2019, re-elected in July 2022 and again in August 2025 for a final three-year term

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

Experience: Thirty-three years' experience in the information and communications technology industry, including serving as Managing Director (MD) of Microsoft South Africa. Currently serves as a non-executive director and adviser, with expertise in governance, risk oversight, strategy and digital transformation. He is a Certified Director with the Institute of Directors in South Africa (IoDSA) and brings extensive experience in technology, leadership and industry.

8 Y (YVONNE) MUTHIEN | 69

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, United States (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, fast-moving consumer goods and pharmaceuticals.

9 J M S D (DUDU) MSOMI* | 55

Non-executive director

Government appointed: July 2020, reappointed in September 2023

Qualifications: BA Psychology and English; BA (Hons) Cultural and Media Studies; postgraduate diplomas in Advertising and Marketing and Corporate Governance; and an MBA from the UP's Gordon Institute of Business Science (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; a non-executive director of the Vodacom Foundation Advisory Board; Independent non-executive director and Chairperson on the Bonitas' Remco and a Fellow at IoDSA. Has knowledge and skills in strategy, corporate governance, remuneration, environmental, social and governance (ESG) matters, leadership development, diversity, equity and inclusion, retirement funds trusteeship and small-, micro- and medium-sized enterprises.

10 S (SHAMIMA) GAIBIE | 62

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, administrative law and constitutional law, among other legal areas. Previously served as a lecturer of law, acted as a judge in the Labour Court and High Court and is currently a senior director at law firm Cheadle Thompson & Haysom Inc. Has published numerous articles on labour law issues and co-authored the 7th edition of *Labour Relations Law: A Comprehensive Guide*.

* Appointed as a member of the PayInc Board on 15 May 2026.



11 M M T (TRYPHOSA) RAMANO | 54

Non-executive director

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

Qualifications: Chartered Accountant in South Africa (CA(SA)), postgraduate diploma in Accounting and Bachelor of Accounting. Advanced Leadership Initiative Fellow (2021) at Harvard

Experience: Founder and Principal of Thari Legacy Consulting and the Founder and Director of MMA (Pty) Limited, through which she advises boards, state-owned entities and development finance institutions on governance, strategy and capital allocation. She is also the Founder of *A Seat at the Table*, a board leadership development platform focused on strengthening Africa's future board leadership capacity. Her executive career includes senior financial leadership roles as CFO of South African Airways, WIPHOLD and PPC Limited, as well as senior roles at NT and Rand Merchant Bank Asset Management. She has served on numerous boards, including the Industrial Development Corporation, the Solidarity Fund, the AU Peace Fund, and several major public and private sector entities. She is an author and international speaker on governance, leadership and transformation, and is an advocate for the advancement of women and youth in leadership. She holds an honorary doctorate in Economic Sciences from UJ from 27 March 2026.

12 K H (KGABO) BADIMO | 66

Non-executive director

Government appointed: June 2022, reappointed in August 2025

Qualifications: Doctor of Philosophy (PhD) in Information Systems, Unisa; Master of Science (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 Board of Airports Company South Africa as a lead independent 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.

13 K W (KHOLEKA) MZONDEKI | 57

Non-executive director

Government appointed: September 2023

Qualifications: UK-qualified chartered accountant (FCCA) and holds a Bachelor of Commerce (BCom), a Diploma in Investment Management and additional certification in digital disruption

Experience: Accomplished finance executive and independent non-executive director with more than 25 years' experience in strategic leadership, corporate governance and financial management across multiple industries. Held senior

executive roles, including Financial Director and CFO in multinational and South African organisations, including 3M South Africa. Her career spans sectors such as telecommunications, mining, packaging, property development and financial services, where she has built extensive expertise in strategy, risk management, transformation and financial governance. Serves on the boards of several JSE-listed companies, including Thungela Resources and Nampak, where she contributes her expertise in business turnaround audit, risk oversight and corporate governance. Previously served as Chairperson of Trudon, a subsidiary of Telkom, playing a key role in advancing the company's digital strategy. Also contributed internationally as a member of the Audit Committee of the United Nations World Food Programme. Was a finalist in the Nedbank Businesswoman of the Year Awards. Her broad governance experience, financial acumen and commitment to sustainable business practices make her a valuable contributor to board oversight, strategic direction and stakeholder value creation.

14 S J (STEPHEN) VAN COLLER | 60

Non-executive director

Shareholder elected: August 2025

Qualifications: BCom (Hons), University of Stellenbosch; Postgraduate Diploma in Accounting, University of KwaZulu-Natal. Member of the South African Institute of Chartered Accountants as a CA and the Chartered Institute of Management Accountants (UK) as a Chartered Management Accountant

Experience: With more than 30 years' industry experience, he has held prominent leadership positions including MD of Global Banking at Deutsche Bank South Africa, CEO of Corporate and Investment Banking at Barclays Africa, Vice President for Data, Digital and Corporate Development at MTN Group, and Group CEO of the EOH Group. He successfully led the strategic turnaround of the EOH Group and played a significant role in advancing digital innovation and data strategy at MTN Group. He is currently a non-executive Board member of PayInc (SARB appointed).

15 F H (FERDINAND) MEYER | 50

Non-executive director

Shareholder elected: August 2025

Qualifications: PhD in Agricultural Economics from UP; postgraduate coursework at the University of Missouri, US

Experience: An agricultural economist with over 25 years' experience in agricultural market and trade modelling and value chain analysis. He is the MD and a founding member of the Bureau for Food and Agricultural Policy (BFAP) and serves as Professor Extraordinary in Agricultural Economics at Stellenbosch University. He has contributed to the OECD-FAO *Agricultural Outlook* and serves on the boards of Agrico (Pty) Limited, the Protein Research Foundation, the Africa Network of Agricultural Policy Research Institutes and HRF Farms. Under his leadership, BFAP provides widely recognised consultancy and research publications on agricultural growth, trade, food inflation and food security.

Frequency and attendance of Board and its committee meetings from 1 April 2025 to 31 March 2026

Names of Board members	Board (5 meetings)	Audit Committee (4 meetings) ‡	BREC (4 meetings)	Nedcom (4 meetings)	Remco (4 meetings)	Total meeting attendance for each member's allocated committees
E L (Lesetja) Kganyago ^{>} Governor and Board Chairperson	5/5	3/4*	3/4*	n/a	3/4*	14/17
N (Nomfundo) Tshazibana [#] Deputy Governor	4/5*	4/4	4/4	n/a	n/a	12/13
R (Rashad) Cassim ^{>} Deputy Governor	5/5	4/4	n/a	n/a	4/4	13/13
M M P (Mampho) Modise [#] Deputy Governor	5/5	3/4*	4/4	n/a	n/a	12/13
C (Charlotte) Buitendag [@]	2/2	n/a	1/1	1/1	n/a	4/4
N (Nicholas) Vink [@]	2/2	n/a	n/a	1/1	1/1	4/4
Y (Yvonne) Muthien Remco Chairperson	5/5	n/a	n/a	4/4	4/4	13/13
Z (Zoab) 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	4/4	4/4	17/17
J M S D (Dudu) Msomi	5/5	n/a	4/4	4/4	4/4	17/17
M M T (Tryphosa) Ramano	5/5	4/5 ^Δ	3/4*	2/4*	n/a	14/18
N B (Norman) Mbazima Audit Committee Chairperson	5/5	5/5	3/4*	4/4	n/a	17/18
S (Shamima) Gaibie	4/5*	n/a	n/a	4/4	4/4	12/13
K H (Kgabo) Badimo [~]	5/5	5/5	4/4	3/4*	n/a	17/18
K W (Kholeka) Mzondeki	5/5	4/5 ^Δ	n/a	4/4	n/a	13/14
S J (Stephen) van Coller [^]	2/3*	n/a	2/2	3/3	n/a	7/8
F H (Ferdinand) Meyer [^]	3/3	n/a	n/a	2/3*	1/2*	6/8
Numbers	72/75	37/41	36/39	40/44	25/27	210/226
Percentage	96	90	92.30	90.90	92.59	92.92

Notes

‡ Four scheduled meetings and one special meeting, not including the Governors.

> Attends Audit Committee and Remco meetings by invitation.

Attends Audit Committee meetings by invitation.

@ C B (Charlotte) Buitendag and N (Nicholas) Vink's third term expired on 8 August 2025.

~ L H (Lerato) Molebatsi and K H (Kgabo) Badimo attended as invitees on 13 June 2025, pending reappointment which was confirmed on 5 August 2025.

^ S J (Stephen) van Coller and F H (Ferdinand) Meyer elected on 9 August 2025 and later appointed by the Board at its meeting on 30 September 2025 to serve on the BREC and Remco respectively.

n/a Indicates that a director is not a member of the relevant committee and is thus not applicable.

Δ The fifth meeting was unscheduled and apologies were received from board members unable to attend the meeting at short notice.

* Apologised for absence(s).

Assessing effectiveness

The Board conducts an annual assessment of the SARB's governance framework, benchmarking it against best practices and considering further application of the *King IV™* principles. The Board Charter and terms of reference for all Board committees are reviewed every three years, or sooner if necessary. In line with this cycle, the Board Charter and terms of reference were reviewed and approved in September 2025. Board members also carry out annual self-assessments to evaluate the effectiveness of both the Board and its committees. In addition, the Governor meets with Board members individually each year to discuss governance and other relevant matters. These discussions help inform whether a Board member should be nominated for re-election. Nomination recommendations are made after the Board has determined the skills and expertise required for effective performance and assessed the contribution of non-executive directors.

Good performance

Good governance enables the SARB to achieve its strategy and fulfil its mandate. To remain a credible and well-governed institution, the SARB must have the structures, policies and necessary skills to manage financial performance, ensure regulatory compliance, oversee risk management and conduct its social and ethical responsibilities. Board committees delegate the responsibility for approving, overseeing and monitoring relevant SARB policies to the GEC.

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 affirms that ultimate accountability for these matters remains with the Board, which must exercise its decision-making responsibility accordingly.

All Board committees are chaired by non-executive directors. Board and committee appointments that expired during the year include:

L H (Lerato) Molebatsi and K H (Kgabo) Badimo, were reappointed as government-appointed non-executive directors on 5 August 2025.

Z (Zoab) Hoosen was re-elected for a third term as a Board member on 9 August 2025 and reappointed as Chairperson of BREC and as a member of the Audit Committee.

S J (Stephen) van Coller was elected for a first term as Board member on 9 August 2025 and appointed as a member of BREC.

F H (Ferdinand) Meyer was elected for a first term as Board member on 9 August 2025 and appointed as a member of Remco.

Board committees, their membership and key activities for 2025/26

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 2025/26

- Reviewed and noted the GFECRA payout.
- Considered the acquisition of PayInc.
- Reviewed and noted significant matters of judgement that impact the SARB consolidated and summarised annual financial statements for the 2025/26 financial year-end (CPD Inter-Governmental Cash Coordination (IGCC), ABHL, Land Bank, other major accounting issues).
- 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 use of the SARB Group's registered auditors and other auditing/accounting firms for non-audit/consulting services.
- Set up a task team and considered its recommendation to better align the work of various Board committees on IT and related matters.
- Reviewed the revised terms of reference of the committee.
- Received the results of the combined assurance-related work and the report on the performance of the Combined Assurance Forum for the 2025/26 financial year.
- The committee was satisfied with the assurance that the SARB's control environment is sound.
- Noted the SARB Group Litigation Report for the period to 31 March 2026.
- Reviewed the Business Solutions and Technology Department's (BSTD) quarterly report.
- Noted the external auditor's annual independence and audit quality declarations.
- Considered the Group Annual Financial Statements.
- Noted the Forecasted Operational and Capital Expenditure for 2025/26.
- Noted the quarterly financial reviews.
- Noted and endorsed the PA's operational and capital expenditure budgets for 2026/27 for submission to National Treasury.
- Reviewed the report on SARB insurance for 2024/25.
- Noted the EY transition to external auditor role and the transition plan.
- Reviewed and approved the annual fee limits for non-audit work by the statutory auditors for the SARB and SARB 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 and corporate 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
(term expired on 8 August 2025)

L H (Lerato) Molebatsi

J M S D (Dudu) Msomi

M M T (Tryphosa) Ramano

K H (Kgabo) Badimo

N B (Norman) Mbazima

S J (Stephen) van Coller
(appointed on 9 August 2025)

Executive directors

E L (Lesetja) Kganyago

N (Nomfundo) Tshazibana

M M P (Mampho) Modise

Key activities in 2025/26

- Reviewed its terms of reference to monitor developments in technology and emerging technology-related risks, the adequacy of arrangements relating to cybersecurity, AI and resilience, and directed activities as necessary to address identified risks.
- 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 the insurance report.
- Received and noted reports on the internal audit work relating to risk management processes.
- Received and noted Legal Risk Management and SARB Group litigation reports.
- Received and noted the status of Business Continuity Management (BCM) in the SARB Group.
- Received and noted the report on IT Risk and the progress report on the development of the IT Risk Framework Development and Pilot as well as the AI Strategy and associated AI Risk Management approach.
- Reviewed and noted reports on ethics management which included the enhancement of ethics processes and procedures, including the amendments made to the Ethics Policy and its subsequent approval by the GEC.
- Reviewed and noted Internal Audit work performed in respect of the risk management process in the SARB.
- Reviewed and noted reports on the whistle-blowing hotline.
- Considered the SARB's annual CSI report.
- Considered the SARB Group Risk Management and Compliance Reports.
- Approved the Social and Governance Disclosures in the 2024/25 SARB Annual Report.

NON-EXECUTIVE DIRECTORS' COMMITTEE (NEDCOM)

Assists the Board in fulfilling its statutory, fiduciary and supervisory responsibilities.

Supports the Board in enhancing corporate governance practices across the SARB and provides a dedicated forum for non-executive directors to consider matters relevant to their oversight role, including director development and succession planning.

Considers, in line with its terms of reference, the effective functioning of the Governor and DGs and promotes sound working relationships between the Board and executive management.

Membership

Chairperson

L H (Lerato) Molebatsi

Non-executive directors

C B (Charlotte) Buitendag
(term expired on 8 August 2025)

Z (Zoaib) Hoosen

Y (Yvonne) Muthien

N (Nicholas) Vink
(term expired on 8 August 2025)

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

S J (Stephen) van Coller
(appointed on 9 August 2025)

F H (Ferdinand) Meyer
(appointed on 9 August 2025)

Attends by invitation

E L (Lesetja) Kganyago

Key activities in 2025/26

- Considered matters relating to the local and global economic environment as part of the ongoing training and information programme for non-executive directors.
- Evaluated the performance of the Governor, DGs and the Secretary of the SARB, in accordance with its delegated mandate.
- Considered succession planning for directors and senior leadership roles falling within its remit.
- Reviewed directors' development needs and implemented an annual training programme aligned with governance priorities and the committee's approved work plan.

REMUNERATION COMMITTEE (REMCO)

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

Reviews and recommends to the Board the remuneration and packages of the Governor and DGs.

Reviews and makes proposals to the Board regarding the remuneration of staff.

Notes the report from the SARB Retirement Fund on pensions.

Reviews the broader Human Resources (HR) strategies to ensure the SARB has an appropriate reward and performance management structure.

Reviews and recommends to the Board the SARB remuneration policy for approval and to monitor its implementation.

Reviews the framework of medical aid benefits of staff and pensioners.

Considers any people-related risks for recommendation to the Board.

Key activities in 2025/26

- 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.
- Received feedback on the Peer-to-Peer Benchmarking Week with other central banks.
- Considered reports on the Employee Wellness Programme (EWP) where mental health matters remain a focal point for employees.
- Reviewed the SARB Diversity & Inclusion (D&I) journey and its critical phases.
- Agreed on annual salary increases and performance bonuses for employees, 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.
- Reviewed status reports on the rollout of Oracle User Interface on the HCM Cloud solution which will enable AI capabilities.

Membership

Chairperson

Y (Yvonne) Muthien

Non-executive directors

S (Shamima) Gaibie

L H (Lerato) Molebatsi

J M S D (Dudu) Msomi

N (Nicholas) Vink
(term expired on 8 August 2025)

F H (Ferdinand) Meyer
(appointed on 9 August 2025)

Attends by invitation

E L (Lesetja) Kganyago

R (Rashad) Cassim

Executive management

GOVERNORS' EXECUTIVE COMMITTEE

As executive directors and in line with the SARB Act, the Governor and DGs oversee the day-to-day policy decisions and management of the SARB, except for areas assigned to the Board, MPC, Prudential Committee (PruCo), FSC and CODI.

The GEC consists of 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 record deliberations and resolutions for distribution to the Group, where applicable.

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

The following subcommittees of the GEC assist it in its responsibilities:

INFORMATION AND TECHNOLOGY STEERING COMMITTEE

Chairperson

Deputy Governor R (Rashad) Cassim

Provides strategic oversight of I&T, ensuring that I&T initiatives are aligned with the SARB's strategic objectives and that technology investments support operational resilience, efficiency and sustainable value creation.

In fulfilling its mandate, the committee is responsible for the following:

- Approving, prioritising and monitoring strategic I&T projects and initiatives in support of innovation, resilience and digital transformation.
- Overseeing I&T functions to ensure that systems, services and projects meet business requirements and provide effective and reliable support to departments.
- Driving the target enterprise architecture to ensure appropriate alignment between business needs and I&T capabilities.
- Overseeing I&T resource allocation and budget utilisation.
- Monitoring the performance of I&T systems, services and projects against approved metrics and key performance indicators.
- Overseeing I&T-related risk management, including compliance with information security, privacy and applicable regulatory requirements.
- Serving as a coordination and communication forum between I&T functions and business areas to promote alignment and integration across the SARB.

SARB MANAGEMENT COMMITTEE

Chairperson

Deputy Governor M M P (Mampho) Modise

Ensures the implementation of sound corporate management policies and practices throughout the SARB's operations.

It oversees day-to-day operational management, including the following:

- Reviewing cross-cutting procedures and objectives for internal operations.
- Reviewing and updating administrative and operational policies to ensure alignment with best practices.
- Providing assurance that policies and operational systems adhere to best practices.
- Considering management-related issues proposed for inclusion in the organisational strategy and/or consolidated generic operational strategy.
- Reviewing progress reports on the implementation of the SARB strategy.
- Reviewing progress reports on the implementation of capital expenditure projects undertaken by the SARB.
- Reviewing operational spending to ensure it aligns with Board-approved budgets.

PROCUREMENT COMMITTEE

Chairperson

Chief Operating Officer K (Khutjo) Mabetwa

- 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 conducted in accordance with the SARB Group Procurement and Supplier Management Policy, related SARB Group Risk policies and the SARB Strategy 2030.
- Within its delegated authority, either approves the procurement of goods and services or recommends such procurement to the GEC. In procurement decisions, all commercial and legal elements that could influence a decision must be considered, bearing in mind that evaluating and approving the business case falls outside this function or its mandate.
- Reviews periodic updates to the SARB Group Procurement and Supplier Management Policy, as recommended by the Procurement Division, and endorses amendments to the policy for referral – first to the SARB Management Committee for input, where necessary, and then to the GEC for final approval.
- Annually reviews the overall Broad-Based Black Economic Empowerment (B-BBEE) score attained by the SARB to determine if it aligns with the approved B-BBEE Strategy and whether the SARB is making progress towards its targets.
- Ensures that the approval of tenders, scope changes, extensions or variations and ratifications are carried out within the parameters of the approved SARB Group Procurement and Supplier Management Policy.
- Monitors spend related to direct invoicing and sole or deemed sole suppliers allowed under the approved SARB Group Procurement and Supplier Management Policy.
- Considers and ratifies any expenditure outside the normal procurement process or any emergency procurement incurred, in line with the provisions of the approved SARB Group Procurement and Supplier Management Policy.

RESERVES MANAGEMENT COMMITTEE

Chairperson

Deputy Governor R (Rashad) Cassim

- The SARB's Gold and Foreign Exchange Reserves Management Investment Policy guides the management of reserves. These reserves are managed within the SARB's overall risk tolerance framework, with strategic benchmarks and targets reflected in the Strategic Asset Allocation.
- External Fund Managers oversee a portion of the FX reserves to enhance internal reserves management capabilities and diversify risk and return.
- A three-tier governance structure clearly segregates responsibilities for executive authority (GEC), strategic management (Reserves Management Committee) and portfolio management (FMD).
- Supervises the implementation of the Gold and Foreign Exchange Reserves Management 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 the Investment Guidelines and asset classes for tranches and portfolios;
 - monitoring the overall performance of the reserves;
 - overseeing quarterly Risk Reserves Management;
 - recommending for GEC approval changes to the Gold and Foreign Exchange Reserves Management 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, the management of the investment portfolios and Securities Lending Programme, and the implementation of the GEC resolutions as they pertain to reserves management; and
 - reporting to the GEC quarterly and to the Board annually.

RISK MANAGEMENT COMMITTEE

Chairperson

Governor E L (Lesetja) Kganyago

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

- Taking responsibility for overseeing risk management, including business continuity, compliance, ethics and corporate citizenship, by determining how the management of risk, compliance, ethics and corporate citizenship should be approached by the Group.
- Reviewing and endorsing for approval, by the BREC and GEC, all policies that fall within the scope of the RMC's responsibilities.
- Evaluating and approving key focus areas in managing risk, compliance, ethics and good corporate citizenship matters of the SARB Group.
- Reviewing reports on risk management, compliance management, ethics and good corporate citizenship.
- Ensuring that independent assurance is periodically conducted on the effectiveness of risk, compliance, ethics and corporate citizenship management to provide operational adequacy and assurance to the GEC.

Risk management

The SARB must fulfil its mandate in a complex economic and financial environment where risks change rapidly. It places significant importance on risk management due to its critical role in the economy and the functioning of the financial system.

The SARB's core functions, whether operational or strategic, come with inherent risks, which are elevated by the current geopolitical environment and the fast pace of technological change.

The SARB continuously monitors and responds to potential and actual business, political, economic, technological and regulatory risks from both the global and domestic environments. 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.

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

Given its unique role, the SARB's risk management and control objectives consider institutional risk and returns, in line with its constitutional mandate and statutory responsibilities.

Specialised cross-cutting risks

The RMCD coordinates the following cross-cutting risk categories.

COMPLIANCE

The RMCD provides centre-led compliance management within the SARB. The Compliance Management Policy ensures the following obligations are met:

- Develop and maintain a compliance framework.
- Identify and assess compliance with applicable regulatory requirements.
- Monitor new regulatory developments.
- Enable compliance with the Constitution and environmental, labour and anti-money laundering legislation.
- Promote a culture of compliance and ethics.
- Report on compliance risks to management, the RMC and BREC.



BUSINESS CONTINUITY

The SARB follows the Good Practice Guidelines of the Business Continuity Institute which incorporate the ISO 22301: Business Continuity Management System (BCMS) standard. The SARB and its cash centres have maintained formal ISO 22301 certification, continuing to meet this international standard.

The SARB's BCM programme is centrally coordinated and supported by a policy, framework, incident management, scenario analysis and an annual cycle of technical and business activities.

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 strategic, policy, operational (covering business continuity, cybersecurity, information security, compliance, occupational health and safety, climate change and corporate social investment), reputational, project and financial risks.

CONTINUOUS RISK MANAGEMENT

This includes managing risk incidents, implementing action plans, conducting risk management activities, tracking key risk indicators, performing scenario analysis, and monitoring and assessing emerging and 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 organisation. This model has been continuously improved, ensuring ongoing collaboration, alignment of assessment methodologies and integrated, dashboard-based reporting throughout all assurance lines. The Combined Assurance Framework has also been updated to align with the revised SARB Group Risk Management Policy.

The Group's combined assurance approach to risk management and control is designed to integrate, coordinate and align assurance processes, optimising oversight of risk, governance and control.

COMBINED ASSURANCE FORUM

The forum is responsible for the ongoing review of the combined assurance approach, model and processes as well as facilitating the sharing of information and coordination among assurance providers. This approach is vital for maintaining an effective control environment and upholding the integrity of information used by management, the Board and its committees for internal decision-making. Based on reports from the lines of assurance, the Combined Assurance Forum considers the current approach to be adequate, effective and aligned with best practices.



Combined assurance providers aligned with the Combined Assurance Model

First line of assurance	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 assurance	Integrated risk management	The RMCD performs an integrated role in risk management coordination, ensuring that risks are managed according to internationally accepted standards and guidelines. The CISU proactively safeguards the 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 Group.
Third line of assurance	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 adequate and effective. The IAD systematically assesses 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 Group, covering all operational functions, IT systems and processes. This work aligns with the Institute of Internal Auditors International Professional Practices Framework.
Fourth line of assurance	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 an independent view of the adequacy and effectiveness of the internal processes and practices, ensuring alignment to international best practices.
Fifth line of assurance	Board	The Board ensures that the Combined Assurance Model covers significant risks and material matters through a combination of the various assurance services and functions for the Group.

2025/26 Performance highlights

The RMCD

- Embedded the updated risk management policy, methodology and frameworks.
- Developed and piloted the IT risk framework.
- Strengthened collaboration among risk management, the Strategy Management Office and other assurance providers.
- Implemented the risk management information and technology platform to support integration.
- Provided continued risk management training and awareness for targeted stakeholders.
- Maintained ISO 22301 BCM certification from the British Standard Institute, confirming compliance with business continuity system requirements.
- Continued rolling out the risk management target operating model.
- ISO 22301 BCMS Peer Reviews conducted for four SADC central banks.

Looking ahead

Risk management will be more forward-looking to better support business objectives, with a sustained focus on the risks that could prevent the SARB from achieving its Strategy 2030 objectives.

Risk appetite and tolerance statements will be operationalised. The SARB will enhance its risk and ethics management and organisational culture, while continuing to collaborate with internal and external stakeholders. The integration of the Enterprise-Wide Risk Management system will continue and data, information and technology solutions will be further optimised and integrated.

POLICY IMPLEMENTATION

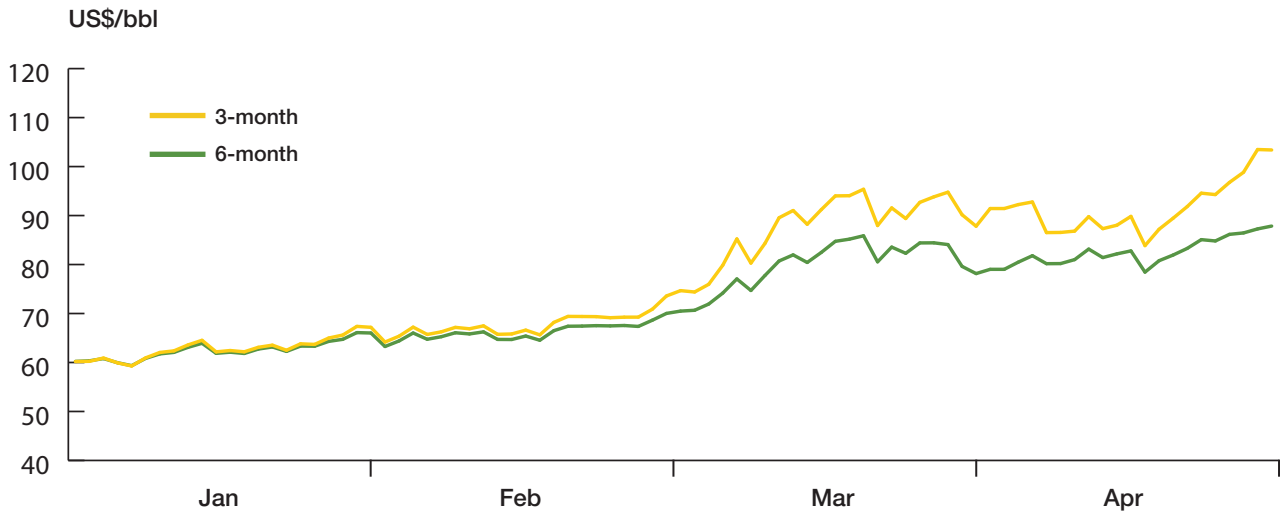
Monetary policy: Holding the line in stormy waters

Overview of the world economy

Global inflation is experiencing renewed upward pressures. The escalating conflict in the Middle East has driven global energy prices sharply higher and disrupted supply chains.

Brent crude oil and European natural gas prices have surged by more than 70% since hostilities began, and prices for fertiliser and aluminium have increased amid constrained supply. Oil futures have also moved higher, reflecting uncertainty about the adequacy of near-term supply.

Brent crude oil futures



Source: Bloomberg

The past year has been characterised by further increases in geopolitical tensions, with the war between Iran, Israel and the US having a larger impact on the global economy. Bond yields have risen and equity prices have declined in both advanced and emerging economies as investors shifted into perceived safe assets. Along with higher oil prices, these factors have benefitted the US dollar. South African assets also sold off, but showed marked resilience, only partially reversing the gains from the previous six months. However, financial market volatility has subsided appreciably despite uncertainty remaining elevated.

The sudden and sharp deterioration in the inflation outlook is in stark contrast to the strong disinflation seen over the past year. Global inflation declined to an average of 4.2% in 2025, down from 5.8% in 2024, although disinflation largely stalled during the review period. Inflation remained persistently above target in most major advanced economies, reflecting sticky services price pressures and tariff-related price increases in the US, while in emerging economies, inflation reversed trend in 2026.

Headline inflation in advanced economies and emerging markets



Sources: Haver and SARB

The conflict in the Middle East has worsened the near-term inflation outlook and skewed risks to the upside. Alongside ongoing trade tensions, this may accelerate supply-chain fragmentation and add to inflationary pressures, as countries prioritise resilience over efficiency.

Given the uncertainty, central banks are still mostly on hold. However, with prices rising sharply and households being squeezed amid fading hopes of a quick end to the Middle East crisis, markets are now anticipating that major central banks will increase policy rates this year.

Markets that had priced in rate cuts as recently as January 2026 for this year, now expect most central banks to hike rates to fend off the looming inflationary pressures.

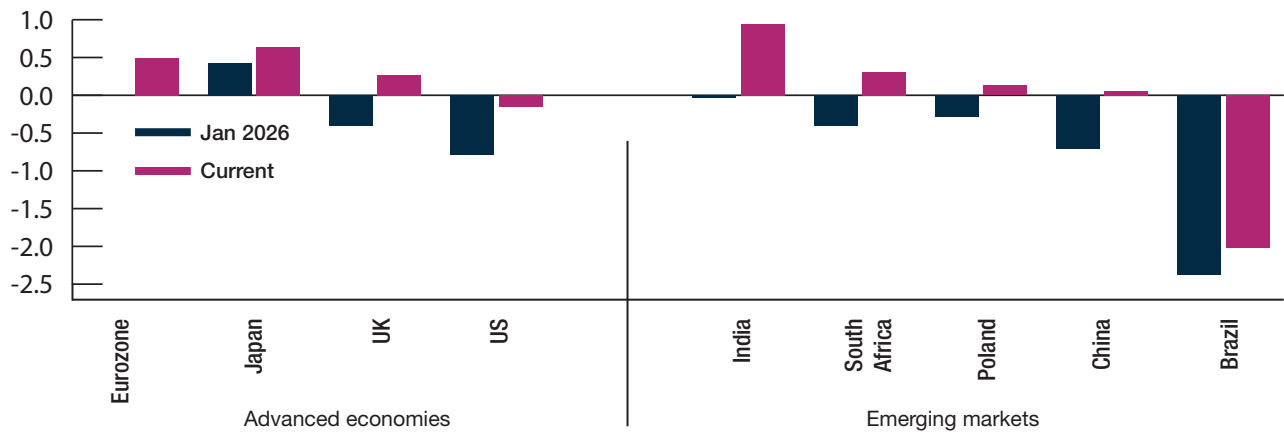
Turning to global growth, the world economy demonstrated resilience over the past year, absorbing US tariff increases and broader geopolitical tensions with minimal loss of momentum. Global growth is estimated at 3.4% in 2025, remaining unchanged from 2024.⁹

This resilience was underpinned by expansionary fiscal policies in major economies, easing monetary conditions and robust investment in AI assets.

However, downside risks to growth have risen materially. Elevated energy prices and renewed supply disruptions raise near- to medium-term stagflation risks. The SARB projects trading partner growth of 2.6% in 2026, rising to 2.8% and 3% in 2027 and 2028 respectively.

Market implied policy rate expectations*

Cumulative change, percentage points



*One-year ahead

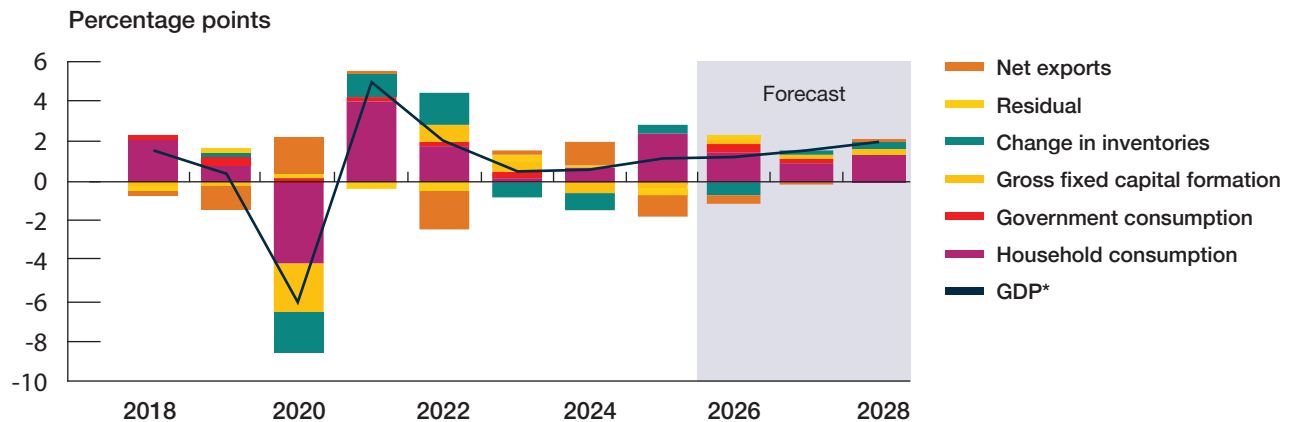
Sources: Bloomberg, IMF, various central banks and SARB

Domestic real economy developments

South Africa's domestic economy also showed resilience over the past year, expanding by 1.1%, more than double the previous year's pace. Nevertheless, growth remains well below its long-term rate of 2% to 2.5% and still compares poorly to the 4% average for emerging economies. This growth rate is far too low to meet South Africa's development goals outlined in the National Development Plan 2030.

Easing inflation and lower interest rates supported household consumption and lifted domestic economic activity. Spending was further bolstered by equity-related wealth gains and two-pot retirement withdrawals. By contrast, investment detracted from growth despite positive momentum in the second half of the year.

Contributions to real GDP growth



*Percentage change

Sources: Stats SA and SARB

⁹ IMF, *World Economic Outlook*, April 2026.

Quarter on quarter, output expanded by 0.3% in the third quarter and by 0.4% in the fourth quarter of 2025, with this momentum expected to continue into early 2026.

Looking ahead, the domestic economy is forecast to grow by 1.2% in 2026, rising to around 2% by 2028, broadly in line with potential GDP growth. Household consumption and investment spending are expected to drive this growth. However, downside risks have increased, as acute increases in fuel prices and overall inflation could significantly erode real disposable income and weaken household spending.

Inflation dynamics

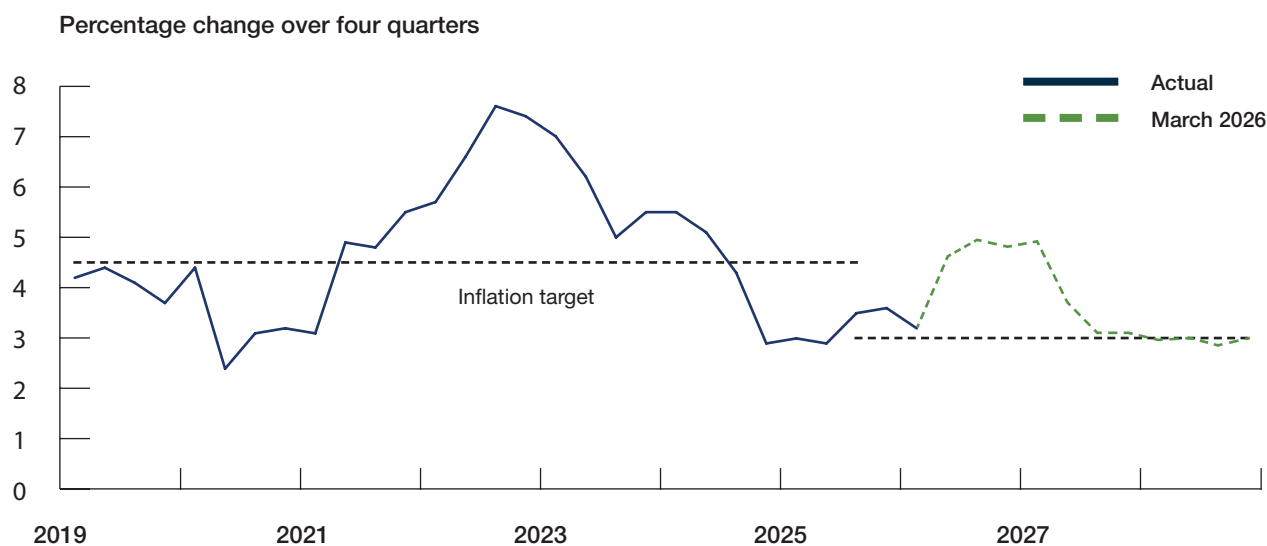
Domestic headline inflation remained contained, close to 3% over the review period, and eased to the 3% target in February 2026. However, the outlook has shifted markedly due to the conflict-induced fuel price shock. Headline inflation jumped to 4% in April 2026, from 3.1% in March. The conflict-related headwinds (i.e. sharply higher oil prices and rand depreciation) are expected to push domestic inflation temporarily above target in the near term, averaging 4.4% in 2026, before easing to target from 2028.

Up until the start of the conflict, inflation was relatively subdued, reflecting broad-based moderation across both



core and non-core components. Inflation averaged 3.2% in 2025, its lowest annual outcome in over two decades, extending the pronounced disinflation following the 2022 peak. Disinflation benefitted from favourable tailwinds, particularly muted Brent crude oil prices, contained food price inflation and a stronger rand exchange rate. It was also supported by a moderately restrictive monetary policy stance that helped curb second-round effects from earlier food and fuel inflation as well as sharply higher electricity price increases.

Headline inflation forecast *



* Dotted line indicates forecast

Sources: Stats SA and SARB

Core inflation also averaged 3.2% in 2025, with subdued core goods inflation partially offsetting firmer services inflation. Core goods benefitted from a stronger rand and muted global goods prices. Meanwhile, upside pressure on services inflation mostly emanated from health insurance and rental costs. Inflation expectations declined markedly, reaching a record low of 3.6% in the first quarter of 2026, following the adoption of the 3%

inflation target. Easing inflation expectations and muted unit labour cost growth have exerted downside pressure on services inflation.

Sharply higher oil prices and heightened uncertainty around the duration of the conflict have greatly worsened the near-term inflation outlook. The extent of the fuel price shock raises the risk that price and wage increases could depart from usual patterns and significantly strengthen



second-round effects. For instance, a sustained Brent crude oil price above US\$100 per barrel could raise headline inflation substantially higher this year and complicate reaching the target over the forecast period.

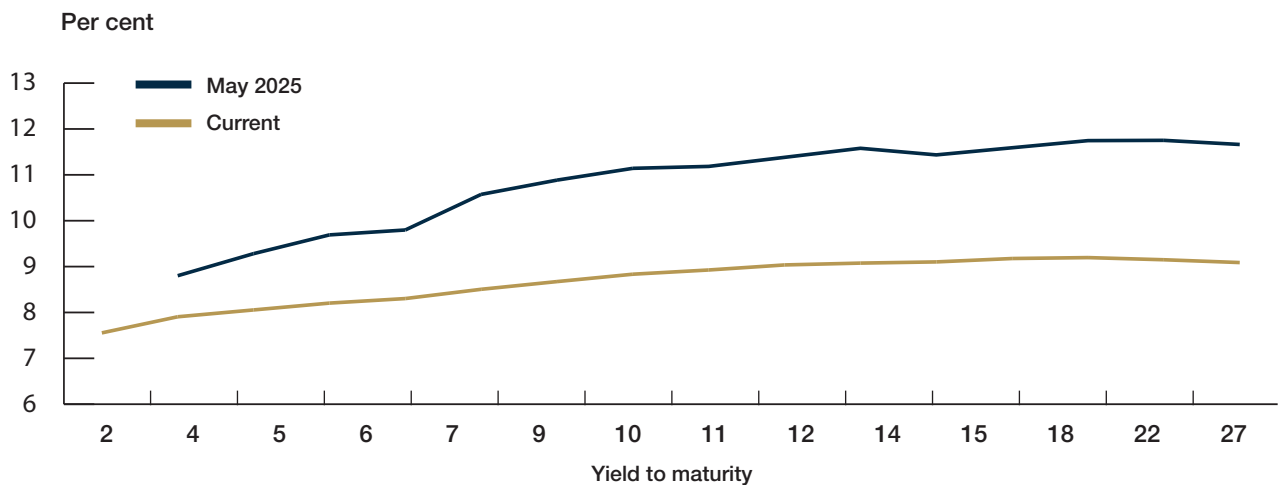
Lower inflation target already delivering

The more contained inflation outlook partly reflects the benefits of recent macroeconomic reforms. South Africa’s removal from the FATF greylist in October 2025, the adoption of a lower inflation target and a credible fiscal consolidation path have marked meaningful de-risking milestones.

With reduced risk, Standard & Poor’s Global upgraded South Africa’s credit rating – the first such upgrade from a major agency in nearly two decades. Moody’s followed by upgrading South Africa’s credit outlook to positive in May 2026, further showing confidence in the domestic economy. The yield curve has flattened and shifted downward, significantly lowering borrowing costs for government and the broader economy.¹⁰ Despite the substantial sell-off in emerging market assets following the onset of the conflict in the Middle East, the South African Government Bond yield curve has shifted only modestly higher and remains well below its March 2025 level, indicating resilience. The rand has also benefitted from improved macroeconomic fundamentals and, although it depreciated somewhat when the conflict started, remains relatively strong at around R16.40 to the US dollar.¹¹

In a nutshell, the inflation target reform and other efforts have resulted in lower debt-servicing costs, while the rand’s resilience implies less inflationary pressure from the oil price shock. This provides more room for domestic macroeconomic policy to focus on supporting growth and economic resilience.

South African bond yield curve



Source: Bloomberg

10 A lower inflation target and reduced inflation have decreased the inflation risk premium in loan contracts and reinforced investor confidence in the domestic fixed-income market.

11 In the past year the rand gained over 13% against the US dollar and strengthened to below R16.00 to the dollar in late January 2026.

Monetary policy stance and decisions

After reducing the policy rate by 25 basis points to 6.75% in November 2025 and keeping rates unchanged at the January and March 2026 meetings, the MPC raised the policy rate by 25 basis points at its May 2026 meeting. The increase in the policy rate was on account of a marked deterioration in the inflation outlook. Prior to the May increase, rates had been lowered by a cumulative 150 basis points since September 2024. The policy stance has become less restrictive than it was in March, reflecting higher expected inflation.

The January decision was mainly cautious, given heightened geopolitical uncertainty and the need to monitor near-term inflation and inflation expectations. The Quarterly Projection Model (QPM) had suggested scope for a further rate cut in the first quarter of 2026 (January and March MPC meetings). The committee's approach, however, emphasises risk assessment and judgement around the QPM baseline forecast, rather

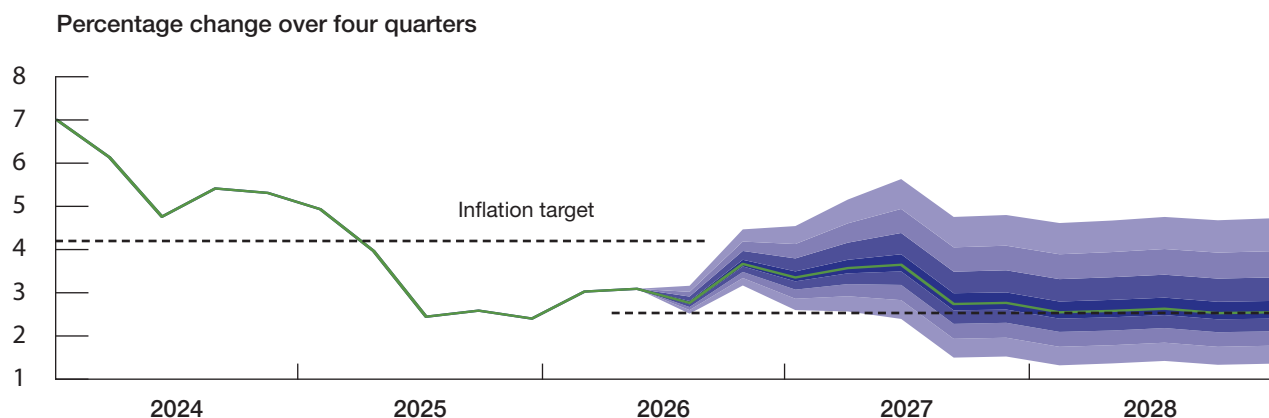
than mechanical reliance on model outcomes.

By the May meeting, the near-term inflation outlook had deteriorated materially.

Sharp increases in oil and commodity prices, uncertainty regarding the duration of the conflict and the extent of supply chain disruptions, together with the risk of second-round effects, all significantly increased upside risks to inflation. The rand also depreciated as investors sought safe-haven assets. Against this backdrop, the MPC raised the policy rate by 25 basis points to 7% at its May 2026 meeting.

Scenarios considered in the March and May 2026 MPC meetings included higher oil prices relative to the baseline and a strong El Niño shock as well as non-linearities in wage-setting and inflation expectations. Importantly, in most of the scenarios inflation still returns to target by the end of 2028. This provides confidence that, with appropriate policy settings, the oil shock may delay, but not derail, the achievement of the 3% inflation target.

Targeted inflation forecast*



* The bands around the central projection show confidence intervals of 10%, 30%, 50% and 70%. This chart shows seasonally-adjusted data, as used in the QPM.

Sources: Stats SA and SARB

Governance structure

MONETARY POLICY COMMITTEE

(meets every two months)

Chairperson

Governor of the SARB

Committee members

DG R (Rashad) Cassim

DG N (Nomfundo) Tshazibana

DG M (Mampho) Modise

Head of ERD

K (Konstantin) Makrelov

(Replacing C (Christopher) Loewald who retired with effect from 1 March 2026)

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.

Mitigating and adapting to climate change

Climate change remains one of the most defining issues of our time, with the past decade being the hottest on record – affecting everything from ecosystems to economies. Although short-term geoeconomic tensions may at times overshadow shared long-term objectives, environmental risks remain the most serious global economic threat,¹² carrying implications for the SARB’s mandate of ensuring price and financial stability.

The SARB is resolute in its commitment to tackling climate and environmental-related risks as part of South Africa’s green agenda, aiming to maintain price and financial stability. The SARB’s climate change work programme is coordinated by a steering committee and implemented by different departments in the central bank.¹³

Research and financial stability

During the review period, the SARB published a range of research examining the effects of climate change on Southern African countries, aiming to address knowledge gaps and support policy development.¹⁴ The studies used diverse methodologies and analytical tools to provide fresh insights into climate-related risks and the macro-financial consequences of climate change in the SADC region. In its first climate risk stress test for 2024–2025, the SARB applied three long-term climate scenarios developed by the NGFS¹⁵ to six systemically important banks.¹⁶ The findings showed that all scenarios – current policies, delayed transition and Net Zero 2050 – result in below-trend GDP growth, with physical risks outweighing transition risks.¹⁷



Regulation and supervision

To address data gaps, the PA released updated climate disclosure guidance for banks and insurers, in line with the Basel Committee on Banking Supervision (BCBS) and International Association of Insurance Supervisors (IAIS) frameworks.¹⁸ Effective disclosures are critical for risk pricing and for enabling risk comparisons among institutions. The PA continues to improve its internal supervisory approach to climate-related risks by developing climate risk indicators and approaches to integrating both qualitative and quantitative climate risk analysis in its supervisory risk assessment framework.

¹² WEF, [Global Risks Report 2026](#), January 2026.

¹³ SARB, [Climate change](#) webpage.

¹⁴ SARB, [Climate-related research](#) webpage.

¹⁵ Launched at the Paris One Planet Summit on 12 December 2017, the [NGFS](#) is a group of central banks and supervisors that voluntarily share and promote best practices in environmental and climate risk management within the financial sector.

¹⁶ SARB, [Financial Stability Review](#), first edition, June 2025.

¹⁷ Physical risks are mainly economic losses from more frequent and more intense weather events. Transition risks are increasingly driven by the lack of a coordinated global response to climate change and the inaction or inability of financial institutions to recognise and prepare for future risks and climate-related regulations.

¹⁸ SARB, [Climate-related risk](#) webpage.

Capacity building, SARB green investments and Net Zero strategy

In the period under review, the SARB provided capacity building on climate and nature-related topics to employees and peers in the SADC region through webinars, peer-to-peer learning, presentations and workshops.

On the financial markets and investments front, following a €150 million investment in a green bond in 2024, the SARB has adopted an ESG Charter to guide the management of its investment portfolios.¹⁹

Internally, the SARB is developing an integrated ESG strategy and is undertaking a double materiality assessment²⁰ to inform sustainability reporting and disclosures.

Global coordination

Under South Africa's 2025 G20 Presidency, the G20 Sustainable Finance Working Group (SFWG) identified increasing funding for adaptation as a priority area. The SFWG recommended that financial institutions and corporations integrate adaptation and resilience into their transition plans and disclosures. The group also called for narrowing the insurance protection gap in developing

countries by scaling disaster-risk finance and promoting public-private partnerships.²¹

In March 2026, the SARB hosted the NGFS Annual Meetings, engaging in discussions on key topics such as climate adaptation, integrating nature-related risk into supervisory practices, the impact of climate on monetary policy and short-term climate scenarios.²² A climate conference, that involved academics and practitioners, was hosted on the sidelines of the annual meetings.

Looking *ahead*:

The SARB will continue engaging with financial institutions to resolve data challenges and embed climate risk into existing risk management frameworks and stress-testing capabilities. The 2026–2027 insurance common scenario stress testing exercise will feature a climate add-on to quantitatively assess insurers' resilience to acute physical climate risks, such as flood and drought, along with a qualitative component focusing on transition risk. Further research will explore the implications of climate risks for monetary policy and gaps in insurance protection. There will also be exploratory work on how financial institutions identify, manage and disclose nature-related risks.



19 SARB, 'Annexure F: Environmental, Social and Governance Charter', [Gold and Foreign Exchange Reserves Management Investment Policy](#), February 2026.

20 Double materiality is a concept whereby organisations identify, assess, manage and disclose sustainability-related information, considering both financial materiality and impact materiality, which are interrelated. The approach expands the concept of materiality from a sole focus on financial impacts to also include impacts on its stakeholders, the environment and society, recognising that an organisation can both influence and be influenced by sustainability matters.

21 SFWG, [G20 webpage](#).

22 NGFS, [NGFS website](#).



Maintaining financial stability

The FSR Act assigns the SARB the responsibility of protecting South Africa's financial system and ensuring its ongoing stability. The SARB works to ensure the financial system remains resilient against domestic and global shocks and to risks that may threaten it. Price stability and financial stability are both essential for achieving sustainable economic growth.

The SARB continuously monitors and assesses risks and vulnerabilities within the financial system, using quantitative tools and expert judgement. These risks are discussed at Financial Stability Committee (FSC) meetings and shared through the *Financial Stability Review (FSR)*,²³ which is published twice a year.

If an event arises, or is likely to arise, that could threaten the stability of the broader financial system, the SARB will take steps to mitigate and manage the impact and protect the wider economy.

Main risks and vulnerabilities identified in 2025/26

Although the financial stability outlook improved towards the end of 2025 – driven by South Africa's removal from the FATF greylist in October, improved investor sentiment and a better fiscal position, among other factors – the resilience of the domestic financial system was nevertheless tested by persistent risks. These included escalating global conflicts and geopolitical uncertainty.

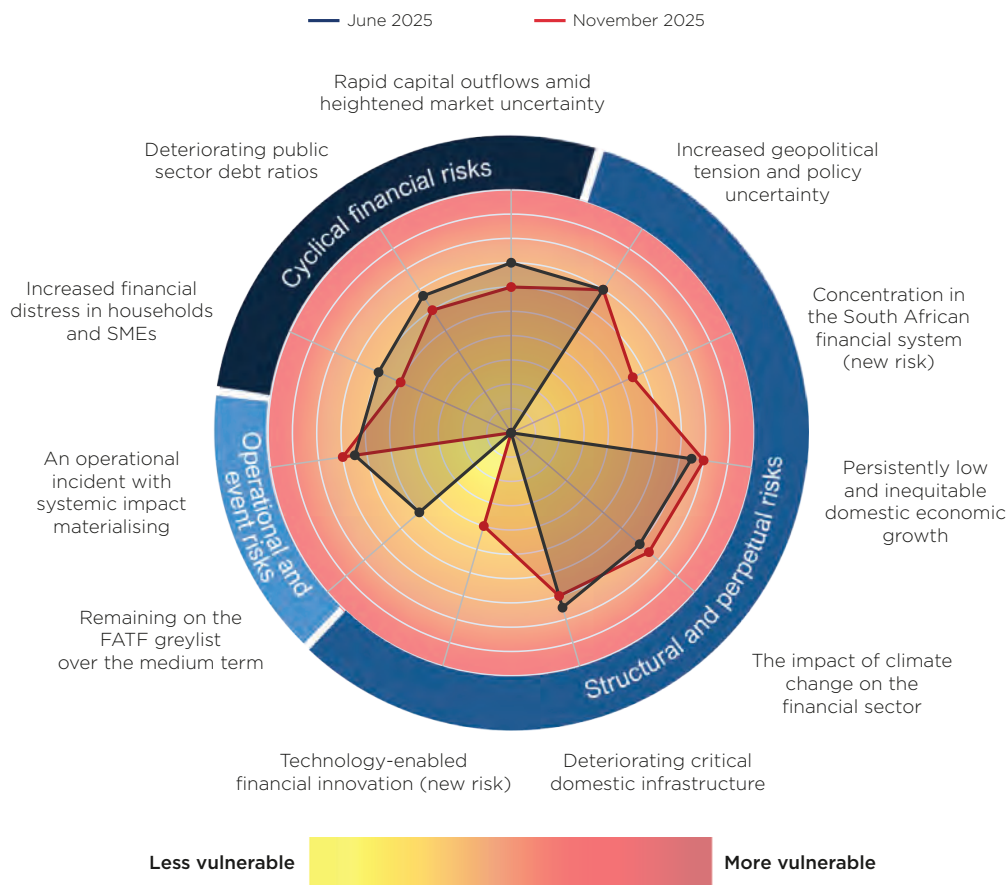
The SARB's residual vulnerability matrix (RVM) visually represents the residual vulnerability²⁴ of the domestic financial system to key risks. The residual vulnerability depicted on the RVM considers both the probability of a risk materialising within the forecast period over the next 12 months, the potential impact thereof and the effect of mitigating or amplifying factors that may either lessen or heighten the financial system's vulnerability to these risks.

23 The *FSR* is the primary publication through which the SARB communicates its views on the key risks to financial stability and the policy actions being taken to address these risks.

24 A residual vulnerability is the remaining vulnerability to a given risk, after considering all mitigating factors or actions.

The RVM provides a forward-looking assessment of key risks, based on current conditions, possible future developments and the financial system’s vulnerability.

The SARB’s Residual Vulnerability Matrix



Source: SARB

Financial Stability Committee update

The phase-in of the 1% positive cycle-neutral (PCN) countercyclical capital buffer (CCyB)²⁵ was fully implemented by all domestic banks as at 31 December 2025. The PCN CCyB increases financial sector resilience by allowing the capital requirements for banks to be reduced during periods of stress.

The FSC continues to monitor the broader sovereign-financial sector nexus²⁶ given the importance of non-bank financial institutions (NBFIs) in the domestic financial system, and the high level of interconnectedness between banks and non-banks.

Stress testing

Stress testing is an important tool for assessing whether financial institutions maintain adequate levels of capital and liquidity needed to withstand extreme but plausible adverse shocks. These tests provide unique insights into the strengths and vulnerabilities of the financial system and help protect and enhance financial stability. The SARB conducts macroprudential stress-testing exercises for systemically important banks and a selected group of large insurers. The outcomes of these exercises will be published in the *FSR* in 2026 and 2027.

²⁵ The CCyB is a macroprudential policy tool that allows regulatory authorities to increase banks’ capital requirements during periods of excessive credit growth and heightened systemic risk and to release the buffer in downturns to support resilience and ensure the continued availability and supply of credit.

²⁶ The growing collective exposure of the South African financial system to a single issuer (i.e. the government) is referred to as the sovereign-financial sector nexus.

The Resolution Authority

The Resolution Authority (RA) became operational on 1 June 2023. Acting as the RA, the SARB manages the resolution procedures for all banks and non-bank systemically important financial institutions (SIFIs) and develops resolution plans for designated financial institutions. These plans are designed to ensure a designated financial institution deals with a crisis in an orderly manner, thereby safeguarding financial stability.

Ditsobotla Primary Savings and Credit Co-operative Bank was placed in resolution in August 2025. The PA, RA and CODI worked together to ensure a successful resolution, protecting depositors and saving taxpayer funds.

The SARB also conducts crisis simulation exercises to assess an institution's readiness to handle a crisis. These exercises provide valuable insights on how crisis coordination could be improved.

Governance structures

FINANCIAL STABILITY COMMITTEE (four meetings during the reporting year)

Chairperson

Governor of the SARB

Committee members

DGs, MPC members and the heads of line departments²⁷

Meetings are divided into two sessions:

- An information session on global and domestic developments that may impact domestic financial stability.
- A policy session in which mitigating actions are considered that address any adverse impact on domestic financial stability.

FINANCIAL STABILITY OVERSIGHT COMMITTEE (FSOC)²⁸ (two meetings during the reporting year)

Chairperson

Governor of the SARB

Committee members

SARB, NT and representatives of financial sector regulators and three additional persons appointed by the Governor.²⁹

The FSOC:

- Facilitates cooperation between financial sector regulators and the SARB.
- Makes recommendations on the designation of SIFIs.
- Advises the Minister of Finance and the Governor on steps to promote, protect or maintain, or manage or prevent risks to financial stability; and matters relating to crisis management and prevention.
- 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)³⁰

The FSCF met five times during the year. It is chaired by the Deputy Governor responsible for financial stability and includes various SARB departments, relevant regulators, 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 resilience of the financial sector to cyberattacks.



27 The relevant line departments are FinStab, the PA departments, FinSurv, ESD, FMD, NPSD and CODI.

28 The FSOC is a statutory committee prescribed by the FSR Act.

29 The financial sector regulators include the FSCA, Financial Intelligence Centre (FIC), NCR and PA.

30 The FSOC, along with its subcommittees, is a statutory committee prescribed by the FSR Act.



Prudential regulation and supervision

The PA continues to advance sound regulation and proactive supervision to safeguard depositors and policyholders, while remaining responsive to changes in economic, financial and technological environments.

As the PA enters its eighth year, prudential regulation remains focused on ensuring that licensed banks, insurers and market infrastructures remain well-capitalised and liquid. Targeted supervisory measures and enhanced oversight address emerging weaknesses and maintain confidence in the system.

To enhance resilience, efforts to anticipate risks affecting financial institutions, strengthen analysis of material non-financial risks and support financial stability have intensified.

The remaining elements of the Basel III post-crisis reforms were implemented from 1 July 2025. Significant work also went into supporting the country-level efforts to get South Africa removed from the FATF greylist.

In-year supervision was influenced by heightened global uncertainty, persistent market volatility and evolving regulatory approaches across jurisdictions. Against this backdrop, the PA placed strong emphasis on how financial institutions adapted their strategies, governance and risk management frameworks to respond to emerging risks. Alongside regulatory compliance, institutions were required to demonstrate forward-looking strategic planning and show the ability to withstand periods of stress and structural change through effective risk mitigation.

The PA deepened its engagement with institutions to ensure corporate governance and risk management frameworks remained effective, proportionate and responsive.

Retirements at Board and executive level, challenges to independence and shortages of experienced talent continued to weaken oversight and succession planning.

Entities supervised by the PA as at 31 December 2025, 28 February 2026 and 31 March 2026***

Entities per sector	No. of entities	Balance sheet size		
		R millions		
		Dec 2025	Feb 2026	Mar 2026
Banking sector	26			9 075 293
Registered banks	15			8 562 949
Local branches of foreign banks	11			512 344
Mutual banking sector	4			4 611
Co-operative sector	25		747	
Co-operative banks	4		603	
Co-operative financial institutions	21		144	
Total insurance sector*	158	5 716 418		
Life insurance sector	78	5 299 395		
Primary insurers	60	5 274 113		
Cell captive entities	4	25 076		
Microinsurers	14	206		
Non-life insurance sector	68	367 640		
Primary insurers	56	257 292		
Cell captive entities	6	65 499		
Captive insurers	6	44 849		
Non-life microinsurers	0	–		
Composite microinsurers	3	2 320		
Reinsurers	9	47 063		
Life reinsurers	0	–		
Non-life reinsurers	1	5 817		
Composite reinsurers	4	41 246		
Branches of foreign reinsurers	4	–		
Market infrastructures**	7	6 815		

* In addition to the licensed 158 insurance entities, the PA also supervises Lloyds and the Road Accident Fund.

** The total assets in respect of market infrastructures exclude margin deposits.

*** CFIs and co-operative banks have a 28 February financial year-end. Insurers, banks and mutual banks have varying financial year-ends, therefore a 31 December date and a 31 March date is used for reporting by insurers and banks/mutual banks respectively, as this is typically the most recent available data on record.

Strengthening and enhancing prudential regulatory and supervisory frameworks

BANKS

- › To implement the final elements of the Basel III post-crisis reforms, amendments were made to the Regulations relating to Banks and new prudential standards were introduced. These reforms strengthen our approach to credit and operational risks, the leverage ratio, the credit valuation adjustment framework, the revised market risk framework and the output floor.³¹

MARKET INFRASTRUCTURES

- › As part of South Africa's G20 commitments to reform its over-the-counter (OTC) derivatives market to reduce vulnerabilities and increase transparency, the PA and FSCA began the process of developing an appropriate legislative framework. The development of the framework included a new joint standard exempting external central counterparties (CCPs) and trade repositories (TRs) which came into effect in October 2025. The joint standard sets out the criteria for an external CCP or TR to be exempted from the licensing requirements of the Financial Markets Act 19 of 2012.* It contributes towards developing the legal framework to facilitate mandatory central clearing for OTC derivative transactions. This joint standard completed phase two of South Africa's OTC derivatives central clearing roadmap** and aligns to G20 guidelines. In parallel, the PA and FSCA are consulting on eligibility criteria (for certain OTC derivatives contracts to be subject to mandatory clearing) to inform the final phase.

31 The Basel III output floor is a regulatory backstop that limits the extent to which banks' internal models can reduce capital requirements, with the intention of reducing excessive model-driven variability, and ensuring greater consistency and comparability of capital requirements across banks. It requires that risk-weighted assets calculated using internal models, are no lower than the specified floor, which is a percentage of the risk-weighted assets calculated under standardised approaches.

32 Certain policy instruments are not confined to deposit-taking institutions, insurers or market infrastructures, but are applicable to more than one of these subsectors.

* Joint Standard 1 of 2025: Criteria for the Exemption of an External Central Counterparty or External Trade Repository from the Provisions of the Financial Markets Act. **Available here:** <https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-public-awareness/covid-19-response/2025/joint-comms-4-of-2025/Joint%20Standard%201%20-%20of%202025%20-%20Criteria%20for%20exemption%20of%20external%20CCP%20external%20TR%20from%20provisions%20of%20FMA.pdf>

** **Available here:** <https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-public-awareness/covid-19-response/2022/Joint%20Roadmap%20for%20the%20development%20of%20a%20regulatory%20framework%20for%20Central%20Clearing%20in%20SA.pdf>

CROSS SECTOR³²

- › The PA, together with the FSCA, pursued a range of initiatives to strengthen operational resilience, technology risk management and oversight of emerging risks throughout the financial sector. Operational resilience remained a key supervisory priority, with the PA monitoring compliance, particularly among larger banks.
- › Across sectors, the PA has observed that non-financial risks can translate into financial stress, leading to a greater focus on operational resilience, governance capacity, technology dependence and third-party concentration. These risks have the potential to lead to financial stress, reinforcing the PA's commitment to an integrated supervision approach.
- › The Joint Standard on Cybersecurity and Cyber Resilience, which was approved by Parliament, came into effect on 1 June 2025. The standard outlines principles for financial institutions to implement processes, tools and technologies to robustly manage cyber risks, including possible cyberattacks. In an increasingly complex cyber environment, the PA continues to engage the sector on cyber-resilience maturity and preparedness for emerging risks.
- › In addition, the PA and FSCA issued Joint Communication 2 of 2025 on Cloud Computing and Data Offshoring, providing guidance on risk mitigation. Furthermore, a joint survey on AI provided an overview of its adoption in the financial sector, highlighting efficiency and analytical benefits alongside key risks related to governance, data, consumer protection and systemic resilience.
- › The PA also advanced work on its regulatory and supervisory frameworks to ensure that climate and environmental risks are identified, measured, managed and supervised. Following the publication of the Climate Roadmap for 2024–2026 in May 2024 and updated guidance on climate-related disclosures to align with the international disclosure frameworks, the PA has been monitoring the implementation of climate-related governance, risk management practices and disclosures.
- › The PA issued several regulatory instruments to strengthen auditor appointment processes for banks, mutual banks and insurers, aiming to improve the quality, consistency and legislative alignment of submissions.

Strengthening and enhancing prudential regulatory and supervisory frameworks

SUPERVISORY TRENDS

- › The banking sector remained broadly resilient during the review period. However, supervision revealed weaknesses in governance, strategy and risk management. These issues reflect the growing complexity of banking groups, changing risk profiles and increased regulatory expectations.
- › Strategic initiatives, such as the Pan-African expansion, restructures and acquisition integration, increased execution and oversight risks. Supervisory attention therefore focused on whether boards and senior management could maintain effective governance, accountability and control across increasingly complex group structures.
- › The insurance sector was generally resilient throughout the review period. Nonetheless, supervision identified several structural, financial and governance weaknesses, reflecting the growing complexity, volatility and capacity pressures in the sector. Corporate governance and leadership stability remained key supervisory concerns. Numerous Board members and executives retired during the year, placing strain on succession planning, institutional knowledge and independent oversight. In certain cases, long-standing vacancies or reliance on interim appointments weakened governance and reduced boards' capacity for effective oversight amid major strategic changes.
- › Insurers also undertook more strategic initiatives, including changes to business models, acquisitions, restructurings, licence exits and regional expansion. While these actions offer benefits, they also increased execution risk and reliance on regulatory approvals, highlighting the need for strong project governance and close supervisory oversight.

RESILIENCE AND PROPORTIONALITY AS SUPERVISORY ANCHORS

- › Resilience continues to be a fundamental organising principle of prudential supervision within the PA, while supervisory proportionality is becoming increasingly significant. The PA recognises that the risk profiles, complexity and systemic importance vary across the regulated sector. As a result, supervisory and regulatory requirements are calibrated in intensity to reflect materiality and interconnectedness, particularly for smaller banks, mutual banks, co-operatives and micro-insurers.

STRENGTHENING AML, CFT AND CPF

- › Anti-money laundering, countering the financing of terrorism and combatting proliferation financing (AML/CFT/CPF)³³ remained a strategic supervisory priority. The PA played a central role in South Africa's removal from the FATF greylist in October 2025.
- › Supervisory focus extended beyond technical compliance to include risk-based frameworks, governance oversight and group-wide implementation. The PA conducted both domestic and cross-border inspections, requiring remedial actions where deficiencies were identified, and strengthened regulatory reporting through AML/CFT risk returns and sector risk assessments.
- › The 2026 'Flavour of the Year' will focus on the effectiveness of AML/CFT/CPF controls in accountable institutions. Institutions are expected to demonstrate not only compliance with the Financial Intelligence Centre Act 38 of 2001, but also a clear understanding of their evolving financial crime risk exposure, including risks from complex group structures, cross-border operations and new technologies.

G20 PRESIDENCY

- › The PA represented the SARB within the Global Partnership for Financial Inclusion under South Africa's G20 Presidency and advanced deliverables of the Financial Inclusion Action Plan.

TECHNOLOGY AND DATA MANAGEMENT SYSTEM IMPROVEMENTS

- › During the year under review, the PA continued to improve internal efficiencies, including through enhanced internal data management and analytics practices. The PA continues to refine the rollout of its supervisory technology. Following resolution of initial missteps, the Umoja solution has been rolled out to all banks and regulatory returns are collected via the solution. The solution will continue to be rolled out until all institutions' regulatory returns are collected.

³³ AML/CFT/CPF constitute a unified framework designed to detect, prevent and report illicit financial activity, such as money laundering, terrorism financing and the financing of the proliferation of weapons of mass destruction.



Powering payments reform

The national payment system is a vital component of South Africa's financial infrastructure, enabling secure and efficient transactions for both consumers and businesses.

During the reporting period, the SARB implemented a range of initiatives to enhance and future-fit the NPS to better serve the country's economic and societal needs.

MODERNISING PAYMENTS

The Payments Ecosystem Modernisation (PEM) Programme, spearheaded by the SARB, aims to transform South Africa's payments landscape by enabling fast, simple, inclusive, affordable and secure digital payments. The programme extends beyond technology upgrades, focusing on strengthening infrastructure, governance, policy, standards and industry collaboration to build a resilient and accessible payments ecosystem.

Several key milestones were achieved during the financial year:

- In November 2025, the SARB completed the acquisition of a 50% shareholding in PayInc, facilitating the establishment of the National Payments Utility. Governance structures and delivery roadmaps are now being aligned between PayInc and the PEM Programme.
- A business case is being developed to assess the feasibility of a Hybrid Unified Payments Platform (H-UPP),³⁴ which aims to integrate multiple payment systems through shared core services.
- A strategic advisory partner was appointed for both the broader PEM Programme, bringing global expertise to support programme design and execution.
- Ongoing alignment to global ISO 20022 standards³⁵ has enhanced settlement efficiency and strengthened regional connectivity in both domestic and regional RTGS systems.
- In strengthening the faster-payment system as a scalable alternative to cash, several recommendations are being advanced by a dedicated fast-payment structure. These include standardising transaction limits and core functionality, addressing user experience disparities and improving access for non-bank participants.

³⁴ A H-UPP will combine the RTGS system – catering for high-value transactions – with the fast-payment system, which caters to retail transactions, into one streamlined operations and technology framework. The H-UPP is designed to address the need to update the RTGS and enhance PayShap, the fast-payment system owned by PayInc. PayInc will be responsible for building and maintaining the H-UPP.

³⁵ ISO 20022 is a universal message exchange standard for payments.

- A draft regulatory framework for non-bank participation in payments, the first QR+ standard to improve interoperability, as well as a draft Fraud Risk Framework to enhance payment security have all been released.

The next phase of the programme will focus on delivering practical solutions, including the launch of at least two minimum viable products (MVPs) during the 2026/27 financial year, namely the rollout of the QR+ standard and the demonstration of a secure, reusable and trusted digital financial credential in the payments ecosystem, under the working title of a PEMKey.

REGULATORY REFORMS

- Regulatory reforms are underway to modernise South Africa’s framework governing payment activities. Currently, non-banks may offer certain payment services that do not involve the pooling of customer funds, such as acting as third-party payment providers and system operators. However, for services involving the pooling of funds, such as money remittance or e-money issuance, non-banks must operate through sponsorship or partnership arrangements with banks.

- In November 2025, the SARB published a draft directive on specific payment activities (known as the Authorisation Framework), which introduces an activity-based regulatory approach for both banks and non-bank payment institutions.
- Under this framework, non-bank entities will be able to apply for authorisation to conduct specific payment activities, including issuing e-money and providing money remittance services.

CREATING A NEW PAYMENTS INDUSTRY BODY

- The SARB is working with the Payments Association of South Africa, the recognised payment system management body (PSMB) under the NPS Act, to migrate regulatory and scheme-related functions to the SARB and payment clearing house (PCH) system operators, respectively.
- Once the Authorisation Framework is in effect, PCH system operators will be able to apply for authorisation to operate as schemes and, with the SARB’s approval, perform scheme functions.

Understanding more about the SARB’s MVPs

QR+

Worldwide, QR code payments allow people to pay by scanning a two-dimensional, machine-readable barcode with their mobile phone, offering a simple and convenient alternative to cash or cards. In South Africa, their increasing popularity has resulted in a proliferation of QR codes that support competing, non-interoperable payment offerings. To address this fragmentation and open new opportunities, a common national standard is being introduced. The standard will support QR codes, barcodes, Bluetooth and near-field communication (NFC) payments (such as tap-to-pay by phone or card), hence being named QR+. The standard sets clear rules for how a variety of payments should work across banks, payment providers and digital wallets. The standard covers how a consistent payment experience is presented to consumers and merchants. By enabling seamless payments across different providers, types of accounts and technical interfaces, the QR+ standard will reduce confusion at points of sale, reduce barriers to entry for new payment providers and help expand access to secure and affordable digital payments for more people.

PEMKey

This is a foundational enabler for digital payments, encompassing interoperable and secure payment and financial services credentials. These credentials can be shared with the consent of the transacting parties, to ensure secure payment and accelerated access to financial services.

Simply put, a PEMKey provides a secure digital financial credential that allows individuals and businesses to identify and verify themselves for use in payments.

CROSS-BORDER PAYMENTS INTEGRATION

- During South Africa's G20 Presidency, cross-border payments were prioritised, with two key deliverables focused on identifying technical commonalities relevant to pre-payment validation solutions, particularly Confirmation of Payee.³⁶ The objective was to harmonise specifications across jurisdictions and collect detailed data and insights from different markets and payment corridors to guide targeted interventions.
- These efforts will continue to strengthen global dialogue on cross-border payments, while recognising the importance of market-specific solutions.
- Within the SADC region, several initiatives also progressed. These include defining a proportionate know-your-customer framework, monitoring financial inclusion metrics, reforming the regional instant payment system (TCIB) operating model, and onboarding the remaining SADC currencies onto the regional SADC-RTGS to facilitate intra-regional trade and payments.

Looking *ahead*:

Efforts to modernise South Africa's NPS will continue at pace through the PEM Programme. Key priorities are closely interconnected and will collectively shape the future payments landscape. Advancing regulatory amendments will enable greater non-bank participation, while the finalisation and communication of the PSMB transition will clarify industry roles and responsibilities. Together, these reforms will support the development and timing of the future payments vision, ensuring a more inclusive, competitive and well-coordinated ecosystem. Against the backdrop of the work being done, the SARB is considering the ideal approach to developing a new vision for the sector.

FACTBOX: NPS IN NUMBERS

Headline figures on the size of the payment system, usage patterns and participation

Scale (A snapshot of annual values and volumes of payments processed)	Settlement value ** R167 trillion	Wholesale value** R148 trillion	Retail value ** R19 trillion
How South Africans pay (Headline usage by payment instrument – volume and value)	PayShap ** R486bn (507m transactions)	EFT credits ** R37tn (1bn transactions)	EFT debit * R2tn (947m transactions)
	Card payments at POS * R1.9tn (6bn transactions)	ATM cash withdrawals * R1.2tn (1.3bn transactions)	Cashback at POS * R186bn (381m transactions)
	Total cards issued * 74m	Number of POS terminals * 768k	Number of ATMs * 30k
Ecosystem reach (Headline count showing the breadth of participation across the payment ecosystem)	Banks in the ecosystem ** 39	Non-bank payment service providers ** 486	Card schemes in SA ** 5

Value/volume acronyms

tn - trillion • bn - billion • m - million • k - thousands

| *Figures relate to calendar year 2024; **Figures relate to calendar year 2025

³⁶ Confirmation of payee is a mechanism that enables a payer to confirm that the recipient is the intended party of the funds or payment (before payment is made), to prevent errors and fraud.



2025 TECHSPRINT

Trust and integrity in scalable
and open finance

Focusing on fintech

Financial technology (fintech) has brought significant changes to payments, investments, credit and other financial services, with far-reaching implications for policymakers and financial sector regulators. The Fintech Unit continues to support informed decision-making across the SARB to encourage responsible innovation.

CRYPTO ASSETS

On 16 October 2025, the Financial Stability Board (FSB) released its review of FSB members' – and some non-members' – progress on implementing its two sets of high-level recommendations on crypto-asset activities.³⁷ South Africa was found to have 'no framework in place' for regulating global stablecoin arrangements and only 'partial regulations in place' for crypto assets. For South Africa, developing comprehensive regulatory frameworks for crypto assets remains a strategic priority to safeguard monetary stability. While South Africa has taken steps to regulate crypto asset service providers, the growth of stablecoins – especially as they can serve as a store of value and medium of exchange for peer-to-peer and cross-border transactions – raises important policy issues for the SARB. Through the Intergovernmental Fintech Working Group's (IFWG)³⁸ Crypto Assets Regulatory Working Group, a [South African Stablecoin Landscape Diagnostic](#) was published in March 2025. Additionally, a discussion paper on rand-pegged stablecoin arrangements for public consultation followed in March 2026.³⁹

³⁷ FSB, [Thematic Review on FSB Global Regulatory Framework for Crypto-asset Activities – Peer review report](#), 16 October 2025.

³⁸ The IFWG consists of financial sector regulators, including NT, the FIC, FSCA, NCR, the SARB, the South African Revenue Service and the Competition Commission. The IFWG was established to understand the growing role of fintech and innovation in the South African financial sector.

³⁹ IFWG, [Functional analysis of existing regulatory frameworks and rand-pegged stablecoin arrangements in South Africa](#), March 2026.

OPEN FINANCE

Open finance permits financial service providers, provided they have consent, to share customer financial data with third-party providers, who then use the data to develop products and services. The IFWG's Open Finance Integration Working Group made progress in its research on open finance in South Africa. This included completing a comprehensive cost-benefit analysis to assess the feasibility and readiness for implementing open finance in the country. The internal study offered several recommendations to help guide the design and implementation of open finance.

CENTRAL BANK DIGITAL CURRENCIES

In a study published in 2025,⁴⁰ the SARB found that while a retail central bank digital currency (CBDC) is technically feasible and could support innovation and continued public access to central bank money, there is no immediate compelling need for the SARB to issue a retail CBDC. The main priority remains the modernisation of South Africa's payments ecosystem and expanding participation in the national payment system.

G20 TECHSPRINT 2025

As part of South Africa's G20 Presidency, the SARB, in collaboration with the BIS Innovation Hub, hosted the sixth G20 TechSprint 2025 under the theme 'Trust and integrity in scalable and open finance'. Innovators, entrepreneurs, developers, data scientists and financial sector experts from 30 countries responded to three problem statements, focused on:

- **digital identity solutions** to build trust among financial institutions through verifiable and privacy-preserving technologies;
- **credit data portability** to improve access to finance for small- and medium-sized enterprises using secure, consumer-consented data exchange mechanisms; and
- **fraud and cyber-risk mitigation** in fast-payment systems to help ensure secure and inclusive adoption of instant payment systems.

Three African firms were shortlisted as finalists and a South African company won in the Digital Identity Solutions category.

TOKENISATION OF FINANCIAL ASSETS

The financial sector continues to experiment with distributed ledger technologies (DLT) for financial services. A key application of DLT is the tokenisation of financial assets, which converts rights to real-world assets into digital tokens that are more easily bought, sold or traded than in traditional finance. Recognising the potential impact of tokenisation for financial stability, investor protection and market integrity, a primer paper and roadmap was published to guide the development of a comprehensive approach to tokenisation in South Africa.⁴¹

GAINING DEEPER PRACTICAL INSIGHTS

The Regulatory Sandbox (RSB) completed an external review, which recommends ways to improve its operations and maintain its status as a globally competitive hub supporting South Africa's financial sector.



40 SARB, *SARB Position Paper on the Necessity of a Retail CBDC in South Africa*, November 2025.

41 IFWG, *Financial Asset Tokenisation – a Primer*, March 2026.

Leading the G20 Finance Track

South Africa successfully concluded its G20 Presidency in December 2025, under the theme ‘Solidarity, Equality and Sustainability’. The G20 has now rotated to the United States for 2026, with the United Kingdom and South Korea to follow in 2027 and 2028 respectively.

The SARB co-led the Finance Track alongside the Ministry of Finance and participated in four working groups focused on: (i) policy coordination to support strong, sustainable, balanced and inclusive global growth; (ii) strengthening the stability and resilience of the international financial architecture; (iii) advancing sustainable finance to support transitions to greener, more inclusive economies and (vi) enhancing global financial inclusion.

South Africa advanced the Finance Track agenda in three key areas. First, it worked on *forging consensus on the most pressing global risks*. This enhanced the G20’s capacity to respond collectively to global shocks and to anticipate emerging challenges – despite increasing divergence in members’ positions on issues such as trade – and global imbalances.

Second, the Presidency *elevated new areas requiring multilateral engagement*, notably AI. Discussions addressed the use of AI in policy and supervisory functions as well as the financial stability implications of its adoption by financial institutions. Macroeconomic discussions also examined AI’s impact on productivity and growth, particularly in the context of demographic change and migration. The climate agenda was simultaneously broadened beyond mitigation to include adaptation.

Third, the Presidency emphasised the importance of execution and *implementation of many of the objectives set out prior to South Africa assuming the chair*. Cross-border payments were prioritised due to their significance for the African region, with progress made through work on pre-validation, aimed at reducing costs and improving the speed of payments.

Advancing Africa’s interests remained a central focus. A key legacy of our Presidency was the launch of the G20 Africa Engagement Framework, which aims to ensure sustained G20 engagement on Africa’s development challenges over the next five years, complementing initiatives such as the Compact with Africa.

The SARB regional agenda focused on improving the effectiveness of regional coordination structures. The operational and technical performance of the Common Monetary Area and CCBG Secretariats is evident in the



enhanced quality of engagement and technical discussions. Work is ongoing on a new CCBG strategy to guide efforts over the next five years, supporting financial and macroeconomic stability and development in the SADC, with a clear focus on execution. Key achievements during the period include initiating reforms to modernise the regional payments system infrastructure; developing an ESG framework to guide SADC jurisdictions in greening financial markets; developing a SADC convergence index to track progress on macroeconomic integration; and developing a cybersecurity guideline that sets out practical measures to strengthen cyber resilience.

People matters

The SARB's people strategy focuses on developing a future-fit workforce equipped with the expertise and skills needed to fulfil its mandate and strategic objectives.

This includes maintaining price and financial stability, regulating financial institutions amid rapid digital transformation and modernising the payments ecosystem.

The SARB's 2 834 employees bring a diverse range of expertise and deep knowledge in economics and finance, supporting the organisation in achieving its strategic goals.

Strengthening the employee value proposition (EVP) and embedding Diversity & Inclusion (D&I) remain central to building a purpose-driven and high-performing workforce.

During the reporting period, the final phase of our HR technology rollout was successfully completed, streamlining and optimising people management processes.



Employee salaries amounted to

R3.8 billion
(2024/25: R3.4 billion)



Spending on training and development to upskill and reskill staff amounted to

R179.6 million
(2024/25: R159.7 million)



Of the total staff complement,

87.3%
(2024/25: 85.7%)
are black



Of the total staff complement,

55%
(2024/25: 54.2%)
are women



2025/26 Performance highlights

EMBEDDING THE EVP

- Throughout the reporting period, the SARB leveraged the EVP to further support career development, empowering employees to actively manage their career paths.
- Targeted training was made available for all managers to equip them with necessary leadership tools.

INTEGRATING A WORKFORCE PLAN

- The SARB Academy offered skills development programmes – aligned to the Strategic Workforce Plan (SWP) – in central banking, business disciplines, leadership team personal effectiveness and other relevant skills.

STRENGTHENING CULTURE AND EMBEDDING THE SARB WAY OF WORK

Employees responded to the 2026 Deloitte Best Company Survey with an 85% participation rate (2 451 participants). The SARB's engagement score was 64.5%, representing an 8.4 percentage point decrease from the 2025 score of 72.9%. Managers will analyse the results and create action plans to tackle areas for improvement.

To strengthen the SARB culture and way of working, several initiatives were implemented as part of the Change Management programme for the return to the revamped Head Office Campus. These included 'Leading in evolving ways of work', workshops aimed at empowering leaders in the Bank; and 'Return with purpose' webinars designed to empower staff to navigate change.

CREATING A DIVERSE AND INCLUSIVE WORKPLACE

- The SARB continues to foster an inclusive, values-driven culture, underpinned by its targeted D&I initiatives. These efforts strengthen leadership accountability, incorporate inclusion into core business processes and align people practices with long-term strategic objectives.
- D&I priorities have been embedded in the SARB Strategy 2030 and the 2026 SARB Scorecard, reinforcing leadership ownership and measurable outcomes. Together these actions support the SARB's strategic intent to fostering belonging and ensuring employees feel valued, included and empowered to support the SARB's mandate.

Employee wellness

The SARB's Occupational Health and Wellness team actively supports staff to achieve better health outcomes.

2025/26 PERFORMANCE HIGHLIGHTS

Strengthened relationships with external health partners have enabled collaborative awareness campaigns to focus on mental health issues and non-communicable diseases, including diabetes, hypertension and various types of cancer.

Mental health awareness talks and the Wellness Wednesday information snippets continue to be beneficial, while the SARB's bank-wide fitness drive – the 'Get-fit' programme – supports employees in maintaining a healthy lifestyle.



Talent management and workforce planning

To develop an agile workforce in an ever-changing environment, 19 postgraduates participated in the Graduate Development Programme for Central Banking and Data Science. They received training in central banking as well as personal and professional skills development.



Time to fill critical roles
108 days
 (target: < 90 days)
2024/25:
101 days



Critical roles turnover rate
0.6%
 (target: < 4%)
2024/25:
0.8%



Overall employee turnover rate
5.3%
 (target: < 4%)
2024/25:
5.3%



Regrettable employee turnover
1.5%
 (target: < 4%)
2024/25:
1.2%



Coverage ratio for critical roles
91%
 (target: 85%)
2024/25:
93%

Learning and development

The SARB Academy offers tailored programmes that enhance skills and performance, encourage personal growth and drive positive business outcomes.

Let's Talk sessions are concise, 90-minute online sessions covering emerging central banking topics. These have been well received, with discussions spanning subjects such as the G20, fintech and financial inclusion.

The SARB Peer-to-Peer Benchmarking Week marked the first consolidated peer engagement, bringing together 113

delegates from 14 African central banks at the SARB's new Head Office Campus. The event received highly positive feedback for its value, practical approach and overall impact, with participants requesting it to become an annual event.

Pipeline programmes continue to prepare young talent with critical skills. The Pipeline Strategy supports the identification and acquisition of both current and future critical skills to meet the SARB's strategic workforce needs.

ABSORPTION PER PIPELINE PROGRAMME FOR THE 2025/26 FINANCIAL YEAR

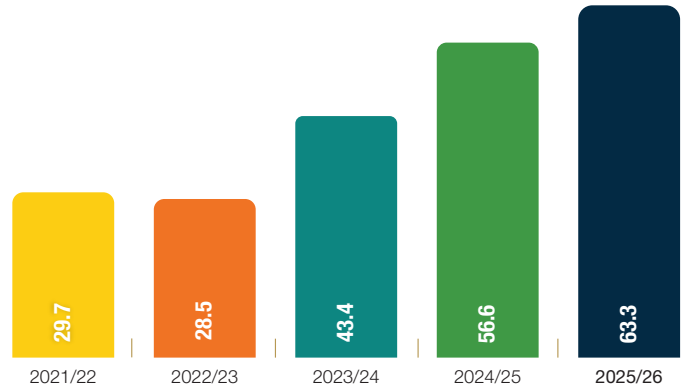
Pipeline programme	Departments	Intake	Absorption	Absorption %	Permanent	Contract
Graduate Development Programme	Core Central Banking	15	15	100	15	
Data Science Development Programme	Core Central Banking	4	4	100	4	
Grow-IT	BSTD	16	15	94		15
*CA Training Programme	PA	1	1	100	1	

*The CA Training Programme lasts three years. Currently, there are eight learners in the system, with only one final-year trainee from 2025 having been absorbed.



Policy implementation | People matters continued

AVERAGE TRAINING SPEND PER EMPLOYEE (R'000)



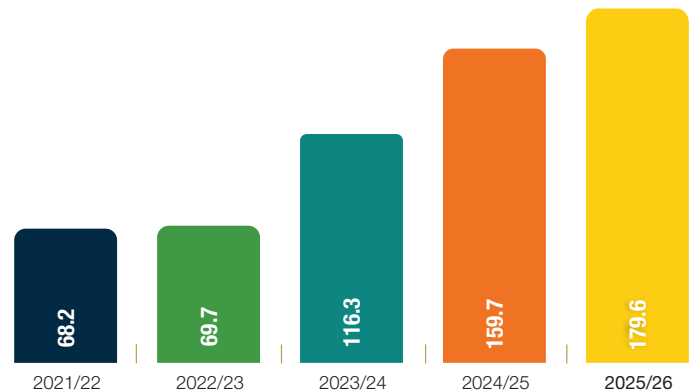
BUSINESS CAPABILITY

To support the establishment of the Enterprise Project Management Office (EPMO) – which will centralise the SARB’s project activities and introduce a more uniform approach to project prioritisation, governance and delivery – the SARB Academy provided project management training for various roles to standardise how projects are initiated, executed and managed.

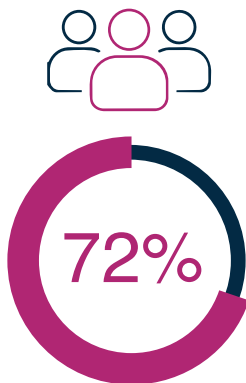
A total of 26 colleagues obtained National Qualifications Framework (NQF) Level 5 and 6 qualifications through the Recognition for Prior Learning (RPL) process, improving the qualification levels across the SARB.

The SARB Academy, in partnership with RMCD, hosted 14 SADC central banks during a five-day seminar on Integrated Risk Management, led by SARB subject matter experts and internationally recognised experts.

TOTAL TRAINING SPEND (R'M)



INTERNAL TRAINING



Almost **72% (2 039)** of employees attended internal classroom training interventions, including those who left the SARB during the period under review.

TRAINING SPEND AS A PERCENTAGE OF PAYROLL

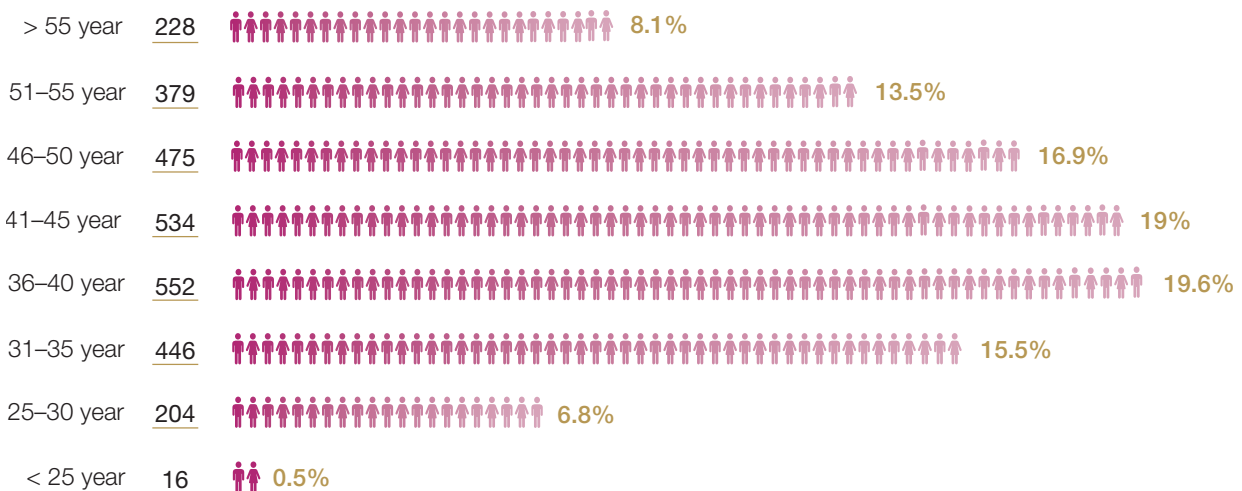


Employee statistics 2025/26

HEADCOUNT OVER FOUR YEARS (NUMBER OF PERMANENT EMPLOYEES EXCLUDING CONTRACTORS)



AGE GROUP BREAKDOWN – TOTAL NUMBER OF EMPLOYEES 2 834



Average age: 43 years (2025/26)

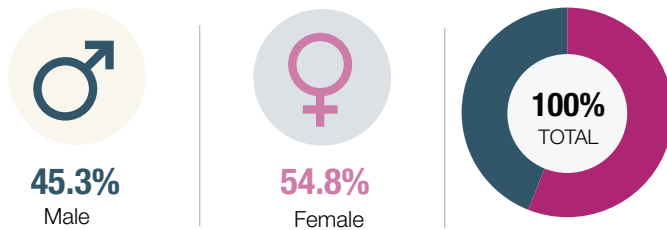
The totals do not add up to 100% due to rounding off.

YEARS OF SERVICE BREAKDOWN – TOTAL NUMBER OF EMPLOYEES 2 834



Average years of service: 11 years (2025/26)

GENDER AND RACE BREAKDOWN – TOTAL NUMBER OF EMPLOYEES 2 834



RACE	GENDER (%)		TOTAL (%)
	MALE	FEMALE	
African	45.2	54.0	73.6
Coloured	51.3	48.7	8.0
Indian	44.1	56.0	5.7
White	42.2	57.8	12.7
TOTAL	45.3	54.8	100

The totals do not add up to 100% due to rounding off.



SARB Retirement Fund

The SARB Retirement Fund is a defined contribution fund that provides a comprehensive range of pension benefits to employees, deferred retirees, preserved members and pensioners of the SARB Group.

On 31 March 2026, the SARB Retirement Fund had:



3 704
contributing members



1 289
life annuitants – 107 life annuities transferred from the former SARB Pension Fund and now ring-fenced within the SARB Retirement Fund



228
preserved members



97
living annuitants and 39 deferred retirees (members who have retired from the Group but not the Fund)



The Fund's total liability amounted to R13.7 billion at year-end.

During the review period, Joint Standard 2 of 2024 on Cybersecurity and Cyber Resilience Requirements, issued jointly by the PA and FSCA, became effective on 1 June 2025. The Standard is part of South Africa's financial sector regulatory framework and requires financial institutions, including retirement funds, to implement robust cybersecurity governance, risk management and resilience measures to protect sensitive information and ensure operational continuity during cyber incidents.

The Fund adopted a phased implementation approach. During Phase 1, the Board approved a Cyber Risk Management Framework and Strategy, along with a Cybersecurity Incident Response Policy and Framework. Phase 2, which is currently underway, focuses on operational rollout and includes developing a cyber footprint (asset) register, conducting cybersecurity risk assessments and compiling a cybersecurity hygiene policy. Phase 3 will involve an independent review by a Board-appointed service provider once Phase 2 is completed.

The Fund, together with the SARB, has partnered with Colourfield Liability Solutions (Pty) Limited to help members better understand their retirement position and promote behaviours that support improved retirement outcomes. This initiative includes developing a structured member communication framework to assist contributing members in assessing their retirement readiness and to promote voluntary actions that enhance their long-term retirement outcomes.

Statutory actuarial valuations of the Fund are conducted every three years, with interim valuations performed periodically. The most recent valuation was done as at 31 March 2024 and confirmed the Fund's financial position as sound. The next statutory valuation will be based on the audited annual financial statements for the year ending 31 March 2027.

The Board of Trustees actively monitors developments in the retirement fund industry, including relevant legislative changes and emerging risks. To fulfil its responsibilities, the Board delegates certain functions to subcommittees in accordance with section 7D(2)(a) of the Pension Funds Act 24 of 1956. Each subcommittee operates under approved terms of reference that outline its scope of responsibilities.

Information and technology

Information and technology are essential for delivering the SARB strategy, supporting effective business management and timely decision-making in compliance with legislative and regulatory requirements.

Technology investment is focused on embedding stable and secure solutions, while maintaining strong governance and robust risk management.

The I&T Strategy supports the SARB's objectives, focusing on:

- delivering priority business transformational initiatives;
- maturing I&T governance, risk and compliance processes; and
- strengthening system security, stability, availability and continuity.

2025/26 Performance highlights

01

Successfully deliver digital transformation, in partnership with key stakeholders

EXECUTION OF STRATEGIC PROJECTS

Strategic programmes were delivered at the intended threshold across core departments.

02

Promote the use of data through enhanced information and data management technology and practices

- Data management maturity within core departments continues to improve in line with the Data Management Association index.
- The digitisation of records from prioritised departmental record centres was completed.
- The Information Strategy was reviewed to reinforce data as a strategic enterprise asset, supporting a data-first culture and aiming to reduce the regulatory burden through the 'collect once, use many' principle.

03

Enable, support, govern and secure business and technology solutions

- Cybersecurity maturity performed well against industry standard benchmarks.
- The SARB's network was modernised, featuring an active-active design to enhance resilience and performance.
- Key infrastructure upgrades were completed.
- Independent assessments of data centres, networks, infrastructure and mission-critical applications continue to shape the IT Resiliency Strategy, in line with best practice.
- A geopolitical risk assessment was undertaken to evaluate exposure from historical technology investments. Mitigation measures are under consideration.
- The overall I&T control environment remains effective and adequate with further improvements identified to strengthen governance and internal controls.

04

Cultivate innovation through existing and emerging technologies, supported by a future-fit digital workforce

- An AI Policy and Standard was published, supporting the responsible and ethical use of artificial intelligence.
- Strategic workforce planning to identify current and emerging skills is being incorporated into initiatives to develop skills and nurture talent.

Looking ahead

From 2026 to 2030, the I&T Strategy will leverage data and technology to provide innovative, strategic and trusted service to business partners, delivering solutions that are robust, reliable and resilient. The key focus areas will include enhancing performance reporting and improving risk oversight, ensuring that the organisation remains agile and responsive to emerging challenges.

Engaging the public

Public engagement is essential to ensure that all stakeholders – whether members of the public or market participants – understand the work of the SARB. Greater understanding builds trust and credibility, both of which are crucial to the effectiveness of a central bank. The SARB operates independently within the country’s democratic framework. To ensure the central bank acts in the best interests of the country, it is accountable to the public through Parliament.

The SARB promotes accessibility, transparency and accountability by engaging with the public through forums and events, educational programmes, digital platforms, publications and the media.

To expand public understanding of its role and functions, the SARB is always exploring new ways to broaden its reach and communicate with new audiences, while maintaining strong relationships with its diverse stakeholders.



Internal stakeholders: SARB employees




Communicating with employees plays a critical role in the success of the SARB. Employee engagement strengthens the SARB’s effectiveness and supports its objectives. It also provides valuable feedback and insights that can lead to more streamlined processes.

Effective internal communication channels contribute to higher motivation and morale. The SARB uses various platforms to engage staff, including the intranet, internal publications, staff meetings, digital signage and email communications.

The general public

The SARB engages the public through various outreach programmes. These initiatives target learners, teachers, university students and local business communities, reaching 6 617 people who participated in these events.

The SARB conducts a Corporate Reputation Survey every two years. The results of the 2025/26 survey show that awareness of the SARB among the South African adult population is at 38%, and knowledge of its duties and activities at 89%. Trust and advocacy, indicators of the public’s trust in an institution and their willingness to speak positively about it, are now at 70%.

	Stakeholder group High school learners and educators	Number of participants 3 687
	Stakeholder group University students and lecturers	Number of participants 2 659
	Stakeholder group Business community members	Number of participants 271
Total		6 617

Established stakeholders

Established stakeholders, such as economists, financial analysts and other market participants, mostly report high levels of awareness and satisfaction with the SARB.

According to the 2025/26 Corporate Reputation Survey, established stakeholders rated the SARB 86%. The overall reputation index for established stakeholders remains strong at 90%, indicating a high level of trust in the SARB.

Briefings to Parliament

The SARB presents the SARB, PA and CODI annual reports to the Parliamentary Standing Committee on Finance (SCOF). These presentations cover the SARB's overall performance, its mandate and functions, the macroeconomic overview, financial stability and key highlights from each annual report. The SARB presented the 2024/25 annual reports to SCOF on 9 October 2025.

The SARB also participated in ad hoc meetings with parliamentary committees and, on 8 October 2025, hosted the SCOF for an oversight visit, during which core departments presented on their strategic initiatives.

The SARB's Financial Surveillance Department also participated in the SCOF oversight visit to the ports of entry on 28 January 2026. Parliamentary hearings on the SARB Amendment Bill were held virtually on 2 July 2025, where National Treasury presented on behalf of the SARB.

A virtual induction workshop was held for the Select Committee on Finance on 14 October 2025.

Monetary Policy Forum

The SARB publishes its *Monetary Policy Review (MPR)* twice a year at the Monetary Policy Forum (MPF). The *MPR* aims to enhance the public's understanding of monetary policy. The forum covers domestic and international developments that impact the SARB's decision-making.

MPFs were held on 15 April and 23 October 2025, attracting 342 in-person attendees and 2 000 virtual participants.

Talk to the SARB Forums

Talk to SARB Forums are held in all provinces, with the aim of promoting understanding of monetary policy and the central bank's role in society. Participants include government officials, representatives from financial institutions, academics, business and labour unions. Due to G20 commitments, the SARB visited provinces once, instead of twice, during the year. In total, 430 stakeholders attended the forums in person, with 565 joining the Soweto Talk to the SARB Forum online.

Financial Stability Forums

The FSR Act requires the SARB to assess the stability of the South African financial system and publish its findings through the *Financial Stability Review*. A total of 157 in-person delegates attended the two forums, with 1 878 joining online.

Ad hoc and price-setter engagements

Following the move to a 3%-point target, the SARB has prioritised engagements with administered price setters, which have a significant impact on inflation. Dovetailing with the Talk to the SARB Forums, the SARB has participated in seven engagements, including with metropolitan municipalities, business associations and Eskom.





Digital platforms

The SARB utilises social media as a tool to expand its reach through platforms such as X, YouTube, LinkedIn and Facebook. The SARB improved its content offering by incorporating more videos, infographics and explainers to raise awareness and educate and inform the public.

Social media engagement is leveraged to increase traffic to the SARB's official website, which remains the institution's main information channel.



LinkedIn

289 427

2024/25: 244 000



X

136 639

2024/25: 134 500



Facebook

52 547

2024/25: 48 000



Website

Active users

1 739 307

2024/25: 2 400 000



YouTube

7 250

2024/25: 5 750

Page views

11 251 533

2024/25: 16 300 000

Looking *ahead*

The SARB will continue to engage with its stakeholders through its existing platforms while also exploring new and innovative ways to increase exposure, improve accessibility and strengthen public trust and awareness. Engaging price setters will be a key focus for 2026.

Investing in society

Through its Corporate Social Investment (CSI) programme, the SARB invests in initiatives that promote socioeconomic development across the country. The CSI programme has two focus areas: education and community development.

The SARB's education initiatives include its flagship MPC Schools Challenge and the University Chairs Programme. Through these, the SARB deepens the public's understanding of central banking and monetary policy, while also developing skills for careers in economics, data science and financial journalism. The SARB also runs an external bursary programme for academically deserving students from disadvantaged backgrounds.

MPC Schools Challenge

The MPC Schools Challenge is the premier high school economics competition and is run by the SARB in collaboration with the Department of Basic Education and the Independent Schools Association of Southern Africa.

First piloted in 2012, the competition drives interest in central banking and economics among Grade 12 learners, who are invited to participate in briefing sessions across the country. Learners, together with their educators and local education officials, benefit from direct engagement with SARB economists in preparation for the competition.

The Gauteng briefing was a hybrid session, accommodating schools unable to attend in person.

In addition to cash prizes for finalists, their respective educators and schools, the winning team members are awarded comprehensive SARB bursaries to further their studies.



The SARB supports community development through its employee volunteerism (EV) programme, which promotes a culture of social responsibility among its employees. In addition, every year the SARB's Arts Programme sponsors two art students, helping nurture emerging creative talent.

2026 MPC Schools Challenge briefing sessions

Date	City	No. of delegates	No. of schools
7 Feb	Gqeberha	82	16
	East London (kuGompo City)	157	27
14 Feb	Durban	240	54
	Mahikeng	154	31
21 Feb	Cape Town	123	25
	Bloemfontein	120	29
28 Feb	Polokwane	271	64
	Mbombela	244	38
14 March	Pretoria (hybrid)	In-person 431	82
		Virtual 32	-
Total		1 854	366

Total number of the 2026 MPC Schools Challenge attendees



The winners of the 2025 Challenge

Midrand High School (Gauteng)

The four team members all received bursaries. Three are studying full-time, while one has chosen to upgrade her matric results.

Name of student	Race	Gender	Field of study
Bonolo Shilabje	Black South African	Female	BCom Economics
Onkarabile Kwenika	Black South African	Male	BCom Financial Accounting
Mpho Dzhuguzha	Black South African	Female	BCom Economics
Nomaqwabe Gumede	Black South African	Female	Upgrading matric results

Employee volunteerism

The SARB provides infrastructure support, maintenance and monetary donations to schools for learners with special needs through its EV programme. Held on the Saturday closest to Mandela Day (18 July), the programme encourages employees and their families to volunteer their time at selected schools.

The EV programme focuses on schools for learners with intellectual disabilities. In 2025, the following schools received support: Jiswa Special School and Phelang Special School in Gauteng, Daydawn Special School in KwaZulu-Natal and Rusthof Special School in the Western Cape. The SARB extended its support by sponsoring an additional six schools in provinces where it does not have physical operations.

A total of **174 staff members** and their families participated in the Mandela Day-linked volunteer efforts on Saturday, 26 July 2025. This equates to roughly 1 392 hours in total.

Sponsored schools

Special school	Area/Province	Project
Phelang	Gauteng	Renovations of bathrooms, kitchen
Jiswa	Gauteng	Renovations of classrooms
Rusthof	Western Cape	Repairs and maintenance of swimming pool, netball court and common areas
Daydawn	KwaZulu-Natal	Repairs and maintenance to the school building, bathrooms and walkways
Mantjedi	Mpumalanga	Borehole
Boitumelo	Northern Cape	Renovations of classrooms
Leboneng	Free State	Repairs and maintenance to classrooms and multipurpose court
Rethuseng	Limpopo	Multicourt
Reoleboge	North West	Repairs of classroom and school toilets
Kuyasa	Eastern Cape	Interactive whiteboards

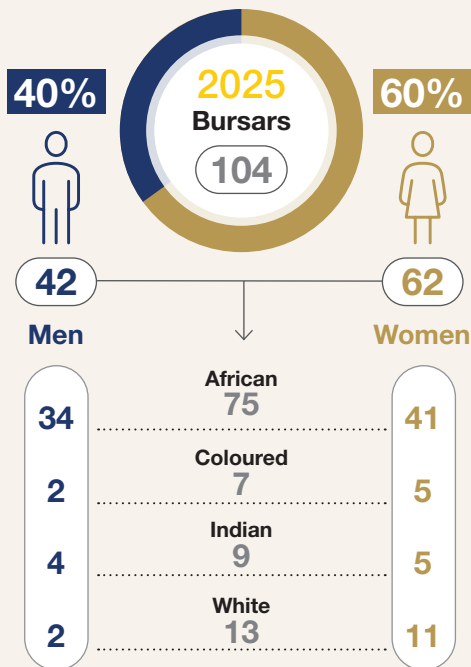
Employee Volunteerism attendance

School	SARB staff and family
Jiswa	58
Phelang	61
Rusthof	39
Daydawn	16

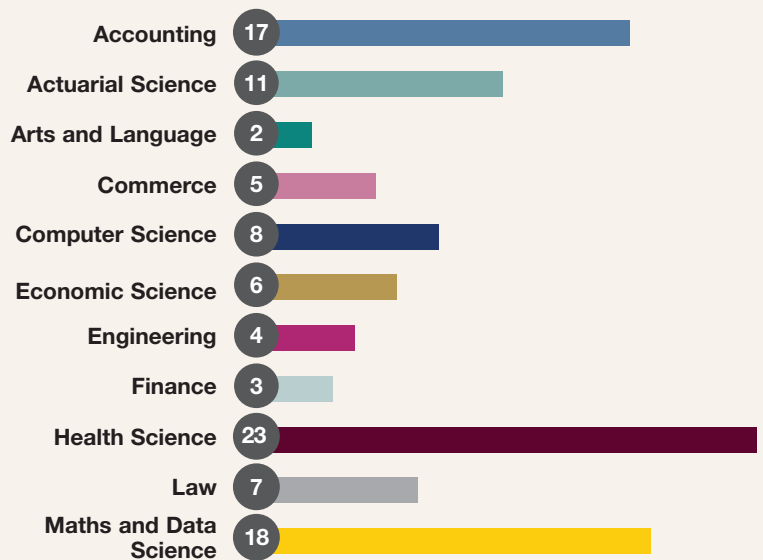
External bursary programme

The SARB's bursary scheme provides comprehensive financial and academic support to students at tertiary institutions, from first-year to postgraduate level. It covers registration and tuition fees, a stipend and the cost of books, relevant study materials and support programmes.

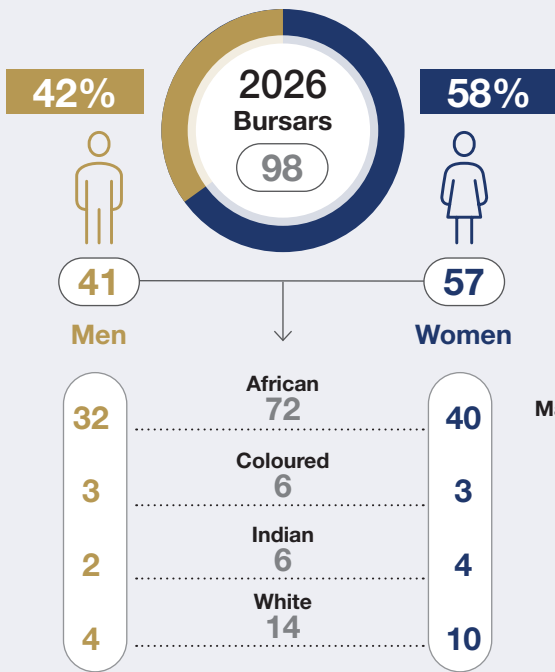
In 2025, the SARB provided bursaries to 104 students, 15 of whom were in their first year of study. Seventeen of the students were pursuing their postgraduate studies and nine were awarded bursaries to pursue degrees in law, and arts and language. Most of the bursars (89%) were from previously disadvantaged backgrounds and 60% of them were women.



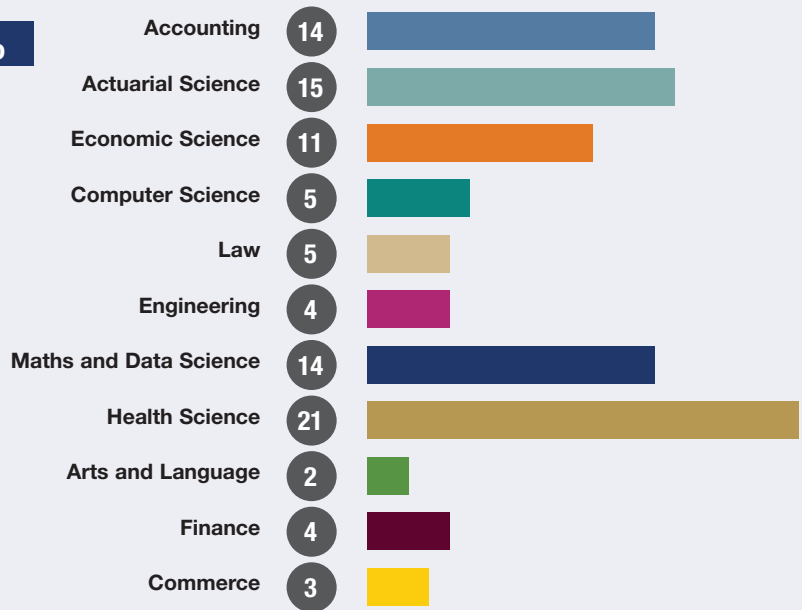
2025 Bursars' fields of study



For the 2026 academic year, the SARB awarded 98 bursaries to students. Most (58%) of the bursaries were awarded to women, while 88% of the recipients were from disadvantaged backgrounds.



2026 Bursars' fields of study





University Chairs

The SARB has three partnerships aimed at developing research and supporting Master's and PhD students at the University of the Witwatersrand, Rhodes University and the University of Pretoria.

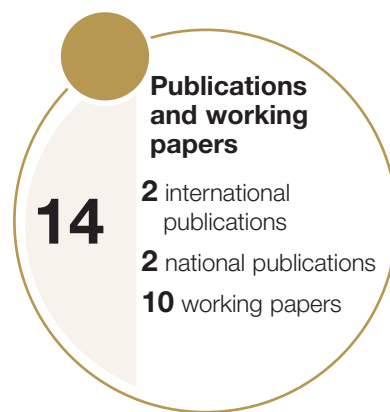
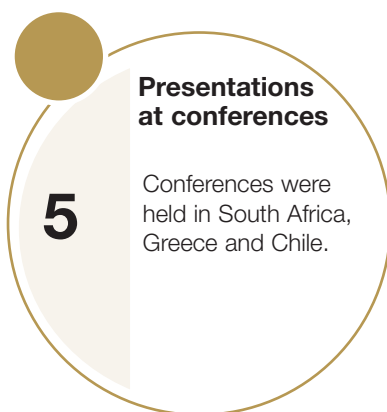
A University Chair is appointed at each partner institution to coordinate and pursue research in monetary policy, and to enhance financial and economic journalism. The Chairs supervise several postgraduate students from previously disadvantaged backgrounds.

University of Pretoria Chair of Monetary Economics

The SARB has a longstanding partnership with the University of Pretoria, having provided funding and research support to the Chair of Monetary Policy at the institution since 2007. The partnership seeks to develop and enhance expertise in monetary economics, in line with the SARB's primary mandate.

Since the establishment of the Chair, monetary policy has been integrated into the university's Economics curriculum, particularly in the Economics and Management Sciences faculty. 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.

Activities:



Of the supervised PhDs, two were completed in 2025, while four are due for completion at the end of 2026. Two UP Chair alumni, Dr Tumisang Loate and Dr Kealeboga Mncube, have been retained by the university as a Senior Lecturer and Lecturer respectively, with the latter also staying on as Research Coordinator for the Chair.

Rhodes University Chair of Economic and Financial Journalism

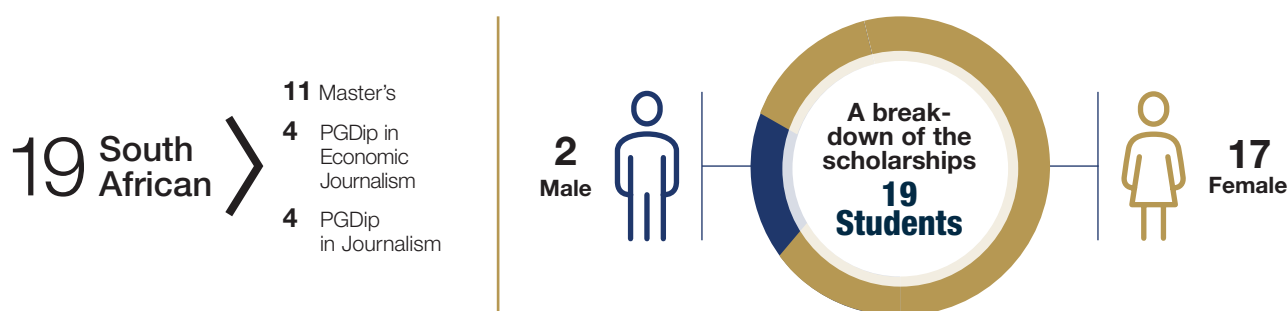
Rhodes University's Centre for Economic Journalism (CEJ) aims to strengthen the quality of economic and financial journalism to foster more informed public discourse.

The CEJ offers postgraduate programmes and supervision at Master's and PhD levels, as well as a practical training workshops for journalists at the *Grocott's Mail* newsroom. External candidates who complete the programme receive certification, extending its impact beyond the university.

In 2025, 13 scholarships were awarded to eight black women, one white woman and four black men. Ten of the students were registered for Master's degrees, and the rest are pursuing postgraduate diplomas in Economic Journalism.

For 2026, 19 scholarships have been awarded. Seventeen of the recipients are black and 17 are women. Eleven are enrolled in Master's programmes, four in the Postgraduate Diploma in Economic Journalism and four in the Postgraduate Diploma in Journalism.

Students and scholarship recipients continue to achieve strong academic results, as reflected in consistently high pass rates across all modules. In 2026, the CEJ will introduce an anti-money laundering module to address new challenges in the industry.



Wits Journalism Chair

The SARB sponsors the Wits Centre for Journalism, supporting postgraduate training and qualifications in financial journalism. The programme strengthens economics- and finance-related skills among aspiring and practising journalists, contributing to more informed financial reporting.

What began as a single course for working financial journalists has grown into a diverse offering, including Master's and Honours-level courses and certificate programmes designed for community media.

Wits Chair courses breakdown

Programme	No. of students	Gender	Race	Level of study	Nationality
Financial Journalism Certificate course	13	5 females	12 black	5 Bachelor of Arts Honours (BAHons) – Journalism and Media Studies	12 South Africans
		8 males	1 white	6 Master of Arts – Journalism and Media Studies	1 non-South African (SADC region)
				2 certificates of attendance	
Introduction to Financial Journalism	16	9 females	14 black	7 career-entry BAHons – Journalism and Media Studies students	16 South Africans
		7 males	1 coloured	9 certificates	
			1 white		
Financial Literacy for Community Media	41	18 females 23 males	32 black 2 Indian 5 coloured 2 white	41 certificates of participation	41 South Africans

CSI expenditure

The total expenditure for the CSI programme in 2025/26 was R40 000 000, covering the MPC Schools Challenge, University Chairs, EV and External Bursary programmes.

CSI expenditure

University of Pretoria (Chair in Monetary Economics) R3 200 000 2024/25: R3 200 000	Rhodes University (Economic Journalism Programme) R2 700 000 2024/25: R3 000 000	Wits (Journalism Programme) R1 600 000 2024/25: R2 000 000
External bursaries R21 000 000 2024/25: R24 000 000	Data Science and Machine Learning R2 900 000 2024/25: R4 000 000	MPC Schools Challenge R4 700 000 2024/25: R6 000 000
Employee volunteerism R3 900 000 2024/25: R4 000 000	Total expenditure R40 000 000 2024/25: R46 000 000	

The numbers have been rounded up to the nearest hundred thousand.



Tracking former SARB bursars

In 2025, 20 of the 104 SARB External Bursary recipients were due to complete their studies by the end of the year. Of the 20 students, 17 have passed their final exams and will graduate at their respective institutions in 2026.

Thirteen of the graduating students have indicated that they will continue with their studies, all pursuing Honours degrees in 2026.

Former SARB bursary recipients

Previous bursars – Where are they now?					
Graduation year	Total	Employed	Not employed/Reason		
2023	23	8	10	Interns	Internships
			4	Studying	MSc – Wits
				Studying	CTA – UFS
			1	Unemployed	
2024	16	7	3	Graduate Programme	Two on SARB Data Science and one on International Programme
			5	Unemployed	
			1	Response pending	
2025	20		13	Studying Programme	Honours degrees
			7	Unemployed	Seeking employment

Communications Internship Programme

As part of the established partnership with the Rhodes and Wits University Centres for Journalism, the SARB initiated a 12-month internship programme aimed at enhancing economic and financial journalism in South Africa.

The programme offers postgraduate students the opportunity to join the SARB's Communications Division as interns for 12 months, receiving an above-market average salary and exposure to the institution's functions and departments.

For 2026, following approval from the CSI Committee and Management Committee, the recruitment pool was expanded to include unplaced SARB Graduate Programme candidates with Economics degrees.

Two interns – one with a BCom Honours in Finance degree and one with a Bachelor of Social Science Honours in Economics degree – have since been recruited and awarded 12-month contracts ending in March 2027.



Purposeful procurement

The SARB’s procurement strategy is designed to ensure the timely delivery of goods and services in a manner that is fair, equitable, transparent, competitive and cost-effective.

The Procurement Division is responsible for ensuring that all procurement activities adhere to the SARB Group Procurement and Supplier Management Policy and the procurement strategy.

Procurement Committee (PC) approval is required for all transactions exceeding R10 million, while transactions above R65 million are approved by the GEC.

The PC provides governance and oversight over procurement processes. The committee consists of 10 senior employees and is chaired by the COO.

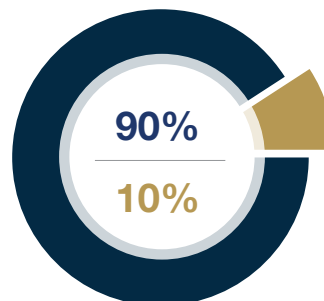
Although the SARB is not governed by the Public Finance Management Act 1 of 1999 (PFMA) and the Preferential Procurement Policy Framework Act 5 of 2000 (PPFFA), it adheres to preferential procurement principles. The SARB has incorporated specific elements of the PPFFA and implemented a three-year B-BBEE strategy to enhance spending with eligible suppliers. This strategy uses the B-BBEE Generic Codes of Good Practice scorecard, under which the SARB achieved 24.93 out of a possible 29 for B-BBEE-recognised spend.

Spending

Supplier spend for the 2025/26 financial year totalled R5.2 billion. This figure excludes municipal rates and taxes, electricity and intercompany spend, as these items do not follow competitive procurement process. The top 20 suppliers accounted for 49% of the total spend.

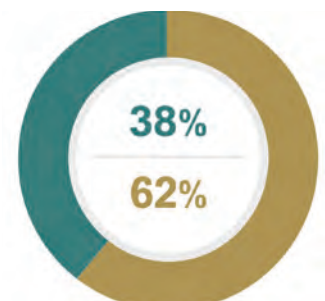
- The majority – or 90% – of total third-party spend was with local suppliers, while 10% was directed to foreign suppliers.
- The breakdown between operational expenditure and capital expenditure was 62% and 38% respectively.

Local spend
R4.7 billion
 2024/25 R5.6 billion



Foreign spend
R0.5 billion
 2024/25 R0.6 billion

Spend: CAPEX
R2 billion
 2024/25 R3 billion



Spend: OPEX
R3.2 billion
 2024/25 R3.2 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	2.02
Exempted micro enterprise (spend with entities with revenue <R10 million)	4	0.91
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	24.93

29 Number of strategic suppliers on the SRM Programme

Strategic supplier relationship management (SRM) is essential for the SARB, as most of our spending is directed towards meeting critical supply requirements through strategic partnerships. This approach ensures continuous service delivery, drives cost efficiencies, mitigates risk exposure and presents innovative solutions to challenges. All interactions with suppliers are conducted ethically and transparently, in line with good governance and compliance with relevant policies and procedures, with supplier relationships being closely managed for performance.

67%

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





Our subsidiaries

The SARB has four subsidiaries: the SABN and SA Mint, which produce currency; CODI, which manages the country’s Deposit Insurance Fund (DIF); and the CPD, which provides investment services.

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 operates from the SARB Head Office, using the SARB’s accounting systems and infrastructure. The Financial Services Department of the SARB administers and accounts for the funds under the CPD’s control and oversees its investment activities.

Subsidiaries of the SARB



SOUTH AFRICAN MINT

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, P M (Pradeep) Maharaj

Managing Director

L (Liziwe) Mda*

* Retired effective 31 March 2026. Mr Richard Collocott appointed effective 1 April 2026



SABN

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

Produces notes for South Africa.

Board Chairperson

SARB Group Executive: Currency Management, P M (Pradeep) Maharaj

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



**SOUTH
AFRICAN MINT**

South African Mint Company

The SA Mint, one of the oldest mints on the African continent, is a leading producer and exporter of circulation, collectable and commemorative coins.

As an active participant in the international minting community, the SA Mint upholds top occupational health,

safety and environmental standards to ensure its products are best in class. For the 2025/26 financial year, the main priority was fulfilling the SARB order for circulation coins and introducing new ranges of collectable products.

The SA Mint's business units

Circulation coins

Manufactures and distributes legal tender coins for everyday transactions within South Africa and for international customers.

Collectables

Produces and sells high-quality precious metal products, mainly gold, silver and platinum, for collectors and gift buyers both locally and internationally.

Prestige Bullion

Manufactures and sells premium precious metal products, primarily gold, silver and platinum, for collectors and gift buyers. The SA Mint owns 80% of Prestige Bullion.

2025/26

Performance highlights

As at 31 March 2026, the SA Mint reported revenue of R5 529 million, compared to R3 291 million in 2024/25. Subsidiary Prestige Bullion performed resiliently against challenging economic conditions with revenue of R3 881 million as at 31 March 2026, compared to R1 819 million in 2024/25.

Other highlights include:

- Completed the SARB order of 1.050 billion coins ahead of schedule.
- Collectable coin revenue reached R819 million (up from R515 million in 2024/25). Coin World, the SA Mint's retail outlet, posted record revenue of R94 million (2024/25: R78 million) from collectable and bullion sales.
- Launched the Odyssey of the Sky Bateleur eagle coins.
- The Big 5 Series III Lion gold coin won first place in the gold coin category at the 2026 Berlin World Money Fair.

- Achieved three million hours without any lost-time injury (LTI), demonstrating a strong commitment to safety.
- Four apprentices successfully completed their trade test, graduating from the apprenticeship programme and contributing to skills development and the talent pipeline.
- The SA Mint successfully hosted the 2025 Mint Directors Conference and the Coin Awards, attended by approximately 300 delegates.

Looking ahead

The SA Mint's main focus will be on delivering the circulation coin order, expanding its integrated precious metals business, optimising the supply chain and implementing strategic projects.



South African Bank Note Company

During the period under review, the SABN prioritised disciplined strategic cost management in response to ongoing global geopolitical challenges and rising input costs. The SABN implemented targeted efficiency measures and risk mitigation strategies to control cost increases while maintaining operational capacity and continuity. These actions enabled the SABN to continue supplying high-quality banknotes at internationally competitive prices.

The SABN's organisational resilience is underpinned by a committed and capable workforce. The Employee Engagement Survey conducted during the year achieved a 99.4% participation rate and a 73% engagement score, highlighting the effectiveness of sustained people engagement, capability building and leadership initiatives.

The SABN upheld high standards of quality, safety and continuity through a continued focus on operational

discipline and risk management. This commitment was reflected in the sustained accreditation of its management systems, including ISO 9001 (Quality Management), ISO 45001 (Occupational Health and Safety), ISO 14001 (Environmental Management) and ISO 22301 (Business Continuity Management).

Strong governance and ethical conduct remain central to the SABN's operations. During the year, the company maintained its Level 1 accreditation with the Banknote Ethics Initiative (BnEI) Accreditation Council, reaffirming its position as the first African banknote printing company to achieve this distinction. This accreditation underscores the SABN's adherence to a Code of Ethical Business Practice and its zero tolerance approach to corruption in a highly regulated and globally scrutinised industry.

2025/26

Performance highlights

- In the 2025/26 financial year, the SABN produced and delivered 1.096 billion banknotes to the SARB, meeting both the sales budget and business plan.
- Despite facing challenges, the SABN effectively managed its financial performance. Earnings before interest, tax, depreciation and amortisation (EBITDA) reached R240 million.
- Net profit before tax was R212 million. This is mainly attributed to an increase in net manufacturing profits arising from a lower banknote waste rate, an increase in operational efficiencies, lower administrative costs and higher interest received.
- Achieved an effective waste rate of 5.2% compared to the business plan target of 9.4%.
- Achieved a medical treatment frequency rate of 0.22, reflecting a continued strong focus on health, safety and environmental management systems and processes.
- The team surpassed the target of 1.5 million manhours without LTI, ending the year at 1.7 million manhours.

Looking ahead

The SABN will prioritise supply chain optimisation and implementing its asset masterplan, supported by periodic model refreshes to ensure continued alignment with the SARB's projected volume requirements. The organisation will also focus on strengthening risk management, operational resilience and workforce capability to support sustainable performance over the medium to long term.



Corporation for Deposit Insurance

Since its launch more than two years ago, CODI has been instrumental in strengthening South Africa's financial safety net. Its main purpose is to ensure that qualifying depositors can access their money promptly if their bank fails. In accordance with the FSR Act, CODI manages and oversees the DIF and may use these funds to reimburse covered

depositors up to R100 000.

As at 31 March 2026, the DIF held R22 billion.

CODI is also responsible for educating the public about depositor protection and its limitations.

Strategic achievements

- Successfully reimbursed qualifying depositors of the Ditsobotla Primary Savings and Credit Co-operative Bank within the specified 20-day period.
- The CODI Board approved a strategy to change the DIF's structure to reduce reliance on loan funding. A discussion paper was published for consultation, outlining the approach.
- Completed the appointment of a bank as a payout agent.
- Established an in-house payout method for smaller banks operating in a single geographic location and having fewer than 2 000 depositors.
- Finalised the drafting of standardised templates, agreements and process documents for payout and non-payout resolution support.
- Implemented Phase 2 of the system enabling CODI to receive and process single customer view submissions from banks.
- Enhanced governance, transparency and institutional maturity by publishing its first annual report.
- Embedded robust governance, risk management, compliance and assurance frameworks, while developing core operational capabilities.

Looking ahead

CODI is enhancing its systems to reduce the resolution support timeframe from 20 to 7 days by looking at alternative ways to pay out depositors. Other initiatives include appointing additional payout agent banks to its panel, ongoing engagement with banks regarding proposed changes to the DIF structure and completing the appointment of external fund managers and custodians to optimise the DIF's investments. CODI is also prioritising measures to improve banks' depositor data quality, developing a forecasting model for levies and expanding public awareness through targeted stakeholder and community outreach. In addition, CODI aims to finalise a feasibility study on including co-operative financial institutions as members to broaden depositor protection.

FINANCIALS



Directors' report

for the year ended 31 March 2026

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 consolidated and separate 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 geopolitical 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 adverse 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 liquidity assistance 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.
- South African Bank Note Company (RF) Proprietary Limited (SABN) which produces banknotes.
- Corporation for Public Deposits (CPD) which receives and invests deposits from the SA government and public entities.
- 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.

Associates

The associates of the SARB are:

- African Bank Holdings Limited (ABHL), a holding company of African Bank Limited (ABL) and African Insurance Group Limited. 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%.
- PayInc (formerly known as BankservAfrica), a South African automated clearing house and national payments utility. The SARB subscribed for a 50% shareholding in PayInc, effective November 2025. Refer to page 13, page 16 and page 57 in the annual report for further details.

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

Directors' report continued

for the year ended 31 March 2026

Achievement of objectives

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

Financial results

The SARB's profit after taxation amounted to R6.5 billion (2024/25: R118 billion). Net investment income comprising of fair value gains and net interest expense, decreased to R19 billion (2024/25: R33 billion), while operating costs increased to R11 billion (2024/25: R10 billion).

In the prior year, the SARB received a transfer of R100 billion from National Treasury, to protect the policy solvency of the SARB, as part of the settlement of profits from the GFECRA.

The SA Mint (including Prestige Bullion) made a profit after taxation of R198 million (2024/25: R152 million).

The SABN made a profit after taxation of R155 million (2024/25: R40 million).

The CPD made a profit of R385 million (2025: R775 million).

CODI made a profit of R1.5 billion (2024/25: R1.4 billion).

ABHL made a loss after taxation of R152 million (2024/25: R71 million profit), attributable to the Group.

PayInc made a profit of R13 million after tax, attributable to the Group.

Financial position

The SARB's total assets increased by R89 billion to R1 385 billion (2024/25: R1 296 billion). The total liabilities of the SARB increased by R82 billion to R1 221 billion (2024/25: R1 139 billion). The SARB paid R25 billion to National Treasury in partial settlement of the GFECRA liability. Refer to note 21 for details.

The SARB's contingency reserve increased by R6.5 billion to R158 billion (2024/25: R151 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) increased by R378 million to R3 231 million (2024/25: R2 853 million), mainly due to higher inventory and cash and cash equivalents. The total liabilities of the SA Mint (including Prestige Bullion) increased by R296 million to R1 358 million (2024/25: R1 062 million) mainly due to higher trade payables.

The SABN's total assets increased by R108 million to R2 973 million (2024/25: R2 865 million) mainly due to higher property, plant and equipment and inventories, offset by lower cash and cash equivalents. The SABN's total liabilities decreased by R25 million to R689 million (2024/25: R714 million), mainly due to a decrease in accounts payable.

The CPD's total assets increased by R89 billion to R209 billion (2024/25: R120 billion), largely due to a net increase in short-term fixed deposits and cash and cash equivalents. The CPD's total liabilities increased by R89 billion to R207 billion (2024/25: R118 billion), largely due to an increase in deposits.

CODI's total assets increased to R22 billion (2024/25: R20 billion), due to an increase in the Deposit Insurance Fund investments. CODI's total liabilities increased to R20 billion, due to higher liquidity tier loans provided by member banks.

Further details on the Group's financial information for the year can be found on page 100

Dividends

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

- an interim dividend of five cents per share was approved by the Board on 30 September 2025 and paid to shareholders on 31 October 2025; and
- the final dividend of five cents per share was approved by the Board on 4 March 2026 and paid to shareholders on 29 May 2026.

The total dividend paid for the financial year was R0.2 million (2024/25: R0.2 million).

Directors

The composition of the Board as at 31 March 2026 is disclosed in the annual report. At the AGM held on 8 August 2025, the terms of office of C B (Charlotte) Buitendag and Z (Zoab) Hoosen, non-executive directors with knowledge and skills in industry; and N (Nicholas) Vink, a non-executive director with knowledge and skills in agriculture, expired. Profs. Buitendag and Vink had completed three terms of office and were therefore not eligible for re-election.

Mr Hoosen, being eligible for nomination, was re-elected as a non-executive director with skills in industry, for a term extending 9 August 2025 until the day after the AGM in 2028.

S J (Stephen) van Coller was elected as the non-executive director with knowledge and skills in industry, for a term extending from 9 August 2025 until the day after the AGM in 2028.

F H (Ferdinand) Meyer was elected as the non-executive director with knowledge and skills in agriculture, for a term extending from 9 August 2025 until the day after the AGM in 2028.

L H (Lerato) Molebatsi and K H (Kgabo) Badimo, who serve as government-appointed non-executive directors, were reappointed on 5 August 2025.

Directors' report continued

for the year ended 31 March 2026

The terms of office of J M S D (Dudu) Msomi and K W (Kholeka) Mzondeki, who serve as government-appointed non-executive directors, will expire on 24 September 2026.

The term of office of M M T (Tryphosa) Ramano, as non-executive director with knowledge and skills in commerce or finance, will expire at the date of the 2026 AGM. By that time, Ms Ramano would have completed her second term of office and is eligible for re-election by shareholders for another three-year term.

As at 31 March 2026 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.

Events after reporting date

The directors have assessed events after the reporting period to the date of the approval of these financial statements and have concluded that there are no material events requiring adjustment or disclosure in the financial statements.

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 10 June 2026, 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

Statement by the Secretary of the SARB

As Secretary of the SARB, I confirm that all returns required to be submitted under the SARB Act for the year ended 31 March 2026 have been completed and are up to date.

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



Z (Zoliswa) Copiso

Secretary of the SARB

17 June 2026

Report of the Audit Committee

for the year ended 31 March 2026

Introduction

The Audit Committee, which is a subcommittee of the SARB Board, is composed entirely of independent non-executive directors, including its Chairperson. Its responsibilities are outlined in its terms of reference, approved by the Board and reviewed every three years, or more frequently as required. During the reporting year, the Audit Committee performed its oversight functions independently and fully complied 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 internal and external auditors held independent meetings with the Audit Committee as needed.

Roles and responsibilities

The Audit Committee assists the Board in overseeing the SARB's financial reporting processes, risk management, information technology and internal financial controls. It also monitors the SARB's compliance with relevant laws and regulations. The Audit Committee confirms its members' independence from the SARB during the review period, with no other relationships that could compromise their duties. The Audit Committee confirms it has fulfilled all its responsibilities as set out in its approved terms of reference for the financial year ended 31 March 2026.

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 from management, risk management teams, internal auditors and external auditors.

The Audit Committee also reviewed and is satisfied with the Group CFO's expertise and experience in preparing the annual financial statements. The SARB finance function has the necessary expertise and 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 continually improved and has now reached a high level of maturity, enabling regular interaction, alignment of assessment methodologies and effective, integrated dashboard reporting across all three lines. The Combined Assurance Forum (CAF) ensures ongoing review of the approach, model and processes as well as regular discussions, information sharing and coordination among assurance providers. This approach contributes significantly to 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 with good practices, ensuring that assurance activities across the Group are effective.

Financial statements

After reviewing the SARB Group annual financial statements and the accompanying external auditors' report, the Audit Committee recommended 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 committee also approved the internal audit strategy, the annual internal audit plan (including changes) and the resources required to deliver the plan. Additionally, it reviewed the Internal Audit Department's (IAD) quarterly reports, including its assessment of the internal control environment. Feedback on the internal quality assurance and improvement process 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 the upcoming financial year. 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 2026

External audit

The Audit Committee is confident in the independence of the SARB's external auditors. This conclusion is based on the auditors' independence letters, ongoing monitoring and approval of non-audit services and a formal process for partner 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 is the main reference for the Audit Committee when setting and approving limits for such awards, designed to maintain the external auditors' independence and ensure there is no public perception of a conflict of interest.

The SARB's Financial Services Department (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 services exceeding these limits require prior approval by the Audit Committee. The non-audit fees for the financial year ended 31 March 2026, 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

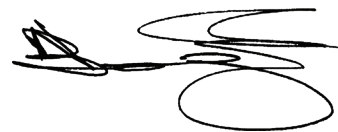
The Audit Committee is confident that, for the current year, the SARB has implemented adequate processes and controls to ensure compliance with all relevant laws and regulations related to financial reporting. This conclusion is based on the Audit Committee's review of reports from internal and external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

Information and technology governance

In addition to its oversight of I&T controls supporting financial reporting, the Audit Committee considered significant I&T risks relevant to its mandate, including business continuity, data recovery, cybersecurity and data privacy, based on assurance reports from management and internal and external assurance providers. The committee is satisfied that suitable governance structures and controls are in place.

Whistle-blowing and complaints

The Audit Committee reviewed the effectiveness of the SARB's arrangements for confidential and anonymous reporting of concerns related to financial reporting, internal controls and auditing matters, including the investigation and resolution of such matters, and is satisfied that appropriate procedures remain in place.



N B (Norman) Mbazima
Chairperson of the Audit Committee



Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the South African Reserve Bank

Opinion

We have audited the consolidated and separate financial statements of the South African Reserve Bank (SARB) and its subsidiaries (hereinafter referred to as the Group) set out on pages 100 to 192, which comprise the consolidated and separate statements of financial position as at 31 March 2026, 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 of the Group and SARB for the year ended 31 March 2026, are prepared, in all material respects in accordance with the basis of preparation described in Note 1 and the requirements of the South African Reserve Bank Act 90 of 1989, as amended (SARB Act).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under 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 SARB in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of the Group and SARB 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 of the Group and SARB in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation

We draw attention to Note 1 to the consolidated and separate financial statements, which describes the basis of preparation. The consolidated and separate financial statements are prepared in accordance with an entity specific financial reporting framework, as described in Note 1, which is based on the SARB's own accounting policies and the requirements of the SARB Act. This basis of preparation has been applied to meet the financial information needs of shareholders and other stakeholders identified in the SARB Act. 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.

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 amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

	Financial statements - Group	Financial statements - SARB
Overall materiality	R15.36 billion	R13.85 billion
Basis for materiality	1% of total assets	1% of total assets
Rationale for benchmark applied	We have identified total assets as the most appropriate basis as all the entities within the Group are not-for-profit in nature. The main users of the financial statements primarily assess the Group based on its financial position, given its role as the custodian of South Africa's gold and foreign exchange reserves. Accordingly total assets are the most appropriate indicator of the Group's activities.	We have identified total assets as the most appropriate basis as the SARB is a not-for-profit entity whose performance is primarily assessed based on its financial position rather than earnings. This reflects the nature of its operations, which is largely investment-driven and focused on the management of gold and foreign exchange reserves. Accordingly, Total Assets are the most appropriate indicator of the SARB's activities.

Group Audit Scope

We tailored the scope of our audit to ensure that we performed sufficient 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 establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

In selecting components, we perform risk assessment activities across the Group and its components to identify risks of material misstatement. We then identify how the nature and size of the account balances at the components contribute to those risks and thus determine which account balances require an audit response. We then consider for each component the degree of risk identified (whether pervasive or not) and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component.

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the Group financial statements. This assessment included performing overall analytical procedures at Group level.

Of the 6 components selected, we identified:

- 4 components ("full scope components") which were selected based on the pervasiveness of risk in those components and for which we therefore performed procedures on what we considered to be the entire financial information of the component.
- 2 components ("specific scope components") where our procedures were more focused or limited to specific accounts which we considered had the potential for the greatest impact on the significant accounts in the financial statements given the specific risks identified.

The group consolidation and areas of significant judgement and estimate, together with specific audit procedures over related parties, were tested by the primary audit engagement team.

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.

The key audit matters apply equally to the audit of the consolidated and separate financial statements.

Key audit matter	How the matter was addressed
<p>Valuation of Gold and Foreign Exchange Contingency Reserve Account (GFECRA) Note 21 Gold and Foreign Exchange Contingency Reserve Account</p>	
<p>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 entered into by the SARB, are for the account of the South African Government.</p> <p>The valuation of the GFECRA involves complexity due to its linkage to movements in gold prices, foreign exchange rates and forward exchange contracts. The determination of these valuation movements requires the use of multiple data inputs, system integrations and is sensitive to daily market fluctuations.</p> <p>In addition, the accounting for the GFECRA liability is affected by transactions with National Treasury under the GFECRA settlement framework which required judgement in assessing alignment with the relevant agreements and framework requirements.</p> <p>Accordingly, this required significant audit attention and was considered a matter of most significance in the audit.</p>	<p>We have performed the following audit procedures which included, amongst others:</p> <ul style="list-style-type: none"> • Assessed the design, implementation and operating effectiveness of key controls in the valuation of GFECRA. • Recalculated the movements in the gold price, foreign exchange and the forward exchange contracts adjustment accounts and agreed this to the transactions recorded in GFECRA. • Tested the integration of the reporting system and the trading platform for the pricing and foreign currency exchange rates. • Evaluated the reasonableness of the foreign currency exchange rates against independently sourced market data • For a sample of daily transactions, we agreed that the postings into the gold price, foreign exchange and the forward exchange contracts adjustment accounts are performed daily and inspected that the previous day's postings are reversed. • Assessed that the transfer of funds from the SARB to National Treasury is aligned to the requirements of the GFECRA settlement framework and agreements. • Obtained confirmation of the transfer of funds from the SARB to National Treasury to support the partial extinguishment of the GFECRA liability. <p>Based on the procedures performed over the valuation of GFECRA, we did not identify any significant matters requiring further consideration in concluding on our procedures.</p>

Key audit matter**How the matter was addressed****Acquisition of PayInc****Note 1.22.9 Investment in PayInc and 34.3 Investments in associates**

During the year, the SARB acquired a 50% shareholding in PayInc as part of the SARB's strategic initiative to modernise the payments landscape under the Payments Ecosystem Modernisation (PEM) Programme.

The accounting for this investment required an assessment of whether the SARB has control or significant influence over PayInc, in accordance with IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The assessment performed by management involved evaluating the substance of the SARB's rights and obligations, including its power over relevant activities, exposure to variable returns, and the ability to affect those returns. Given the nature of this assessment, which required consideration of the interaction between shareholding, governance structures and decision making rights, judgement was required to determine whether the SARB has the practical ability to direct relevant activities, particularly in circumstances where a 50% shareholding may, in certain instances, indicate control.

We therefore focused on this matter due to the complexity in this assessment and its impact on the classification of the investment.

We have performed the following audit procedures which included, amongst others:

- With the assistance of our technical accounting specialists, we:
 - obtained and evaluated management's internal technical accounting memorandum indicating that the SARB does not have control over PayInc but exercises significant influence. We assessed the relevant facts and circumstances, including the Bank's rights, governance arrangements, and its ability to direct relevant activities and influence returns.
 - Applied professional scepticism in evaluating management's assessment of control by comparing it to the terms outlined in the signed shareholders' agreement, and assessing whether the absence of control was appropriately supported given the SARB's 50% shareholding.
- We inspected the signed shareholders' agreement to corroborate the percentage shareholding of the investment and the SARB's investment interest.
- We reviewed the signed Memorandum of Incorporation to obtain an understanding of the SARB's rights and its ability to influence the composition of the PayInc Board, including the election of directors, voting rights, and dispute resolution mechanisms.
- We inspected correspondence with management and the Competition Commission, to evaluate whether a clear separation is evidenced between the SARB's regulatory role and its role as a participant and operator of payment systems, including in relation to the PEM initiatives.
- We inquired of management at both SARB and PayInc to corroborate our understanding of the decision-making processes and assess whether these were consistent with the governance structures in place.
- We assessed whether the disclosures in Note 1.22.9 Investment in PayInc, appropriately describe the accounting treatment of the investee and are consistent with the requirements of IAS 28 Investments in Associates and Joint Ventures.

Based on the procedures performed over the acquisition of PayInc, we did not identify any significant matters requiring further consideration when concluding on our procedures.

Other matter

The consolidated and separate financial statements of the SARB for the year ended 31 March 2025 were audited by joint auditors, one of whom is no longer the joint auditor in the current period. The joint auditors expressed an unmodified opinion on those financial statements on 19 June 2025.

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 2025/26". 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.

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 preparation described in Note 1 to the consolidated and separate financial statements. This includes 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. Those charged with governance are responsible for overseeing the SARB's financial reporting process.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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.

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

- 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.

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.

Signed by:

BDO South Africa Inc.

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Ernst and Young Inc.

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BDO South Africa Inc
Director: Alethia Chetty
 Registered Auditor
 17 June 2026
 Wanderers Office Park
 52 Corlett Drive
 Illovo
 2196

Ernst & Young Inc.
Director: Zaheer Wadee
 Registered Auditor
 17 June 2026
 102 Rivonia Road
 Sandton
 Private Bag X14
 2146

Consolidated and separate statements of financial position

as at 31 March 2026

	Note	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Assets					
Cash and cash equivalents	2	93 937	90 053	-	-
Amounts due by Group companies	34.4	-	-	9	194
Accommodation to banks	3	-	353	-	353
Investments	4	53 430	425	-	-
Other assets	5	3 088	2 356	2 810	1 952
Gold and foreign exchange reserves	6	1 320 473	1 235 701	1 320 473	1 235 701
Inventories	7	3 120	2 524	7	6
Forward exchange contract assets	8	384	78	384	78
Loans and advances	9	1 748	4 494	1 748	4 494
Current taxation receivable	24	1 204	5	1 191	-
South African government bonds	10	36 824	34 803	36 824	34 803
Equity investment in Bank for International Settlements	11	8 392	7 184	8 392	7 184
Investments in subsidiaries	34.1	-	-	1 012	1 012
Investments in associates	34.3	3 815	3 189	3 593	2 795
Property, plant and equipment	12	8 551	7 396	6 875	5 875
Intangible assets	13	1 565	1 322	1 539	1 292
Total assets		1 536 531	1 389 883	1 384 857	1 295 739
Liabilities					
Notes and coin in circulation	15	180 647	167 771	180 647	167 771
Deposits	16	690 209	579 638	483 584	462 002
Amounts due to Group companies	34.4	-	-	85 366	50 328
Foreign deposits	17	88 117	88 338	88 117	88 338
Other liabilities	18	6 690	3 535	4 673	2 181
Liquidity tier liability	19	19 675	18 779	-	-
Forward exchange contract liabilities	8	23	6	23	6
Current taxation payable	24	-	1 427	-	1 432
Deferred taxation liabilities	14	725	795	559	631
Post-employment benefits	20	3 502	2 793	3 231	2 566
Gold and Foreign Exchange Contingency Reserve Account	21	374 756	363 901	374 756	363 901
Total liabilities		1 364 344	1 226 983	1 220 956	1 139 156
Capital and reserves					
Share capital	22	2	2	2	2
Accumulated profit		6 170	4 561	-	-
Statutory reserve		458	458	458	458
Contingency reserve		159 723	152 856	157 720	151 238
Bank for International Settlements revaluation reserve	11	5 260	4 033	5 260	4 033
Property, plant and equipment revaluation reserve	12	131	144	131	144
Post-employment benefit remeasurement reserve	20	365	765	330	708
Non-controlling interest		78	81	-	-
Total capital and reserves		172 187	162 900	163 901	156 583
Total liabilities, capital and reserves		1 536 531	1 389 883	1 384 857	1 295 739

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

for the year ended 31 March 2026

	Note	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Interest revenue from amortised cost items	32	9 987	9 381	740	1 094
Interest revenue from fair value items	32	12 385	13 803	12 385	13 774
Interest expense	32	(25 838)	(23 253)	(17 253)	(15 454)
Net interest expense		(3 466)	(69)	(4 128)	(586)
Fair value gains	32	22 728	33 669	22 728	33 559
Dividend income	32 & 34.3	79	145	204	145
Operating income	23.1	7 184	4 997	1 406	1 326
Other income	23.1	-	100 000	-	100 000
Total income		26 525	138 742	20 210	134 444
Movement in credit loss allowances	29.2	4	342	-	-
Operating costs	23.2	(14 694)	(11 891)	(10 658)	(9 658)
Share of net (loss)/profit of associates	34.3	(139)	71	-	-
Impairment of investment in associate	34.3	(658)	-	(658)	-
Dilution loss on investment in associate	34.3	-	(311)	-	(311)
Profit before taxation		11 038	126 953	8 894	124 475
Taxation	24	(2 542)	(6 714)	(2 412)	(6 652)
Profit for the year		8 496	120 239	6 482	117 823
Attributable to:					
The parent		8 476	120 224	6 482	117 823
Non-controlling interest	34.1	20	15	-	-
		8 496	120 239	6 482	117 823
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	1 565	774	1 565	774
Revaluation of property, plant and equipment	12	(17)	20	(17)	20
Remeasurement of post-employment benefits	20	(549)	69	(518)	70
Taxation	14	(186)	(190)	(194)	(190)
Other comprehensive income for the year net of taxation		813	673	836	674
Total comprehensive income for the year		9 309	120 912	7 318	118 497
Total comprehensive income attributable to:					
The parent		9 289	120 897	7 318	118 497
Non-controlling interest	34.1	20	15	-	-
		9 309	120 912	7 318	118 497

Consolidated and separate statements of cash flows

for the year ended 31 March 2026

	Note	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Net cash flows generated from operating activities					
Net cash flows generated from operations	26	28 535	32 665	24 721	22 432
Interest received		9 375	8 708	760	1 074
Interest paid		(24 461)	(21 982)	(16 937)	(15 216)
Taxation paid	24	(5 429)	(5 456)	(5 300)	(5 436)
Dividends paid ¹	25	–	–	–	–
Dividends received	32 & 34.3	110	145	204	145
Net cash flows generated from operating activities					
		8 130	14 080	3 448	2 999
Net cash flows utilised in investing activities					
Purchases of property, plant and equipment	12	(1 717)	(2 490)	(1 397)	(2 337)
Purchases of intangible assets	13	(599)	(669)	(596)	(662)
Acquisition of associate	34.3	(1 455)	–	(1 455)	–
Net cash flows utilised in investing activities					
		(3 771)	(3 159)	(3 448)	(2 999)
Net cash flows generated from financing activities					
Interest paid on liquidity tier liability		(1 377)	(1 271)	–	–
Increase in liquidity tier liability	19	902	18 929	–	–
Repayment of liquidity tier liability	19	–	(269)	–	–
Net cash flows generated from financing activities					
		(475)	17 389	–	–
Total cash and cash equivalents movement for the year					
		3 884	28 310	–	–
Cash and cash equivalents at the beginning of the year	2	90 053	61 743	–	–
Total cash and cash equivalents at the end of the year					
	2	93 937	90 053	–	–

¹ Dividends paid for the 2025/26 financial year amounted to R0.2 million (2025: R0.2 million).

Consolidated statement of changes in equity

for the year ended 31 March 2026

Group	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
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
Profit for the year	-	-	-	-	-	-	8 476	8 476	20	8 496
Other comprehensive income	-	(400)	(13)	-	1 227	-	-	813	-	813
Total comprehensive income for the year	-	(400)	(13)	-	1 227	-	8 476	9 289	20	9 309
Transfer to/(from) reserves	-	-	-	6 867	-	-	(6 867)	-	-	-
Dividends paid ¹	-	-	-	-	-	-	-	-	(23)	(23)
Balance at 31 March 2026	2	365	131	159 723	5 260	458	6 170	172 110	78	172 187

Note 22

¹ Dividends paid to the SARB shareholders for the 2025/26 financial year amounted to R0.2 million (2025: R0.2 million).

Consolidated statement of changes in equity continued

for the year ended 31 March 2026

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 (these provisions are referred to as the contingency reserve) and payment of dividends, has to be credited to the statutory reserve.

Contingency reserve

SARB

The contingency reserve (as outlined above) is maintained as a buffer to absorb any financial losses which the SARB may incur.

CPD

In terms of section 15(1) of the CPD Act, the CPD shall establish a reserve fund into which shall be deposited from its annual net profits, after dividend payments, an amount of money determined from time to time by the Board. This reserve fund is referred to as the contingency reserve and is maintained as a buffer to absorb any financial losses which the CPD may incur.

Bank for International Settlements revaluation reserve

The shares held in the Bank for International Settlements (BIS) are held as part of the SARB's function as a central bank and are thus long-standing in nature. Shares are only transferable with the prior consent of the BIS. The net fair value gains/losses on the revaluation of the BIS shares are recognised in other comprehensive income (OCI). Changes in value due to foreign exchange movements are transferred to the GFECRA. Refer to note 11 for more details.

Property, plant and equipment revaluation reserve

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

SARB

In terms of section 24 of the SARB Act, nine-tenths of the surplus of the SARB, after provisions normally provided for by bankers (contingency reserve) and payment of dividends, has to be paid to the SA government. For the year ended 31 March 2026, no surplus (2025: Rnil) was due to the SA government by the SARB.

CPD

In terms of section 15(2) of the CPD Act, the balance of net profits after transfers to reserves and payment of dividends has to be paid to the SA government. For the year ended 31 March 2026, no surplus (2025: Rnil) was 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 2026

	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 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
Profit for the year	-	-	-	-	-	-	6 482	6 482
Other comprehensive income	-	(378)	(13)	-	1 227	-	-	836
Total comprehensive income for the year	-	(378)	(13)	-	1 227	-	6 482	7 318
Transfer to/(from) reserves	-	-	-	6 482	-	-	(6 482)	-
Dividends paid ¹	-	-	-	-	-	-	-	-
Balance at 31 March 2026	2	330	131	157 720	5 260	458	-	163 901

Note 22

¹ Dividends paid to the shareholders for the 2025/26 financial year amounted to R0.2 million (2025: R0.2 million).

Separate statement of changes in equity continued

for the year ended 31 March 2026

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 (these provisions are referred to as the contingency reserve) and payment of dividends, has to be credited to the statutory reserve.

Contingency reserve

The contingency reserve (as outlined above) is maintained as a buffer to absorb any financial losses which the SARB may incur.

Bank for International Settlements revaluation reserve

The shares held in the Bank for 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 transferred to OCI. When these assets are sold, collected or otherwise disposed of, the cumulative gain or loss previously transferred to OCI is transferred 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 (contingency reserve) and payment of dividends, has to be paid to the SA government. For the year ended 31 March 2026, no surplus (2025: Rnil) was due to the SA government by the SARB.

Notes to the consolidated and separate annual financial statements

for the year ended 31 March 2026

1. Accounting policies

1.1 Financial reporting framework

The SARB's operations are governed by the Constitution and the SARB Act. Thus, the financial statements have been prepared as required by the SARB Act.

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. In developing an accounting framework, the SARB has applied IFRS® Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) unless indicated otherwise in the deviations noted below.

The SARB Act takes precedence over IFRS Accounting Standards for the transactions dealt with in the sections noted below and as a result the measurement criteria, as set out in IFRS Accounting Standards, has not been followed in those circumstances. In addition, the SARB considers certain disclosures inappropriate to its functions as a lender of last resort and the sensitivity of the information that it collects as part of that function. Such deviations where the disclosure principles are not fit for purpose have been noted below separately from the requirements of the SARB Act. The SARB's financial statements therefore disclose less detail than would be required under IFRS Accounting Standards. Summarised below is a list of all departures from IFRS Accounting Standards as a consequence of the above:

Measurement

Specific accounting policies taking precedence as a result of the SARB Act:

Gold and Foreign Exchange Contingency Reserve Account (GFECRA):

- a. foreign exchange gains and losses on foreign currency-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 the GFECRA for the account of the SA government;
- b. gold held by the SARB as part of its foreign reserves is valued at the statutory gold price and 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. These gains and losses would have otherwise been accounted for in accordance with IFRS 9: *Financial Instruments* (IFRS 9). Refer to note 1.5.4; and
- 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. These valuation gains and losses are accumulated in GFECRA for the account of the SA government. Refer to note 1.5.3.

As a result of transactions above being accumulated in GFECRA for the account of the SA government, the GFECRA balance 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* (IFRS 7) is disclosed.

As it relates specifically to IFRS 7:

- 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/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.

1.2 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 in 1.1.

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 Group has considered the impact of the volatility in financial markets mainly as a result of interest rate decisions by central banks globally in an attempt to curb the steep rise in inflation among other factors.

The Group has also considered the impact of the ongoing geopolitical tensions. Although the Group has no direct exposure to the affected countries, the conflict continues to negatively impact financial markets in general. The Group has 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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.2 Basis of preparation continued

These financial statements have been prepared on the historical cost basis, except where the fair value basis is considered more appropriate (Refer to note 31 for details of items measured at fair value).

These financial statements comprise the consolidated and separate statements of financial position as at 31 March 2026; 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 2026, 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 196.

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 unless otherwise stated.

1.3 New accounting pronouncements

1.3.1 New accounting pronouncements effective in the current financial year

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. The amendments currently do not have an impact on the Group's financial statements.

1.3.2 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 2026 and have not been early adopted in preparing these financial statements. The Group will adopt these, if applicable, in the relevant financial year in which they become effective. These are as follows:

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 which apply to all contingent cash flows including those arising from environmental, social and governance (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. 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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.3 New accounting pronouncements continued

1.3.2 New accounting pronouncements issued but not yet effective continued

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.

1.4 Group accounting

1.4.1 Subsidiaries

Subsidiaries are all entities over which the SARB has control. The SARB controls an entity when it 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.

1.4.2 Associates

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 voting rights of between 20% and 50% inclusive.

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 and in OCI as required by the equity method.

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 investments in associates are accounted for at cost less accumulated impairment losses where appropriate.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.5 Financial instruments

1.5.1 Financial assets

Classification

The Group classifies its financial assets into the following subsequent 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 (as described in note 1.1 above)

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 solely payments of principal and interest.

Financial assets, excluding instruments measured in terms of the SARB Act, are classified into subsequent 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 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 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 annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.5 Financial instruments continued

1.5.1 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

As noted in the financial reporting framework in note 1.1, sections 25 to 28 of the SARB Act prescribes the subsequent measurement of certain assets and transactions and takes precedence over the requirements of the IFRS Accounting Standards. Financial assets measured in terms of the SARB Act include:

- forward exchange contract assets (refer to policy 1.5.3);
- gold (refer to policy 1.5.4); and
- IMF SDR assets.

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 the fair 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 gross 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 separately from the coupon interest received, which is also 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.

Impairment of financial assets

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

The measurement of ECL reflects:

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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.5 Financial instruments continued

1.5.1 Financial assets continued

Subsequent measurement continued

ECL measurement

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

- A financial instrument that has not experienced a significant increase in credit risk (SICR) since initial recognition and is not credit-impaired is classified in 'stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk since initial recognition is evident, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit impaired. Please refer to note 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 results 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 annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.5 Financial instruments continued

1.5.1 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.

1.5.2 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 (as described in Note 1.1 above).

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

As noted in the financial reporting framework in note 1.1, sections 25 to 28 of the SARB Act prescribes the subsequent measurement of certain assets and transactions and takes precedence over the requirements of the IFRS Accounting Standards. Financial liabilities measured in terms of the SARB Act include:

- forward exchange contract liabilities (refer to note 1.5.3); and
- GFECRA liability.

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 gross carrying amount of the financial liability.

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 separately from the coupon interest payments which are also included 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.

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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.5 Financial instruments continued

1.5.3 Forward exchange contracts

There are two types of FECs held by the SARB – those held to manage or economically hedge the foreign assets portfolio and those used as monetary policy tools.

- a) FECs held to manage or economically hedge the foreign assets portfolio

These FECs are governed by the SARB investment guidelines, and are measured at FVPL with changes in the fair value being recognised in profit or loss. Refer to note 6 for further details.

Gains and losses on the conversion of these FECs to the South African rand are still, however, recorded in GFECRA as prescribed by section 26 of the SARB Act.

- b) FECs used as a monetary policy tool

These FECs are governed by the SARB Act. Thus, both the changes in the fair value as well as gains and losses on the conversion of these FECs to the South African rand, are recognised in GFECRA. Refer to notes 1.1 and 8 for further details.

The Group has elected not to apply hedge accounting as per IFRS 9.

1.5.4 Gold

Gold is held by the SARB as part of its foreign exchange reserves and includes gold coin and bullion, as well as gold deposits. While gold is a commodity which is outside the scope of IFRS 9, IFRS Accounting Standards are currently not prescriptive with regard to the accounting treatment of gold. Therefore, pursuant to the requirements of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8), the policies established for financial instruments, particularly financial assets, have been applied to gold.

1.5.5 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.

1.5.6 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.

1.6 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.

1.6.1 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.

1.6.2 Foreign marketable money market investments

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

1.6.3 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.

1.6.4 SA government bonds

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

1.6.5 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 British pound sterling.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.6 Fair value continued

1.6.5 BIS shares continued

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.

1.6.6 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.

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.

1.7 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, 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.

1.8 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 PPE 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 less accumulated impairment. 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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.8 Property, plant and equipment

continued

An item of PPE 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.

1.9 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 development and is measured at cost less accumulated impairment. 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.

1.10 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 balance sheet 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 operates, deem 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 annual financial statements continued

for the year ended 31 March 2026

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 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 annual financial statements continued

for the year ended 31 March 2026

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 which are subject to an insignificant risk of changes in value (original maturities of three months/91 days or less) and readily convertible to a known amount of cash. 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 cash and cash equivalents balance in the statement of cash flows includes cash on hand, bank deposits and money market instruments. The cash flows from operations are 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 taking into account the principal outstanding and the 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 items within the scope of IFRS 15: *Revenue from Contracts with Customers* (IFRS 15) and those that are 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 the 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 which also includes fees charged for credit facilities provided by the Bank. The performance obligations of the SARB is to provide banking services which include but are not limited to 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 SA Mint produce and sell banknotes and coin respectively 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 annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.18 Revenue recognition continued

1.18.2 Operating income continued

1.18.2.1 Operating income within the scope of IFRS 15 continued

Administration and management fees

The SARB 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 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 institutions, 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 as well as any rental income earned. These amounts are recognised as income when it is probable that the amount will be received.

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 associates, 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 annual financial statements continued

for the year ended 31 March 2026

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: *Employee Benefits* (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.

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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Accounting policies continued

1.22 Key accounting estimates and judgements continued

1.22.7 Order of liquidity continued

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 SA Mint for the production and supply of banknotes and coin respectively do not contain a lease as defined by IFRS 16: Leases (IFRS 16) due to leased items being unidentifiable.

1.22.9 Investment in PayInc

The SARB subscribed for 50% of the shares in PayInc, with the effective date of 3 November 2025, and has been disclosed in note 34.3. In determining the nature of the Group's investment in PayInc, namely as an investment in associate, the following significant judgements were made:

- Although the acquisition has been made pursuant to the SARB's PEM Programme, the purpose, design and relevant activities of PayInc are controlled by means of equity instruments and their associated voting rights. The SARB is not considered to have had significant involvement in the initial set-up of the purpose and design unilaterally, as all shareholders were involved in the set-up and modification of the Memorandum of Incorporation (MOI).
- The rights associated with the SARB's 50% shareholding do not provide the SARB with control over the relevant activities of PayInc as the management of the activities of PayInc rests with the Board of which the SARB can only appoint 50% of the members, the Chairperson of the Board does not have a deciding vote and Board resolutions require a minimum of 50% + 1% vote of which the SARB does not have.
- Potential voting rights, which are available to the SARB after a five-year period outlined in the agreement, are determined to be protective, rather than substantive and are therefore not considered.
- Board resolutions require a minimum of 50% +1% indicating that resolutions can be passed by a combination of the SARB and any other shareholder, which means that the definition of a joint arrangement would also not be met.
- The rights associated with the SARB's 50% shareholding are considered to provide the SARB with significant influence over PayInc.

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 annual financial statements continued

for the year ended 31 March 2026

2. Cash and cash equivalents

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Bank and cash balances	31 727	37 691	–	–
Short-term South African fixed deposits ¹	34 756	39 180	–	–
South African money market investments ¹	27 454	13 182	–	–
Total cash and cash equivalents	93 937	90 053	–	–

¹ In the prior year, the balance relating to short-term South African fixed deposits was erroneously referred to as South African money market investments and vice versa. This had no impact on the total amount presented in this note nor the statement of financial position and cash flows as it related to an error in the naming conventions only and was thus corrected in the current year.

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 which 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.

Annual interest rates range between 6.93% – 7.10% (2025: 7.75% – 7.95%) on short-term South African fixed deposits with financial institutions and 6.80% – 7.63% (2025: 7.53% – 7.62%) 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.

Bank and cash balances includes restricted cash amounting to R13 million (2025: R17 million), and relates 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 comprise of Shari'ah compliant investments held with other financial institutions and earn investment income linked to the prevailing SARB policy rate (SPR). Cash investments 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	73 237	67 962	–	–
Between 1 and 3 months	20 700	22 091	–	–
Total financial assets	93 937	90 053	–	–

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

Fair value of repo agreements	27 356	13 182	–	–
Fair value of collateral received	27 543	13 290	–	–
Fair value of collateral permitted to sell or repledge at the reporting date	27 543	13 290	–	–
Collateral cover	101%	101%	–	–
Maturity date	09 April 2026	10 April 2025	–	–

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 annual financial statements continued

for the year ended 31 March 2026

3. Accommodation to banks

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Advances under repurchase agreements	–	250	–	250
Standing facility	–	103	–	103
Total accommodation to banks	–	353	–	353

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

Repo agreements

The standard repo agreements yield interest at the SPR (2025: SPR) of the SARB.

Standard repo agreements	6.75%	7.50%	6.75%	7.50%
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The following table presents details of collateral received for repo agreements (including accrued interest):

Fair value of collateral received	–	251	–	251
Fair value of collateral permitted to sell or repledge at the reporting date	–	251	–	251
Collateral cover	–	100%	–	100%

The collateral received in the prior year consisted of various SA government bonds and Treasury Bills with maturities ranging from one to 26 years.

There were no defaults in the prior financial year.

The counterparties are exposed to interest rate and other risks on the various securities pledged as collateral for the repo agreements. Refer to note 29.1.1 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 SPR plus 1%.

Standing facility	7.75%	8.50%	7.75%	8.50%
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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 in the prior year consisted of SA government bonds and Treasury Bills with maturities ranging from 16 to 35 years. In the prior year, none of the collateralised advances were past due or impaired. There were no defaults in the prior year.

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 annual financial statements continued

for the year ended 31 March 2026

4. Investments

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Short-term South African fixed deposits	53 097	–	–	–
Short-term South African money market investments	120	82	–	–
Amortising notes	221	355	–	–
ECL allowance	(8)	(12)	–	–
Total investments	53 430	425	–	–
Maturity structure of financial assets				
Within 1 month	20 886	73	–	–
Between 1 and 3 months	23 279	–	–	–
Between 3 and 12 months	9 080	–	–	–
More than 12 months	185	352	–	–
Total financial assets	53 430	425	–	–

Short-term South African money market investments comprise 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 annual financial statements continued

for the year ended 31 March 2026

5. Other assets

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Financial assets				
LGS margin entitlement and credit premium receivable	24	31	24	31
Loans and advances to staff	378	351	378	351
Other financial assets	1 927	1 207	1 769	870
	2 329	1 589	2 171	1 252
Non-financial assets				
Other non-financial assets	709	697	589	630
Value-added taxation	50	70	50	70
Total other assets	3 088	2 356	2 810	1 952
Maturity structure of financial assets				
Within 1 month	1 890	1 207	1 769	870
Between 1 and 3 months	34	2	-	2
Between 3 and 12 months	6	-	3	-
More than 1 year	399	380	399	380
Total financial assets	2 329	1 589	2 171	1 252

Financial assets are neither past due nor impaired (2025: none).

Loans and advances to staff comprise of vehicle finance, home loans and other advances to staff and yield interest at SPR plus 1% (2025: SPR 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 loan guarantee scheme (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 (SPR) payable by commercial banks to SARB minus the cost of capital, statutory costs and administration fees in respect of the COVID-19 loan. 0.50% thereof is the credit premium, which gets transferred into the credit premium account.

As at 31 March 2026, an amount of R24 million (2025: R31 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 SPR and will be used to settle losses incurred by the commercial banks in terms of the loan guarantee scheme (LGS). Thereafter, the losses are borne by the commercial banks up to the aggregate amount equal to the commercial banks' risk portion (being 6% of the aggregate amount advanced by the SARB against the facility amount). Any losses remaining which have not been settled as aforementioned, shall be guaranteed and be borne by the SARB on the basis that the outstanding balance shall be reduced to equal the amount of such losses.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

6. Gold and foreign exchange reserves

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Mandatory at FVPL					
Money market instruments and fixed deposits	6.1	252 344	233 688	252 344	233 688
Securities	6.2	631 158	646 221	631 158	646 221
Derivatives	6.3	155	76	155	76
SARB Act					
Gold coin, bullion and deposits	6.4	316 022	231 195	316 022	231 195
IMF SDR assets	6.5	120 794	124 521	120 794	124 521
Total gold and foreign exchange reserves		1 320 473	1 235 701	1 320 473	1 235 701

6.1 Money market instruments and fixed deposits

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Cash and money market accounts	9 978	10 691	9 978	10 691
Fixed deposits	242 366	222 997	242 366	222 997
Total money market instruments and fixed deposits	252 344	233 688	252 344	233 688

Maturity structure		Up to 1 month R mil	Total R mil
Group and SARB 2026			
Cash and money market accounts		9 978	9 978
Fixed deposits		242 366	242 366
Total money market instruments and fixed deposits		252 344	252 344
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

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 annual financial statements continued

for the year ended 31 March 2026

6. Gold and foreign exchange reserves continued

6.2 Securities

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Asset-backed securities	15 027	2 536	15 027	2 536
Certificate of deposits	36 803	57 173	36 803	57 173
Commercial papers	82 855	48 952	82 855	48 952
Corporate bonds	33 313	9 994	33 313	9 994
Financial bonds	-	98	-	98
Government agency, state, supranational bonds	67 541	154 195	67 541	154 195
Government bonds	313 730	239 657	313 730	239 657
Mortgage-backed securities	3 360	17 093	3 360	17 093
Other investments	7 892	3 238	7 892	3 238
Treasury bills	70 637	113 285	70 367	113 285
Total securities	631 158	646 221	631 158	646 221

Maturity structure	CURRENT				NON-CURRENT			Total R mil
	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	
Group and SARB 2026								
Securities measured mandatorily at the FVPL	53 933	90 621	104 861	107 547	182 796	69 732	21 668	631 158
Total securities	53 933	90 621	104 861	107 547	182 796	69 732	21 668	631 158
Group and SARB 2025								
Securities measured mandatorily at the 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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026				
FECs	23	28	(5)	6 571
Futures contracts	28	94	(66)	615
Interest rate swaps	104	398	(294)	72 912
Total derivatives	155	520	(365)	80 098
Group and SARB 2025				
FECs	9	19	(10)	25 772
Futures contracts	67	103	(36)	45 415
Total derivatives	76	122	(46)	71 187

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:

	Gross amounts presented in derivatives R mil	Offset R mil	Net amounts presented in derivatives R mil	Related amounts not set off in derivatives		Net amount R mil
				Instruments which offset on default R mil	Collateral amount received R mil	
Group and SARB 2026						
FEC assets	28	–	28	(4)	–	24
Interest rate swap assets	398	–	398	–	–	398
FEC liabilities	(5)	–	(5)	4	–	(1)
Interest rate swap liabilities	(294)	–	(294)	–	–	(294)
Group and SARB 2025						
FEC assets	19	–	19	(8)	–	11
FEC liabilities	(10)	–	(10)	8	–	(2)

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026		
As at 31 March 2025	224 030	3 908 628
Purchases during the year	22 248	319 420
Sales during the year	(14 002)	(192 891)
Change in the statutory price	83 746	–
As at 31 March 2026	316 022	4 035 157
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

Gold coin and bullion consists of 4 035 157 fine ounces of gold at the statutory price of R78 317 per ounce (2025: 3 908 628 fine ounces at R57 317 per ounce).

6.4.2 Gold deposits

	R mil	Fine ounces
Group and SARB 2026		
As at 31 March 2025	7 165	125 000
Gold deposits	12 588	178 000
Maturity during the year	(21 139)	(303 000)
Change in statutory price	1 386	–
As at 31 March 2026	–	–
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 nil fine ounces at the statutory price of R78 317 per ounce as at 31 March 2026 (2025: 125 000 fine ounces at R57 317 per ounce) and earn a return ranging from 3–5 basis points (2025: 3–5 basis points).

Notes to the consolidated and separate annual financial statements continued

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6.5 IMF SDR assets

In accordance with the SARB Act, the SARB acts as fiscal agent of the SA government in its dealings with International Financial Institutions (IFI), transactions with the IFI and the undertakings of financial agency work for the SA government. In compliance with sections 10(1)(m) and 26 of the SARB Act, the accounts with the IMF which records all transactions with the IMF, have been included in these financial statements.

The IMF has created an international reserve asset called the SDR which is allocated to members to supplement existing official reserves. All rights in, and commitments to the IMF are denominated in XDRs. The value of the XDR is calculated on the basis of a currency basket comprising the US dollar, euro, Chinese renminbi, Japanese yen and British pound sterling. The currency weights are adjusted each year in accordance with changes in bilateral foreign exchange rates. As at 31 March 2026, XDR1 was equal to R23.17 (2025: R24.40).

The various rights are disclosed below:

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
SDR Holdings ¹	105 671	108 600	105 671	108 600
IMF SDR reserve tranche position account ²	15 124	15 921	15 124	15 921
Total IMF SDR assets	120 794	124 521	120 794	124 521

¹ SDR Holdings represent unconditional rights to obtain foreign exchange or other reserve assets from other IMF assets while the SDR Allocations are recorded as a liability because of a requirement to repay the allocation in certain circumstances (Refer to note 16 for details on this liability). These SDR Holdings and Allocations carry interest at an effective rate of 2.772% (2025: 3.088%) (Refer to note 18 for details on the interest).

² The reserve position of the IMF (previously referred to as the IMF New Arrangements to Borrow financial transactions plan account) constitutes part of reserve assets and consists of a reserve tranche (amounts that a member country may draw from the IMF at short notice) and any lending to the IMF under the General and New Arrangements to Borrow, if applicable.

The following table presents details of collateral held:

Fair value of collateral received	59 776	61 426	59 776	61 426
Collateral cover	57%	57%	57%	57%

At the reporting date, none of the collateralised advances were past due or impaired (2025: none). During the year under review, no defaults were experienced (2025: no defaults).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

7. Inventories

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Raw materials ¹	604	403	–	–
Work in progress ²	1 347	995	–	–
Consumable stores	167	171	7	6
Maintenance spares	222	206	–	–
Finished goods ³	780	749	–	–
Total inventories net of write-downs	3 120	2 524	7	6
Write-downs (included above)	(68)	(9)	–	–

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 consist mainly of banknotes and coin ready for delivery.

8. Foreign exchange contract assets and liabilities

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
SARB Act				
Unrealised gains on FECs	384	78	384	78
Unrealised losses on FECs	(23)	(6)	(23)	(6)
Net unrealised gains transferred to GFECRA¹	361	72	361	72

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 (2025: 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			Instruments which offset on default R mil	Collateral amount received R mil	Net amount R mil
	Gross amounts presented R mil	Offset R mil	Net amounts presented R mil			
Group and SARB 2026						
FEC assets	384	–	384	(19)	–	365
FEC liabilities	(23)	–	(23)	19	–	(4)
Group and SARB 2025						
FEC assets	78	–	78	(74)	–	4
FEC liabilities	(6)	–	(6)	74	–	68

Notes to the consolidated and separate annual financial statements continued

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9. Loans and advances

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Interest-bearing local loans				
LGS loan	470	3 213	470	3 213
BBS loan	427	637	427	637
EBBS loan	851	644	851	644
Total loans and advances	1 748	4 494	1 748	4 494

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 R470 million (2025: R3 billion) is guaranteed by the SARB. The guarantee is limited to the R470 million allocated to the commercial banks. In turn, National Treasury (NT) has guaranteed the SARB for losses incurred under the scheme. The guarantees were entered into together with loan agreements and are therefore considered an integral part to the loans. The guarantees are incorporated in the related ECL assessment for the loans.

The loan accrues interest at the prevailing SPR (2025: SPR). 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 SPR plus 2%.

At the reporting date, none of the LGS loans were past due or impaired (2025: none). During the year under review, no defaults were experienced (2025: 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 SPR (2025: SPR). 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 SPR 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 (2025: none). During the current financial year, no defaults were experienced (2025: 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 advanced loans to commercial banks who advanced energy bounce-back loans to eligible businesses and households. Each participating commercial bank was given a period of 18 months from the signature date of their respective agreements to drawdown on the facility. The SARB approved facilities of R12 billion, of which R1 billion was drawn down at the end of the availability period.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

9. Loans and advances continued

Interest-bearing local loans continued

Energy bounce back scheme continued

The loan accrues interest at the prevailing SPR (2025: SPR). 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 SPR plus 2%.

The SARB has issued a financial guarantee to the commercial banks under the facility, limited to 20% 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 (2025: none). During the current financial year, no defaults were experienced (2025: no defaults).

10. South African government bonds

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Mandatory FVPL				
Interest-bearing listed bonds	31 404	32 827	31 404	32 827
Coupon interest accrued	352	392	352	392
Fair value adjustments	5 068	1 584	5 068	1 584
Total SA government bonds	36 824	34 803	36 824	34 803

There were no purchases of SA government bonds during the current year (2025: none).

Notes to the consolidated and separate annual financial statements continued

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11. Equity investment in Bank for International Settlements

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
FVOCI				
Opening balance	7 184	6 605	7 184	6 605
Fair value adjustments	1 565	774	1 565	774
Foreign exchange movements transferred to GFECRA	(357)	(195)	(357)	(195)
Closing balance	8 392	7 184	8 392	7 184

The carrying amount that would have been recognised had the BIS shares been carried at cost was R605 million (2025: R638 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. Thus, the expected manner of recovery of the investment is through disposal, rather than use, in the event that the SARB resolves to terminate its membership in the BIS.

The SARB's investment in the BIS consists of 8 612 shares (2025: 8 612), which are carried at FVOCI. The net asset value was adjusted by 30%. The haircut is consistent with the methodology applied by the BIS and other central banks and is not subject to sensitivity. The adjusted net asset value of the shares are based on the XDR⁽¹⁾ of XDR 42 064 (2025: XDR 34 184).

Refer to note 31 for further detail on the fair value hierarchy disclosures. Changes in value due to foreign exchange movements are transferred to the GFECRA. For the year ended 31 March 2026, a movement of R357 million (2025: R195 million) was transferred from 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, British pound sterling and Chinese yuan (Chinese renminbi refers to the name of the currency while the Chinese yuan refers to the currency unit).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

12. Property, plant and equipment

Group	2026			2025		
	Cost/ revaluation R mil	Accumulated depreciation R mil	Carrying value R mil	Cost/ revaluation R mil	Accumulated depreciation R mil	Carrying value R mil
Land	158	–	158	158	–	158
Buildings	4 037	(673)	3 364	1 205	(594)	611
Plant and equipment	5 621	(2 997)	2 624	4 402	(2 848)	1 554
Furniture	1 160	(815)	345	1 028	(748)	280
Motor vehicles	40	(27)	13	28	(21)	7
Valuable art	204	–	204	218	–	218
Work in progress	1 843	–	1 843	4 568	–	4 568
Total	13 063	(4 512)	8 551	11 607	(4 211)	7 396

SARB	2026			2025		
	Cost/ revaluation R mil	Accumulated depreciation R mil	Carrying value R mil	Cost/ revaluation R mil	Accumulated depreciation R mil	Carrying value R mil
Land	149	–	149	149	–	149
Buildings	3 670	(529)	3 141	864	(454)	410
Plant and equipment	3 394	(1 716)	1 678	2 312	(1 612)	700
Furniture	258	(167)	91	157	(153)	4
Motor vehicles	35	(26)	9	23	(20)	3
Valuable art	204	–	204	218	–	218
Work in progress	1 603	–	1 603	4 391	–	4 391
Total	9 313	(2 438)	6 875	8 114	(2 239)	5 875

The Group had previously aggregated the balances for plant, vehicles, furniture and equipment. These have been further disaggregated, which had no impact in the total balances presented in the notes nor the statement of financial position.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026									
Land	158	-	-	-	-	-	-	-	158
Buildings	611	-	(5)	2 837	-	-	(80)	-	3 363
Plant and equipment	1 554	-	-	1 485	-	(67)	(343)	(11)	2 618
Furniture	280	17	(4)	121	-	(1)	(67)	-	346
Motor vehicles	7	-	-	12	-	-	(6)	-	13
Valuable art	218	-	-	3	(17)	-	-	-	204
Work in progress	4 568	1 700	-	(4 458)	-	68	-	(29)	1 849
Total	7 396	1 717	(9)	-	(17)	-	(496)	(40)	8 551
Group 2025									
Land	158	-	-	-	-	-	-	-	158
Buildings	629	2	(1)	34	-	-	(52)	-	611
Plant and equipment	1 578	47	(1)	284	-	(39)	(316)	-	1 554
Furniture	280	13	-	31	-	(9)	(35)	-	280
Motor vehicles	4	2	-	4	-	-	(3)	-	7
Valuable art	198	-	-	-	20	-	-	-	218
Work in progress	2 450	2 426	-	(353)	-	48	-	(3)	4 568
Total	5 297	2 490	(2)	-	20	-	(406)	(3)	7 396
SARB 2026									
Land	149	-	-	-	-	-	-	-	149
Buildings	410	-	-	2 806	-	-	(75)	-	3 141
Plant and equipment	700	-	-	1 301	-	(67)	(243)	(11)	1 680
Furniture	4	-	-	104	-	(1)	(18)	-	89
Motor vehicles	3	-	-	12	-	-	(6)	-	9
Valuable art	218	-	-	3	(17)	-	-	-	204
Work in progress	4 391	1 397	-	(4 226)	-	68	-	(27)	1 603
Total	5 875	1 397	-	-	(17)	-	(342)	(38)	6 875
SARB 2025									
Land	149	-	-	-	-	-	-	-	149
Buildings	424	1	(1)	31	-	-	(45)	-	410
Plant and equipment	679	53	-	237	-	(39)	(230)	-	700
Furniture	14	-	-	-	-	(9)	(1)	-	4
Motor vehicles	2	-	-	3	-	-	(2)	-	3
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

Notes to the consolidated and separate annual financial statements continued

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12. Property, plant and equipment continued

Leased assets

Included in PPE are right of use assets with a carrying amount of Rnil (2025: R5 million) relating to the lease of office buildings by the SARB. The lease term was for three years, and ended 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 2023/24 financial year, additional parking space was included in the lease, which was 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 R5 million (2025: R19 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 valuers 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.

In the current year, valuable art at the SARB's cash centres were valued by an independent valuator with an effective date of 19 March 2026 while valuable art situated at the SARB's Head Office was valued based on the insured values.

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	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Valuable art	40	37	40	37

13. Intangible assets

GROUP	2026			2025		
	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	1 917	(1 514)	403	1 688	(1 335)	353
Purchased computer software	1 140	(959)	181	1 107	(909)	198
Work in progress	981	–	981	771	–	771
Total	4 038	(2 473)	1 565	3 566	(2 244)	1 322

SARB	2026			2025		
	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	1 917	(1 513)	404	1 688	(1 334)	354
Purchased computer software	1 026	(870)	156	995	(826)	169
Work in progress	979	–	979	769	–	769
Total	3 922	(2 383)	1 539	3 452	(2 160)	1 292

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026								
Internally generated computer software	353	–	–	301	(37)	(214)	–	403
Purchased computer software	198	–	–	33	–	(50)	–	181
Work in progress	771	599	–	(334)	37	–	(92)	981
Total	1 322	599	–	–	–	(264)	(92)	1 565
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
SARB 2026								
Internally generated computer software	354	–	–	301	(37)	(213)	–	405
Purchased computer software	169	–	–	32	–	(44)	–	157
Work in progress	769	596	–	(333)	37	–	(92)	977
Total	1 292	596	–	–	–	(257)	(92)	1 539
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

Notes to the consolidated and separate annual financial statements continued

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14. Deferred tax

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Balance at the beginning of the year		(795)	(753)	(631)	(598)
Movements during the year:					
Current year timing differences	24	(22)	142	(12)	157
Prior year adjustments	24	278	5	278	–
Other comprehensive income		(186)	(190)	(194)	(190)
Balance at the end of the year		(725)	(795)	(559)	(631)

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

	2024 R mil	Amounts charged to profit or loss R mil	Amounts charged to OCI R mil	2025 R mil	Amounts charged to profit or loss R mil	Amounts charged to OCI R mil	2026 R mil
Group							
Post-employment benefits	725	47	(18)	754	43	148	945
Prepaid expenditure and other items	11	(18)	–	(7)	–	–	(7)
Revaluation adjustments	(35)	–	(4)	(39)	–	4	(35)
Property, plant and equipment	(613)	34	–	(579)	199	–	(380)
Intangible assets	(150)	116	–	(34)	44	–	10
Employee benefits accrual	196	(9)	–	187	(10)	–	177
Revenue received in advance	30	(1)	–	29	(9)	–	20
Fair value adjustments on BIS shares	(944)	–	(168)	(1 111)	–	(338)	(1 449)
Taxation losses	26	(16)	–	10	(10)	–	–
Lease payments	–	(5)	–	(5)	(1)	–	(6)
Total deferred taxation	(753)	148	(190)	(795)	256	(186)	(725)
SARB							
Post-employment benefits	667	45	(19)	693	40	140	873
Prepaid expenditure and other items	(4)	(2)	–	(6)	–	–	(6)
Revaluation adjustments	(35)	–	(4)	(39)	–	4	(35)
Property, plant and equipment	(337)	26	–	(311)	199	–	(112)
Intangible assets	(148)	117	–	(31)	45	–	14
Employee benefits accrual	173	(23)	–	150	(8)	–	142
Revenue received in advance	30	(1)	–	29	(9)	–	20
Fair value adjustments on BIS shares	(944)	–	(167)	(1 111)	–	(338)	(1 449)
Lease payments	–	(5)	–	(5)	(1)	–	(6)
Total deferred taxation	(598)	157	(190)	(631)	266	(194)	(559)

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

15. Notes and coin in circulation

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Notes	172 341	159 880	172 341	159 880
Coin	8 306	7 891	8 306	7 891
Total notes and coin in circulation	180 647	167 771	180 647	167 771

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	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Non-interest-bearing	303 891	293 276	303 818	293 203
Banks' reserve accounts	180 664	165 113	180 664	165 113
Other current accounts	4 692	4 474	4 692	4 474
SA government accounts	118 535	123 689	118 462	123 616
Interest-bearing	386 318	286 362	179 766	168 799
Banks' current accounts	179 766	168 799	179 766	168 799
Call deposits	206 552	117 563	–	–
Total deposits	690 209	579 638	483 584	462 002
Maturity structure of deposits				
On demand	509 545	414 525	302 920	296 889
Within 1 month	180 664	165 113	180 664	165 113
Total deposits	690 209	579 638	483 584	462 002

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 Rnil (2025: R200 million). 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 SPR (2025: SPR). The prevailing rate at year-end for call deposits was 6.75% (2025: 7.5%). Margin call deposits are held on behalf of participants of the Johannesburg Stock Exchange Bond Electronic Trading Platform. The SARB does not trade on the platform, but rather holds the deposits for participants of the platform. The margin call deposits earn interest at the SPR (2025: SPR). The prevailing rate at year-end for margin call deposits was 6.75% (2025: 7.5%).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

17. Foreign deposits

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Designated FVPL				
Foreign deposits	88 117	88 338	88 117	88 338

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. The carrying amount of these deposits is therefore equal to the amount that the SARB would be contractually required to pay on withdrawal by the 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	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amortised cost				
Financial liabilities				
Accounts payable	1 538	1 177	173	135
Accruals	900	770	665	597
LGS provision for loss claims	24	31	24	31
Margin call	413	122	-	-
Other financial liabilities	375	545	377	542
	3 250	2 645	1 239	1 305
Non-financial liabilities				
Treasury SDR account	3 356	759	3 356	759
Other non-financial liabilities	9	22	3	8
CLF fees received in advance ¹	75	109	75	109
Total other liabilities	6 690	3 535	4 673	2 181
Maturity structure of financial liabilities				
Within 1 month	1 333	1 698	658	1 274
Between 1 and 3 months	1 017	522	503	31
Between 3 and 12 months	876	425	54	-
More than 1 year	24	-	24	-
Total financial liabilities	3 250	2 645	1 239	1 305

¹ CLF fees received in advance were previously erroneously presented as financial liabilities. This has been corrected in the current year and has no impact on the total balance for other liabilities.

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, which therefore does not provide the SARB with a contractual right nor a contractual obligation for the interest earned and charged respectively. Refer to note 6.5 for more details.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

19. Liquidity tier liability

	GROUP		SARB	
	2026 R mil	2025 R mi	2026 R mil	2025 R mi
Liquidity tier liability	19 562	18 660	–	–
Interest payable on liquidity tier liability	113	119	–	–
Total liquidity tier liability	19 675	18 779	–	–
Maturity structure of liquidity tier liability:				
Within 1 month	113	119	–	–
More than 5 years	19 562	18 660	–	–
Total liquidity tier liability	19 675	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% (2025: 3%) of covered deposits.

The liquidity fund contribution is interest-bearing and will be repaid to the commercial banks as CODI builds up sufficient funds in the DIF. R62 thousand (2025: R269 million) of the liability was repaid during the current financial year, as a result of the deregistration of a member bank.

Interest on the liquidity tier liability is payable monthly to member banks at the SPR. As at 31 March 2026 the SPR was 6.75% (2025: 7.5%).

In terms of paragraph 10.1 of Prudential Standard CODI 1 – Fund Liquidity, if a bank is placed in resolution and the Corporation reimburses the depositors of the bank in resolution in respect of their covered deposits in accordance with section 166AA(1)(b) of the Act, the Corporation will set-off the bank in resolution's fund liquidity contribution against the funds used to reimburse the bank's depositors in respect of their covered deposits. On 1 August 2025, Ditsobotla Primary Savings and Credit Co-operative Bank Limited was placed in resolution, which resulted in the reduction of their liquidity tier loan.

The SARB issued a guarantee to the member banks for the loan amounts provided to CODI in the form of the liquidity tier contributions. Refer to note 33.

20. Post-employment benefits

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

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amounts recognised in the statement of financial position					
Post-employment medical benefits	20.1	3 204	2 715	2 946	2 497
Post-employment group life benefits	20.2	117	78	104	69
Post-employment group retirement benefits	20.3	181	–	181	–
Total post-employment benefits		3 502	2 793	3 231	2 566
Maturity structure of post-employment benefits					
Within 12 months		497	425	482	410
More than 12 months		3 005	2 368	2 749	2 156
Total post-employment benefits		3 502	2 793	3 231	2 566

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026.

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Balance at the beginning of the year		2 715	2 610	2 497	2 403
Movement during the year:					
Amount recognised in profit or loss	23.2	342	327	315	304
Interest cost		316	301	290	280
Service cost		26	26	25	24
Cash movements					
Benefits paid		(171)	(158)	(157)	(145)
Amount recognised in OCI		318	(64)	291	(65)
Financial assumption gains		382	15	353	14
Experience gains on liabilities		(64)	(79)	(62)	(79)
Balance at the end of the year		3 204	2 715	2 946	2 497

20.2 Post-employment group life benefits

Post-employment group life benefits are provided to retired staff in the form of subsidised group life premiums. This 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 2026.

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Balance at the beginning of the year		78	75	69	67
Movement during the year:					
Amount recognised in profit or loss	23.2	11	10	9	8
Interest cost		9	8	8	7
Service cost		2	2	1	1
Cash movements					
Benefits paid		(6)	(6)	(5)	(5)
Amount recognised in OCI		34	(1)	31	(1)
Financial assumption gains		26	1	24	1
Experience (gains)/losses on liabilities		8	(2)	7	(2)
Balance at the end of the year		117	78	104	69

20.3 Post-employment retirement fund benefits

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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

20. Post-employment benefits continued

20.3 Post-employment retirement fund benefits continued

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). Where a surplus in the fund is calculated, it is for the benefit of the members, and accordingly no asset is recognised in the financial statements of the SARB. The Retirement Fund is regulated by the Financial Sector Conduct Authority and is a single scheme which caters for active members, pensioners on a living annuity, pensioners on a life annuity, and pensioners from the former defined benefit fund.

Active members participate on a defined contribution basis. The market risk lies fully with the active members until retirement. On retirement, former employees can commute up to one-third of their share of funds. They may use the remaining funds to buy either a living annuity or a life annuity (or a combination of both) from the fund. They may also choose to transfer their share of funds to another registered retirement annuity.

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

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 1 182 life pensioners (2025: 1 280 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 2026 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 2026					
Balance at the beginning of the year		3 350	(3 833)	483	–
Movement during the year:					
Amount recognised in profit or loss	23.2	359	(399)	43	3
Service cost		–	4	–	4
Interest cost/(income)		359	(403)	43	(1)
Cash movements		(46)	28	–	(18)
Benefits paid/(received)		(46)	46	–	–
Employer contributions received		–	(18)	–	(18)
Amount recognised in OCI		1 030	(397)	(437)	196
Financial assumption gains		1 015	(397)	(437)	181
Experience losses on liabilities		15	–	–	15
Balance at the end of the year		4 693	(4 601)	89	181
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 (received)/paid		(49)	49	–	–
Employer contributions received		–	–	–	–
Amount recognised in OCI		(51)	(154)	201	(4)
Financial assumption gains		(27)	(154)	201	20
Experience gains on liabilities		(24)	–	–	(24)
Balance at the end of the year		3 350	(3 833)	483	–

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 (2025: 119 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 & 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 2026 amounted to R91 million (2025: R88 million), while the plan assets towards this liability amounted to R91 million (2025: R88 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 2026 per the interim valuation:

Local equities	26.61%
Local property	2.56%
Local fixed interest	33.32%
Cash	4.20%
Foreign investments	26.05%
Other	7.26%
	100%

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

20. Post-employment benefits continued

20.4 Key assumptions

	Post-employment benefits	
	2026	2025
Discount rate (Post-employment group life)	8.30%	12.00%
Discount rate (Post-employment medical benefits)	10.45%	12.00%
Discount rate (Post-employment retirement fund benefits)	7.44%	11.70%
Medical inflation (Post-employment medical benefits)	7.05%	7.50%
Medical inflation (Post-employment group life benefits)	7.05%	7.00%
Net discount rate (Post-employment medical benefits)	3.18%	4.19%
Net discount rate (Post-employment group life benefits)	4.13%	4.67%
Salary inflation (Post-employment retirement fund benefits)	4.00%	6.90%
Salary inflation (Post-employment group life benefits)	4.00%	7.00%
Premium rate	0.50%	0.50%
Inflation rate	3.00%	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%	100%
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	3.00%	5.00%
Category 2	2.25%	3.75%
Category 3	1.35%	2.25%
Valuation date	31 March 2026	31 March 2025

The key assumptions of the Group and the SARB are the same.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

20. Post-employment benefits continued

20.5 Sensitivity analysis

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
The effect of a 1% increase and decrease in the discount rate is as follows:				
Employers' accrued liability				
1% decrease	4 937	3 322	4 631	3 070
Valuation basis	3 502	2 793	3 231	2 566
1% increase	2 304	1 762	2 061	1 556
Employers' service and interest cost				
1% decrease	818	779	793	750
Valuation basis ¹	746	703	721	670
1% increase	674	680	650	652
The effect of a 1% increase and decrease in the medical inflation rate is as follows:				
Employers' accrued liability				
1% decrease	2 322	1 771	2 077	1 566
Valuation basis	3 502	2 793	3 231	2 566
1% increase	4 902	3 280	4 598	3 028
Employers' service and interest cost				
1% decrease	611	637	589	612
Valuation basis ¹	746	703	721	675
1% increase	907	843	879	811
The effect of a one-year increase and decrease in the post-employment mortality rate is as follows:				
Employers' accrued liability				
1 year downward	4 032	3 049	3 753	2 817
Valuation basis	3 502	2 793	3 231	2 566
1 year upward	3 472	1 974	3 208	1 753
Employers' service and interest cost				
1 year downward	775	725	749	695
Valuation basis ¹	746	703	721	675
1 year upward	716	687	692	659
The effect of a 1% increase and decrease in the salary inflation rate is as follows:				
Employers' accrued liability				
1% decrease	3 743	2 052	3 472	1 825
Valuation basis	3 502	2 793	3 231	2 566
1% increase	3 766	2 943	3 494	2 716
Employers' service and interest cost				
1% decrease	716	703	692	674
Valuation basis ¹	746	703	721	675
1% increase	780	704	755	675
The effect of a one-year increase and decrease in the base pension increase rate is as follows:				
Employers' accrued liability				
1 year downward	3 231	2 979	2 960	2 752
Valuation basis	3 502	2 793	3 231	2 566
1 year upward	4 368	2 045	4 097	1 818
Employers' service and interest cost				
1 year downward	654	673	630	644
Valuation basis ¹	746	703	721	675
1 year upward	852	808	827	779

¹ Forecast service and interest costs for the year ending 31 March 2027.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

21. Gold and Foreign Exchange Contingency Reserve Account

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
SARB Act					
Opening balance		363 901	531 989	363 901	531 989
Profit on gold price adjustment account ¹		84 723	61 617	84 723	61 617
Profit on FEC adjustment account		8 693	6 225	8 693	6 225
Loss on foreign exchange adjustment account		(57 851)	(35 937)	(57 851)	(35 937)
Movement in unrealised gains on FECs		290	72	290	72
		399 756	563 966	399 756	563 966
Payments to the SA government		(25 000)	(200 065)	(25 000)	(200 065)
Total GFECRA liability		374 756	363 901	374 756	363 901
Balance composition					
Balance currently due to the SA government		374 395	363 829	374 395	363 829
Net unrealised gains on FECs	8	361	72	361	72
		374 756	363 901	374 756	363 901

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 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 three financial years. In the current financial year, R25 billion (2025: R200 billion) of this amount was settled and the remaining R25 billion will be settled in the next financial year. 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	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Issued				
2 000 000 shares (2025: 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 annual financial statements continued

for the year ended 31 March 2026

23. Profit before taxation

23.1 Operating and other income

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Operating income within the scope of IFRS 15				
Administration and management fees	–	–	4	6
Bank charges	397	397	397	397
Settlement commission income	215	172	215	172
Bulk cash service fees	6	6	6	6
Sales of banknotes and coin to third parties	4 368	2 337	–	–
Operating income outside the scope of IFRS 15				
Sundry income	156	138	149	136
Licence fees	18	13	18	13
Levies	713	687	617	596
Premiums	1 311	1 247	–	–
Total operating income¹	7 184	4 997	1 406	1 326
Other income ²	–	100 000	–	100 000
Total income	7 184	104 997	1 406	101 326

¹ The presentation of operating income has been enhanced to present operating income within the scope of IFRS 15 separately from operating income outside the scope of IFRS 15. This has resulted in operating income within the scope of IFRS 15 amounting to R5 billion (2025: R3 billion) for the Group and R622 million (2025: R581 million) for the Bank. With regard to operating income outside the scope of IFRS 15, this amounted to R2 billion (2025: R2 billion) for the Group and R784 million (2025: 745 million) for the Bank.

² To promote the policy solvency of the SARB, NT transferred R100 billion to the SARB in the prior 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 annual financial statements continued

for the year ended 31 March 2026

23. Profit before taxation (continued)

23.2 Operating costs

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Depreciation and amortisation					
Buildings		80	52	75	45
Computer software		264	698	257	692
Plant and equipment		343	316	243	230
Furniture		67	35	18	1
Motor vehicles		6	3	6	2
Total depreciation and amortisation	12 & 13	760	1 104	599	970
Net loss on disposal:					
Property, plant and equipment and intangible assets	12 & 13	49	34	51	46
Impairment loss on:					
Property, plant and equipment and intangible assets	12 & 13	132	3	130	3
Write-down of inventories					
Write-down of inventories	7	68	9	–	–
Auditor's remuneration – external					
Audit fees ¹		43	35	31	25
Consulting fees					
Consulting fees		452	431	432	404
Employee costs					
Directors' remuneration	34.6	41	41	41	40
Remuneration and recurring staff costs		4 216	3 789	3 470	3 092
Contribution to funds – Normal		381	345	369	332
Contributions to funds – Additional		2	–	2	–
Movement in provision for post-employment medical benefits	20.1	149	140	158	159
Movement in provision for post-employment group life benefits	20.2	6	5	4	4
Movement in provision for post-employment retirement fund benefits	20.3	(15)	3	(15)	3
Premiums paid – Medical aid		158	159	149	140
Premiums paid – Group life		4	4	6	5
Total employee costs³		4 942	4 486	4 184	3 775
Other					
Cost of new currency		104	21	3 019	2 491
Manufacturing costs		4 896	2 742	–	–
IT infrastructure		788	791	764	734
Other operating costs ²		2 460	2 235	1 448	1 210
Total operating expenses		14 694	11 891	10 658	9 658

¹ Audit fees include expenditure for non-audit services rendered of R2.2 million. The audit fees paid or payable for audit of the financial statements for the Group and SARB amounted to R34.4 million and R26.6 million respectively.

² Other operating costs comprise mainly business systems and technology costs, repairs and maintenance, building maintenance costs, travel and accommodation, and training expenses.

³ In the current financial year, there have been reclassifications between employee costs and other operating costs.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

24. Taxation

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
South African normal taxation					
Current					
Local income taxation – current period		2 706	6 861	2 585	6 810
Local income tax – recognised in current tax for prior years		92	–	92	–
Deferred					
Current year timing differences	14	22	(142)	13	(157)
Adjustment in respect of prior years	14	(278)	(5)	(278)	–
Total taxation		2 542	6 714	2 412	6 653
		%	%	%	%
Reconciliation of taxation rate					
South African normal taxation rate		27.00	27.00	27.00	27.00
Adjusted for:					
Disallowable expenses					
Donations		2.11	0.11	2.66	0.06
Donations		0.34	0.01	0.13	0.01
Dilution loss on investment in associate		–	0.07	–	0.07
Impairment of investment in associate		1.57	–	2.00	–
Expenses of a capital nature		0.20	0.03	0.53	(0.02)
Exempt income and special deductions					
Dividends		(7.41)	(21.91)	(3.59)	(21.71)
Dividends		(0.35)	–	(0.45)	(0.02)
Other income ¹		–	(21.28)	–	(21.69)
Prior year deferred tax ²		(2.47)	–	(3.13)	–
CODI ⁴		(3.66)	(0.29)	–	–
CPD ⁴		(0.91)	(0.16)	–	–
Special allowances		(0.02)	(0.17)	(0.01)	–
Prior years ³		0.83	–	1.05	–
Effective taxation rate		22.53	5.20	27.12	5.35
Taxation paid					
Opening balance – taxation payable		(1 427)	(22)	(1 432)	(58)
Current taxation for the year recognised in profit or loss		(2 798)	(6 861)	(2 677)	(6 810)
Closing balance – taxation (receivable)/payable		(1 203)	1 427	(1 191)	1 432
Taxation paid		(5 429)	(5 456)	(5 300)	(5 436)

¹ Other income relates to tax exempt income received from National Treasury to strengthen the SARB's policy solvency.

² The deferred tax adjustment relates to prior year deferred tax liability

³ Prior year tax adjustment relates to adjustments made to align with SARS recommendations.

⁴ CODI and CPD are tax exempt.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

25. Dividends paid

The SARB shares qualify for a maximum dividend of 10 cents per share per annum in terms of the section 24(e) of the SARB Act.

A total dividend of 10 cents per share, amounting to R200 000, was paid for the current financial year (2025: R200 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

	Note(s)	GROUP		SARB	
		2026 R mil	2025 R mil	2026 R mil	2025 R mil
Reconciliation of profit before taxation to cash generated from operating activities					
Profit before taxation for the year		11 038	126 953	8 894	124 475
Adjustments for:					
Interest revenue	32	(9 987)	(8 708)	(740)	(1 074)
Interest expense	32	25 838	23 253	17 253	15 216
Fair value adjustments on investments	32	–	(110)	–	–
Dividends received	32	(79)	(145)	(204)	(145)
Depreciation, amortisation and impairment	12 & 13	892	1 107	729	973
Loss on disposal of fixed assets	23.2	–	34	–	46
(Profit)/Loss from associates	34.3	139	(71)	–	–
Dilution loss on investment in associate	34.3	–	311	–	311
Credit impairment reversal	29.2	(4)	(342)	–	–
Impairment of investment in associate	34.3	658	–	658	–
Post-employment benefits	20	161	173	147	162
Net cash generated from operating activities		28 656	142 455	26 737	139 964
Changes in operating assets and liabilities:					
Amounts due by Group companies	34.4	–	–	185	583
Accommodation to banks	3	353	98	353	98
Investments	4	(53 005)	23 324	–	–
Other assets	5	(124)	465	(858)	648
Gold and foreign exchange reserves	6	(84 772)	(56 676)	(84 772)	(56 676)
Inventories	7	(596)	63	(1)	(1)
FEC assets	8	(306)	40	(306)	40
Loans and advances	9	2 746	2 586	2 726	2 586
South African government bonds	10	(2 021)	(2 796)	(2 021)	(2 796)
Equity investment in BIS	11	357	195	357	195
Notes and coin in circulation	15	12 876	(1 733)	12 876	(1 733)
Deposits	16	110 571	105 371	21 582	98 055
Amounts due from Group companies		–	–	34 719	22 025
Foreign deposits	17	(221)	(12 886)	(221)	(12 886)
Other liabilities	18	3 155	146	2 493	436
Liquidity tier liabilities	19	(6)	119	–	–
FEC liabilities	8	17	(18)	17	(18)
GFECRA	21	10 855	(168 088)	10 855	(168 088)
Net cash utilised by changes in working capital		(121)	(109 790)	(2 016)	(117 532)
Net cash generated from operations		28 535	32 665	24 721	22 432

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

27. Capital commitments

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Already contracted for but not yet incurred				
Buildings	2 170	869	2 110	761
Plant, vehicles, furniture and equipment	342	377	218	161
Intangible assets	525	792	523	792
Total capital expenditure contracted for, but not yet incurred	3 037	2 038	2 851	1 714
Already approved but not yet contracted for				
Buildings	986	698	281	506
Plant, vehicles, furniture and equipment	1 383	1 812	481	1 331
Intangible assets	518	374	513	355
Total capital expenditure approved but not yet contracted for	2 887	2 884	1 275	2 192

These capital commitments will be funded from internal resources.

28. Events after the reporting period

The directors have assessed events after the reporting period to the date of the approval of these financial statements and have concluded that there are no material events requiring adjustment or disclosure in the financial statements.

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 the Republic of South Africa in accordance with its role as a central bank and the SARB Act. The SARB is also responsible for achieving and maintaining price stability in the interest of sustainable and balanced economic development and growth through the monetary policy.

The 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 annual financial statements continued

for the year ended 31 March 2026

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 (e.g. Deputy Governor, CIA and Group CFO). A quarterly risk management report, which focuses on the management of risks relating to foreign exchange reserves, is distributed to the Resmanco and the GEC. Moreover, a quarterly financial risk report is compiled and distributed to members of the SARB's RMC and the BREC. The objective of these risk reports is to inform management of financial risk to which the SARB may be exposed, the possible impact on the key functions of the SARB, and how such risks are managed. The report, furthermore, highlights future risks that might adversely impact on the activities of the SARB. In line with international best practice, key risk types discussed in these reports are market, credit and operational risk in relation to market, monetary policy implementation and reserves management operations.

Risk governance policies and procedures are performed by Heads of Departments, MDs 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 6 – Gold and foreign exchange reserves;
- Note 11 – Equity investment in BIS; and
- Note 21 – GFECRA.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 SPR. In addition to the refinancing operations, FMD also conducts a range of open market operations to influence the liquidity in the money market. Market operations are undertaken in both the domestic and foreign exchange markets. The open market operations include the issuance of SARB debentures, reverse repos, the movement of public sector funds between the market and the SARB and the conducting of money market swaps in the foreign exchange market.

In addition to the main repo facility, the SARB offers a range of end-of-day facilities for the commercial banks to square-off the daily positions on their settlement accounts, e.g. access to their cash reserve balances held with the SARB, supplementary repos/reverse repos conducted at the SPR and an automated standing facility whereby the end-of-day balances on the banks' settlement accounts are automatically settled 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 Monetary Policy Committee (MPC), which conducts monetary policy within a flexible inflation-targeting framework. This committee consists of seven members of the SARB: the Governor, three Deputy Governors and three senior officials of the SARB.

Daily operations

The Domestic Market Operations Section (within FMD) is responsible for the conducting of all domestic market operations associated with the SARB's responsibility for monetary policy implementation. These operations 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 accounts and
- Note 17 – Foreign deposits.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

29. Risk management in respect of financial instruments *continued*

29.1 Market risk

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

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 SARB is primarily exposed to interest rate risk in respect to its cash and cash equivalents, investments, loans and advances, deposits as well as the liquidity tier liability balances* The level of these rates is closely linked to the SPR, which is set by the MPC. The repricing of these assets and liabilities therefore occurs at approximately the same time as changes to the SPR are announced by the MPC.

The SARB is exposed to interest rate risk in respect of its foreign investments. *For foreign investments, the SARB is primarily exposed to interest rate risk in respect to its foreign exchange reserves, FEC assets and liabilities as well as foreign deposits balances.* 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 and SARB debentures are valued at the most recent auction's discount rates. *In addition, the SARB is primarily exposed to price risk in respect to its gold reserves as well as the equity investment in BIS balances.*

29.1.3 Currency risk

Foreign exchange operations

The framework of control regarding market operations in foreign exchange, that is, in spot and forward foreign exchange transactions, is rigorous. Trading limits exist for these instruments and compliance is monitored and reported daily. Foreign exchange risk is managed by approving certain currencies for the foreign exchange reserve portfolios to diversify this risk. The gains and losses resulting from active risk positions are recorded in the SARB's statement of comprehensive income. Gains and losses arising from movements in the exchange rate of the rand are recorded in GFECRA in the SARB's statement of financial position. The SARB's exposure to currency risk from holding reserves is thus limited by the fact that, in terms of the SARB Act, all profits or losses on gold, foreign exchange adjustments on assets and liabilities, and on any current or future FEC shall be for the account of the SA government.

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:

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
Group 2026														
Financial assets														
Amortised cost														
Cash and cash equivalents	93 902	100	-	-	13	-	22	-	-	-	-	-	-	93 937
Investments	53 430	100	-	-	-	-	-	-	-	-	-	-	-	53 430
Other financial assets	2 329	100	-	-	-	-	-	-	-	-	-	-	-	2 329
Loans and advances	1 748	100	-	-	-	-	-	-	-	-	-	-	-	1 748
FVPL														
SA government bonds	36 824	100	-	-	-	-	-	-	-	-	-	-	-	36 824
FVOCI														
Equity investment in BIS	-	-	-	-	-	-	-	-	-	-	-	-	8 392	100
SARB Act														
FEC assets	-	-	-	-	384	100	-	-	-	-	-	-	-	384
Gold and foreign exchange ¹	-	-	316 022	23.9	683 044	51.7	41 852	3.2	33 934	2.6	73 598	5.6	171 624	13.0
Total financial assets	188 233	12.4	316 022	20.8	683 441	45.1	41 874	2.8	33 934	2.2	73 598	4.9	180 016	11.9

¹ Included in the 'Other' category is R120 795 million for amounts denominated in XDR.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total			
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%		
Group 2026																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	180 647	100	-	-	-	-	-	-	-	-	-	-	180 647	100		
Deposits	690 209	100	-	-	-	-	-	-	-	-	-	-	690 209	100		
Other financial liabilities	3 250	100	-	-	-	-	-	-	-	-	-	-	3 325	100		
Liquidity tier liabilities	19 675	100	-	-	-	-	-	-	-	-	-	-	19 675	100		
FVPL																
Foreign deposits	-	-	-	-	69 437	78.8	9 732	11.0	4 587	5.2	2 196	2.5	2 165	2.5		
SARB Act																
FEC liabilities	-	-	-	-	23	100	-	-	-	-	-	-	-	23		
GIFCRA	374 756	100	-	-	-	-	-	-	-	-	-	-	-	374 756		
Total financial liabilities	1 268 537	93.5	-	-	69 460	5.1	9 732	0.7	4 587	0.3	2 196	0.2	2 165	0.2	1 356 752	100
Unrecognised financial liabilities																
Guarantees	704	100	-	-	-	-	-	-	-	-	-	-	-	704	100	
Loan commitments	184 430	100	-	-	-	-	-	-	-	-	-	-	-	184 430	100	
Total unrecognised financial liabilities	185 134	100	-	-	-	-	-	-	-	-	-	-	-	185 134	100	

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	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	425	100	-	-	-	-	-	-	-	-	-	-	425	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
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	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	41 541	3.0	34 307	2.5	74 843	5.4	182 883	13.3	1 374 680	100

¹ Included in the 'Other' category is R124 522 million for amounts denominated in XDR.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	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	2 542	96.3	48	1.7	55	2.0	-	-	-	-	-	-	2 645	100
Liquidity tier liability	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	1 132 631	92.8	69 765	5.7	9 721	0.8	4 684	0.4	2 090	0.2	2 187	0.2	1 221 078	100
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 annual financial statements continued

for the year ended 31 March 2026

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		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%	R mil	%
SARB 2026														
Financial assets														
Amortised cost														
Amounts due by subsidiaries	9	100	-	-	-	-	-	-	-	-	-	-	-	9
Other financial assets	2 171	100	-	-	-	-	-	-	-	-	-	-	-	2 171
Loans and advances	1 748	100	-	-	-	-	-	-	-	-	-	-	-	1 748
FVPL														
SA government bonds	36 824	100	-	-	-	-	-	-	-	-	-	-	-	36 824
FVOCI														
Equity investment in BIS	-	-	-	-	-	-	-	-	-	-	-	-	8 392	100
SARB Act														
FEC assets	-	-	384	100	-	-	-	-	-	-	-	-	-	384
Gold and foreign exchange ¹	-	-	316 022	23.9	683 444	51.8	41 852	3.2	33 934	2.6	73 598	5.6	171 624	13.0
Total financial assets	40 752	3.0	316 022	23.1	683 828	49.9	41 852	3.1	33 934	2.5	73 598	5.4	180 016	13.1

¹ Included in the 'Other' category is R120 795 million for amounts denominated in XDR.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026																
Financial liabilities																
Amortised cost																
Notes and coin in circulation	180 647	100	-	-	-	-	-	-	-	-	-	-	-	-	180 647	100
Deposits	483 584	100	-	-	-	-	-	-	-	-	-	-	-	-	483 584	100
Amounts due to Group companies	85 366	100	-	-	-	-	-	-	-	-	-	-	-	-	85 366	100
Other financial liabilities	1 239	100	-	-	-	-	-	-	-	-	-	-	-	-	1 239	100
FVPL																
Foreign deposits	-	-	-	-	69 437	78.8	9 732	11.0	4 587	5.2	2 196	2.5	2 165	2.5	88 117	100
SARB Act																
FEC liabilities	-	-	-	-	23	100	-	-	-	-	-	-	-	-	23	100
GFEORA	374 757	100	-	-	-	-	-	-	-	-	-	-	-	-	374 757	100
Total financial liabilities	1 125 593	93	-	-	69 460	5.7	9 732	0.8	4 587	0.4	2 196	0.2	2 165	0.2	1 213 733	100
Unrecognised financial liabilities																
Guarantees	20 379	100	-	-	-	-	-	-	-	-	-	-	-	-	20 379	100
Loan commitments	10 000	100	-	-	-	-	-	-	-	-	-	-	-	-	10 000	100
Total unrecognised financial liabilities	30 379	100	-	-	-	-	-	-	-	-	-	-	-	-	30 379	100

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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		United States dollar		Euro		Pound sterling		Chinese yuan		Other		Total	
	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
Accommodation to banks	353	100	-	-	-	-	-	-	-	-	-	-	-	353
Other financial assets	1 252	100	-	-	-	-	-	-	-	-	-	-	-	1 252
Loans and advances	4 494	100	-	-	-	-	-	-	-	-	-	-	-	4 494
FVPL														
SA government bonds	34 803	100	-	-	-	-	-	-	-	-	-	-	-	34 803
FVOCI														
Equity investment in BIS	-	-	-	-	-	-	-	-	-	-	7 184	100	-	7 184
SARB Act														
FEC assets	-	-	-	-	-	-	-	-	-	-	-	-	-	78
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
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 Included in the 'Other' category is R124 522 million for amounts denominated in XDR.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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	1 305	100	-	-	-	-	-	-	-	-	-	-	-	-	1 305	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	1 045 307	92	-	-	69 717	6.1	9 666	0.9	4 684	0.4	2 090	0.2	2 187	0.2	1 133 651	100
Unrecognised financial liabilities																
Guarantees	22 177	100	-	-	-	-	-	-	-	-	-	-	-	-	22 177	100
Facilities ¹	21 295	100	-	-	-	-	-	-	-	-	-	-	-	-	21 295	100
Total unrecognised financial liabilities	43 472	100	-	-	-	-	-	-	-	-	-	-	-	-	43 472	100

¹ Facilities were previously named Loan commitments. There is no impact on the numbers previously disclosed.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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

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

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

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 annual financial statements continued

for the year ended 31 March 2026

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	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
AAA	87 333	86 282	87 333	86 282
AA	251 339	263 242	251 339	263 242
A	92 432	75 282	92 432	75 282
A-1	580 957	586 884	580 957	586 884
Total foreign financial assets	1 012 061	1 011 690	1 012 061	1 011 690

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 2026 (2025: none).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 unlikelihood 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 annual financial statements continued

for the year ended 31 March 2026

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 annual financial statements continued

for the year ended 31 March 2026

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 ECL allowance (as it relates to the Group's amortising notes disclosed in note 4) as at 31 March is reconciled as follows:

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Opening loss allowance as at 31 March	(12)	(354)	–	–
Loss allowance recognised during the year	–	(12)	–	–
Loss allowance reversed during the year	4	354	–	–
Loss allowance as at 31 March	(8)	(12)	–	–

	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 2026					
ECL opening balance	(12)	–	–	–	(12)
Loss allowance reversed	4	–	–	–	4
ECL closing balance	(8)	–	–	–	(8)
GROUP 2025					
ECL opening balance	–	(354)	–	–	(354)
Loss allowance	(12)	–	–	–	(12)
Loss allowance reversed	–	354	–	–	354
ECL closing balance	(12)	–	–	–	(12)

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 annual financial statements continued

for the year ended 31 March 2026

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 2026 (2025: 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 Coordination (IGCC) facility – refer to note 9.

As at 31 March 2026, the Group recognised a loss allowance reversal of R4 million (2025: R354 million loss allowance reversal).

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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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.

	Redeemable on demand R mil	Up to 1 month R mil	1–3 months R mil	4–12 months R mil	1–2 years R mil	2–5 years R mil	More than 5 years R mil	Total R mil
GROUP 2026								
Financial liabilities								
Notes and coin in circulation	180 647	–	–	–	–	–	–	180 647
Deposits	509 545	180 664	–	–	–	–	–	690 209
Foreign deposits	51	88 066	–	–	–	–	–	88 117
Other financial liabilities	–	1 333	1 017	876	24	–	–	3 250
Liquidity tier liability	–	113	–	–	–	–	31 658	31 771
FEC liabilities	–	19	3	–	–	–	–	22
GFECRA ¹	349 756	–	–	25 000	–	–	–	374 756
Total financial liabilities	1 039 999	270 195	1 020	25 876	24	–	31 658	1 368 772
Unrecognised financial liabilities								
Guarantees	704	–	–	–	–	–	–	704
Loan commitments	184 430	–	–	–	–	–	–	184 430
Total unrecognised financial liabilities	185 134	–	–	–	–	–	–	185 134
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	170	–	–	–	2 754
Liquidity tier liability	–	119	–	–	–	–	35 776	35 895
FEC liabilities	–	–	6	–	–	–	–	6
GFECRA	313 901	–	–	–	–	50 000	–	363 901
Total financial liabilities	896 245	253 522	2 590	170	–	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

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 annual financial statements continued

for the year ended 31 March 2026

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 mil
SARB 2026							
Financial liabilities							
Notes and coin in circulation	180 647	–	–	–	–	–	180 647
Deposits	302 920	180 664	–	–	–	–	483 584
Amounts due to Group companies	85 366	–	–	–	–	–	85 366
Foreign deposits	51	88 066	–	–	–	–	88 117
Other financial liabilities	–	658	503	54	24	–	1 239
FEC liabilities	–	19	3	–	–	–	22
GFE CRA ¹	349 756	–	–	25 000	–	–	374 756
Total financial liabilities	918 740	269 407	506	25 054	24	–	1 213 731
Unrecognised financial liabilities							
Guarantees	20 379	–	–	–	–	–	20 379
Loan commitments	10 000	–	–	–	–	–	10 000
Total unrecognised financial liabilities	30 379	–	–	–	–	–	30 379
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	–	1 274	–	31	–	–	1 305
FEC liabilities	–	–	6	–	–	–	6
GFE CRA	313 901	–	–	–	50 000	–	363 901
Total financial liabilities	828 937	254 677	6	31	50 000	–	1 133 651
Unrecognised financial liabilities							
Guarantees	22 177	–	–	–	–	–	22 177
Loan commitments	21 295	–	–	–	–	–	21 295
Total unrecognised financial liabilities	43 472	–	–	–	–	–	43 472

¹ The repayment of the GFE CRA 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 annual financial statements continued

for the year ended 31 March 2026

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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026							
Financial assets							
Cash and cash equivalents	2	-	-	-	-	93 937	93 937
Investments	4	-	-	-	-	53 430	53 430
Other financial assets	5	-	-	-	-	2 329	2 329
Gold and foreign exchange reserves	6	-	436 817	863 656	-	-	1 320 473
FEC assets	8	-	384	-	-	-	384
Loans and advances	9	-	-	-	-	1 748	1 748
SA government bonds	10	-	-	36 824	-	-	36 824
Equity investment in BIS	11	8 392	-	-	-	-	8 392
Financial liabilities							
Notes and coin in circulation	15	-	-	-	-	180 647	180 647
Deposit accounts	16	-	-	-	-	690 209	690 209
Foreign deposits	17	-	-	-	88 117	-	88 117
Other financial liabilities	18	-	-	-	-	3 250	3 250
Liquidity tier liability	19	-	-	-	-	19 675	19 675
FEC liabilities	8	-	23	-	-	-	23
GFEORA	21	-	374 756	-	-	-	374 756
Unrecognised financial liabilities							
Guarantees	33	-	-	-	-	704	704
Loan commitments	33	-	-	-	-	184 971	184 971

¹ The carrying values of instruments carried at amortised cost closely approximates their fair values due to their short-term nature.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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
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	–	–	–	–	2 645	2 645
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 annual financial statements continued

for the year ended 31 March 2026

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 2026							
Financial assets							
Amount due by Group companies	34	-	-	-	-	9	9
Other financial assets	5	-	-	-	-	2 171	2 171
Gold and foreign exchange reserves	6	-	436 817	883 656	-	-	1 320 473
FEC assets	8	-	384	-	-	-	384
Loans and advances	9	-	-	-	-	1 748	1 748
SA government bonds	10	-	-	36 824	-	-	36 824
Equity investment in BIS	11	8 392	-	-	-	-	8 392
Financial liabilities							
Notes and coin in circulation	15	-	-	-	-	180 647	180 647
Deposits	16	-	-	-	-	483 584	483 584
Amounts due to Group companies	34	-	-	-	-	85 366	85 366
Foreign deposits	17	-	-	-	88 117	-	88 117
Other financial liabilities	18	-	-	-	-	1 239	1 239
FEC liabilities	8	-	23	-	-	-	23
GFEGRA	21	-	374 756	-	-	-	374 756
Unrecognised financial liabilities							
Guarantees	33	-	-	-	-	20 379	20 379
Loan commitments	33	-	-	-	-	10 000	10 000

¹ The carrying values of instruments carried at amortised cost closely approximate their fair values.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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							
Amounts 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
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	–	–	–	–	1 305	1 305
FEC liabilities	8	–	6	–	–	–	6
GFECPA	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 annual financial statements continued

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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 (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

- quoted market prices or dealer quotes for similar instruments are used for gold and foreign exchange and investments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of FECs is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value; and
- the fair value of all other instruments are derived with reference to yields.

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 (NAV) adjusted by 30%. This adjustment is not subject to sensitivity.¹ The adjusted NAV 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 valuers. In the absence of an official fair value assessment by an independent valuator, the insured value will be used as an indicator of fair value. 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.

¹ The 30% haircut is not subject to sensitivity as its origin dates back to a 1969 decision of the BIS Board to issue shares at a price of NAV minus 30%. This has been consistently applied ever since, and has become common practice among central banks.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 comprehensive income R mil	Purchases R mil	Transfers ((to)/from GFECRA) R mil	Closing balance R mil
GROUP 2026					
Assets					
Property, plant and equipment					
Valuable art	218	(17)	3	–	204
Financial assets at FVOCI					
Equity investment in BIS	7 184	1 565	–	(357)	8 392
Total	7 402	1 548	3	(357)	8 596
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
SARB 2026					
Assets					
Property, plant and equipment					
Valuable art	218	(17)	3	–	204
Financial assets at FVOCI					
Equity investment in BIS	7 184	1 565	–	(357)	8 392
Total	7 402	1 548	3	(357)	8 596
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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

31. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
GROUP 2026					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	–	–	204	204
Financial assets					
Gold and foreign exchange reserves	6	546 946	773 527	–	1 320 473
Gold coin and bullion		316 022	–	–	316 022
Money market instruments and deposits		–	252 343	–	252 343
Securities		230 792	400 366	–	631 158
Derivatives		132	23	–	155
IMF SDR assets		–	120 795	–	120 795
FEC assets	8	–	384	–	384
SA government bonds	10	36 824	–	–	36 824
Equity investment in BIS	11	–	–	8 392	8 392
Financial liabilities					
FEC liabilities	8	–	23	–	23
Foreign deposits	17	–	88 117	–	88 117

Notes to the consolidated and separate annual financial statements continued

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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
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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

31. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
SARB 2026					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment	12	–	–	204	204
Financial assets					
Gold and foreign exchange reserves	6	546 946	773 527	–	1 320 473
Gold coin and bullion		316 022	–	–	316 022
Money market instruments and deposits		–	252 343	–	252 343
Securities		230 792	400 366	–	631 158
Derivatives		132	23	–	155
IMF SDR Assets		–	120 795	–	120 795
FEC assets	8	–	384	–	384
SA government bonds	10	36 824	–	–	36 824
Equity investment in BIS	11	–	–	8 392	8 392
Financial liabilities					
FEC liabilities	8	–	23	–	23
Foreign deposits	17	–	88 117	–	88 117

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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
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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 2026					
Interest revenue	22 372	12 385	–	9 987	–
Interest expense	(25 838)	–	–	(25 838)	–
Fair value gains	22 728	25 320	(2 592)	–	–
Dividend income related to investments held at year-end	79	–	–	–	79
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
SARB 2026					
Interest revenue	13 125	12 385	–	740	–
Interest expense	(17 253)	–	–	(17 253)	–
Fair value gains	22 728	25 320	(2 593)	1	–
Dividend income related to investments held at year-end	79	–	–	–	79
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

33. Contingencies, commitments and guarantees

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 R470 million (2025: R3 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 2026, the LGS loan outstanding amounted to R455 million.

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 2026, the balance outstanding amounted to R383 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 annual financial statements continued

for the year ended 31 March 2026

33. Contingencies, 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 R1.1 billion was drawn from the approved facility. 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. At 31 March 2026, the availability period for all participating commercial banks had ended. At 31 March 2026, the EBB loan outstanding amounted to R851 million.

33.4 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.

33.5 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. On 1 August 2025, Ditsobotla Primary Savings and Credit Co-operative Bank Limited was placed in resolution which resulted in payouts to depositors amounting to R7 million as well as outstanding payments of R1 million as at 31 March 2026. No other member banks were placed in resolution.

33.6 Restricted-use committed liquidity facility

The SARB approved a restricted-use committed liquidity facility (RCLF) of R10 billion (2025: 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 2026.

33.7 Inter-governmental cash coordination

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 the SPR which was 6.75% (2025: 7.50%) at the reporting date. As at 31 March 2026, the IGCC loan balance was Rnil (2025: 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 in the prior year.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

34. Related party information

Nature of related party relationships

Parent company:

The SARB was established by the Constitution of South Africa and has a widespread public shareholding; therefore, there is no ultimate parent for the Group.

Subsidiaries:

CPD, CODI, SABN and SA Mint, together with its subsidiary Prestige Bullion.

Associates:

ABHL

African Bank Limited (a subsidiary of ABHL)

African Bank Insurance Group Limited (AIG) (a subsidiary of ABHL)

PayInc

Other key relationships:

SARB Retirement Fund

SA government (NT) – In terms of section 224 of the Constitution of South Africa, the SARB, in pursuit of its primary objective, must perform its functions independently and without fear, favour or prejudice, but there must be consultation between the SARB and the Cabinet member responsible for national financial matters.

34.1 Investment in subsidiaries

	Authorised and issued share capital		GROUP		SARB	
	Number of shares '000	% held	2026 R mil	2025 R mil	2026 R mil	2025 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:

CPD	385	775	–	–
SABN	155	40	–	–
SA Mint	198	137	–	–
CODI	1 528	1 380	–	–
Total contribution to Group profit	2 266	2 332	–	–

Financial assistance to subsidiaries

The subordinated loan to the SABN of R0.7 billion (2025: R0.7 billion) 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 in the books of the subsidiary as a separate category of equity and is thus treated as an addition to the SARB's investment in subsidiary.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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% (2025: 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 of the coins, while their marketing and distribution are 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	
	2026 R mil	2025 R mil
Statement of financial position		
Current assets	1 212	822
Total assets	1 212	822
Total equity	423	439
Current liabilities	789	383
Total liabilities	789	383
Total equity and liabilities	1 212	822
Statement of comprehensive income		
Revenue	3 881	1 819
Gross profit	166	119
Operating expenses	(29)	(25)
Profit before tax	137	100
Total comprehensive income	101	73

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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	
	2026 R mil	2025 R mil
Profit attributable to non-controlling interest	20	15
Accumulated non-controlling interest at year-end	78	81
Dividends	23	–

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 R563 million (2025: R773 million) was held on behalf of the SARB.

34.3 Investments in associates

The Group has two associates outlined below which are both accounted for using the equity method:

	African Bank Holdings Limited	PayInc
Nature of relationship with the Group	The ABHL Group's business operations consist primarily of retail banking and the provision of insurance products to banking clients and was acquired in 2016 for R5 billion as part of a rescue and restructuring plan following the 2014 curatorship of African Bank Limited.	PayInc connects the South African payments system as the largest automated clearing house in Africa and will thus operate as the primary vehicle through which the major objectives of the PEM Programme will be undertaken and implemented pursuant to the SARB's mandate of ensuring the safety and efficiency of the national payments system. The SARB subscribed for 50% of the shares in PayInc for a purchase consideration of R1.5 billion, with an effective date of 3 November 2025.
Principal place of business	59 16th Road, Midrand, Gauteng, South Africa	10 Parks Boulevard, Oxford Parks, Dunkeld, Gauteng, South Africa
Proportion of ownership interest	45%	50%
Significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the entity	None	None

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

34. Related party information continued

34.3 Investments in associates continued

34.3.1 Reconciliation of carrying value of associates

	ABHL		PayInc	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
GROUP				
Cost	5 000	5 000	1 455	–
Accumulated profit attributable to the Group at the beginning of the year	1 437	1 366	–	–
Total comprehensive income/(loss) for the year attributable to the Group	(152)	71	13	–
Accumulated impairment losses	(3 595)	(2 937)	–	–
Dividends received during the year ¹	(32)	–	–	–
Accumulated loss in dilution of shareholding	(311)	(311)	–	–
Carrying value of investment in associate	2 347	3 189	1 468	–
SARB				
Cost	5 000	5 000	1 455	–
Accumulated impairment losses	(2 552)	(1 894)	–	–
Accumulated loss from dilution of shareholding	(311)	(311)	–	–
Carrying value of investment in associate	2 137	2 795	1 455	–

¹ In the prior year, dividends received were not accounted for as a reduction of the carrying value of associates and has been corrected prospectively due to the immateriality thereof.

34.3.2 Impairment assessment of investment in associate

For the year ended 31 March 2026, ABHL declared and paid a total dividend of R70 million which is higher than the total comprehensive loss incurred of R625 million. In addition, ABHL has also been noted to have experienced significant changes in senior management. These factors were considered to give rise to impairment indicators and resulted in an impairment assessment being performed, which resulted in an impairment loss of R658 million being recognised (2025: nil).

The recoverable amount of R2.1 billion was based on the fair value less costs to sell method and determined by an independent expert making use of the market approach, particularly the trading multiples technique, to arrive at an appropriate fair value as opposed to the discounted cash flow technique traditionally applied by the Group due to the losses noted above. This fair value is considered to comprise of Level 3 inputs for the purposes of the IFRS 13 fair value hierarchy.

Key assumptions used in the determination of the fair value were a 0.4x to 0.5x Price-to-Tangible Book Value (P/TBV) multiple as well as a 5% discount for lack of marketability. Any rise in the P/TBV multiple, with all other factors remaining constant, would result in a higher fair value and thus a reversal of the impairment loss. Conversely, any rise in the discount for lack of marketability, with all other factors remaining constant, would result in a lower fair value and thus a further impairment loss. The net effect of these two assumptions therefore depends on which change is larger as their impact applies in opposite directions.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

34. Related party information continued

34.4 Amounts due by/to related parties

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Amounts due by related parties				
Loans and advances¹				
ABL	15	20	15	20
Other assets²				
SABN	–	–	–	178
SA Mint	–	–	5	14
CODI	–	–	4	2
ABL	3	5	3	2
Amounts due to related parties				
Deposits³				
CPD	–	–	62 898	30 287
SA government				
Non-interest-bearing	118 535	123 689	118 462	123 616
Interest-bearing	174 683	91 139	–	–
CODI ⁴	–	–	22 329	19 927
Other liabilities⁵				
SA Mint	–	–	1	1
CODI	–	–	138	114
SARB Retirement Fund	72	78	–	–
SA government (Treasury SDR account)	3 356	759	3 356	759
SA government (GFECRA liability) ⁶	374 395	363 829	374 395	363 829
ABL	476	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 SPR. 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 R22 billion (2025: R20 billion).

⁵ Other liabilities comprise trade payables. Refer to note 18.

⁶ Refer to note 21 for details on amounts owed to the SA government.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

34. Related party information continued

34.5 Transactions between the SARB and its related parties

	GROUP		SARB	
	2026 R mil	2025 R mil	2026 R mil	2025 R mil
Interest revenue				
ABL	204	93	204	126
Grindrod Bank	–	50	–	50
CPD	–	–	4	5
SA government	3	254	–	–
	207	397	208	181
Dividends received				
ABHL	32	65	32	65
SA Mint	–	–	93	–
	32	65	125	65
Interest paid				
ABL	41	26	4	4
Grindrod Bank	–	11	–	2
CPD	–	–	3 606	2 363
SA government	12 236	10 113	–	–
CODI	–	–	1 507	1 434
SARB Retirement Fund	6	8	–	–
	12 283	10 158	5 117	3 803
Administration fees received				
CPD	–	–	4	4
SA Mint	–	–	–	1
SARB Retirement Fund	8	5	8	5
	8	5	12	10
Administration and management fees paid				
SABN	–	–	39	37
SA Mint	–	–	5	5
SARB Retirement Fund	8	1	–	–
PayInc	–	–	–	–
	8	1	44	42
Rent paid				
SABN	–	–	2	2
	–	–	2	2
Other income¹				
ABL	9	29	4	4
Grindrod Bank	–	7	–	–
SA government	–	100 000	–	100 000
	9	100 036	4	100 004
Cost of new currency				
SABN	–	–	1 984	1 545
SA Mint	–	–	894	892
	–	–	2 878	2 437
Pension fund contributions				
SARB Retirement Fund	407	366	372	332
	407	366	372	332

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 annual financial statements continued

for the year ended 31 March 2026

34. Related party information continued

34.6 Directors' remuneration

	GROUP		SARB	
	2026 R'000	2025 R'000	2026 R'000	2025 R'000
Executive directors: Remuneration for services				
Governor E L Kganyago				
Remuneration and recurring fringe benefits	10 306	9 882	10 306	9 882
Other fringe benefits	228	380	228	380
	10 534	10 262	10 534	10 262
Deputy Governor N Tshazibana				
Remuneration and recurring fringe benefits	7 346	7 033	7 346	7 033
Other fringe benefits	55	41	55	41
	7 401	7 074	7 401	7 074
Deputy Governor K Naidoo¹				
Remuneration and recurring fringe benefits	–	1 088	–	1 088
	–	1 088	–	1 088
Deputy Governor M Modise				
Remuneration and recurring fringe benefits	7 244	6 933	7 244	6 933
Other fringe benefits	111	94	111	94
	7 355	7 027	7 355	7 027
Deputy Governor R Cassim				
Remuneration and recurring fringe benefits	7 303	6 994	7 303	6 994
Other fringe benefits	99	73	99	73
	7 402	7 067	7 402	7 067
Total remuneration of executive directors	32 692	32 518	32 693	32 518
Non-executive directors: Remuneration for services				
C B Buitendag ²	273	574	273	574
F Meyer ³	383	–	383	–
D J M S Msomi	983	888	983	888
K Badimo	701	695	701	695
L H Molebatsi	734	713	734	713
N Vink ²	262	560	262	560
N B Mbazima	1 482	1 450	816	795
M M T Ramano	686	637	686	637
J van Coller ³	386	–	386	–
K W Mzondeki	590	571	590	571
S Gaibie	546	538	546	538
Y G Muthien	675	666	675	666
Z Hoosen	816	801	816	801
Total remuneration of non-executive directors	8 517	8 093	7 851	7 438
Total remuneration of directors	41 209	40 611	40 543	39 956

¹ Resigned in December 2023.

² Retired on 8 August 2025

³ Appointed on 9 August 2025.



PRUDENTIAL AUTHORITY ANNUAL FINANCIAL ACCOUNTS



**Shape the future
with confidence**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the South African Reserve Bank

Opinion

We have audited the Prudential Authority's (the PA) financial accounts as set out on pages 196 to 198. The PA's financial accounts comprise the statement of financial position at 31 March 2026, 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.

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

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 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)*.

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

Emphasis of matter – Basis of preparation

We draw attention to the basis of preparation described in the PA financial accounts, which outlines that these financial accounts are prepared in accordance with the Financial Reporting Framework and basis of presentation of the South African Reserve Bank (SARB). The PA financial accounts are prepared in terms of section 55 of the Financial Sector Regulation Act. The financial accounts do not comprise a full set of financial statements. As a result, the PA financial accounts may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The PA's financial accounts for the year ended 31 March 2025 were audited by joint auditors, one of whom is no longer the joint auditor in the current period. The joint auditors expressed an unmodified opinion on those financial accounts on 19 June 2025.

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 Report 2025/26'. The other information does not include the financial accounts and our auditors' report thereon.

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

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

Responsibilities of the directors for the 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. The directors are responsible for overseeing the PA's financial reporting process.

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.

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.

Signed by:

BDO South Africa Inc.

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BDO South Africa Inc.
Director: Alethia Chetty
 Registered Auditor
 17 June 2026
 Wanderers Office Park
 52 Corlett Drive
 Illovo
 2196

DocuSigned by:

Ernst and Young Inc.

CE1B28D73B6643E...

Ernst & Young Inc.
Director: Zaheer Wadee
 Registered Auditor
 17 June 2026
 102 Rivonia Road
 Sandton
 Private Bag X14
 2146

Prudential Authority annual financial accounts

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

Basis of preparation

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

Statement of financial position at 31 March 2026

	Note	Prudential Authority	
		2026 R mil	2025 R mil
Assets			
Other assets	1.1	52	49
Liabilities			
Income received in advance		16	26
Other liabilities		34	21
Unclaimed balances		2	2
Total liabilities		52	49

Statement of profit or loss and other comprehensive income for the year ended 31 March 2026

Operating income			
Levies	2.1	617	596
Fees	2.2	18	13
Other income		19	–
Total operating income		654	609
Expenditure			
Personnel costs	2.4	(459)	(422)
Operational costs	2.4	(195)	(220)
Total expenditure		(654)	(642)
Amounts borne by the SARB	2.5	–	33
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, other income and penalties charged to financial institutions. The levies, fees and penalties 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 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 R25 million (2025: R20 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. The PA recognised contributions expense within Personnel costs of R53 million (2025: R49 million) as part of the defined contribution plan for its employees.

	Prudential Authority	
	2026 R mil	2025 R mil
Operating costs include:		
Professional fees	143	169
Membership fees	2	3
Official functions	10	17
Training (foreign and local)	6	4
Travel expenses (foreign and local)	18	23
Other operating costs	16	4
	195	220

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



AFRICAN RESERVE BANK

ADDITIONAL INFORMATION 2025/26

Minutes of the 105th annual Ordinary General Meeting of the shareholders of the SARB – held on 8 August 2025

The Chairperson of the South African Reserve Bank (SARB), Governor Lesetja Kganyago, extended a warm welcome to all who had joined the hybrid meeting and declared the 105th annual Ordinary General Meeting (AGM) of the shareholders of the SARB duly constituted in terms of the Regulations to the South African Reserve Bank Act 90 of 1989, as amended (SARB Act).

The Chairperson advised the shareholders that the SARB was hosting this AGM at its newly renovated Head Office. The Chairperson expressed appreciation to the shareholders for their understanding during the renovation period and welcomed them to the newly refurbished venue.

The Chairperson further advised that the proceedings of the AGM were being recorded for future reference, should the need arise. He confirmed that the AGM was being conducted in compliance with the Protection of Personal Information Act 4 of 2013 (POPI Act). Shareholders had been requested, during registration on the LUMI Technologies SA Proprietary Limited (LUMI) platform, to provide their consent for the SARB and LUMI to collect, collate, process and store their personal data for the purposes of the AGM.

Shareholders participating online were reminded that they could submit questions related to the business of the meeting either in written format or by using a virtual microphone. The Chairperson 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 informed the meeting that shareholders' questions would be addressed during the course of the meeting. Both the questions and the corresponding responses would be recorded in the minutes. Should any questions be received after the conclusion of the poll and the designated question time, these would not be addressed during the meeting but would instead be responded to directly via the shareholders' registered email addresses.

The Chairperson introduced the individuals who had joined him on the podium and were also available to respond to any questions from shareholders regarding the matters before the meeting. These individuals were:

- The Secretary of the SARB, Ms Zoliswa Copiso;
- Chairperson of the Audit Committee, Mr Norman Mbazima;
- Chairperson of the Remuneration Committee, Dr Yvonne Muthien;
- Chairperson of the Board Risk and Ethics Committee, Mr Zoab Hoosen; and
- Chairperson of the Non-executive Directors' Committee, Ms Lerato Molebatsi.

The Chairperson stated that under normal circumstances the Deputy Governors and General Counsel would also have been seated on the podium. However, due to spatial constraints, they were seated in the front row of the podium area and were also available to respond to shareholders' questions. These individuals included:

- SARB Deputy Governors Ms Nomfundo Tshazibana, Dr Rashad Cassim and Dr Mampho Modise; and
- General Counsel, Ms Rebecca Tee.

The Chairperson advised shareholders that:

- the terms of office of Ms Lerato Molebatsi and Dr Kgabo Badimo, who served as government-appointed non-executive directors, had expired on 31 May 2025. The SARB was currently awaiting the decision of the President of the Republic of South Africa (President) regarding the reappointment or the appointment of new directors.

Following the announcements, the Chairperson delivered his address to the shareholders. For record-keeping purposes, the full address is attached to these minutes and 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 30 July 2024.
- Receive and consider the SARB's annual financial statements for the financial year ended 31 March 2025, including the directors' report and the independent external auditors' report.
- Approve the remuneration of the SARB's independent external auditors, namely BDO South Africa



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 2025 had been accepted by 99% of the votes cast,...

Incorporated (BDO) and SizweNtsalubaGobodo Grant Thornton Incorporated (SNG Grant Thornton), in terms of regulation 22.1(b) read with regulation 7.3(c) of the Regulations, for completing the audit for the 2024/25 financial year.

- Reappoint BDO and confirm the appointment of Ernst & Young Incorporated (EY) as the SARB's independent external auditors for the 2025/26 financial year, in accordance with regulation 22.1(a) read with regulation 7.3(c) of the Regulations.
- Elect three (3) non-executive directors to serve on the SARB's Board of Directors (Board).
- Consider any further business that may arise from the items mentioned in terms of regulation 7.3(e) of the Regulations.

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.

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).
- Forty-six shareholders were present in person and online.
- Seven shareholders were represented by proxy.
- There were 463 votes exercisable by the shareholders present in person and online, and those holding duly certified proxy forms for this purpose.

The Chairperson reminded the shareholders that it has been determined that voting on each of the matters under consideration at the AGM would be conducted by means of an electronic poll. All the shareholders in attendance of this AGM, either in person or online, would be allowed to vote at any time before the vote was closed. Mr Andrej Vldar from LUMI demonstrated to the shareholders how to use the LUMI voting platform.

The Chairperson then invited the shareholders to submit any questions related to the first four resolutions.

No questions were raised on the first four resolutions.

Acceptance of the minutes of the 2024 AGM

The Chairperson proposed that the minutes of the 104th AGM held on 30 July 2024 (included in the 2024/25 *SARB Annual Report*) 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 2024 AGM had been accepted by 98.99% of the votes cast in favour and 0.81% votes against, while 0.20% had abstained from voting.

Acceptance of the SARB's annual financial statements for the financial year ended 31 March 2025, including the directors' report and the independent external auditors' report

The Chairperson proposed that the audited annual financial statements of the SARB for the financial year ended 31 March 2025, including the directors' report and the independent external auditors' report, included in the 2024/25 *SARB Annual Report*, published on the SARB website and posted to shareholders on 30 June 2025, be taken as read and accepted.

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 2025 had been accepted by 99% of the votes cast, while 1% had voted against.

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 2025 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



...the Chairperson extended a special word of thanks to Profs. Buitendag and Vink for the dedicated and valuable service they had rendered to the SARB Board over the course of their three terms of office.

year ended 31 March 2025, amounting to R24 931 796 excluding value-added tax (VAT), had been approved by 100% of the votes cast.

Appointment of independent external auditors

The Chairperson proposed that BDO be reappointed and EY be confirmed as the independent external auditors for the 2025/26 financial year, as per the SARB's Audit Committee recommendation. It was noted that the appointments of BDO and EY as the independent external auditors were subject to the annual re-election process conducted at each SARB AGM, with a potential maximum period of 10 years. Based on the outcome 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, with 99% of the votes cast in favour and 1% against.

The Chairperson congratulated EY on their appointment and BDO on their reappointment.

Election of three non-executive directors

The Chairperson turned to the election of three (3) non-executive directors to fill the vacancies for shareholder-elected non-executive directors that would become available on the day after the AGM.

The Chairperson advised that the terms of office of Prof. Charlotte Buitendag and Mr Zoab Hoosen, as non-executive directors with knowledge and skills in industry, and the term of office of Prof. Nicholas Vink, as a non-executive director with knowledge and skills in agriculture, would expire on the day after the 2025 AGM.

Prof. Buitendag and Vink would each have completed three terms of office and were therefore not eligible for re-election. Mr Hoosen would have completed his second term of office and was therefore eligible for re-election by shareholders for a further three-year term.

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 Chief Executive Officer (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 the National Economic Development and Labour Council (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 curricula vitae (CVs) of these three candidates had been sent to the shareholders together with the Notice of the Meeting.

Mr Zoab Hoosen had been the first candidate selected with knowledge and skills in industry by the panel to fill the first position for a non-executive director. Mr Stephen van Coller was the second candidate selected by the panel with knowledge and skills in industry to fill the second position for a non-executive director, whereas Prof. Ferdinand Meyer had been the only candidate selected by the panel with knowledge and skills in agriculture to fill the third position for a non-executive director.

The Chairperson then invited shareholders to submit any questions related to the three resolutions to elect the three non-executive directors to fill the vacancies to the SARB Board. No questions were raised regarding the three resolutions.

Mr Hoosen was re-elected as a non-executive director with knowledge and skills in industry, with 98.89% of the votes cast in favour, while 1.11% had abstained from voting.

Mr Van Coller had been elected as a non-executive director with knowledge and skills in industry, with 76.29% of the votes cast in favour and 16.33% votes against, while 7.37% had abstained from voting.

Prof. Meyer was elected as a non-executive director with knowledge and skills in agriculture, with 95.98% of the votes cast in favour and 0.42% votes against, while 3.59% had abstained from voting.

The Chairperson congratulated Mr Hoosen on his re-election and Mr Van Coller and Prof. Meyer on their election as non-executive directors. In terms of section 5 of the SARB Act, their appointments are effective from 9 August 2025 to the day after the AGM in 2028.

The Chairperson confirmed that the voting procedure on all the proposed resolutions at this AGM had been concluded. He further expressed his appreciation to

LUMI for their assistance with the voting process and contribution to the meeting.

On behalf of the entire Board, executives, shareholder and broader leadership of the SARB, the Chairperson extended a special word of thanks to Profs. Buitendag and Vink for the dedicated and valuable service they had rendered to the SARB Board over the course of their three terms of office (nine years) as non-executive directors. He acknowledged that their deep expertise, thoughtful contributions and unwavering commitment to the SARB's mandate had been invaluable. Both professors had brought a wealth of academic insight and governance experience that enriched the Board's deliberations and immensely strengthened the SARB's strategic direction.

The Chairperson further expressed his heartfelt gratitude and wished both professors continued success in their future endeavours. He concluded by stating that South Africa owes them a debt of gratitude as they had served the country with distinction.

Special business to be considered at this AGM

The Chairperson reiterated the 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 address.

Mr Michael Brown, a shareholder, congratulated the Governor, the Board and entire staff of the SARB for successfully delivering on the SARB's strategic objectives over the past year and for strengthening its balance sheet.

Mr Brown posed a question on the contingency foreign exchange (FX) reserves and made reference to the Chairperson's earlier address on the statement that the contingencies had grown significantly, including rebates or refunds from National Treasury. He also referred to the FX reserves that had increased substantially to US\$68 billion and enquired whether the SARB had considered diversifying these reserves into other currencies or gold, given potential weaknesses in the US dollar.

The Chairperson expressed appreciation of Mr Brown's compliments. He remarked that the SARB maintained a diversified portfolio of FX reserves. South Africa was among the few countries that refer to 'gold and foreign exchange reserves', reflecting the inclusion of a significant proportion of gold in its holdings. In addition to the US dollar, the SARB holds reserves in other currencies, including the British pound (sterling), euro, Canadian dollar, Korean won and Japanese yen. Despite diversification, the US dollar remained the dominant currency, comprising approximately 60% of the SARB's FX reserves. The Chairperson emphasised the importance of the US dollar in the global financial system, citing Bank for International Settlements (BIS) data indicating that around 90% of foreign exchange transactions involved the US dollar



The Chairperson reiterated that the SARB was constitutionally mandated to protect the value of the currency and ensure price stability in the interest of balanced and sustainable economic growth.

and approximately 80% of global trade was invoiced in US dollars. He concluded that maintaining a substantial holding in US dollars was essential for resilience, even as the SARB continued to diversify its reserve holdings.

Mr Michael Duerr, another shareholder, further posed a question on the valuation of the SARB shares and made reference that, based on the audited annual financial statements, it has been reflected that the SARB holds R526 billion in real reserves. He further expressed that, even when applying a conservative estimate of a 30% share allocation to shareholders as referenced in the *SARB Annual Report* and this would equate to over R147 billion in value. Despite this, shareholders were being advised that their shares were valued at only R10 to R12 each, whereas, by his calculation, each share should be valued at approximately R73 752. Mr Duerr further referred to the SARB Act, which stipulates that in the event of liquidation, 40% of the net assets would be distributed to the shareholders and 60% to government. He asserted that, as per this statutory liquidation provision which he viewed as a key consideration in the valuation of SARB shares, the shareholder value reflected in the *SARB Annual Report* was grossly undervalued and all the discussion on shareholding valuation must commence basing it on the liquidation provision.

The Chairperson explained that the SARB conducts annual audits of its financial statements, which included the verification of gold reserves. The SARB Internal Audit Department frequently conducts physical inspections of the gold holdings for verification purposes. In many cases, the SARB relied on certificates from the Bank of England, which confirmed that specific gold bars being held in its vaults on behalf of the SARB. These certificates were considered sufficient for audit purposes. The Chairperson remarked that he could not confirm the statements purported to be issued by the late Governor [Tito] Mboweni's visit to inspect the gold, implying that physical inspection was not always necessary or standard practice.

On the share valuation, the Chairperson pointed out that Mr Duerr had raised this matter previously and even taken the matter to court. He explained that the valuation process had been conducted, and although Mr Duerr was dissatisfied with the outcome, the courts had ruled on the matter. The Chairperson emphasised that the courts had found no basis for a higher valuation that would entitle the shareholders to more than what was legally prescribed. He further explained that the SARB shares were not publicly traded and were instead exchanged over the

counter, meaning that the market determined their price. Mr Duerr had offered to sell his shares previously at price and there were no buyers for the shares. This indicated that his valuation was not supported by market demand. Regarding the 40% liquidation clause in the SARB Act, the Chairperson confirmed the existence of the provision in the SARB Act; however, he clarified that the provision only applied in the event of liquidation.

In response to Ms Christine Theresa Nxumalo's question, the Chairperson clarified that the majority of the non-executive directors currently serving on the SARB Board were female and her statement was inaccurate. He remarked that there are currently nine female directors out of the 15-member Board, and the SARB was proud of the current representation.

Mr Selepe Mpho Phetla enquired about the implications of the delay in the appointment of government-appointed non-executive directors and whether the Minister of Finance and/or the Presidency had provided any timelines. The Chairperson responded that there were no statutory timelines governing such appointments. He also noted that the Presidency had confirmed that the matter was under consideration and added that similar delays had occurred in two or three previous AGMs. He expressed hope that the Presidency would announce its decision in due course.

Mr Thabo Mashegoane posed a comment that there was a call for the SARB to consider economic growth and employment in exercising its mandate and duties.

The Chairperson reiterated that the SARB was constitutionally mandated to protect the value of the currency and ensure price stability in the interest of balanced and sustainable economic growth.

Mr Thabo Moganwa posed a question on the R100 billion transferred from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) in the previous year. He enquired about the reasons for the transfer and how the funds were being used, and whether similar funding would be required in the near term – three to five years – and if so, what would be the cost implication for such request.

The Chairperson confirmed that R250 billion was transferred from GFECRA. In terms of the SARB Act, the R250 billion transferred to National Treasury comprised unrealised profits from GFECRA and such profits were permitted to be transferred to the National Revenue Fund, subject to an agreement between the SARB and

the Minister of Finance. These profits were unrealised, meaning that they are based on valuation gains and not actual cash. To realise the profits, the SARB would need to sell the underlying assets, meaning its foreign reserves, which was a step the SARB was not prepared to undertake. In terms of the impact on the SARB's balance sheet, the transfer created a liability on the SARB's balance sheet. Once National Treasury allocate these funds to the government departments, the funds then re-enter the monetary system, creating excess liquidity in the system. The SARB would then be required to sterilise this excess liquidity to maintain monetary policy effectiveness.

Historically, the SARB used debentures to mop up excess liquidity. However, with the new monetary policy implementation framework, the SARB would absorb liquidity by accepting deposits from commercial banks and other financial institutions. These deposits would be placed with the SARB, which must then pay interest on the said deposits. This could result in the SARB's capital base being depleted; therefore, the SARB would be required to source other funding to mop up the excess liquidity.

The Chairperson warned that if the SARB's capital were depleted, it would need to approach National Treasury for recapitalisation, similar to the state-owned enterprises. This could lead to conditional funding, potentially compromising the SARB's independence.

To mitigate this potential risk and avoid recurring negotiations and consultations with National Treasury on transfer of funds, the SARB and National Treasury agreed on a framework governing future transfer. In this instance and by way of illustration, the SARB would release the R250 billion with a condition of National Treasury committing to return the R100 billion to the SARB to cover sterilisation costs for excess liquidity. The remaining R150 billion would be disbursed to National Treasury in tranches of R100 billion upfront, and the further remaining R50 billion in two R25 billion instalments. The key consideration with the framework, published on both the SARB and National Treasury websites, was to protect the policy solvency of the SARB and its ability to execute its mandate without external dependencies.

More fundamentally, future requirements to transfer from the GFECRA might occur; however, the framework also allowed for reverse transfers from National Treasury to the SARB. He reminded shareholders that in 2003, the GFECRA was in deficit and National Treasury had to cover the funds shortfall. He cautioned against viewing the GFECRA as a 'pot of gold', emphasising that its balance could fluctuate and could require government support in adverse conditions. Going forward, transfers might not be as material; the recent transfer was significant due to it being accumulated over a period of 20 years.

Mr Phetla further posed a question on the review of the inflation target and whether there was an aligned process between the SARB Monetary Policy Committee (MPC) and the Minister of Finance, following the MPC announcement of a 3% target focus. It was noted that the MPC had previously used the 4.5% midpoint within the official 3–6% target range, which already appeared to differ from government policy.

In response to Mr Phetla's question, the Chairperson stated that while it might appear that the MPC and the Minister held different views, there was in fact a joint process in place and ongoing engagement between the SARB and National Treasury. He clarified that the SARB's official inflation target range remains 3–6%. While this was a wide range, the SARB had historically aimed for the midpoint. However, given that inflation was currently at the lower end of the range around 3%, the SARB indicated a preference to anchor expectations closer to the bottom of the range. This was not a new target, but rather a strategic emphasis within the existing framework. He explained that some economists referred to this as 'opportunistic disinflation'; however, the SARB was simply responding to current inflation dynamics. The current target range remains unchanged and the SARB continued to operate transparently in it. The Chairperson was confident that the SARB and National Treasury would agree with each other on the target.

Mr Moganwa further posed a question that, since at least 2021, the spread between the official rates and inflation had widened, visually suggesting that the MPC had already been using the 3% target, and whether this was indeed the case, based on historical spread.

In response to Mr Moganwa's question, the Chairperson confirmed that it was not the case. He stated that, in the past, there was a view that the SARB was not targeting an inflation target range of 3–6% and it was implicitly targeting 5.99%, which had led to speculation and academic studies attempting to reverse-engineer the SARB's actual target range. These studies suggested that the SARB was targeting 5.89%, which undermined the transparency of the framework. The Chairperson emphasised that the SARB was now explicitly communicating its intention to anchor inflation closer to the lower end of the target range, particularly as inflation was currently at 3%.

Ms Nxumalo further posed a question as to why the banks charge so high interest rates on home loans, often three times over the property value over the loan term. She highlighted that most home loans in South Africa spanned 20 to 30 years, resulting in significant interest accumulation over time. This model had been viewed as designed to maximise the profits of the banks rather than support equitable home ownership.

In response to Ms Nxumalo's question, the Chairperson acknowledged the concern and remarked that this was an excellent lesson in finance. It was important for South Africans to understand that paying off a bond more quickly significantly reduces the total interest paid over time. While the Chairperson did not directly address regulatory reform or the SARB's role in risk-based pricing, his response highlighted the impact of repayment behaviour on long-term financial outcomes.

There were no further questions or comments from the shareholders.

The Chairperson invited Ms Mary Vilakazi, Chief Executive Officer of FirstRand Limited, to propose a vote of thanks on behalf of her organisation, the financial services sector and the SARB shareholders.

Ms Vilakazi expressed profound appreciation to the SARB,

honouring it as an institution that continued to stand as a beacon of trust, credibility and independence. She commended the SARB on its steadfast commitment to its constitutional mandate to preserve the value of the local currency and keep securing a stable financial system, which remained foundational to South Africa's economic resilience. She reflected on the SARB's centenary, celebrated during the COVID-19 pandemic, a time when the SARB played a critical role in protecting both the financial system and the real economy during one of the most significant economic shocks in modern history. The SARB's credibility in fulfilling its mandate has long been respected globally, particularly for its ability to assess and respond to South Africa's domestic context.

Ms Vilakazi noted that the SARB's capacity to respond to divergent inflation outlooks, even when not moving in lockstep with developed market central banks, demonstrated its independent and context-sensitive approach to monetary policy. She highlighted the volatile geopolitical and macroeconomic environment South Africa is facing, including the challenges in international trade, capital flows and technological disruption. In this context, Ms Vilakazi emphasised the need for economies to refocus on competitive advantages and resilience.

Ms Vilakazi applauded the SARB's leadership in navigating this complex environment and supporting South Africa's future economic resilience. She welcomed the SARB's intention to anchor inflation closer to the lower end of its 3–6% target range, stating that this would support greater price stability, usher in a lower interest rate environment and enhance South Africa's global competitiveness by attracting capital, lowering government funding costs and enabling investment-led growth.

Ms Vilakazi commended the SARB's role in monitoring financial stability risks, and ensuring that the financial system remained robust, well-capitalised and globally respected. The SARB's contributions to the systemic risk framework and its leadership in implementing the Basel III reforms were highlighted as setting a high standard.

Ms Vilakazi commended the SARB's efforts in supporting South Africa's progress towards exiting the Financial Action Task Force greylist, with only two action items remaining and a final review expected in October. She credited the SARB's risk-based supervision and collaboration with law enforcement agencies for strengthening confidence in South Africa's financial integrity, which in turn improved access to capital, reduced transaction costs and enhanced investor sentiment.

Ms Vilakazi also praised the SARB's work in deepening local capital markets, promoting domestic savings and lowering the inflation target, all of which supported infrastructure investment, energy development and other national priorities, complementing the country's structural reform efforts under Operation Vulindlela.

Ms Vilakazi celebrated the SARB's leadership in modernising South Africa's payments landscape, particularly through the rollout of PayShap, which was built on the Rapid Payments Programme. With over 4.5 million registered ShapID proxies and transaction

volumes growing by over 1 000% in the past year, PayShap was driving financial inclusion, reducing transaction costs and enabling faster, safer and more accessible payments for individuals and businesses.

As South Africa was hosting the G20 this year, Ms Vilakazi emphasised the importance of the SARB's voice on the global stage, particularly in areas such as climate risk management and sustainable finance, reinforcing South Africa's reputation as a responsible and forward-looking member of the global financial community.

In closing, Ms Vilakazi thanked the Governor, Deputy Governors and the entire SARB team for their professionalism, integrity and dedication, stating that the SARB was not only the guardian of the financial system, but that it also played a critical role in the stewardship of South Africa's economic future.

Following the vote of thanks by Ms Vilakazi, the Chairperson thanked her and confirmed that all the business included in the agenda had been transacted.

Finally, the Chairperson took the opportunity to thank President [Cyril] Ramaphosa and Deputy President [Paul] Mashatile as well as the Government and Parliament of the Republic of South Africa for their continued support. The sound working relationship between National Treasury and the SARB had remained strong.

He also expressed sincere appreciation to the Minister of Finance, Mr Enoch Godongwana; the Deputy Ministers of Finance, Dr David Masedo and Mr Ashor Sarupen; the Director-General of National Treasury, Dr Duncan Pieterse; as well as the staff of National Treasury 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 upholding sound corporate governance at the SARB.

Sincere appreciation was also expressed to Deputy Governors Cassim, Tshazibana and Modise for sharing the workload, as well as to the entire management and staff of the SARB for their continued dedication and support. The Chairperson thanked them for their efforts as they were the foundation of the SARB's success.

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 of the 105th AGM of the SARB shareholders closed.



E L (Lesetja) Kganyago
Chairperson



ANNEXURE A

An address by Mr Lesetja Kganyago, Governor of the SARB, to the 105th AGM of the SARB shareholders held on Friday, 8 August 2025.

Introduction

The global economy is experiencing a turbulent year. So far, it has proven resilient, despite the shocks from wars and tariffs. We should not overstate this. Late last year, the International Monetary Fund still expected growth of 3.2% for 2025, which is now down to 3%.

But in April, it was expecting 2.8%, so we have actually had some upward growth revisions. Given all that has happened in the first half of the year, it is surprising that growth has held up this well, and that forecasts are moving up rather than down.

That said, there are not many reasons to feel safe. In the United States, businesses have front-loaded imports, and many have been in a wait-and-see mode as a way of dealing with tariff uncertainty.

It is now increasingly clear that tariffs will settle at high rates. The Yale Budget Lab calculates the effective tariff as of August at 18.3%, the highest since 1934.

This implies significant price pressures that will have to be absorbed somewhere in the system. In this context, it is unsurprising that the US Federal Reserve has been keeping policy rates on hold, with the stance still somewhat on the restrictive side.

In other regions, it has been clearer that trade disruptions are not causing significant inflationary pressure. The main concern has been that supply chain disruptions would push up prices, seeing as most other countries have taken an enlightened approach and refrained from raising their own tariffs to match US measures.

As the year has developed, what we have seen is mostly modest disinflationary effects, stemming from weaker demand and excess capacity.

A weaker dollar has also been supportive of other countries, especially emerging markets. This has given many central banks the scope to ease policy rates and adopt more neutral policy stances.

In South Africa, our preliminary assessment is that tariffs and the other uncertainties in the global economy are causing modest damage to growth while leaving inflation broadly unchanged.

The US is a large trading partner for South Africa, but it is not as important as Europe, China or the Southern African Development Community. Our exports to the US mostly



We are happy to provide notes and coin to the economy, and we want these offerings to be world class, too. But cheap, safe and fast digital payments would offer many benefits to South Africans, and we intend to see that the gains of technological advancement are shared and not reserved for the small fraction of consumers who carry the latest smartphones.

consist of commodities – some of which are exempted – and manufactured products such as cars.

Some parts of the agricultural sector are exposed, but total agricultural exports are only about 3% of our total exports to the US.

In our latest forecast round, we factored in a higher tariff rate. This moved our growth projection for the year down by about 0.1 percentage points. While this is a setback, it is not catastrophic.

Unfortunately, our growth rate for the year is still looking low, close to 1%. This continues a stagnation trend that has been in place for roughly a decade.

The economy grew at about 4% a year during the 2000s. It then slowed down steadily during the first half of the 2010s, and has hovered at growth rates of about 1% ever since.

As we have said repeatedly in our monetary policy statements, the drivers of weak growth are mainly structural and require structural reforms. Put in plainer language, without economic jargon, we need the trains to run and the cities to function.

Given the reform momentum underway, which is best illustrated by improved electricity availability, we see some scope for better growth in the coming years. We also believe National Treasury's efforts to stabilise debt can bolster confidence.

In addition, the economy is enjoying some support from lower interest rates, with the yield curve shifting lower over the past year or so, and our policy rate down by 125 basis points as of July.

Like almost all other economies, we suffered high inflation during the global inflation surge of 2022 and 2023.

However, inflation decelerated sharply in 2024. We have had space to ease rates because inflation has been well contained, with prices up 3% over the past 12 months.

There have been notable risks to prices this year, such as the spike in oil prices after the bombing of Iran in June, and the sharp depreciation of the rand back in April. But these risks have been resolved quite rapidly, and inflation has remained moderate.

Looking ahead, inflation is expected to rise over the next few months. Food inflation has picked up, mainly because of meat prices. Fuel prices are also falling more slowly now, compared to the recent past.

However, we expect this uptick in headline inflation to be temporary, and we look forward to inflation coming back to around 3% over the medium term, which is at the bottom of our 3–6% target range.

To the extent that inflation settles at 3%, and that inflation expectations continue their move lower, the Bank's forecasting model shows lower interest rates if inflation remains contained at current levels. Given that this is the year of uncertainty, I do not want that projection to be mistaken for a promise. Events may not unfold exactly in line with our forecasts.

Moving beyond monetary policy, we have started a new strategy cycle this year. One important change is that we have streamlined our strategic focus areas to just three – price stability, financial stability and payments. These are the three integral functions of the SARB.

Our fundamental value to society is money that holds its value and that can be used in a stable financial system to make payments efficiently. Elevating these three roles will help keep the organisation focused on its unique contribution to the well-being of South Africans.

For financial stability, we conduct macroprudential policy to protect the health of the overall system, and we undertake microprudential policy to ensure the health of individual regulated institutions. We also have the Corporation for Deposit Insurance to make sure depositors' money is safe, in the event of a bank failure, up to a limit of R100 000, which covers most depositors in the country.

Our financial system has remained resilient over the years. We have, nonetheless, recently needed to take several enforcement actions regarding individual institutions. We are also paying special attention to new technologies, particularly artificial intelligence. These offer new efficiencies but also pose new threats, for instance, through sophisticated and more dangerous cyberattacks.

For payments, it has been a year of exciting developments given our Payments Ecosystem Modernisation project. In South Africa, we have long taken pride in our sophisticated payments systems, but the truth is that we have fallen behind some of our peers. New digital technologies have emerged. In countries such as Brazil, digital retail payments have spread rapidly across society.

Meanwhile, here in South Africa, cash – a technology that is literally centuries old – remains the single most popular form of payment.

We are happy to provide notes and coin to the economy, and we want these offerings to be world class, too. But cheap, safe and fast digital payments would offer many benefits to South Africans, and we intend to see that the gains of technological advancement are shared and not reserved for the small fraction of consumers who carry the latest smartphones.

To do this, the SARB has been proactively working with the private sector to scale up a fast-payments system in the country that will be more accessible, efficient and affordable.

We also expect these efforts will attract innovative firms to help South Africa regain its place at the forefront of the payments frontier, instead of lagging behind. We have embarked on a journey to modernise our payment ecosystem in SADC and have been working with central banks in the region to deliver efficient and cost-effective cross-border payments.

Apart from our three focus areas of price stability, financial stability and payments, the SARB also undertakes a range of other work that supports the apex objectives.

For this year, our international engagements have been particularly important, given South Africa's presidency of

the Group of Twenty. Clearly, this is not the easiest year to manage a forum like the G20, which is consensus-based, given the disagreements between member countries. Still, together with National Treasury, we have been able to host constructive meetings for the Finance Track. At Zimbali last month, it was possible to agree on a communiqué for the first time since October 2024. The personal feedback I have received has also shown just how much our G20 partners appreciate the warm welcome we have shown them as South Africans.

We are also focused on maintaining a strong balance sheet. In this year's accounts, you will see the results of significant reforms undertaken last year. A notable figure is our unusually large profits, of R118 billion after tax, and I can tell you we have received queries prior to this meeting from shareholders wanting to understand this number. Most of it reflects the R100 billion received from National Treasury as part of the new Gold and Foreign Exchange Contingency Reserve Account, or GFECRA, settlement agreement. This strengthened our capital position so that we could also pay out a portion of the GFECRA funds to government, which is the legal owner of these balances. We could do so without selling off foreign exchange reserves.

On that subject, I can also report that foreign exchange reserves are now around US\$68 billion, up by about US\$20 billion over the past 10 years. We are a long way from having the strongest reserve position among emerging markets, but we are no longer the laggard we once were.

The South African economy no doubt has its vulnerabilities, but it also has strengths, and I am proud to say the SARB is one of them.

The SARB would not be the institution that it is without its people. The past five years have been one of intense change for the organisation, which for decades was largely office-based. We started our previous strategy journey with the onset of COVID-19 and a hard lockdown. We quickly had to adapt our operations, first to remote work and later to a hybrid way of work due to renovations of our Head Office, which is nearing completion.

It is perhaps fitting then that as we begin the next five-year strategy cycle, we do so from our refurbished Head Office.

On Monday, 4 August, the first group of SARB staff began their full-time return to the office. We believe this will reinvigorate a culture of collaboration, helping us to continue serving the people of South Africa with excellence.

Thank you.

ANNUAL REPORT ABBREVIATIONS

ABHL	African Bank Holdings Limited
ABL	African Bank Limited
AfDB	African Development Bank
AGM	annual Ordinary General Meeting
AML	anti-money laundering
ATM	automated teller machine
BA	Bachelor of Arts
BA (returns)	Banker's Acceptance (returns)
Banks Act	Banks Act 94 of 1990
B-BBEE	Broad-Based Black Economic Empowerment
BBS	bounce back scheme
BCBS	Basel Committee on Banking Supervision
BCM	business continuity management
BCom	Bachelor of Commerce
BDO	BDO South Africa Incorporated
BFAP	Bureau for Food and Agricultural Policy
BIS	Bank for International Settlements
BnEI	Banknote Ethics Initiative
Board	Board of Directors
BREC	Board Risk and Ethics Committee
BSc	Bachelor of Science
BSTD	Business Solutions and Technology Department
CAGR	compound annual growth rate
CA(SA)	Chartered Accountant South Africa
CBDC	central bank digital currency
CCBG	Committee of Central Bank Governors
CCP	central counterparty
CCyB	countercyclical capital buffer
CDRC	Cross-Departmental Research Committee
CEJ	Centre for Economic Journalism (Rhodes University)
CEO	Chief Executive Officer
CFI	co-operative financial institution
CFT	countering the financing of terrorism
CFO	Chief Financial Officer
CISU	Cyber and Information Security Unit
CODI	Corporation for Deposit Insurance

Constitution	Constitution of the Republic of South Africa, 1996
CPC	Cross-Border Payments Coordination Group
CPD	Corporation for Public Deposits
CPD Act	Corporation for Public Deposits Act 46 of 1984
CPF	combatting proliferation financing
CPI	consumer price index
CIS	collective investment scheme
COO	Chief Operating Officer
CSI	Corporate Social Investment
CVA	Credit Valuation Adjustment
D&I	diversity and inclusion
DG	Deputy Governor
DIF	Deposit Insurance Fund
DLT	distributed ledger technology
EAD	exposure at default
EBBS	energy bounce back scheme
EBITDA	earnings before interest, taxes, depreciation and amortisation
ECL	expected credit loss
EFA	enablement focus area
EIR	effective interest rate
EFT	electronic funds transfer
EPMO	Enterprise Project Management Office
ERD	Economic Research Department
ESD	Economic Statistics Department
ESG	environmental, social and governance
EV	employee volunteerism
EVP	employee value proposition
ex officio	by virtue of one's position or status (Latin)
EY	Ernst & Young Incorporated
FATF	Financial Action Task Force
FC (standard)	Financial Conglomerates (standard)
FCI	Financial Conditions Index
FEC	forward exchange contract
FIC	Financial Intelligence Centre
financial statements	Group consolidated and separate annual financial statements

fintech	financial technology
FinStab	Financial Stability Department
FinSurv	Financial Surveillance Department
Flac	financial loss absorbing capacity
FMA	Financial Markets Act 19 of 2012
FMD	Financial Markets Department
FMI	financial market infrastructure
FSB	Financial Stability Board
FSC	Financial Stability Committee
FSCF	Financial Sector Contingency Forum
FSCA	Financial Sector Conduct Authority
FSD	Financial Services Department
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)
H-UPP	Hybrid Unified Payments Platform
IAD	Internal Audit Department (SARB)
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
i.e.	id est (that is to say) (Latin)
IERPDP	International Economic Relations and Policy Department
I&T	information and technology
IFRS	International Financial Reporting Standards
IFWG	Intergovernmental Fintech Working Group
IGCC	Inter-Governmental Cash Coordination
IMF	International Monetary Fund

IMFC	International Monetary and Financial Committee
IP	Investment Policy
IoDSA	Institute of Directors South Africa
ISO	International Organization for Standardization
IT	information technology
Jibar	Johannesburg Interbank Average Rate
King IV™	<i>King IV™ Report on Corporate Governance for South Africa, 2016</i>
King V™	<i>King V™ Report on Corporate Governance, 2025</i>
LEX	Large Exposures
LGD	loss given default
LGS	loan guarantee scheme
LLB	Bachelor of Laws
LLM	Master of Laws
LSD	Legal Services Department
LTI	lost-time injury
LUMI	LUMI Technologies SA Proprietary Limited
MBA	Master of Business Administration
MD	Managing Director
MP	Member of Parliament
MPC	Monetary Policy Committee
MPF	Monetary Policy Forum
MPG	Market Practitioners Group
MPR	<i>Monetary Policy Review</i>
MSc	Master of Science
MVP	minimum viable product
NAV	net asset value
NCR	National Credit Regulator
Nedcom	Non-executive Directors' Committee
NERSA	National Energy Regulator of South Africa
NFC	near-field communication
NGFS	Network for Greening the Financial System
NPS	national payment system
NPS Act	National Payment System Act 78 of 1998, as amended
NPSD	National Payment System Department
NPU	National Payment Utility

NQF	National Qualifications Framework
NRF	National Revenue Fund
NT	National Treasury
OCI	other comprehensive income
OTC	over the counter
PA	Prudential Authority
PAYIR (system)	Payment Information Return (system)
PC	Procurement Committee
PCH	payment clearing house
PCN	positive cycle-neutral
PD	probability of default
PEB	post-employment benefits
PEM (Programme)	Payments Ecosystem Modernisation (Programme)
PFMA	Public Finance Management Act 1 of 1999
PhD	Doctor of Philosophy
POS	point of sale
PPA	power purchase agreement
PPE	property, plant and equipment
ppm	parts per million
PPPFA	Preferential Procurement Policy Framework Act 5 of 2000
Prestige Bullion	Prestige Bullion (RF) Proprietary Limited
Pruco	Prudential Committee
P/TBV	Price-to-Tangible Book Value
PSMB	payment system management body
QPM	Quarterly Projection Model
RCLF	restricted-use committed liquidity facility
Remco	Remuneration Committee
Resmanco	Reserves Management Committee
RMC	Risk Management Committee
RMCD	Risk Management and Compliance Department
RPL	Recognition for Prior Learning
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, including its subsidiary Prestige Bullion (RF) Proprietary Limited
SARB	South African Reserve Bank
SARB Act	South African Reserve Bank Act 90 of 1989, as amended
SARB Group	SARB, including its subsidiaries
SPR	SARB policy rate
SCOF	Standing Committee on Finance (Parliament)
SDR	special drawing right
SFA	strategic focus area
SFWG	Sustainable Finance Working Group
SICR	significant increase in credit risk
SIF	Sustainable Insurance Forum
SIFI	systemically important financial institution
SME	small- and medium-sized enterprise
SMO	Strategy Management Office
SPPI	solely payments of principal and interest
SRM	supplier relationship management
Stats SA	Statistics South Africa
SWP	Strategic Workforce Plan
TCIB	Transactions Cleared on an Immediate Basis
TR	trade repository
UCT	University of Cape Town
UK	United Kingdom
UP	University of Pretoria
US	United States
Wits	University of the Witwatersrand
XDR	the currency in which special drawing rights are valued
ZARONIA	South African Rand Overnight Index Average



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