CORPORATION FOR PUBLIC DEPOSITS

Annual financial statements
for the year ended
31 March 2025

SOUTH AFRICAN RESERVE BANK

CORPORATION FOR PUBLIC DEPOSITS

Annual financial statements
for the year ended
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South African Reserve Bank

Contents

Printed by the South African Reserve Bank

Approval and statement of responsibility

The Board of Directors (Board) of the Corporation for Public Deposits (CPD) is responsible for the maintenance of adequate accounting records as well as the preparation and integrity of the CPD's annual financial statements and related information. The external auditors are responsible for the independent auditing of, and reporting on, the presentation of the annual financial statements in accordance with the basis of accounting described in Note 1 to the annual financial statements and the requirements of the Corporation for Public Deposits Act 46 of 1984 (CPD Act).

The annual financial statements have been prepared in accordance with the reporting framework as set out on page 5 and in the manner required by the CPD Act, on a going-concern basis. The Board has reason to believe that the CPD has adequate resources in place to continue operating in the foreseeable future. The annual financial statements are based on appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The Board is satisfied that the information contained in the annual financial statements fairly presents the results of operations for the current financial year and the financial position of the CPD at the reporting date, in accordance with the basis of accounting described in Note 1 to the annual financial statements and the requirements of the CPD Act.

The Board is also responsible for ensuring that adequate systems of internal financial control are in place for the CPD. These systems are designed to provide reasonable, though not absolute, assurance regarding the reliability of the annual financial statements; to safeguard, verify and maintain accountability of assets and liabilities; and to prevent and detect misstatement and loss. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the current financial year.

The annual financial statements have been audited by an independent auditing firm, SNG Grant Thornton Inc., which was given unrestricted access to all financial records and related data, including the minutes of all meetings of the Board and those of the shareholder, the South African Reserve Bank (SARB). The Board believes that all representations made to the independent auditors during the audit were valid and appropriate.

The annual financial statements were approved by the Board and are signed on its behalf by:

Rashad Cassim	
R Cassim	A M Maseko
Chairperson	Director

Pretoria
13 June 2025

Directors' report

for the year ended 31 March 2025

The Board is pleased to present the CPD's 41st annual financial statements.

Nature of business

The CPD, a wholly owned subsidiary of the SARB, is a juristic person established by the CPD Act.

The CPD accepts deposits from the public sector and invests these funds in short-term money market instruments, in statutory liquid assets accepted by the SARB as collateral during its refinancing operations, and in securities issued by public entities as governed by the CPD Investment Guidelines. The CPD may also accept call deposits from other depositors with the approval of the Minister of Finance (Minister). All funds invested with the CPD are repayable on demand.

Board of Directors

The activities of the CPD are managed and controlled by the Board. The Board assumes ultimate responsibility for the CPD. In accordance with the CPD Act, the Board comprises four persons appointed by the Minister: two are persons who hold the office of Governor or Deputy Governor of the SARB (or who are officers of the SARB) and two are officers of National Treasury.

The Chairperson of the Board is appointed by the Minister.

The CPD Act allows directors to nominate, with the consent of the Board, alternate directors to act on their behalf during their absence or inability to act as directors.

CPD Board of Directors, 2024/25

Director	Position and office	Date of appointment/ reappointment	Alternate director
R Cassim	Deputy Governor of the SARB and Chairperson of the CPD Board	1 July 2022	S Ralebepa
Z Parker	Officer of the SARB	1 August 2019	M Nkuna
A M Maseko	Officer of National Treasury	1 July 2022	Y Sambo
W H Moolman	Officer of National Treasury	6 July 2020	G Mabundza

Owing to the scope and risk profile of the CPD, the Board has elected not to appoint any Board committees to support it in the discharge of its responsibilities.

The Board meets at least four times a year to consider matters of the CPD. During the current financial year, the Board continued to provide oversight over the investment of funds and the accounting function, the performance of investments and interest rate structures, the activities and accounts of depositors and issuers of securities, and adherence to the CPD's approved Investment Guidelines.

Directors are not remunerated for services rendered to the CPD.

Attendance schedule for CPD Board of Directors meetings, 2024/25

	16/05/2024	15/08/2024	13/11/2024	12/02/2025
R Cassim	√	√	√	√
Z Parker	√	√	√	√
A M Maseko	√	√	√	√
W H Moolman	√	X	√	√
S Ralebepa	√	√	X	√
M Nkuna	X	√	√	X
G Mabundza	X	√	√	√
Y Sambo	X	√	X	X

√ Attended
× Absent

Accountability

The annual financial statements of the CPD are required to be submitted to the Minister within six months after the end of the financial year, whereafter the Minister tables them in Parliament. The annual financial statements for the year ended 31 March 2024 were tabled in Parliament on 8 July 2024.

Internal controls

The Internal Audit Department of the SARB evaluates the internal controls in place to ensure the integrity and reliability of the CPD's financial information, compliance with all applicable laws and regulations, accomplishment of objectives, efficiency of operations and the safeguarding of assets. The Risk Management and Compliance Department (RMCD) of the SARB assesses the risk management processes of the CPD. The Audit Committee of the SARB is responsible for monitoring and evaluating the internal controls of the CPD.

Administration and accounting

The CPD is accommodated in the SARB's Head Office in Pretoria and uses the SARB's staff, accounting systems and other infrastructure.

Contingency reserve

In terms of section 15 of the CPD Act, a contingency reserve is maintained to provide against risks to which the CPD is exposed. An amount of R775 million (2024: R843 million) was transferred to the contingency reserve in the current financial year. Movements in the contingency reserve are set out in the 'Statement of changes in equity' on page 10 of these annual financial statements.

Financial results and performance

The financial results and performance of the CPD are set out in the annual financial statements. The total comprehensive income for the current financial year amounted to R775 million (2024: R929 million). No surplus funds were available for transfer to government (2024: Rnil).

Share capital

The authorised and issued share capital is set out in the annual financial statements.

Dividend

As per paragraph 3(c) of the CPD Act, the CPD has the power to pay the shareholder (the SARB), from its annual net profits, a dividend on its paid-up capital. The CPD did not declare a dividend in the current financial year (2024: Rnil) as it had not achieved a targeted minimum contingency reserve.

Registered office

South African Reserve Bank
370 Helen Joseph Street
Pretoria
0002
Republic of South Africa

Reporting framework

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

The CPD has elected to use *IFRS® Accounting Standards* as a guide in deciding on the most appropriate accounting policies to adopt and as a model for the presentation and disclosure framework followed in its annual financial statements. However, due to the sensitivity around certain disclosures required by IFRS Accounting Standards and as a result of the CPD being a wholly owned subsidiary of the SARB, the CPD considers certain disclosures to be inappropriate for its functions. The CPD's annual financial statements therefore disclose less detail than would be required under IFRS Accounting Standards.

As a consequence of the above, the significant departures from the requirements of IFRS Accounting Standards are summarised as follows:

Presentation

In the annual financial statements, not all the information required by *IFRS 7*, *Financial Instruments Disclosures* is disclosed. This relates specifically to:

- market risk: the sensitivity analysis for each type of market risk to which the CPD is exposed at the reporting date, showing how profit or loss would have been affected by any changes in the relevant risk variables that were reasonably possible at that date; and
- credit risk: the credit quality per counterparty (issuer) and instrument class, the historical information about the counterparty default rates, and a breakdown of instruments per counterparty.

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Independent auditor's report

to the shareholder of the Corporation for Public Deposits

Report on the audit of the annual financial statements

Opinion

We have audited the financial statements of the Corporation for Public Deposits (CPD) set out on pages 9 to 30, which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements of the CPD for the year ended 31 March 2025 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the financial statements and the requirements of the Corporation for Public Deposits Act 46 of 1984.

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 Annual Financial Statements* section of our report. We are independent of the CPD in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Final materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statements line items and disclosures and in evaluating the effects of the misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined final materiality for the financial statements at R1,200,447,180 (2024: R1,129,779,086) we have selected total assets as a benchmark given that the CPD is a not-for-profit organisation that operates on a governmental mandate as evidenced by exemptions from all tax legislations in the country. The CPD accepts deposits from various government departments and institutions that are then invested in short-term highly liquid investments, including on-lending to the National Treasury through the Inter-Governmental Cash Coordination Scheme, these deposits are however, payable to depositors on demand.

Although not through shareholding, the government is the primary stakeholder and it's interest is on the level of deposits held by the CPD, the investment structure and the related risks. The returns generated from the investments are used to cover operating expenses and reinvestment.

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 annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in respect of the annual financial statements.

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.

Key audit matter	How the matter was addressed
Expected credit losses (ECL)	**We have:**
Significant judgement is required by management in assessing the impairment against financial assets measured at amortized cost. Impairment amounting to R12.2 million against an amortising notes balance of R364.5 million disclosed in note 11 to the annual financial statements, represents the ECL based on the requirements of IFRS 9: Financial Instruments (IFRS 9). There is judgement involved in the definitions and methodologies applied to the modelled ECL, including the determination of what constitutes a Significant Increase in Credit Risk (SICR) and the consequent timely allocation of the loans and advances to the appropriate stage. The CPD is required to recognise an allowance for either 12 month or lifetime ECLs in accordance with IFRS 9 Financial Instruments (IFRS 9), depending on whether there has been a SICR since initial recognition. The ECL is calculated by multiplying the Loss Given Default (LGD), Probability of Default (PD) and applicable discount factors. The significant judgements applied in determining the impairment included: • The probability that an advance will default (PD). The PDs are derived from top three rating agencies; • Credit risk changes (SICR); • The size of credit exposures (“Exposures At Default (EAD)); and • The Loss Given Default (LGD). Due to the high degree of estimation uncertainty, management judgement, and significant auditor attention, the expected credit losses have been considered a matter of most significance in the current year audit of the consolidated financial statements.	• Evaluated the SICR; • Evaluated the macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement; • Tested the accuracy and the completeness of the model input data; • Evaluated the input assumptions applied to estimate the PD, EAD and LGD in the ECL measurement; We have tested the appropriateness and adequacy of the ECL including the following: • key assumptions which drive the parameters feeding into the ECL model, by performing sensitivity analyses, to obtain insight into the elements which may potentially shift the ECL estimate. We have performed relevant benchmarking considerations; • the inputs used in the macroeconomic forecasting model, and how these have been input into the ECL models. We assessed the adequacy and sufficient of disclosure in the financial statements in terms of the financial reporting framework. **Key observations:** Based on the results of our audit procedures performed, we did not note any significant matters further consideration.
Amortising notes Significant judgement is applied by management in the determination of whether the new notes are purchased/originated credit impaired.	In evaluating whether the new notes are purchased/originated credit impaired: ➢ Obtained an understanding of the terms of the related agreements and assessed whether the expected cashflows from the old promissory notes differed significantly with the cashflows under the terms of the new notes. ➢ Engaged internal technical experts to assist where significant judgement has been applied. ➢ Where management used specialists to perform the POCI assessment, we evaluated their competence, capabilities and objectivity. **Key observations:** Based on the results of our audit procedures performed, we did not note any significant matters further consideration.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the consolidated and separate financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the CPD’s own accounting policies and the requirements of the CPD Act to satisfy the financial information needs of the CPD’s shareholder. As a result, the consolidated and separate financial statements may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled ‘Corporation for Public Deposits Annual financial statements for the year ended 31 March 2025, which includes the Directors report. The other information does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 1 to the financial statements and the requirements of the Corporation for Public Deposits Act 46 of 1984, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

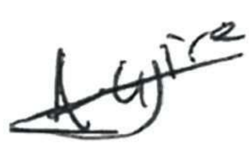
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 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 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 CPD'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 onthe audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CPD'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on theaudit evidence obtained up to the date of our auditor's report. However, future events or conditions may causethe CPD to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures,and whether the financial statements represent, in all material respect, the underlying transactions and events.
- Plan and perform the audit to obtain sufficient appropriate audit evidence, regarding the financial information ofthe CPD, as a basis for forming an opinion on the financial statements.

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 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.



SizweNtsalubaGobodo Grant Thornton Inc.
Director: Agnes Dire CA(SA)
Registered Auditor

Johannesburg, South Africa
18 June 2025

152 14th Road, Noordwyk,
Midrand, 1687
Private Bag X2008, Menlyn,
Pretoria, 0063

Statement of financial position

as at 31 March 2025

	Notes	2025 R'000	2024 R'000
Assets			
Cash and cash equivalents	2	119 619 827	89 341 714
Investments[1]	3	424 891	23 636 195
Money market investments		72 585	4 483 677
Short-term deposits		–	19 152 518
Amortising notes		352 306	–
Total assets		120 044 718	112 977 909
Liabilities			
Bank overdraft	2	–	763 053
Deposits	4	118 301 203	110 842 899
Other liabilities	5	123 043	526 606
Total liabilities		118 424 246	112 132 558
Capital and reserves			
Share capital	6	2 000	2 000
Contingency reserve		1 618 471	843 351
Total capital and reserves		1 620 471	845 351
Total liabilities, capital and reserves		120 044 718	112 977 909

[1] All investments that are not classified as cash and cash equivalents have been consolidated into one line. Refer to Note 3 for detail on the different types of investments and related balances. The updated presentation impacts the presentation of investments, but it has no impact on the balances.

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2025

	Notes	2025	2024
Interest income	7	10 629 079	11 652 462
Interest expense	8	(10 299 325)	(11 269 576)
Net interest income		329 754	382 886
Gain on investments	13	109 621	223 161
Expected credit loss movement	11.5.2	342 082	329 295
Profit before operating costs		781 457	935 342
Operating costs	9	(6 337)	(5 880)
Total comprehensive income for the year		775 120	929 462

Statement of changes in equity

for the year ended 31 March 2025

	Share capital	Accumulated profit/(loss)	Contingency reserve	Total
	R'000	R'000	R'000	R'000
Balance at 31 March 2023	2 000	(86 111)	–	(84 111)
Total comprehensive income for the year	–	929 462	–	929 462
Transfer to reserves	–	(843 351)	843 351	–
Balance at 31 March 2024	2 000	–	843 351	845 351
Total comprehensive income for the year	–	775 120	–	775 120
Transfer to reserves	–	(775 120)	775 120	–
Balance at 31 March 2025	2 000	–	1 618 471	1 620 471

Explanatory notes

Contingency reserve

In terms of section 15 of the CPD Act, a contingency reserve is maintained to provide against risks to which the CPD is exposed. An amount of R775 million (2024: R843 million) was transferred to the contingency reserve in the current financial year.

Dividends paid

As per paragraph 3(c) of the CPD Act, the CPD has the power to pay the shareholder (the SARB), from its annual net profits, a dividend on its paid-up capital. The CPD did not declare a dividend in the current financial year (2024: Rnil) as it had not achieved a targeted minimum contingency reserve.

Transfer to government

In terms of section 15 of the CPD Act, the surplus remaining after transfers to reserves and the declaration of dividends has to be paid to government. For the year ended 31 March 2025, no amount (2024: Rnil) was due to government.

Statement of cash flows

for the year ended 31 March 2025

	Notes	2025	2024
		R'000	R'000
Cash flows generated from operating activities			
Cash generated from operations	10.1	31 384 619	21 007 405
Interest received		9 955 592	11 652 462
Interest paid		(10 299 045)	(11 269 576)
Net cash flows generated from operating activities		31 041 166	21 390 291
Net increase in cash and cash equivalents		31 041 166	21 390 291
Cash and cash equivalents at the beginning of the year		88 578 661	67 188 370
Cash and cash equivalents at the end of the year	2	119 619 827	88 578 661

Notes to the annual financial statements

for the year ended 31 March 2025

1. Accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. The accounting policies have been applied consistently to all years presented, unless otherwise stated.

1.1 Basis of preparation

These accounting policies should be read together with the reporting framework on page 5. These annual financial statements have been prepared on a going-concern basis, in accordance with the CPD Act and the accounting policies set out in this note. These annual financial statements have also been prepared on the historical-cost basis, except for certain investments carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets at initial recognition.

The preparation of annual 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 CPD.

The annual financial statements of the CPD are presented in South African rand, which is the functional currency of the CPD, and the amounts are rounded off to the nearest thousand, unless otherwise stated. The statement of financial position is presented by order of liquidity.

1.2 New IFRS accounting standards and interpretations

1.2.1 New and amended IFRS Accounting Standards in the current financial year

The following IFRS Accounting Standards became effective in the current financial year:

- *Amendments to IAS 1, Classification of Liabilities as Current or Non-current*

The amendment clarifies the requirements to classify a liability as current or non-current. If, at the end of the reporting period, an entity has the right to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within 12 months of the reporting period. Additional disclosures would be required in such circumstances. The effective date of the amendment is for financial years commencing on or after 1 January 2024. The amendment does not have a material impact on the CPD's financial statements.

- *Amendments to IAS 1, Non-current Liabilities with Covenants*

The amendment improves the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. The amendment also provides guidance on when to classify liabilities arising from covenants as current or non-current. Additional disclosures will be required in the notes to the annual financial statements if an entity classifies liabilities arising from covenants as non-current. The effective date of the amendment is for financial years commencing on or after 1 January 2024. The amendment does not have a material impact on the CPD's financial statements.

- *Amendments to IFRS 16, Lease Liability in a Sale and Leaseback*

The amendment requires that a seller-lessee in a sale and leaseback transaction determine 'lease payments' or 'revised lease payments' in a manner that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The effective date of the amendment is for financial years commencing on or after 1 January 2024. The amendment does not have a material impact on the CPD's financial statements.

• *Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements*

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements where finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk. The effective date of the amendment is for financial years commencing on or after 1 January 2024. The amendment does not have a material impact on the CPD's financial statements.

• *IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information* and *IFRS S2, Climate-related Disclosures*

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

1.2.2 New accounting pronouncements issued but not yet effective

Several new amendments to IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2025 and have not been early adopted in preparing these financial statements. The CPD will adopt these amendments in the relevant financial year in which they become effective. These are as follows:

• *Amendments to IAS 21, Lack of Exchangeability*

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

• *Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments*

The amendments clarify that financial assets and financial liabilities are recognised and derecognised at settlement date, except for regular way purchases or sales of financial assets and financial liabilities meeting the specified conditions. The new exception permits companies to elect to derecognise certain financial liabilities settled via electronic payment 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-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. The amendment does not have a material impact on the CPD's financial statements.

• *Annual improvements to IFRS Accounting Standards, Volume 11*

Annual improvements are limited to changes that either clarify wording in an IFRS Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the IFRS Accounting Standard. 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. The improvements do not have a material impact on the CPD's financial statements.

- *IFRS 18, Presentation and Disclosures in Financial Statements*

IFRS 18 is a 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 Annual Financial Statements*, 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); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The effective date is for financial years commencing on or after 1 January 2027. The impact of the implementation of IFRS 18 on the CPD's financial statements will be assessed during the relevant financial year.

- *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 still required to apply the recognition, measurement and presentation requirements of an applicable IFRS Accounting Standard. The effective date of the IFRS Accounting Standard is for financial years commencing on or after 1 January 2027. The CPD will assess its eligibility to apply the requirements of IFRS 19 during the relevant financial year.

1.3 Financial instruments

1.3.1 Financial assets

1.3.1.1 Classification

In accordance with *IFRS 9, Financial Instruments*, the CPD classifies its financial assets into the following measurement categories:

- amortised cost; and
- fair value through profit or loss.

For debt instruments, the business model test and the solely payments of principal and interest (SPPI) test are applied in determining the category which best applies to the financial instruments that the CPD holds and/or trades. Under the business model test, the CPD determines the objective for which it holds financial instruments (i.e. it holds financial asset to collect contractual cash flows rather than selling the instrument prior to its contractual maturity to realise its fair value changes, or both).

Factors considered by the CPD in determining the business model of a group of assets include past experience on how the cash flows for these assets were 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 CPD must determine whether the collection of contractual cash flows represents SPPI on specified dates. In making this assessment, the CPD considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for time, the value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement).

Management determines the classification of financial assets at initial recognition. The CPD reclassifies debt instruments when, and only when, its business model for managing these assets changes. The reclassification takes place from the start of the first reporting period following the change.

The classification depends on the purpose for which the financial assets were acquired. Management applies the principles contained in the Investment Guidelines of the CPD to classify cash and cash equivalents as well as investments. Instruments with maturities of three months and less at inception are classified as cash and cash equivalents, and instruments with maturities of more than three months are classified as short-term investments. These principles align the classification with the definition of cash and cash equivalents in *IAS 7, Statement of Cash Flows*.

When the fair value of financial assets differs from the transaction price on initial recognition, the CPD 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 amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market-observable inputs or be realised through settlement.

Amortised cost

Assets held for the collection of contractual cash flows, where those cash flows represent SPPI, and which are not specifically excluded in terms of the CPD Act or designated at fair value through profit or loss, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss (ECL) allowance, which is recognised and measured as disclosed in Note 11.4. Interest income is calculated using the effective interest method and is recognised in profit or loss.

The following categories of financial assets have been classified as amortised cost:

- cash and cash equivalents; and
- investments.

Cash and cash equivalents

Cash and cash equivalents at amortised cost comprises deposits with banks and other short-term highly liquid money market investments with original maturities of three months or less (91 days or less). Where the maturity date falls on a weekend or a public holiday, the 'next business day' convention will apply; however, the investment will still be considered as a 91-day investment. For the purposes of the statement of cash flows, cash and cash equivalents, as defined under this paragraph, include bank overdrafts as they are considered to be an integral part of the CPD's cash management.

The objective of the CPD's business model is to hold cash and cash equivalents to collect contractual cash flows rather than to sell the instruments to realise fair value changes. Cash is primarily held to facilitate operating activities. On specified dates, the contractual terms of cash and cash equivalents give rise to cash flows which are SPPI on the principal amount outstanding.

Investments

This portfolio consists of money market investments and fixed deposits placed with commercial banks.

The objective of the CPD's business model for this portfolio is to invest in money market instruments in accordance with the CPD's Investment Guidelines based on the assessed liquidity required. The investments are held to collect contractual cash flows rather than to sell the instruments to realise fair value changes. On specified dates, the contractual terms of money market investments give rise to cash flows which are SPPI on the principal amount outstanding.

Fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Assets are designated at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Interest income using the effective interest method from these financial assets is included in profit or loss.

Subsequently, the following category of financial assets was mandatorily measured at fair value through profit or loss in the prior financial year:

- Money market investments

  This portfolio consisted of promissory notes (PNs) which were highly liquid. PNs were actively managed on a fair value basis and are reported as such to management.

1.3.1.2 Measurement

Initial measurement

Financial instruments are initially measured at fair value and, in the case of financial instruments not carried at fair value through profit or loss, transaction costs directly attributable to their acquisition. 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 for the same instrument or based on discounted cash flow models and option-pricing valuation techniques whose variables include only data from observable markets.

The purchases and sales of financial assets that require delivery are recognised on the trade date, namely the date on which the CPD commits itself to purchasing or selling the assets.

Subsequent measurement

The amortised cost of financial assets is calculated using the effective interest method. The fair value of financial assets classified at fair value through profit or loss is determined in accordance with *IFRS 13, Fair Value Measurement*, with any changes in fair value recognised in profit or loss.

1.3.1.3 Recognition and derecognition

Financial assets are recognised when the CPD becomes party to the contractual provisions of the instruments. The purchases and sales of financial assets entered into during the normal course of business are recognised on the trade date, namely the date on which the CPD commits itself to purchasing or selling the assets. From this date, any gains or losses arising from any changes in the fair value of the assets and liabilities are recognised.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where the CPD has substantially transferred all risks and rewards of ownership.

1.3.1.4 Impairment of financial assets

The CPD applies *IFRS 9, Financial Instruments* and assesses, on a forward-looking basis, the ECL associated with its debt instruments carried at amortised cost. The CPD recognises a loss allowance for such losses at each reporting date. 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.

Refer to Note 11.4 for further detail on the measurement of the ECL allowance.

1.3.2 Financial liabilities

1.3.2.1 Classification

The CPD applies *IFRS 9, Financial Instruments* and classifies its financial liabilities at amortised cost.

The CPD 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.

Amortised cost

The following liabilities have been classified as financial liabilities at amortised cost:

- deposit accounts;
- bank overdrafts; and
- other financial liabilities.

1.3.2.2 Measurement

Initial measurement

Financial liabilities are initially recognised at fair value, generally being 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

Financial liabilities are subsequently carried at amortised cost. Refer to Note 1.3.4.

1.3.2.3 Recognition and derecognition

The CPD recognises financial liabilities when it becomes a party to the contractual provisions of the instruments.

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

1.3.3 Fair value

Fair values are determined according to the hierarchy in *IFRS 13, Fair Value Measurement*, as set out in Note 12 to the annual financial statements. Fair values are established as follows:

- Money market investments: Management utilises quoted market prices for quoted financial instruments and market-acceptable valuation techniques for unquoted financial instruments. Where these instruments are bank deposits, they are valued at nominal values plus accrued interest based on market rates. These values approximate fair values. Non-interest-bearing Treasury bills are stated at nominal value since they do not have fixed maturity dates.
- All other investments are measured at amortised cost, which approximates fair values.

1.3.4 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate which exactly discounts estimated future cash flows (excluding ECL but including all fees paid or received which form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability. For purchased or originated credit-impaired financial assets, the CPD calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount, and which incorporates the impact of ECL in estimated future cash flows.

When the CPD revises the estimated future cash flows, the carrying amount of the respective financial instrument is adjusted to reflect the new estimate, discounted using the original effective interest rate. Any changes are recognised in profit or loss.

1.3.5 Offsetting

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

1.4 Related parties

According to *IAS 24, Related Party Disclosures*, the annual financial statements include the necessary disclosures to highlight the possibility that the CPD'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, the holding company, fellow subsidiaries and members of management who hold positions of responsibility within the CPD, including those charged with governance in accordance with legislation and National Treasury. Directors or alternate directors receive no remuneration or allowances in respect of their services as directors. However, the Board may, at its discretion, compensate directors for actual expenses incurred by them with respect to their functions as directors. Their responsibilities, however, may enable them to influence the benefits of office that flow to them and their related parties or the parties they represent on the governing body.

1.5 Share capital

Ordinary shares are classified as equity and are recorded as the proceeds received net of incremental external costs directly attributable to the issue.

1.6 Interest income and expense recognition

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

1.7 Fair value

The fair value is the price that would be received to sell an asset or that would be paid to settle 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 non-financial instruments takes into account a market participant's ability to generate economic benefits by using the instruments in their highest and best use, or by selling them to another market participant that would use the instruments in their highest and best use.

Fair values are determined according to the fair value hierarchy in *IFRS 13, Fair Value Measurement*. Refer to Note 12 for further details.

1.8 Key accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Other than the items listed below, there were no significant changes to the CPD's estimates and assumptions in the current or prior financial year.

The preparation of annual financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies of the CPD.

Measurement of the ECL allowance

The measurement of the ECL allowance for financial assets measured at amortised cost is an area that requires complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). An explanation of the inputs, assumptions and estimation techniques used in measuring the ECL is detailed in Note 11.4.3, which also sets out the 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 the ECL, such as:

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

Refer to Note 11 for further detailed information about the judgements and estimates made by the CPD in the above areas.

2. Cash and cash equivalents

	2025 R'000	2024 R'000
Current account with the SARB	37 628	–
Call deposit with the SARB	30 249 262	28 268 541
Short-term deposits at commercial banks	76 150 784	46 711 257
Money market investments	13 182 153	14 361 916
	119 619 827	89 341 714
Cash and cash equivalents includes the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	119 619 827	89 341 714
Overdraft with the SARB	–	(763 053)
	119 619 827	88 578 661

As per the accounting policy, instruments with original maturities of three months and less are classified as cash and cash equivalents. The call deposit with the SARB earns interest at the repurchase (repo) rate (2024: repo plus 10 basis points). The short-term deposits at commercial banks earn interest at market-related rates.

Money market investments represent repo agreements of R13 billion (2024: R14 billion). The following table presents details of repo agreements:

Fair value of repo agreements	13 182 153	14 361 916
Fair value of collateral received	13 290 229	14 409 494
Fair value of collateral permitted to sell or repledge at the reporting date	13 290 229	14 409 494
Collateral cover	100%	100%
Maturity date	10 Apr 2025	4 Apr 2024

At the reporting date, none of the collateralised money market investments were past due or impaired (2024: none).

Counterparties are exposed to interest rate risk on the various securities pledged as collateral for repo agreements. The CPD has the ability to sell or repledge these securities in the event of a default.

3. Investments

	2025 R'000	2024 R'000
Money market investments		
Non-interest-bearing Treasury bills	72 585	72 585
Promissory notes	–	350 525
Negotiable certificates of deposit	–	4 060 567
Short-term deposits		
Fixed deposits at commercial banks	–	19 152 518
Other investments		
Amortising notes	364 485	–
Total investments	437 070	23 636 195
ECL allowance	(12 179)	–
Total investments, net of ECL	424 891	23 636 195
Maturity structure of investments		
1 month and less	72 585	2 465 398
Between 1 and 3 months	–	19 146 573
Between 3 and 6 months	–	2 024 224
More than 12 months	352 306	–
	424 891	23 636 195
Maximum exposure to credit risk	–	23 636 195

Non-interest-bearing Treasury bills are funded by non-interest-bearing deposits in terms of an agreement with National Treasury.

Short-term deposits are made for varying periods, depending on the CPD's immediate cash requirements, and earn interest at market-related rates.

The amortising notes are unlisted, bear interest at the three-month Johannesburg Interbank Average Rate (Jibar), and mature in March 2028.

4. Deposit accounts

	2025 R'000	2024 R'000
Interest-bearing deposits: IGCC and other	117 357 575	110 065 324
Interest-bearing deposits: ETP (JSE Limited margin)	871 044	704 990
Non-interest-bearing deposits	72 585	72 585
	118 301 204	110 842 899
Maturity structure of deposit accounts		
1 month and less	118 301 204	110 842 899
	118 301 204	110 842 899

Deposit accounts are repayable on demand in terms of section 3.1 of the CPD Act.

All interest-bearing deposits earn interest at the repo rate. The prevailing rate at financial year-end was 7.50% (2024: 8.25%).

Margin call deposits are held on behalf of participants of the JSE Limited Bond Electronic Trading Platform (ETP). The CPD does not trade on the ETP, but rather holds the deposits for participants of the platform. The prevailing rate at the reporting date for ETP margin call deposits was 7.50% (2024: 8.25%).

Non-interest-bearing deposits fund the non-interest-bearing Treasury bills in Note 3.

5. Other liabilities

	2025	2024
Cash received margin call	122 146	169 235
Interest accrued margin call	280	1 076
Sundry creditors	–	2 034
ECL allowance[1]	–	354 261
Income received in advance	617	–
	123 043	526 606

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

The CPD and the SARB concluded the updates to the IGCC legal agreements with National Treasury and the provincial treasuries, with an effective date of 31 March 2024. The updated agreements clarify repayment terms for the facility and outline the procedures in the event of default. Similarly, updated legal agreements for the state-owned entities were concluded in the current financial year.

The agreement further clarifies that the CPD and SARB are administrative parties in the IGCC arrangement and will not be liable for any losses on the facility. Therefore, all ECL on the IGCC facility has been reversed.

[1] The ECL allowance considers forward-looking information and is calculated for both the drawn and the undrawn portions of the IGCC facility. In the prior financial year, the IGCC facility was undrawn, therefore the full ECL allowance related to the undrawn portion of the facility.

6. Share capital

	2025	2024
Authorised 2 000 000 (2024: 2 000 000) ordinary shares at R1 each	2 000	2 000
Issued 2 000 000 (2024: 2 000 000) ordinary shares at R1 each	2 000	2 000

7. Interest income

	2025 R'000	2024 R'000
Interest on call and fixed deposits	8 646 015	9 281 800
Interest on amortising notes	19 713	–
Interest on money market instruments	1 708 964	1 969 709
Interest on loans and advances	254 387	400 953
	10 629 079	11 652 462

8. Interest expense

Interest on deposit accounts: IGCC and other deposit accounts	10 226 113	11 177 679
Interest on deposit accounts: ETP (JSE Limited margin)	63 426	74 317
Interest on margin call	4 960	6 885
Interest on overdraft	4 826	10 695
	10 299 325	11 269 576

Refer to Note 4 for further details on the interest rates for deposit accounts.

Interest on the overdraft with the SARB is calculated at a rate of 40 basis points less than the average rate on 91-day Treasury bills. The prevailing rate at the reporting date was 7.40% (2024: 8.18%).

9. Operating costs

Audit fees	1 424	1 244
Management fees	4 913	4 636
	6 337	5 880

10. Notes to the statement of cash flows

10.1 Cash generated from operations

Total comprehensive income for the year	775 120	929 462
Adjustments for:		
Interest income	(9 955 592)	(11 652 462)
Interest expense	10 299 045	11 269 576
Gains on investments	(109 621)	(223 161)
ECL movement	(342 082)	(329 295)
	666 870	(5 880)
Changes in operating assets and liabilities:		
Investments	23 308 746	17 892 738
Deposit accounts	7 458 304	2 948 202
Other liabilities	(49 302)	172 345
	31 384 619	21 007 405

11. Risk management in respect of financial instruments

Risk governance policies and procedures are performed by the RMCD of the SARB, with oversight by the Risk Management Committee and the Board Risk and Ethics Committee. Certain aspects of risk management specific to financial instruments are described below.

11.1 Credit and compliance 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 the activities of the CPD, such as deposits made with other institutions and the settlement of financial market transactions.

Credit risk is mitigated in the CPD by specifying a list of eligible securities, the minimum credit ratings for securities as well as sector concentration limits in the Investment Guidelines. The minimum counterparty credit rating for investment is a composite rating derived from Standard & Poor's, Moody's Investors Service and Fitch Ratings. Following the annual review, no amendments were made to the CPD's Investment Guidelines.

The CPD portfolio had no counterparty exposure that was below the minimum rating during the current financial year.

11.2 Interest rate management

The financial assets and financial liabilities of the CPD respectively earn and bear interest at rates linked to the South African money market rates. The CPD is exposed to interest rate risk, which is managed through specifying maturity limits in the Investment Guidelines.

11.3 Credit risk measurement

Estimating 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. Assessing the of credit risk of a portfolio of assets involves estimating the likelihood of defaults occurring, the associated loss ratios and the default correlations. The CPD measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is similar to the approach used for measuring ECL under *IFRS 9, Financial Instruments*. Refer to Note 11.4.3 for further details.

The CPD uses external credit risk ratings to assess the PD of individual counterparties. Borrower- and loan-specific information collected at the time of application (such as the 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 allow judgemental inputs to refine the internal credit rating for each exposure. This accommodates considerations which may otherwise not be captured as part of the other data inputs into the model. The credit grades are calibrated so that the risk of default increases exponentially with each higher-risk grade. For example, this means that the difference in the PD between an A and A- rating grade is smaller than the difference in the PD between a B and B- rating grade.

11.4 ECL measurement

IFRS 9, Financial Instruments outlines a three-stage model for impairment based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Its credit risk is continuously monitored by the CPD.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. Refer to Note 11.4.1 for a description of how the CPD determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, it moves to Stage 3. Refer to Note 11.4.2 for a description of how the CPD defines 'default' and 'credit-impaired'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECLs that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on a lifetime basis. Refer to Note 11.4.3 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: Financial Instruments* is that it should consider forward-looking information. Note 11.4.4 includes an explanation of how the CPD has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

11.4.1 Significant increase in credit risk

The CPD considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

Quantitative criteria
A three-notch credit rating movement is used as an indicator, as it guarantees a change in an issuer's creditworthiness along the credit rating scale used by rating agencies. The short-term nature of exposure makes it unlikely that credit risk will move significantly. This is, however, reviewed frequently.
Qualitative criteria
These are used if the borrower is on a watchlist and/or if the financial instrument meets one or more of the following criteria:

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

The CPD did not use the low credit risk exemption for any financial instruments in the current or prior year.

11.4.2 Definition of 'default' and 'credit-impaired' assets

The CPD defines a financial instrument as being 'in default', which is fully aligned with the definition of being 'credit-impaired', when the instrument 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 the 'unlikely to pay' criteria, which indicates that 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; and
- an active market for that financial asset has disappeared.

The criteria listed above have been applied to all the financial instruments classified at amortised cost held by the CPD 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 CPD's ECL calculations.

A financial 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 was determined based on an analysis which considered the likelihood of a financial instrument returning to a default status after 'cure' using different possible 'cure' definitions.

11.4.3 Measuring ECL: an explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or a lifetime basis, depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

In the current financial year, the CPD's exposure has been assessed as being in Stage 1. The impairment is therefore measured based on 12-month ECLs.

The ECL calculation is based on the following key components:

PD

This is an estimate of the likelihood of default over a given time horizon. The PD is derived from published default rates associated with the credit ratings of specific counterparties.

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.

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.

A benchmark LGD for large unsecured corporate facilities has been applied as a proxy.

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 receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Forward-looking economic information is also included in determining the EAD, LGD and PD. The assumptions underlying the ECL calculation (such as the maturity profile of PDs and collateral values) are monitored and reviewed periodically.

11.5 Credit risk exposure

11.5.1 Maximum exposure to credit risk: financial instruments subject to impairment

The table in 11.5.2 contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised.

The CPD 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 the ceasing of enforcement activity and instances where the collateral value indicates that there is no reasonable expectation of recovery.

11.5.2 Collateral and other credit enhancements

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

The CPD's policies regarding obtaining collateral did not change significantly during the reporting period, and there has been no significant change in the overall quality of collateral held by the CPD since the prior reporting period.

The closing balance of the credit-impaired loss allowance as at 31 March 2025 is reconciled as follows:

Opening loss allowance as at 1 April 2023	683 556
Loss allowance reversed during the year	(329 295)
Loss allowance as at 31 March 2024	354 261
Loss allowance reversed during the year	(354 261)
Loss allowance raised during the year	12 179
Loss allowance as at 31 March 2025	12 179

2025	Stage 1 lifetime ECLs R'000	Stage 2 lifetime ECLs R'000	Stage 3 lifetime ECLs R'000	Purchased credit-impaired R'000	Total R'000
Loss allowance as at 1 April 2024	–	354 261	–	–	354 261
Loss allowance reversal during the year	–	(354 261)	–	–	(354 261)
Loss allowance raised during the year	12 179	–	–	–	12 179
	12 179	**–**	**–**	**–**	**12 179**
2024					
Loss allowance as at 1 April 2023	–	683 556	–	–	683 556
Loss allowance reversal during the year	–	(329 295)	–	–	(329 295)
	–	**354 261**	**–**	**–**	**354 261**

11.6 Loss allowance

The loss allowance recognised in the current financial year is impacted by a variety of factors, namely:

- the impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from the regular refreshing of inputs to models;
- the impact on the measurement of ECL due to changes made to models and assumptions;
- discounted unwinding within the ECL due to the passage of time, as ECL is measured on a present-value basis; and
- updated IGCC legal agreements. Refer to Note 5.

11.7 Deposit accounts

In terms of the current interest rate policies, as approved by the Board, the IGCC pool of funds, ETP margin call deposits and other deposit accounts earn interest at the repo rate.

11.8 Investments and cash and cash equivalents

Interest-bearing deposits are invested in call and fixed deposits as well as other money market investments at market-related yields.

The CPD also invests funds in the market on a buy- or sell-back basis at market-related yields. With respect to call deposit transactions between the SARB and the CPD, the SARB pays interest to the CPD at the repo rate (2024: repo rate plus 10 basis points).

The CPD's financial assets and financial liabilities respectively earn and bear interest at rates linked to South African money market rates. The repricing of these assets and liabilities therefore occurs at approximately the same time. Accordingly, the CPD is not subject to significant interest rate risk in respect of these instruments.

The CPD's management carefully manages its exposure to credit risk. Credit risk management and control are centralised in a credit risk management team that reports regularly to the Board.

11.9 Call and fixed deposits

The CPD invests in banks that have capital and reserves in excess of R2 billion, and limits its exposure to 35% of capital and reserves per bank. The total exposure to call and fixed deposits at commercial banks as at 31 March 2025 was R76 billion (2024: R65 billion), excluding accrued income. The CPD also places call deposits with the SARB. The total exposure to call deposits at the SARB as at 31 March 2025 was R30 billion (2024: R28 billion), excluding accrued income.

11.10 Investments, including cash and cash equivalents

The CPD may have significant investment exposure to other money market instruments such as PNs and negotiable certificates of deposit. Where applicable, the exposure to these instruments is subject to, and forms part of, the investment limits allocated to the type of issuer, as per the Investment Guidelines.

In terms of the Investment Guidelines approved by the Board, all investments are placed within the minimum national scale rating (NSR). The CPD utilises banking institutions with a minimum composite NSR that is not below NSR 'A' (excluding 'A-').

The majority of investments are short term, with maturities of less than three months. The profitability of the CPD is monitored regularly.

11.11 Liquidity risk management

In view of the short-term nature of the CPD's liabilities, its investment policy is to invest in assets with a maturity of less than three years and to further invest at least 60% of all funds in assets with a maturity of less than three months (91 days or less). Where the maturity date falls on a weekend or a public holiday, the 'next business day' convention will apply. Such an instance could result in a total maturity of more than 91 days. However, the investment will still be considered a 91-day investment. Refer to notes 2 and 3 for further details on the maturity structure of investments as at 31 March 2025.

As part of the IGCC arrangement, national and provincial treasuries may call on demand an amount of R98 billion (2024: R91 billion) from the IGCC pool of funds, limited to the IGCC deposits, which fluctuate on a daily basis. Refer to Note 4 for more information on the IGCC arrangement.

11.12 Deposit accounts

The business of the CPD is to accept call deposits and invest the funds so obtained in short-term money market instruments, Treasury bills and with the SARB. The Financial Markets Department (FMD) of the SARB is responsible for investing the funds deposited with the CPD according to the Investment Guidelines approved by the Board. FMD endeavours to invest funds in an optimal manner, taking into account the expected cash flow of the CPD, the interest rate cycle, the possible liquidity impact and market tendencies. The Board has the authority to adjust the interest rate payable to depositors to maintain the desired results.

12. Fair value hierarchy disclosures

The table below analyses the assets and liabilities of the CPD carried at fair value and the amortised cost by level of the fair value hierarchy. The fair value hierarchy depends on the extent to which quoted prices are used in determining the fair value of specific instruments. The different levels are defined as follows:

Level 1: The fair value is based on the 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: The fair value is based on input other than the 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: The fair value is based on input for the asset or liability that is not based on observable market data (i.e. unobservable inputs).

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

The CPD'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. No transfers between the levels took place during the financial year under review.

As at 31 March 2025, there were no longer any instruments measured at fair value as the remaining fair value instruments were derecognised during the current financial year.

Financial instruments

2025	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Items measured at amortised cost				
Financial assets				
Cash and cash equivalents	119 619 827	–	119 619 827	–
Investments	352 306	–	352 306	–
Financial liabilities				
Deposit accounts	118 301 203	–	118 301 203	–
Other liabilities	123 043	–	123 043	–
2024				
Items measured at fair value on a recurring basis				
Financial assets				
Investments	531 266	–	531 266	–
Items measured at amortised cost				
Financial assets				
Cash and cash equivalents	89 341 714	–	89 341 714	–
Investments	23 104 929	–	23 104 929	–
Financial liabilities				
Bank overdraft	763 053	–	763 053	–
Deposit accounts	110 842 899	–	110 842 899	–
Other liabilities	526 606	–	526 606	–

13. Gains and losses per category of financial assets and financial liabilities

	Total R'000	Fair value through profit or loss (mandatory) R'000	Amortised cost R'000
2025			
Interest income	10 629 079	28 750	10 600 329
Interest expense	(10 299 325)	–	(10 299 325)
Gain on investments	109 621	109 621	–
ECL movement	342 082	–	342 082
2024			
Interest income	11 652 462	65 335	11 587 127
Interest expense	(11 269 576)	–	(11 269 576)
Gain on investments	223 161	223 161	–

14. Classification of financial assets and liabilities

	Carrying amounts		
	Total	Fair value through profit or loss (mandatory)	Amortised cost
	R'000	R'000	R'000
2025			
Financial assets			
Cash and cash equivalents	119 619 827	–	119 619 827
Investments	352 306	–	352 306
Financial liabilities			
Deposit accounts	118 301 203	–	118 301 203
Other liabilities	123 043	–	123 043
2024			
Financial assets			
Cash and cash equivalents	89 341 714	–	89 341 714
Investments	23 636 195	350 525	23 285 670
Financial liabilities			
Bank overdraft	763 053	–	763 053
Deposit accounts	110 842 899	–	110 842 899
Other liabilities	526 606	–	526 606

15. Related-party disclosures

Name	Relationship
South African Reserve Bank	Holding company
African Bank Holding Limited	Associate of the South African Reserve Bank
Corporation for Deposit Insurance	Fellow subsidiary
South African Mint Company (RF) Proprietary Limited	Fellow subsidiary
South African Bank Note Company (RF) Proprietary Limited	Fellow subsidiary
South African Reserve Bank Retirement Fund	Retirement fund of holding company
National Treasury	Significant influence
R Cassim (South African Reserve Bank)	Key management personnel
Z Parker (South African Reserve Bank)	Key management personnel
S Ralebepa (South African Reserve Bank)	Key management personnel
M Nkuna (South African Reserve Bank)	Key management personnel
A M Maseko (National Treasury)	Key management personnel
W H Moolman (National Treasury)	Key management personnel
Y Sambo (National Treasury)	Key management personnel
G Mabundza (National Treasury)	Key management personnel

The table below provides a summary of the transactions that were entered into with related parties during the relevant financial year:

	Expenditure paid to R'000	Interest income R'000	Interest expense R'000	Amounts owed by R'000	Amounts owed to R'000
2025					
South African Reserve Bank	4 913	2 362 770	4 826	30 286 890	–
South African Mint Company (RF) Proprietary Limited	–	–	14 399	–	122 679
South African Bank Note Company (RF) Proprietary Limited	–	–	91 382	–	543 270
South African Reserve Bank Retirement Fund	–	–	7 507	–	77 646
National Treasury	–	254 387	8 121 048	–	98 137 232
2024					
South African Reserve Bank	4 635	2 217 701	10 695	28 268 541	763 05
South African Mint Company (RF) Proprietary Limited	–	–	13 839	–	514
South African Bank Note Company (RF) Proprietary Limited	–	–	84 725	–	517 776
South African Reserve Bank Retirement Fund	–	–	5 214	–	71 228
National Treasury	–	400 953	8 966 630	–	91 139 034

Terms and conditions of transactions with related parties

Any outstanding balances as at the reporting date were unsecured, and settlement was in cash. No guarantees were provided or received for related party receivables or payables.

Abbreviations

Board	Board of Directors
CPD	Corporation for Public Deposits
CPD Act	Corporation for Public Deposits Act 46 of 1984
EAD	exposure at default
ECL	expected credit loss
EIR	effective interest rate
ETP	Electronic Trading Platform
FMD	Financial Markets Department
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IGCC	Inter-Governmental Cash Coordination
LGD	loss given default
Minister	Minister of Finance
NSR	national scale rating
PD	probability of default
PN	promissory note
R	rand
repo (rate)	repurchase (rate)
RF	ring-fenced
RMCD	Risk Management and Compliance Department
SARB	South African Reserve Bank
SPPI	solely payments of principal and interest

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