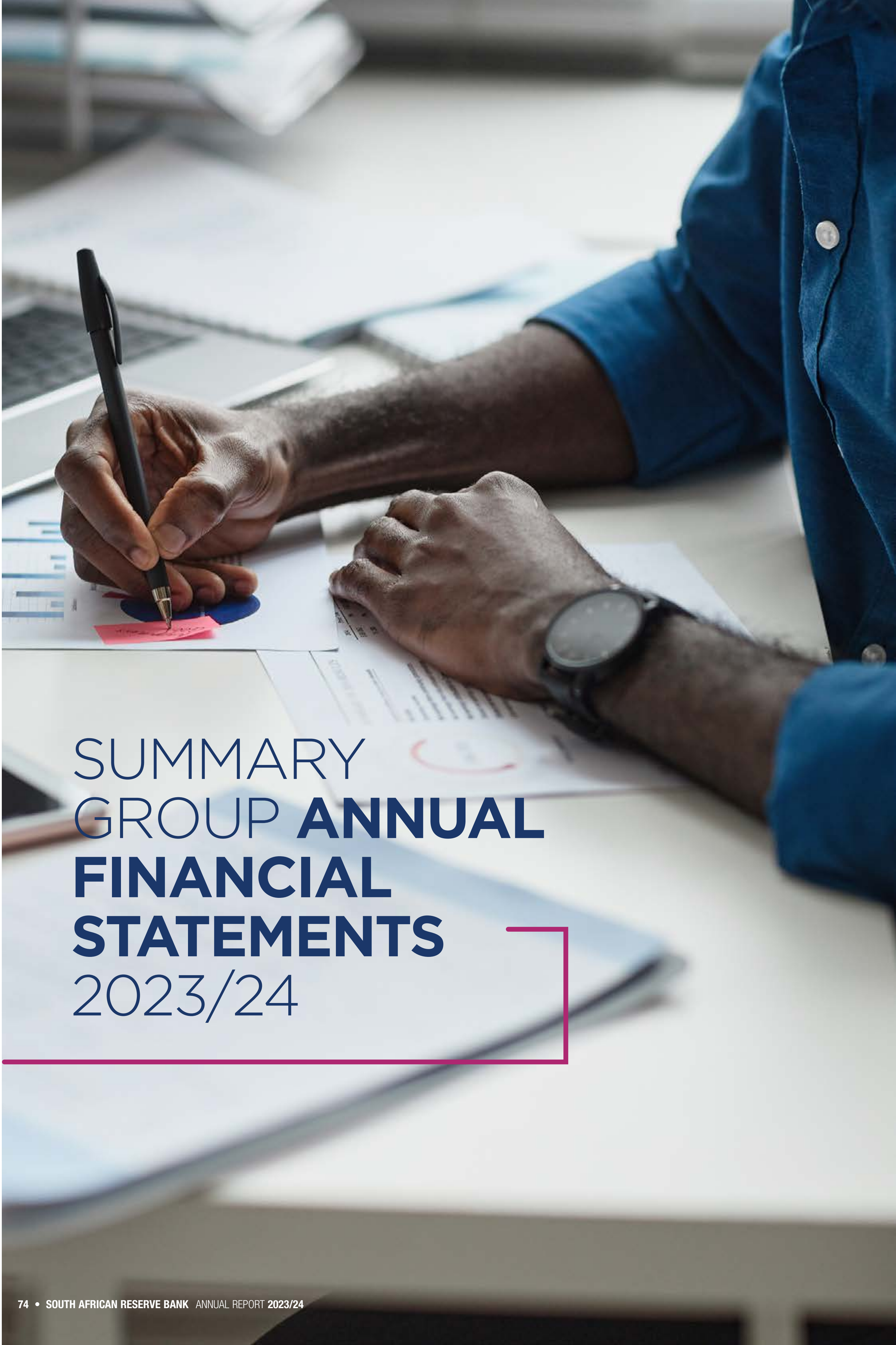

SUMMARY GROUP **ANNUAL FINANCIAL STATEMENTS** 2023/24

Directors' report

for the year ended 31 March 2024

Introduction

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

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

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

These financial statements were prepared on a going concern basis, taking cognisance of certain unique aspects relating to the SARB's ability to create, distribute and destroy domestic currency; its role as 'lender of last resort' and Resolution Authority; its responsibilities in the areas of price and financial stability; and its relationship with the SA government concerning FX and gold transactions.

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

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

The directors are responsible for governance, which is monitored on an ongoing basis. The SARB applies the principles and guidelines of *King IV*™ where appropriate and where they do not contravene the SARB Act.

Nature of business

The SARB is the central bank of South Africa and is regulated in terms of the SARB Act. Its primary objective is to protect the value of the currency in the interest of balanced and sustainable economic growth. In pursuit of price and financial stability, the SARB performs the key activities set out on page 4.

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

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

Subsidiaries

The subsidiaries of the SARB are:

- The South African Mint Company (RF) Proprietary Limited (South African Mint) which produces circulation and collectable coins, and its subsidiary Prestige Bullion which produces bullion coins.
- The South African Bank Note Company (RF) Proprietary Limited which produces banknotes.
- The Corporation for Public Deposits which receives and invests call deposits from the SA government and public entities.
- The Corporation for Deposit Insurance (CODI) which provides deposit insurance and carries out its functions to support the SARB in fulfilling its objective of, and responsibility for, protecting and maintaining financial stability.
- Information on the SARB's financial interest in its subsidiaries is provided in note 17.

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

Associate

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

Information on the SARB's financial interest in its associate is provided in note 17.3.

Achievement of objectives

The annual report covers the SARB's achievements against its strategic objectives, which can be found on pages 16 to 22.

Directors' report continued

for the year ended 31 March 2024

Financial results

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

The investment in ABHL has been impaired by nine hundred and eighty two million rand in the current year (2022/23: R0.6 billion impairment reversal). The net result of these factors was a profit after taxation of R13.0 billion (2022/23: R0.8 billion) for the year ended 31 March 2024. For more detail refer to note 17.3.1 on page 125.

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

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

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

ABHL made a profit after taxation of R0.2 billion (2022/23: R0.2 billion), attributable to the Group. The directors have noted the recent acquisitions of Ubank and Grindrod Bank and will continue to monitor the performance of the associate. Refer to note 17.3 for further detail.

Financial position

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

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

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

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

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

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

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

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

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

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

Further details on the Group's financial information for the year can be found on page 90.

Dividends

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

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

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

Directors

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

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

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

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

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

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

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

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

As at 31 March 2024 and to date, none of the directors in office held any direct or indirect shareholding in the SARB. Directors' fees for services rendered during the reporting year are disclosed in note 17.6.

Events after reporting date

CODI guarantee

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

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

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

Energy Bounce Back Scheme

In April and May 2024, a total of R203 million was advanced on the Energy Bounce Back Loan Scheme. Refer to note 18.2 for details on the scheme.

GFECRA settlement framework

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 installments over the next three financial years. National Treasury will transfer R100 billion to the SARB in the 2024/25 financial year, to promote the policy solvency of the SARB. Further settlement of the GFECRA liability may only occur if the SARB has an adequate contingency reserve level as well as an adequate estimated GFECRA balance level to absorb potential future currency reversals.

Secretary of the SARB

Z (Zoliswa) Copiso

Registered office

Business address:
370 Helen Joseph Street
Pretoria 0002

Postal address:
P O Box 427
Pretoria 0001

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

E L (Lesetja) Kganyago
Governor of the SARB

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

R (Reshoketswe) Ralebepa
Group Chief Financial Officer

Z (Zoliswa) Copiso
Secretary of the SARB

Directors' report continued

for the year ended 31 March 2024

Statement by the Secretary of the SARB

In my capacity as the Secretary of the SARB, I certify that all the returns required to be submitted, in terms of the SARB Act, for the year ended 31 March 2024, have been completed and are up to date.

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

Z (Zoliswa) Copiso
Secretary of the SARB

6 June 2024

Report of the Audit Committee

for the year ended 31 March 2024

Introduction

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

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

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

Roles and responsibilities

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

Internal control (including internal financial controls)

The SARB's system of internal financial controls is designed to ensure:

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

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

The Audit Committee considered, and is satisfied with, the expertise and experience of the Group CFO with respect to the preparation of the annual financial statements. The finance function in the SARB has the expertise and adequate resources to support the Group CFO.

Combined assurance

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

Financial statements

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

Internal audit

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

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

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

Report of the Audit Committee continued

for the year ended 31 March 2024

External audit

The Audit Committee is satisfied with the independence of the external auditors of the SARB. This assessment was made after considering the independence letters from the external auditors, continuous monitoring and approval of non-audit services as well as a formal partner rotation process and audit firm rotation. The Audit Committee reviewed the external auditors' proposed audit scope, approach and audit fees for the year under review.

Non-audit services

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

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

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

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

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

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

Compliance

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

Information and technology

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

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

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

Whistle-blowing

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

N (Norman) Mbazima
Chairperson of the Audit Committee

Financial reporting framework

Reporting framework

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

The SARB Act is not prescriptive regarding the accounting framework that the SARB should adopt, except for sections 25 to 28, which deal with the accounting treatment of gold and FX transactions.

These sections are in conflict with the IFRS® Accounting Standards as issued by the International Accounting Standards Board. The SARB has chosen to use IFRS Accounting Standards, including IFRS Accounting Standards Interpretations Committee interpretations, as a guide in deciding on the most appropriate accounting policies to adopt, and as a model for the presentation and disclosure framework followed in its financial statements.

However, the SARB Act takes precedence over IFRS Accounting Standards in the areas noted above and, as a result, the recognition and measurement criteria as set out in IFRS Accounting Standards have not been followed in these circumstances. In addition, the SARB considers certain recognition and measurement principles as well as disclosures inappropriate to its functions. The SARB's financial statements therefore disclose less detail than would be required under IFRS Accounting Standards. The significant departures from IFRS Accounting Standards as a consequence of the above are summarised as follows:

Recognition and measurement

1. According to the SARB Act,
   a. realised and unrealised valuation gains and losses on gold, and realised and unrealised FX gains and losses on foreign-denominated assets and liabilities are for the account of the SA government, and have therefore not been accounted for in profit or loss, as required by *International Accounting Standard (IAS) 21 The Effects of Changes in Foreign Exchange Rates*. These valuation gains and losses are accumulated in GFECRA, for the account of the SA government. The GFECRA balance is therefore also not accounted for in accordance with IFRS Accounting Standards; and
   b. gold is valued in terms of section 25 of the SARB Act at the statutory gold price. Gold has been recognised as a financial asset of the SARB.

Presentation

In the financial statements,

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

This relates specifically to:

   a. market risk for all financial assets (foreign and local): The sensitivity analysis for each type of market risk to which the SARB is exposed at the reporting date, showing how profit or loss and equity/other comprehensive income (OCI) would have been affected by changes in the relevant risk variables that were reasonably possible at that date;
   b. credit risk for foreign financial assets: The credit quality per counterparty (issuer) and per country, the historical information about the counterparty default rates, and instruments per counterparty; and
   c. credit risk for local financial assets: The credit quality per counterparty (issuer) and instrument class, the historical information about the counterparty default rates and a breakdown of instruments per counterparty.

Central banking

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

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THE SOUTH AFRICAN RESERVE BANK

Opinion

The summary consolidated financial statements of the South African Reserve Bank (the SARB), set out on pages 84 to 129, which comprise the summary consolidated statement of financial position as at 31 March 2024, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of the SARB for the year ended 31 March 2024.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis of accounting described in Note 1 to the summary consolidated financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by the basis of accounting described in Note 1 to the audited consolidated financial statements and the requirements of the South African Reserve Bank Act 90 of 1989, as amended. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 12 June 2024. That report also includes an Emphasis of Matter section that draws attention to Note 1 in the audited consolidated financial statements. Note 1 in the audited consolidated financial statements describes the basis of accounting. The audited consolidated financial statements are prepared in accordance with the SARB's own accounting policies and the requirements of the South African Reserve Bank Act 90 of 1989, as amended, to satisfy the financial needs of the shareholders.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the basis of accounting described in Note 1 to the summary consolidated financial statements.

BDO South Africa Incorporated, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196
Private Bag X60500 Houghton, 2041, South Africa
T: 011 488 1700 Fax: 010 060 7000
www.bdo.co.za

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

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

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

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

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Registration Number: 2005/034639/21
Practice number: 946016

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THE SOUTH AFRICAN RESERVE BANK continued

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements.*

BDO South Africa Inc.
BDO South Africa Inc. (Jun 12, 2024 20:37 GMT+2)

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

SizweNtsalubaGobodo Grant Thornton Inc.

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

Summary Group statement of financial position

as at 31 March 2024

	Note	2024 R mil	2023 R mil
Assets			
Cash and cash equivalents	2	**61 743**	42 426
Accommodation to banks	3	**451**	2 398
Investments	4	**23 637**	41 306
Gold and foreign exchange reserves		**1 179 025**	1 093 319
Loans and advances	6	**7 080**	10 069
South African government bonds	7	**32 007**	33 829
Other assets	5	**22 284**	27 067
Total Assets		**1 326 227**	1 250 414
Liabilities			
Notes and coin in circulation	8	**169 504**	171 565
Deposit accounts	9	**474 272**	452 427
Foreign deposits	10	**101 224**	127 489
Post-employment benefits	12	**2 685**	2 655
Gold and foreign exchange contingency reserve account	11	**531 989**	458 715
Other liabilities		**4 567**	10 258
Total Liabilities		**1 284 241**	1 223 109
Equity			
Share capital		**2**	2
Accumulated profit		**2 935**	2 557
Statutory reserve		**458**	458
Contingency reserve		**34 258**	20 423
Other reserves		**4 267**	3 840
Non-controlling interest		**66**	25
Total capital and reserves		**41 986**	27 305
Total liabilities, capital and reserves		**1 326 227**	1 250 414

Summary Group statement of profit or loss and other comprehensive income

for the year ended 31 March 2024

	Note	2024 R mil	2023 R mil
Interest revenue from amortised cost items		**10 697**	6 950
Interest revenue from fair value items		**14 674**	9 049
Interest expense		**(18 339)**	(12 360)
Net interest revenue		**7 032**	3 639
Fair value gains		**20 164**	4 172
Dividend income		**112**	103
Operating income	13.1	**3 370**	4 031
Total income		**30 678**	11 945
Movement in credit loss allowances		**337**	38
Operating costs	13.2	**(10 561)**	(10 694)
Share of net profit of associate	17.3	**154**	168
Impairment (loss)/reversal on investment in associate	17.3	**(982)**	621
Profit before taxation		**19 626**	2 078
Taxation		**(5 372)**	(196)
Profit for the year		**14 254**	1 882
Attributable to:			
The parent		**14 213**	1 767
Non-controlling interest	17.1.1	**41**	115
		14 254	1 882
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net gain/(loss) on equity investments designated at fair value through other comprehensive income		**417**	(16)
Revaluation of property, plant and equipment		**–**	5
Remeasurement of post-employment benefits		**139**	184
Taxation		**(128)**	(47)
Other comprehensive income for the year net of taxation		**428**	126
Total comprehensive income for the year		**14 682**	2 008
Total comprehensive income attributable to:			
The parent		**14 641**	1 893
Non-controlling interest	17.1.2	**41**	115
		14 682	2 008

Summary Group statement of cash flows
for the year ended 31 March 2024

	Note	2024 R mil	2023 R mil
Net cash flows generated from operating activities			
Net cash flows generated from operations	14	**32 835**	26 550
Interest received	14	**10 697**	6 950
Interest expense	14	**(18 339)**	(12 361)
Taxation (paid)/received		**(3 700)**	488
Dividends paid*		**–**	(174)
Dividends received	14	**112**	103
Net cash flows generated from operating activities		**21 605**	21 557
Net cash flows utilised by investing activities			
Purchase of property, plant and equipment		**(2 185)**	(1 433)
Proceeds on disposal of property, plant and equipment		**235**	155
Purchase of intangible assets		**(338)**	(286)
Net cash flows utilised by investing activities		**(2 288)**	(1 564)
Total cash and cash equivalents movement for the year		**19 317**	19 993
Cash and cash equivalents at the beginning of the year	2	**42 426**	22 433
Total cash and cash equivalents at the end of the year	2	**61 743**	42 426

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

Summary Group statement of changes in equity

for the year ended 31 March 2024

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

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

Summary Group statement of changes in equity
continued

for the year ended 31 March 2024

Explanatory notes

Statutory reserve

The statutory reserve is maintained in terms of section 24 of the SARB Act, which stipulates that one-tenth of the surplus of the SARB, after provisions normally provided for by bankers and payment of dividends, has to be credited to the statutory reserve.

Contingency reserve

In terms of section 24 of the SARB Act and section 15 of the CPD Act, contingency reserves are maintained to provide against risks to which the SARB and the CPD respectively are exposed.

Bank for International Settlements revaluation reserve

The shares held in the 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 recognised in OCI. When these assets are sold, collected or otherwise disposed of, the cumulative gain or loss previously recognised in OCI will be recognised in accumulated profit.

Post-employment benefit remeasurement reserve

Actuarial gains and losses relating to the remeasurement of the post-employment benefits (PEB), and arising from experience adjustments and changes in actuarial assumptions, are charged or credited to OCI in the period in which they arise. These gains and losses are not subsequently reclassified to profit or loss.

Transfer to SA government

In terms of section 24 of the SARB Act, nine-tenths of the surplus of the SARB, after provisions normally provided for by bankers and payment of dividends, has to be paid to the SA government. For the year ended 31 March 2024, no profits (2023: Rnil) were due to the SA government by the SARB.

In terms of section 15 of the CPD Act, the balance of net profits after transfers to reserves and payment of dividends has to be paid to the SA government. For the year ended 31 March 2024 no profits (2023: Rnil) were due to the SA government by the CPD.

Non-controlling interest

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

Notes to the summary Group financial statements

for the year ended 31 March 2024

1. Accounting policies

1.1 Basis of preparation

The material accounting policies applied in the preparation of these financial statements are set out below. These accounting policies should be read together with the financial reporting framework on page 81. The accounting policies applied in the summary annual financial statements are the same as those applied in the complete annual financial statements.

These financial statements have been prepared on a going concern basis, in accordance with the SARB Act and the accounting policies set out in this note. The directors have considered the impact of the volatility in financial markets, mainly as a result of interest rate hikes by central banks globally in an attempt to curb the steep rise in inflation, among other factors.

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

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

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

In accordance with the FSR Act separate financial accounts in relation to the Prudential Authority are required. The PA financial accounts are included on pages 133 to 135.

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

The preparation of the financial statements requires the use of certain key accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies of the Group. The areas with a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.21 and the relevant notes.

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

1.2 New standards and interpretations

1.2.1 New and amended standards adopted by the Group

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

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

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

Amendments to IAS 8: Definition of accounting estimates

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

IFRS 17 Insurance Contracts

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

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

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

1. Accounting policies continued

1.2 New standards and interpretations continued

1.2.1 New and amended standards adopted by the Group continued

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

The amendments incorporate into IAS 12, taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model rules published by the Organisation for Economic Co-operation and Development. As an exception, deferred tax assets and liabilities related to Pillar Two income taxes should not be recognised, nor information about them disclosed. An entity is required to disclose that this exception has been applied and any current tax income or expense related to Pillar Two income taxes is required to be disclosed separately. In addition, where the legislation is not yet effective, disclosure is required for known or reasonably estimable information of the entity's exposure to Pillar Two taxes arising from that legislation.

The effective date of the amendment is for years beginning on or after 1 January 2023. The Group has adopted the amendment for the first time in the 2024 consolidated and separate annual financial statements however, there is no impact in the current financial year as the South African government has not yet enacted legislation relating to the Pillar Two model rules.

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

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

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

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

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

Amendments to IAS 1: Non-current liabilities with covenants

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

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

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

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

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

1. Accounting policies continued

1.2 New standards and interpretations continued

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

Amendments to IAS 21: Lack of exchangeability

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

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.3 Group accounting

1.3.1 Subsidiaries

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

In the separate financial statements of the SARB, investments in subsidiaries are stated at cost less impairment. Where appropriate, the cost includes loans to subsidiaries with no repayment terms, where these are considered part of the investment in subsidiaries. Impairment on investments in subsidiaries is discussed in note 17.

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

1.3.2 Investment in associate

An associate is an entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

1.4 Financial instruments

1.4.1 Financial assets

Classification

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

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

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

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

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

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

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Classification continued

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

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

Financial assets held at mandatory FVPL include:

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

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

Instruments measured in terms of the SARB Act

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

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

- Gold;
- Special drawing rights (SDR) reserves; and
- FEC assets.

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

Initial recognition

Financial assets are recognised when the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. From this date, any gains or losses arising from changes in the fair value of the assets and liabilities are recognised.

Financial assets are initially recognised at fair value plus transaction costs, except those carried at FVPL. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. After initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and FVOCI, as described in note 28.2.2, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

The best evidence of fair value on initial recognition is the transaction price, unless fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on discounted cash flow models and option pricing valuation techniques whose variables include data from observable markets.

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

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

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Subsequent measurement

Equity instruments

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

Debt instruments

Amortised cost

The carrying amount of these assets is adjusted by an ECL allowance recognised and measured as described in note 28.2.2. Amortised cost is calculated using the effective interest method that discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income using the effective interest method from these financial assets is included in profit or loss.

Fair value through profit or loss

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

Fair value through other comprehensive income

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

Instruments measured in terms of the SARB Act

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

Impairment of financial assets

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

The measurement of ECL reflects:

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

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 SICR 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 annual report note 28.2.2.1 for a description of how the Group determines when a SICR has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'. Please refer to annual report note 28.2.2.2 for a description of how the Group defines credit impaired and default.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Financial instruments in stages 2 or 3 have their ECL measured on a lifetime basis.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3).

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

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

Please refer to note 28.2.2.3 in the complete annual financial statements 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. The annual report note 28.2.2.4 includes an explanation of how the Group has incorporated this in its ECL models.

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.4 Financial instruments continued

1.4.1 Financial assets continued

Subsequent measurement continued

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

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

Write-off policy

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

Derecognition of financial assets

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

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

1.4.2 Financial liabilities

Classification

The Group classifies financial liabilities into the following measurement categories:

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

The Group classifies a financial instrument that it issues as a financial liability in accordance with the substance of the contractual agreement. Management determines the classification of financial liabilities at initial recognition. Due to the SARB's mandate as a central bank and 'lender of last resort', movements in financial liabilities are classified as operating activities in the statement of cash flows.

Financial liabilities at amortised cost

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

Financial liabilities measured at amortised cost include:

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities held at FVPL include:

- foreign deposits.

Instruments measured in terms of the SARB Act

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

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

- FEC liabilities; and
- the GFECRA.

1. Accounting policies continued

1.4 Financial instruments continued

1.4.2 Financial liabilities continued

Initial recognition

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

Financial liabilities are initially recognised at fair value, generally being their issue proceeds net of transaction costs incurred, except for financial liabilities at FVPL. The best evidence of fair value on initial recognition is the transaction price, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on discounted cash flow models and option-pricing valuation techniques whose variables include only data from observable markets.

Subsequent measurement

Amortised cost

Amortised cost is calculated using the effective interest method that discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial liability.

Instruments measured in terms of the SARB Act

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

Fair value through profit or loss

Subsequent to initial recognition, financial liabilities are measured at fair value. All related, realised and unrealised gains or losses arising from changes in fair value, excluding changes in fair value due to foreign exchange movements as explained in note 1.6 are recognised in profit or loss.

Derecognition of financial liabilities

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

1.4.3 Effective interest rate

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

Modifications

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

1.4.4 Offsetting of financial instruments

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

1.4.5 Unrecognised financial assets and liabilities

Guarantees

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

1.5 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

Fair values are determined according to the fair value hierarchy based on the requirements in *IFRS 13 Fair Value Measurement*. Refer to note 30 for further details.

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.5 Fair value continued

1.5.1 Derivatives

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

1.5.2 Foreign marketable money market investments

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

1.5.3 Local and foreign portfolio investments including securities lending portfolio investments

The fair values of portfolio investments are valued using the quoted market values.

Where these instruments are bank deposits, they are valued at nominal values plus accrued interest based on market rates. These values approximate fair values.

1.5.4 SA government bonds

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

1.5.5 BIS shares

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

1.5.6 Valuable art

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

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

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in OCI and accumulated in equity under the heading of PPE revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

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

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

1.6 Foreign currency – exchange gains or losses arising in entity accounts

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange profits or losses of the SARB, insofar as they arise from changes in the value of the rand compared to other currencies, are for the account of the SA government and consequently all these profits or losses are transferred to the GFECRA in terms of sections 25 to 28 of the SARB Act. Investment returns on foreign exchange reserves and interest paid on foreign loans are for the account of the SARB and are accounted for in profit or loss. Gains and losses on conversion to the functional currency are recognised in profit or loss for the subsidiaries and associate.

1.7 Property, plant and equipment

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

Property, plant and equipment are initially recognised at cost.

Freehold land and items under construction are subsequently carried at cost less accumulated impairment losses. Valuable art whose fair value can be measured reliably is carried at the revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated impairment losses. Other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.7 Property, plant and equipment continued

The estimated average useful lives of assets are as follows:

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

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

1.8 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which the Group holds for its own use, and which are expected to be used for more than one year. This includes internally generated assets and purchased computer software. Internally generated assets are disclosed separately.

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised.

Expenditure on internally developed software is capitalised if it meets the criteria for capitalising development expenditure. Other software development expenditure is charged to profit or loss when incurred.

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

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

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

1.9 Gold

Gold is held by the SARB as part of its foreign reserves. In terms of section 25 of the SARB Act, gold is recorded at the prevailing rates at initial recognition, including transaction costs. Subsequent to initial measurement, it is valued at the statutory price. The statutory price is the quoted price at the reporting date. Gold loans are measured at the quoted price at the reporting date. In terms of section 25 of the SARB Act, all gains or losses on gold, held by the SARB, are for the account of the SA government and, transferred to the GFECRA.

1.10 Taxation

The taxation expense for the period comprises current and deferred taxation. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

The charge for current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed for taxation purposes. It is calculated using taxation rates that have been enacted or substantially enacted by the reporting date, and any adjustment for taxation payable for previous years.

Deferred taxation is provided using the liability method, based on temporary differences. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation laws enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss, except to the extent that it relates to a transaction that is recognised in OCI or in equity. In this case, the taxation is also recognised in OCI or in equity. The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or OCI.

1.11 Employee benefits

1.11.1 Pension and retirement funds

Group companies operate various pension schemes. The schemes are funded through employer and employee contributions to insurance companies or trustee-administered funds. All funds in which the Group participates are defined contribution funds, however, there is an element within the SARB retirement fund which is deemed to be defined benefit in nature. This element, as detailed in note 19.3, is treated according to the principles of a defined benefit plan.

1.11.1.1 Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The expected costs of post-employment defined benefits are charged to profit or loss over the expected service life of the employees entitled to these benefits according to the projected unit credit method. Costs are actuarially assessed, and expense adjustments and past-service costs resulting from plan amendments are amortised over the expected average remaining service life of the employees.

1. Accounting policies continued

1.11 Employee benefits continued

1.11.1 Pension and retirement funds continued

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past-service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in OCI in the period in which they arise. Remeasurements are not classified to profit or loss in subsequent periods. Past-service costs are recognised in profit or loss at the earlier of the following dates: (i) when the plan amendment or curtailment occurs or, (ii) when the entity recognises related restructuring costs or termination benefits.

1.11.1.2 Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity or fund. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due.

1.11.2 Post-employment benefits

The SARB provides post-employment medical and group life benefits to qualifying employees and retired personnel by subsidising a portion of their medical aid and group life contributions.

Entitlement to these benefits is based on employment prior to a certain date and is conditional on employees remaining in service up to retirement age. The expected costs of post-employment defined benefits are charged to profit or loss over the expected service life of the employees entitled to these benefits according to the projected unit credit method. Costs are actuarially assessed, and expense adjustments and past-service costs resulting from plan amendments are amortised over the expected average remaining service life of the employees.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise. Past-service costs are recognised immediately in profit or loss, to the extent that they relate to retired employees or past-service.

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

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

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

1.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Redundant and slow-moving inventories are identified and written down to their estimated economic or realisable values. Raw materials are valued at cost according to the first-in, first-out basis by subsidiaries. Some raw materials are valued at standard cost, which closely approximates actual cost on a first-in, first-out basis.

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.14 Cost of new currency

The SARB recognises the cost of new currency in profit or loss when the banknotes and coin are delivered, and the significant risks and rewards of ownership are transferred to the SARB.

1.15 Cash and cash equivalents

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

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

1.16 Provisions

Provisions are liabilities of uncertain timing or amount and are recognised when the Group has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre- tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material. Provisions are not recognised for future operating losses.

1.17 Revenue recognition

1.17.1 Net interest income

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

Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate. Interest income includes the amortisation of any discount or premium, or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

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

1.17.2 Non-interest revenue

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

1.17.2.1 Revenue from contracts with customers

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

Revenue from contracts with customers comprises the following items:

Settlement commission income

The SARB provides settlement services for both the NPS and the SADC-RTGS. The performance obligation of the SARB is to receive and process settlement instructions on behalf of NPS and SADC-RTGS participants. Revenue is recognised at the point in time when the performance obligation has been satisfied (i.e. settlement instruction has been executed).

Bulk cash service fees

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

Bank charges

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

Sale of bank notes and coin

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.17 Revenue recognition continued

1.17.2 Non-interest revenue continued

Management fees

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

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

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

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

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

1.17.2.2 Other income

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

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 charged on an annual basis on the date prescribed by legislation and are non-refundable. Revenue is recognised immediately on the license fee date prescribed by legislation.

Sundry income

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

1.18 Dividends paid

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

1.19 Related parties

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

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

1.20 Share capital

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

1.21 Key accounting estimates and judgements

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

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

1.21.1 Fair value of financial instruments

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

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

1. Accounting policies continued

1.21 Key accounting estimates and judgements continued

1.21.2 Measurement of expected credit loss allowance

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

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

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

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

1.21.3 Fair value of unlisted investments

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

1.21.4 Post-employment benefits

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

These assumptions include:

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

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

1.21.5 Inventory valuations

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

1.21.6 Property, plant and equipment

Judgement is required when determining:

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

1.21.7 Recognition of deferred tax assets

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

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

1. Accounting policies continued

1.21 Key accounting estimates and judgements continued

1.21.8 Order of liquidity

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

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

1.22 Leases

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

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

Group as lessee

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

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

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

Right of use assets

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

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

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

Depreciation starts at the commencement date of a lease.

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

2. Cash and cash equivalents

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

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

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

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

Cash and cash equivalents exclude local and foreign short-term investments held to implement monetary policy or as part of foreign reserves. These reserves are disclosed in detail in notes 3 and 6.

Maturity structure of financial assets

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

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

3. Accommodation to banks

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

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

Repo agreements

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

Standard repo agreements	**8.25%**	7.75%

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

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

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

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

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

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

Standing facility

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

Standing facility	**9.25%**	8.75%

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

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

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

4. Investments

	2024 R mil	2023 R mil
Amortised cost		
Short-term South African fixed deposits	**19 153**	38 364
Short-term South African money market investments	**4 133**	2 636
Mandatory FVPL		
Short-term South African money market investments	**351**	306
	23 637	41 306
Maturity structure of financial assets		
Within 1 month	**2 465**	22 128
Between 1 and 3 months	**19 148**	12 138
Between 3 and 12 months	**2 024**	7 040
Total financial assets	**23 637**	41 306

For investments that meet the definition of financial assets at mandatory fair value:

Maximum exposure to credit risk	**351**	306

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

In terms of investment guidelines, approved by the Boards of the respective subsidiaries, all investments are placed with reputable financial institutions. The CPD utilises banking institutions with a minimum credit rating of BBB- by at least two of the agencies: Standard and Poor's, Fitch or Moody's.

5. Gold and foreign exchange reserves

	Note(s)	2024 R mil	2023 R mil
Mandatory at FVPL			
Money market instruments and fixed deposits	5.1	**214 896**	197 567
Securities	5.2	**667 242**	632 511
Derivatives	5.3	**166**	(83)
SARB Act			
Gold coin and bullion	5.4	**169 535**	141 895
IMF SDR assets	5.5	**127 186**	121 429
Total gold and foreign exchange reserves		**1 179 025**	1 093 319

5.1 Money market instruments and fixed deposits

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

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

The foreign exchange balances yield investment returns achievable in the various currencies in which they are invested. It is not practicable to calculate effective yields on the portfolios due to the volatility caused by exchange rate fluctuations.

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

5. Gold and foreign exchange reserves continued

5.2 Securities

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

5. Gold and foreign exchange reserves continued

5.3 Derivatives

The SARB utilises financial derivative products for portfolio management purposes, and seeks to minimise the effects of currency and interest rate risks by using such instruments to economically hedge the related risk exposures. The use of financial derivatives is governed by the SARB's policies approved by the Governors' Executive Committee (GEC), which provides written principles on the use of derivative financial instruments. Compliance with policies and exposure limits is reviewed by management on a continuous basis. Risk management practices also include regular reporting to the Risk Management Committee (RMC) and Board Risk and Ethics Committee (BREC). The SARB does not enter into or trade financial instruments, including derivative financial instruments, for proprietary trading purposes.

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

[1] *The notional amount of a financial instrument is the nominal or face value that is used to calculate payments made on that instrument. The amount generally does not settle between the counterparties.*

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

The SARB is subject to an enforceable master netting arrangement with its derivative counterparties. Under the terms of this agreement, offsetting of derivatives is permitted only in the event of bankruptcy or default of either party to the agreement. There is no intention to settle on a net basis or realise the asset and settle the liability simultaneously. The details are presented in the table below:

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

5. Gold and foreign exchange reserves continued

5.4 Gold coin and bullion

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

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

5.5 IMF SDR assets

In accordance with the SARB Act, the SARB acts as a fiscal agent for the SA government in its dealings with International Financial Institutions (IFI), transactions with the IFI and the undertakings of financial agency work for the SA government. In compliance with the SARB Act, transactions with the IMF have been included in these financial statements. Refer to note 9 for the corresponding deposit liability.

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

The various rights are disclosed below:

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

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

The following table presents details of collateral held:

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

6. Loans and advances

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

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 R89.6 billion was allocated to nine commercial banks.

The total outstanding balance (including interest) of R6.3 billion (2023: R9.3 billion) is guaranteed by the SARB. The guarantee is limited to the R6.3 billion allocated to the commercial banks. In turn National Treasury has guaranteed the SARB for losses incurred under the scheme. Due to the integral nature of the guarantee, it is taken into account in the ECL calculation. Refer to note 16 for further details.

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

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

Bounce back scheme

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

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

The SARB has issued a financial guarantee to the commercial banks under the facility, limited to 20.5% of the capital amount advanced. National Treasury has guaranteed the SARB for losses incurred under the scheme up to an amount of R8.0 billion, limited to the amount advanced to the commercial banks. The guarantee is considered to be an integral part of the scheme therefore it is included in the determination of ECL. Refer to note 16 for further details. At the reporting date none of the BBS loans were past due or impaired (2023: none). During the current financial year, no defaults were experienced (2023: no defaults).

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

7. South African government bonds

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

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

8. Notes and coin in circulation

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

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

9. Deposit accounts

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

9. Deposit accounts continued

Banks' reserve accounts

Commercial banks are required to maintain a minimum cash reserve balance with the SARB into which they are able to deposit at least such amounts as may be necessary to comply with the SARB Act. The banks' reserve accounts do not accrue interest. In addition, the commercial banks can utilise the cash reserve accounts to either fund short positions or deposit surplus funds. As at year-end, the balance was below the required minimum reserve balance by an amount of R0.9 billion (2023: R0.1 billion). The commercial banks concerned are afforded an opportunity, subject to conditions as the Governor may determine, to comply with the relevant provision within a specified period.

SA government accounts

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

Call deposits

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

10. Foreign deposits

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

Foreign deposits relate to cash placed with the SARB by subscribers of foreign currency bonds issued by the SA Government. The deposits are managed by the SARB as part of the foreign exchange reserves portfolio until such time when these deposits are withdrawn by National Treasury.

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

11. Gold and Foreign Exchange Contingency Reserve Account

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

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

The GFECRA, which is operated in terms of section 28 of the SARB Act, represents net revaluation gains and losses incurred on gold and foreign exchange transactions, which are for the account of the SA government. Settlement of this account is subject to agreement, from time to time, between the SARB and the SA government and consists mainly of the exchange margin. During the reporting year under review, a net amount of R52 million was settled by the SA government (2023: R54 million).

12. Post-employment benefits

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

	Note(s)	2024 R mil	2023 R mil
Amounts recognised in the statement of financial position			
Post-employment medical benefits	12.1	**2 610**	2 583
Post-employment group life benefits	12.2	**75**	72
Total post-employment benefits		**2 685**	2 655
Maturity structure of post-employment benefits			
Within 12 months		**424**	389
More than 12 months		**2 261**	2 266
Total post-employment benefits		**2 685**	2 655

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

12. Post-employment benefits

12.1 Post-employment medical benefits

Post-employment medical benefits are provided to retired staff in the form of subsidised medical aid premiums. This benefit has been closed to all new employees at the SARB since 1 September 2011 and the SABN since 2003. The liability reflected the accumulated post-employment medical benefit liability at the end of the financial year.

12.2 Post-employment group life benefits

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

12.3 Post-employment retirement fund benefits

The Group has made provision for pension and provident plans substantially covering all employees. All employees are members of the retirement fund administered by the Group or are members of funds within the various industries in which they are employed. The assets of these plans are held in administered trust funds separate from the Group's assets and the funds are governed by the Pension Funds Act 24 of 1956.

Statutory actuarial valuations are performed triennially with the 31 March 2021 valuation having found the fund to be in a sound financial position. Interim actuarial valuations are concluded annually (except in years where a statutory valuation is performed), where a surplus in the fund is calculated, it is for the benefit of the members, and accordingly no asset is recognised in the financial statements of the SARB. The retirement fund is regulated by the Financial Sector Conduct Authority and is a single scheme which caters for active members, pensioners on a living annuity, pensioners on a life annuity, and pensioners from the former defined benefit fund.

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

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

The life pension quoted by the retirement fund is based on the amount of capital available to the employee, as well as marital status, gender and age. As at 31 March 2024, there were 1 253 life pensioners (2023: 1 227 life pensioners). Once quoted a life pension, the rules of the fund stipulate that it will not be reduced, and thus, although the pensioner bears the market risk with regard to the annual increase granted, the employer will contribute if there is a shortage in the pension account which supports maintaining pensions at their existing level. This is in effect the only uncovered 'defined benefit' element in the fund. The risk for the retirement fund, and ultimately the SARB, in meeting this defined benefit, is market risk and life expectancy. As the SARB is the sponsor of the fund, the full defined benefit liability resides within the SARB.

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

13. Profit before taxation

	2024 R mil	2023 R mil
13.1 Operating income includes:		
Bank charges	**291**	240
Commission on banking services	**716**	177
Rental income	**65**	8
Sales of bank notes and coin to third parties	**2 193**	3 541
Sundry income	**105**	65
Total operating income	**3 370**	4 031

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

13. Profit before taxation continued

13.2 Operating costs include:

	2024 R mil	2023 R mil
Depreciation and amortisation		
Buildings	**55**	45
Computer software	**297**	46
Plant, vehicles, furniture and equipment	**492**	395
Total depreciation and amortisation	**844**	486
Net (profit)/loss on disposal of:		
Property, plant and equipment	**(4)**	27
Impairment loss on:		
Tangible and Intangible assets	**325**	14
Write-down of inventories		
Write-down of inventories	**25**	19
Auditor's remuneration – external		
Audit fees	**37**	23
Consulting fees		
Consulting fees	**387**	305
Employee costs		
Director's remuneration	**37**	35
Remuneration and recurring staff costs	**3 627**	3 407
Contribution to funds – Normal	**310**	300
Contributions to funds – Additional	**3**	–
Movement in provision for post-employment medical benefits	**317**	307
Movement in provision for post-employment group life benefits	**10**	9
Movement in provision for post-employment retirement benefit fund benefits	**–**	14
Premiums paid – Medical aid	**144**	147
Premiums paid – Group life	**9**	8
Total employee costs	**4 457**	4 227
Other		
Cost of new currency	**19**	7
Manufacturing costs	**2 468**	3 696
IT infrastructure	**579**	434
Other operating costs[1]	**1 424**	1 456
Total operating expenses	**10 561**	10 694

[1] *Other operating costs comprise mainly business systems and technology costs, repairs and maintenance, building maintenance costs, travel and accommodation, and training expenses.*

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

14. Net cash generated from operations

	2024 R mil	2023 R mil
Reconciliation of profit before taxation to cash generated from operating activities		
Profit before taxation for the year	**19 626**	2 079
Adjustments for:		
Interest revenue	**(10 697)**	(6 950)
Interest expense	**18 339**	12 361
Fair value adjustments on investments	**(223)**	(303)
Dividends received	**(112)**	(103)
Depreciation, amortisation and impairment	**1 169**	500
Net profit/(loss) on disposal of fixed assets	**(4)**	27
Profit from associate	**(154)**	(168)
Impairment (reversal) loss on investment in associate	**982**	(621)
Credit impairment reversal	**(337)**	(38)
Unrealised foreign exchange gains	**1**	–
Post-employment benefits	**171**	182
Interest accrued on taxation	**(45)**	(20)
Net cash generated from operating activities	**28 716**	6 944
Changes in operating assets and liabilities:		
Accommodation to banks	**1 947**	47 107
Investments	**17 892**	(35 691)
Other assets	**5 388**	(4 571)
Gold and foreign exchange reserves	**(85 706)**	(250 482)
Inventories	**(801)**	(439)
FEC assets	**65**	(107)
Loans and advances	**2 989**	2 012
South African government bonds	**1 822**	6 675
Equity investment in BIS	**(322)**	(912)
Notes and coin in circulation	**(2 061)**	468
Deposit accounts	**21 845**	69 180
Foreign deposits	**(26 265)**	42 346
Other liabilities	**(5 891)**	5 130
SARB debentures	**–**	(3 807)
FEC liabilities	**(57)**	(1 735)
GFECRA	**73 274**	144 431
Net cash generated from/(utilised by) changes in working capital	**4 119**	19 607
Net cash generated from operations	**32 835**	26 551

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

15. Fair value hierarchy disclosures

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

Level 1: Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities. These are readily available in the market and are normally obtainable from multiple sources.

Level 2: Fair value is based on input other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value is based on input for the asset or liability that is not based on observable market data (i.e. unobservable inputs).

The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. During the year under review, there were no transfers between any of the levels (2023: none).

15.1 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.

15.2 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.

15.3 Valuation techniques used to derive Level 3 fair values

The equity investment in the BIS is classified as Level 3. It is valued at the net asset value adjusted by 30%. This adjustment is not subject to sensitivity. The adjusted net asset value of the shares is based on SDRs. No active market exists for these shares.

The revaluation of valuable art is classified as Level 3. Revaluations will be performed every three years by independent, reliable valuators. In the absence of an official fair value assessment by an independent valuator the insured value will be used as an indicator of fair value. These fair value adjustments are not subject to sensitivity.

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

15. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
2024					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment		**–**	**–**	**198**	**198**
Investment in associate	17.3	**–**	**3 429**	**–**	**3 429**
Financial assets					
Investments	4	**–**	**351**	**–**	**351**
Gold and foreign exchange reserves	5	**392 245**	**786 780**	**–**	**1 179 025**
Gold coin and bullion		**169 535**	**–**	**–**	**169 535**
Money market instruments and deposits		**–**	**214 896**	**–**	**214 896**
Securities		**222 714**	**444 528**	**–**	**667 242**
Derivatives		**(4)**	**170**	**–**	**166**
IMF SDR assets		**–**	**127 186**	**–**	**127 186**
FEC assets		**–**	**118**	**–**	**118**
SA government bonds	7	**32 007**	**–**	**–**	**32 007**
Equity investment in BIS		**–**	**–**	**6 605**	**6 605**
Financial liabilities					
FEC liabilities		**–**	**24**	**–**	**24**
Foreign deposits	10	**–**	**101 224**	**–**	**101 224**
Items measured at amortised cost					
Financial assets					
Cash and cash equivalents	2	**–**	**61 743**	**–**	**61 743**
Accommodation to banks	3	**–**	**451**	**–**	**451**
Investments	4	**–**	**23 286**	**–**	**23 286**
Other financial assets		**–**	**1 686**	**–**	**1 686**
Loans and advances	6	**–**	**7 080**	**–**	**7 080**
Financial liabilities					
Notes and coin in circulation	8	**–**	**169 504**	**–**	**169 504**
Deposit accounts	9	**–**	**474 272**	**–**	**474 272**
Other financial liabilities		**–**	**3 354**	**–**	**3 354**
GFECRA	11	**531 989**	**–**	**–**	**531 989**

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

15. Fair value hierarchy disclosures continued

	Note(s)	Level 1 R mil	Level 2 R mil	Level 3 R mil	Total R mil
2023					
Items measured at fair value					
Non-financial assets					
Property, plant and equipment		–	–	198	198
Investment in associate	17.3	–	4 257	–	4 257
Financial assets					
Investments	4	–	306	–	306
Gold and foreign exchange reserves	5	601 297	492 022	–	1 093 319
Gold coin and bullion		141 895	–	–	141 895
Money market instruments and deposits		–	197 567	–	197 567
Securities		459 445	173 065	–	632 510
Derivatives		(43)	(40)	–	(83)
IMF SDR assets		–	121 429	–	121 429
FEC assets		–	183	–	183
SA government bonds	7	33 828	–	–	33 828
Equity investment in BIS		–	–	5 866	5 866
Financial liabilities					
FEC liabilities		–	81	–	81
Foreign deposits	10	–	127 489	–	127 489
Items measured at amortised cost					
Financial assets					
Cash and cash equivalents	2	–	42 426	–	42 426
Accommodation to banks	3	–	2 398	–	2 398
Investments	4	–	41 000	–	41 000
Other financial assets		–	1 187	–	1 187
Loans and advances	6	–	10 069	–	10 069
Financial liabilities					
Notes and coin in circulation	8	–	171 565	–	171 565
Deposit accounts	9	–	452 427	–	452 427
Other financial liabilities		–	2 553	–	2 553
GFECRA	11	458 715	–	–	458 715

Notes to the summary Group financial statements continued
for the year ended 31 March 2024

16. Commitments and guarantees

16.1 Energy bounce back scheme

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

16.2 Loan guarantee scheme

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

16.3 Bounce back scheme

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

16.4 CPD guarantee

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

16.5 CODI guarantee

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

16. Commitments and guarantees continued

16.6 Restricted-use committed liquidity facility

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

16.7 Inter-Governmental Cash Co-ordination

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

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

17. Related party information

17.1 Investment in subsidiaries

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

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

17.1.1 Investment in Prestige Bullion

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

17. Related party information continued

17.1 Investment in subsidiaries continued

17.1.1 Investment in Prestige Bullion continued

Summary financial information of Prestige Bullion

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

17.1.2 Transactions with non-controlling interests

Rand Refinery

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

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

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

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

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

17. Related party information continued

17.3 Investment in associate

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

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

17.3.1 Impairment on investment in associate

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

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

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

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

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

17. Related party information continued

17.3 Investment in associate continued

17.3.2 Sensitivity analysis

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

17.4 Amounts due by/to related parties

	2024 R mil	2023 R mil
Amounts due by related parties		
Loans and advances		
Grindrod Bank Limited (subsidiary of ABHL)	**26**	–
Other assets		
Grindrod Bank Limited (subsidiary of ABHL)	**2**	–
Amounts due to related parties		
Deposits		
SA government		
Non-interest-bearing	**128 544**	122 155
Interest-bearing	**91 139**	88 571
African Bank Limited (equity accounted, not consolidated)	**2 463**	1 134
Grindrod Bank Limited (subsidiary of ABHL)	**2 528**	–
Other liabilities		
SA government (GFECRA liability)	**531 895**	458 613
SARB Retirement Fund	**71**	23

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

17. Related party information continued

17.5 Transactions between the SARB and its related parties

	2024 R mil	2023 R mil
Dividends received		
African Bank Holdings Limited (equity accounted, not consolidated)	**50**	50
	50	50
Interest revenue		
African Bank Limited (equity accounted, not consolidated)	**86**	18
Grindrod Bank Limited (subsidiary of ABHL)	**85**	–
SA government	**401**	7
	572	25
Interest paid		
African Bank Limited (equity accounted, not consolidated)	**1**	1
Grindrod Bank Limited (subsidiary of ABHL)	**4**	–
SA government	**11 074**	7 442
SARB Retirement fund	**5**	3
	11 084	7 446
Administration and management fees received		
SARB Retirement Fund	**5**	6
	5	6
Administration and management fees paid		
SARB Retirement Fund	**5**	6
	5	6
Other income		
African Bank Limited (equity accounted, not consolidated) – SAMOS fees	**1**	1
Grindrod Bank Limited (subsidiary of ABHL)	**1**	–
	2	1
Pension fund contributions		
SARB Retirement Fund	**325**	295

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

17. Related party information continued

17.6 Directors' remuneration

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

Notes to the summary Group financial statements continued

for the year ended 31 March 2024

18. Events after the reporting period

18.1 CODI operations and guarantee

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

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

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

18.2 Energy Bounce Back Scheme

In April and May 2024, a total of R203 million was advanced on the Energy Bounce Back Loan Scheme. Refer to note 16 for details on the scheme.

18.3 GFECRA settlement framework

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 installments over the next 3 financial years. National Treasury will transfer R100 billion to the SARB in the 2024/25 financial year, to promote the policy solvency of the SARB. Further settlement of the GFECRA liability may only occur if the SARB has an adequate contingency reserve level as well as an adequate estimated GFECRA balance level to absorb potential future currency reversals.