

PA FINANCIAL ACCOUNTS

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

Basis of preparation

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

Statement of financial position

at 31 March 2026

| | Note | Prudential Authority | |
|----------------------------|------|----------------------|--------------------|
| | | 2026 R millions | 2025 R millions |
| Assets | | | |
| Other assets | 1.1 | 52 | 49 |
| Liabilities | | | |
| Income received in advance | | 16 | 16 |
| Other liabilities | | 34 | 21 |
| Unclaimed balances | | 2 | 2 |
| Total liabilities | | 52 | 49 |

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2026

| | | | |
|-------------------------------|-----|--------------|-------|
| Operating income | | | |
| Levies | 2.1 | 617 | 596 |
| Fees | 2.2 | 18 | 13 |
| Other income | | 19 | - |
| Total operating income | | 654 | 609 |
| Expenditure | | | |
| Personnel costs | 2.4 | (459) | (422) |
| Operational costs | 2.5 | (195) | (220) |
| Total expenditure | | (654) | (642) |
| Personnel costs | 2.5 | - | 33 |
| Profit for the year | | - | - |

1. Accounting policies

1.1. Other assets

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

1.2. Other liabilities

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

1.3. Unclaimed balances

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

1.4. Operating income

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

1.5. Personnel and operating costs

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

1.6. Amounts borne by the SARB

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

2. Explanatory notes

2.1. Levies are charged to regulated financial institutions in terms of legislation to cover the direct operating costs of the PA.

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

2.3. Penalties are raised for non-compliance by persons within the regulated sector should they be found guilty of contravening a financial sector law or an enforceable undertaking accepted by the PA. The PA deducts from this total all costs incurred in making and enforcing the administrative penalty order. After applying this deduction, the remaining balance, if any, is paid into the National Revenue Fund (NRF). The SARB also has a responsibility in terms of the FIC Act to ensure that banks and life insurance companies comply with the FIC Act. The SARB has authority in terms of the section 45C of the FIC Act to impose administrative sanctions on these entities if and when they fail to comply with a provision, order, determination or directive made in terms of this Act. The SARB issues notices with said penalties to the relevant entities but does not account for the penalties in its financial statements as the penalties imposed are paid directly to the NRF. Total penalties issued on behalf of the South African government in this regard amounted to R25 million (2025: R20 million).

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

| | Prudential Authority | |
|-------------------------------------|----------------------|-------------------|
| | 2026 R million | 2025 R million |
| Operating costs include: | | |
| Professional fees | 143 | 169 |
| Membership fees | 2 | 3 |
| Official functions | 10 | 17 |
| Training (foreign and local) | 6 | 4 |
| Travel expenses (foreign and local) | 18 | 23 |
| Other operating costs | 16 | 4 |
| | 195 | 220 |

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

