INTEGRATED REPORT

Twenty Years of

THE BANKING ASSOCIATION SOUTH AFRICA

2025

- 2005 Banking Council becomes BASA
- 2006 Financial Inclusion Focus
- 2007 Mzansi Account Launched
- 2008 Global Financial Crisis
- 2011 Twin Peaks Reform
- 2012 Small Business & Housing Finance
- 2013 Financial Sector Charter
- 2016 Business-Government Partnership
- 2020 COVID-19

MANDATE

As the national association of domestic and international banks, licensed to operate in South Africa, BASA:

- Advocates the views of the banks on legislation, regulation, and social and economic issues that affect the industry.
- Facilitates the sustainable transformation of the banking industry.
- Promotes inclusive economic growth by working with legislators, regulators, as well as other business associations and stakeholders, to establish a stable and conducive policy and business environment.
- Helps find sustainable solutions to the challenges of poverty, unemployment and inequality by mobilising the skills and resources of the industry.
- Hosts the Southern African Development Community Banking Association (SADC BA), which works with regulators to strengthen the integrity and efficiency of banking services in the region.

As an industry association which represents those banks licensed to operate in South Africa, BASA is not able to resolve customer complaints involving its members. Customer complaints about banking products and services can be referred to the National Financial Ombud Scheme (NFO) at www.nfosa.co.za.

DIVISIONS

MARKET CONDUCT

Protects and promotes the interests of the banking industry regarding legislation and regulation that affects bank customers and clients.

PRUDENTIAL

The Prudential Division represents the interests of the banking industry to the local and international authorities who are responsible for prudential regulation and financial stability. As part of the global financial system, South Africa has had to adopt a host of global standards and best practices, to maintain its access to international financial markets.

PAYMENTS

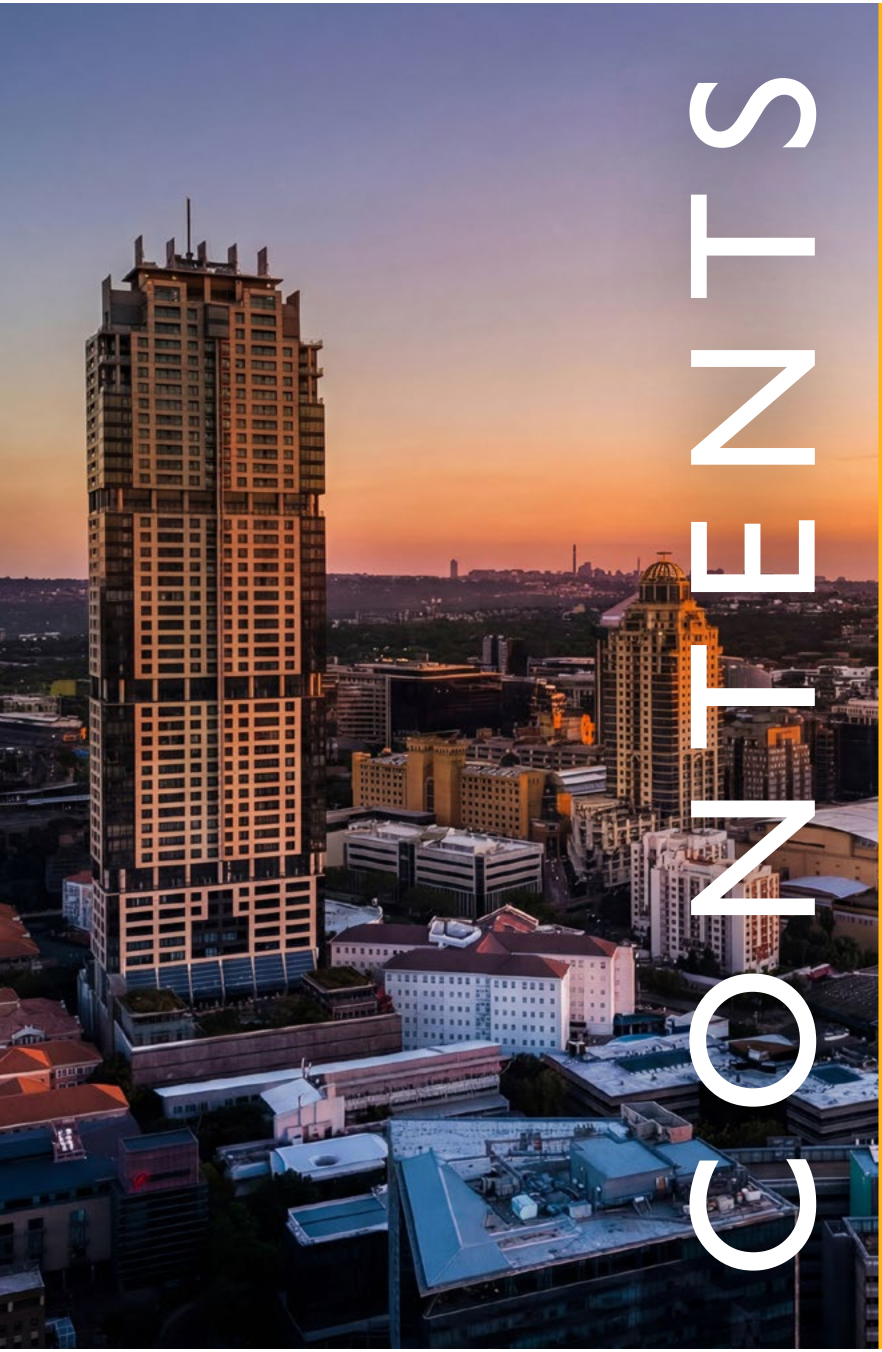
The National Payments System (NPS) is an operational and legal system that people, businesses and the government use to transfer money to each other, to pay for goods and services and draw cash.

The BASA Payments Division works towards the sustainability and modernisation of the NPS through research, nurturing collaboration between its stakeholders and advocating the interests of the banking industry.

FINANCIAL INCLUSION AND PUBLIC POLICY

The Financial Inclusion and Public Policy Division (FIPP) represents the interests of the banking industry regarding policy, regulation and legislation, aimed at the social and economic development of the country, which affects the business of banking. The division brings together the affordable housing, agriculture, sustainable finance and financial inclusion departments.

Financial Inclusion is responsible for small business development, financial education and transformation, among other social and economic development initiatives supported by BASA. FIPP is responsible for coordinating and leveraging banks' skills and resources – to strengthen their contribution to the national and business imperative of inclusive economic growth. The division also leads liaison with government departments and agencies, which are not directly responsible for the regulation of banks and other financial service providers.



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Message from the Chair

The domestic economy continues to be resilient despite the prevailing global uncertainties and there has been a gradual but meaningful improvement in South Africa's economic and fiscal trajectory.

The South African Reserve Bank's (SARB's) commitment to a lower inflation target of 3%, alongside continued fiscal consolidation, has **reinforced confidence in the country's policy direction.**

Operation Vulindlela is providing supportive structural reform momentum with a particular focus on creating more efficient and globally competitive network industries, including the energy and logistics sectors. There is valuable work underway to strengthen national institutions such as the criminal justice system. This work is critical to rebuilding our citizens' confidence in the integrity and efficacy of these institutions and strengthening South Africa's global credibility. When combined with supportive export commodity prices, these reforms, together with improved policy coordination and fiscal discipline, have enhanced investor confidence and played a meaningful role in South Africa's recent credit rating upgrades. The Business Leadership South Africa Reform Tracker affirms this message, with several reforms approaching key delivery milestones, allowing stakeholders to better translate policy into execution as the critical next step in enabling further reform momentum.

These positive shifts will assist South Africa's transition towards a more sustainable growth path. For the banking industry this should translate into a more constructive operating environment characterised by healthier credit demand, growth in private sector fixed investment and increased economic capacity over the medium term.

In its recent Monetary Policy Review, the SARB showed that private sector fixed investment and improving economic efficiency are starting to contribute positively to real GDP growth. This in turn will support employment growth which is a critical factor in reducing economic inequality and poverty.

South Africa's exit from the Financial Action Task Force grey list, and subsequent delisting by key international jurisdictions, strengthens the country's standing as a credible and well-regulated financial system, reduces friction in cross-border activity, and supports inward investment. Maintaining this position will require ongoing efforts to strengthen law enforcement capability and ensure effective prosecution of financial crime.

> **"These reform trends, alongside fiscal and monetary stability, have underpinned the recent upgrades to the outlook for the country's sovereign ratings."**

Banks remain central to maintaining the country's credibility. The industry continues to invest in technology, systems, and partnerships with law enforcement to combat fraud and financial crime, which remain significant challenges globally.

In the past year, South Africa played a leading role on the world stage through its Presidency of the G20 and the hosting of the Business20. This positioned the country as an important voice in shaping global economic priorities, while advancing Africa's development agenda. The banking industry contributed meaningfully to important discussions on policy and initiatives such as financial crime, trade and investment, infrastructure financing, and sustainable development. The outcomes of the B20 are still playing out positively with several initiatives now underway to deepen collaboration between the private and public sector on critical issues such as energy transition, food security, skills development, and entrepreneurship.

The industry can play an even greater catalytic role supporting both national and local government investment strategies across energy and logistics and key service delivery initiatives such as water and waste management projects. Opportunities for public-private partnerships and crowding private capital into the real economy more broadly are increasing, reflecting the industry's role not only as a provider of capital, but as a partner in enabling economic growth and transformation.

The combination of strong balance sheets and capital and liquidity positions, combined with disciplined risk management frameworks across the industry provides a solid foundation to support both customers and the broader economy through periods of uncertainty. At the same time, the industry continues to leverage its regional footprints to participate in growth opportunities across the continent, where long-term fundamentals remain compelling.

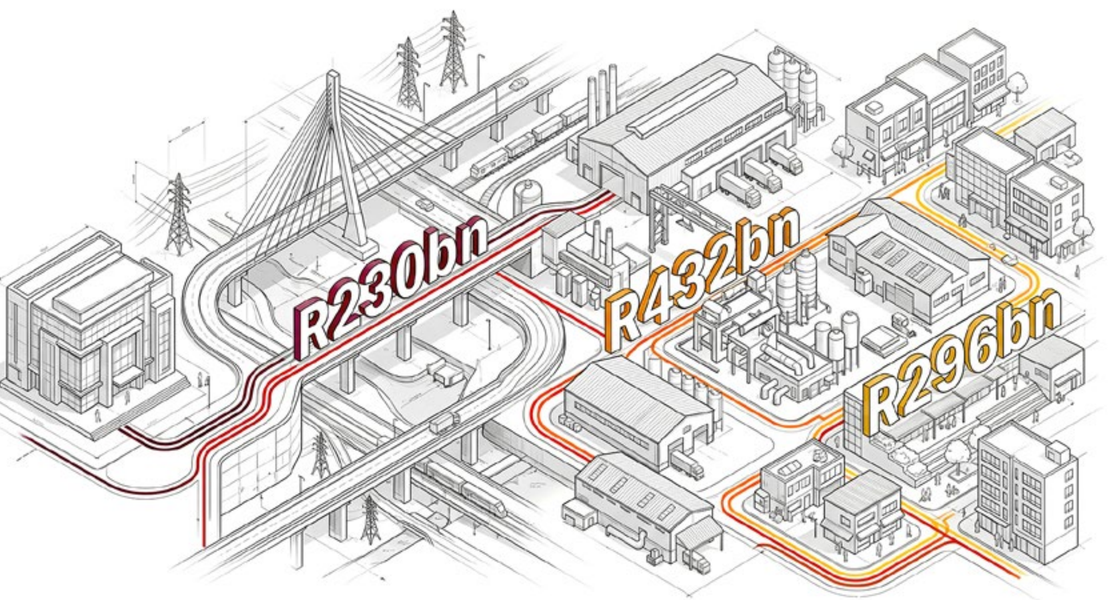
South Africa's banking industry remains one of the country's most important national assets. Its strength lies not only in its financial resilience, but in its ability to partner with government, business, and society in addressing the country's most complex and pressing challenges: supporting growth, enabling inclusion, and safeguarding financial stability.

BASA's role in facilitating these partnerships remains critical. The association continues to provide a platform for collaboration, policy engagement, and responsible advocacy in the interests of both the industry and the broader economy.

Mary Vilakazi is Chair of The Banking Association South Africa (BASA)

Managing Director's Report

Regulatory reforms, aimed at promoting financial inclusion and increasing competition in the financial services sector, and new technologies – like artificial intelligence – are fundamentally changing banking in South Africa. During this time of change, BASA advocates for the interests of its members to help ensure that the planned changes achieve the best possible outcome for banks and their customers.



Infrastructure financing   Manufacturing investment   Small business lending

Highlights from the year include:

THE CONDUCT OF FINANCIAL INSTITUTIONS (COFI) BILL

The Conduct of Financial Institutions (COFI) Bill is one of the most significant reforms to South Africa's financial sector regulatory framework. The Bill seeks to establish a consolidated, comprehensive market conduct framework for financial institutions operating in South Africa, replacing fragmented or duplicate conduct requirements currently spread across multiple pieces of legislation.

The COFI Bill uses principle-based and outcomes-focussed legislation to promote the fair treatment of financial customers, strengthen market integrity, enhance confidence in the financial sector, and support financial inclusion and transformation. The framework is also intended to align South Africa's conduct regulation more closely with international standards and developments in market conduct supervision. The Bill also contemplates differentiated and proportionate regulation to support innovation and the participation of new market entrants, including financial technology (fintech) firms.

The COFI Bill has been in development for several years and has undergone multiple rounds of industry consultation since at least 2018. In March 2026, Cabinet approved the Bill for submission to Parliament. At present, the full text of the Bill has not yet been released. According to National Treasury and industry reports, the Bill is currently undergoing scrutiny and certification by the Office of the Chief State Law Adviser prior to its formal tabling in Parliament. Once certification has been completed, the Bill is expected to be formally introduced into the National Assembly and referred to the relevant Parliamentary committee process for public participation and stakeholder engagement.

BASA SUBMISSION

BASA supports the overall objectives of the COFI Bill and looks forward to engaging with the latest version of the proposed legislation, as it has with previous versions. BASA's key concerns are that:

- The numerous and far-reaching changes to financial sector laws – and the new licensing of financial services providers - should be done in a consultative and incremental manner to reduce the chances of undue or unintended disruption of financial services businesses.
- BASA agrees that a principle-based approach, supported by regulation, promotes meaningful compliance and better outcomes for financial service providers and their customers. However, outcomes-based regulation can reduce legal clarity and does not always provide clear, measurable rules. Both banks and regulators will require high levels of expertise and judgment to achieve ethical, enforceable outcomes.

THE PAYMENTS ECOSYSTEM MODERNISATION (PEM) PROGRAMME

The Payments Ecosystem Modernisation (PEM) Programme, led by the South African Reserve Bank (SARB) aims to provide South Africans with "access to fast, affordable, secure and widely available digital payments". An affordable, faster payments system will facilitate greater financial inclusion and economic activity.

As part of the PEM, SARB has established a National Payment Utility – PayInc – to oversee some of the operations of the National Payment System and open it to non-banks and financial service providers.

Another part of the PEM programme is the development of a Cash Smart Strategy, through which the SARB aims to build a National Cash Utility. This will assist in regulating the ecosystem of the cash industry and ensure that cash remains clean, accessible and affordable, particularly in low-income and rural communities where digital financial services have yet to become easily available.

BASA SUBMISSION

The PEM and the Cash Smart Strategy are a fundamental overhaul of South Africa's payments system and a move towards the digitisation of payments in the country.

- BASA supports the PEM programme and is working closely with the SARB to ensure that there are no disruptions to the payments system during the transition to the new system.
- Already SARB and BASA members have successfully introduced PayShap, an instant electronic payment scheme. By the end of May 2026, 5,7 million PayShap identities had been registered and R909 billion processed from 959 million transactions.

CESSATION OF THE PRIME LENDING RATE

Another change is in the works following the release of the SARB Consultation Paper on the Cessation of the Prime Lending Rate, in February 2026. The Reserve Bank wants to replace the prime lending rate and designate the SARB policy rate (SPR), commonly known as the repurchase (repo) rate, as a reference rate for loans. SARB has said the proposed reform is part of ongoing efforts to modernise South Africa's interest rate benchmarks. Presently, there is a fixed transmission spread of 3,5% between the SARB policy rate and the prime rate, to ensure that any interest rate decision by the SARB is transmitted to the price that bank customers and others pay for loans. This fixed difference is not a profit margin on loans for banks.

Banks set interest rates mainly on their credit assessment and the ability of a customer to repay a loan, on agreed terms. A single base rate is used mainly to allow customers to compare the interest rates they may be offered by different financial institutions. The scrapping of the reference prime interest rate is not expected to influence the cost of borrowing for individual consumers.

BASA SUBMISSION

In its submission on the cessation of the prime interest rate to SARB, BASA stated its support for SARB's broader objective of modernising South Africa's interest rate benchmark framework, enhancing transparency, and aligning domestic benchmarks with international best practice.

- However, the association warned that the proposed reform, which mainly affects retail banking, raises legal, operational, conduct, and enforcement considerations that require explicit regulatory and legislative intervention to avoid unintended disruption, consumer harm, and legal uncertainty. BASA has also called for a quantitative and regulatory impact assessment of the scrapping of the prime rate. The full BASA submission can be found at www.banking.org.za.
- There is little concern that the cessation of the prime lending rate will disrupt the banking industry or impact customers. BASA is already successfully working with the SARB to update the Johannesburg Interbank Average Rate (JIBAR), which is used as a reference rate for financial derivative contracts, among others, and to replace it with a new reference rate, Zaronia.

CORPORATION FOR DEPOSIT INSURANCE (CODI)

The Corporation for Deposit Insurance (CODI) protects depositors' funds of up to R100 000 in qualifying accounts, in the unlikely event of their bank failing. CODI became fully operational in April 2024.

A survey of banks operating in South Africa found that the establishment of CODI is widely recognised as an important structural reform that aligns South Africa with international financial stability standards and strengthens the resilience of the banking system. The survey was conducted by the Centre of Excellence in Financial Services (COEFS), a year after CODI became operational. The full paper is available at https://coefs.org.za.

Large commercial banks generally view CODI as a necessary systemic safeguard that contributes to the stability of the financial system. However, smaller banks, mutual banks, and cooperative financial institutions highlight operational and capacity constraints associated with the administrative burden and compliance costs associated with CODI. Financial contributions to the scheme are viewed as broadly manageable across banks. Returns on the liquidity layer of the fund are generally regarded as conservative but appropriate, given CODI's low-risk investment mandate.

Over time, banks would like to see risk-based contributions and equitable cost allocation, expanded public education on depositor protection, and improved operational efficiency and flexibility in compliance processes, among others. Institutions emphasised the importance of continued dialogue with CODI and incremental refinement to ensure that the scheme remains practical, inclusive, and responsive to the operational realities of South African banks.

THE BASEL REGULATIONS

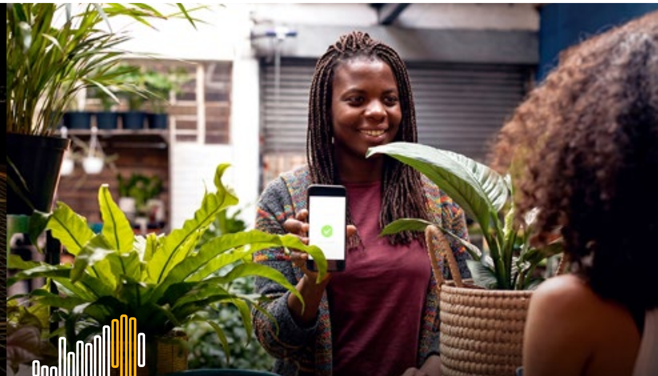
The Basel Framework is the full set of standards of the Basel Committee on Banking Supervision (BCBS), which is the primary global standard setter for the prudential regulation of banks. The Framework is designed to protect the stability and financial soundness of the international banking system and ensure that banks hold enough liquid capital to cover financial and operational risks. Overall, the framework through its iterations from Basel 1 to Basel 3 succeeded in greatly improving the resilience of the global banking system and enabling South African banks to meet the capital requirements set out in the Basel standards.

However, the more capital banks are required to hold, the less they are able to lend for investment and the funding of economic infrastructure and other economic activities such as the financing of small businesses. This is a particular challenge in emerging markets, where bank finance is needed to support social and economic development.

The implementation of the more stringent Basel Post-crisis Reforms – commonly known as Basel 3.1 – will effectively require banks to hold more capital. These reforms are expected to have a significant impact on the business and operations of banks. As a result, some jurisdictions, including the European Union and the United Kingdom, have chosen to delay the implementation of some elements of the Basel 3.1 framework. Other jurisdictions such as Japan, Canada and South Africa, have gone ahead with full implementation.

BASA SUBMISSION

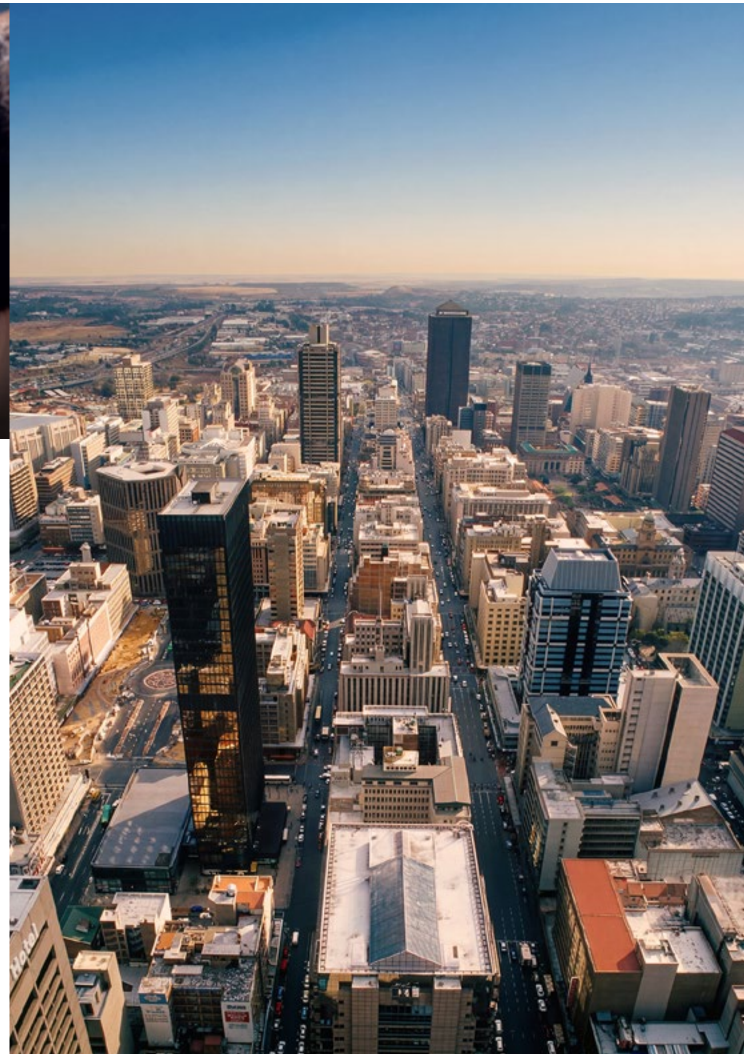
- Of concern for BASA and its members is that unless Basel 3.1 is simultaneously implemented across jurisdictions, this may make it harder for South African banks to compete internationally.
- BASA is engaging with the SARB to look at ways of calibrating Basel standards in line with the socio-economic needs of South Africa, particularly regarding investment in infrastructure, financial inclusion and the growth of small businesses. It is anticipated that this will be done while maintaining South Africa's full compliance with the Basel standards.



TRANSFORMATION

South Africa's broad-based black economic empowerment (B-BBEE) framework must be critically and honestly reviewed to build on its past successes and speed up its vital contribution to the stability, sustainability and growth of the South African economy. Such a discussion, which will include criticism of unintended outcomes, is not anti-empowerment, but rather an effort to better facilitate more meaningful and sustainable transformation. For banks, the debate is not about scrapping broad-based black economic empowerment, but how to make it more effective. This can best be done by shifting from measuring inputs to assessing whether the targeted outcomes are being achieved.

- The need to review B-BBEE legislation is widely acknowledged. The Minister of Trade, Industry and Competition, Parks Tau, has announced ongoing reviews of the legislation, aimed at 'refining' regulations, codes of good practice and guidelines'. BASA and its members will work together with the Department of Trade, Industry and Competition (DTIC) and other trade and business associations to help ensure that transformation and economic empowerment in South Africa is sustainable and successful.
- It is worth noting the achievement of banks, under the Financial Sector Code. Ownership targets, including voting rights for black people were at 37%, well ahead of the 25% target. Black economic interest was at 29%, ahead of the 25% target. Nine banks have already achieved Level 1 empowerment status, including the top six banks which held total assets of R7.82 trillion as at 1 July 2025, and account for 92,6% of total banking assets.



CONCLUSION

South Africa's world-class financial regulation is important for the financial stability of the country and is a competitive advantage for securing international investment. BASA will continue to work with financial services regulators and other authorities to help keep banking regulation practical, effective and relevant to the needs of banks, their customers and the country.

"CRIMINALS ARE COLLABORATING BETTER THAN EVER BEFORE, CAN WE DO THE SAME?"

Scams start with an advertisement on a social platform, a text message, or a phone call, which can come from anywhere in the world. By the time a payment is authorised, the fraudsters are already moving the funds across accounts, borders and out of reach.

Scams do not start at banks and cannot be stopped by banks alone. At a BASA roundtable on fraud and scams, in November 2025, the Head: Banks and Payment Providers at the Financial Sector Conduct Authority (FSCA), Sindiswa Makhubalo asked: "Criminals are collaborating better than ever before, can we do the same?" The answer is yes, but there is much work to be done.

South Africa's financial system has digitised rapidly bringing convenience and inclusion but also creating more opportunities for organised crime. Artificial intelligence (AI) has industrialised fraud and scams are more personalised, more scalable, and harder to detect. Bank customers are sharing more personal data with AI tools and digital platforms. Banks invest in consumer education, but warnings lose impact when vigilance wears thin.

If banks and other financial services providers are to do more to protect their customers, they need to be able to better share information with each other, regulators and law enforcement. They must be able to follow the money and the criminals across banks, telecoms providers, digital platforms and jurisdictions. Internationally, private-to-private information sharing, between financial institutions and others, is evolving to include types of financial crime, behavioural indicators and transaction patterns across institutions. This type of sharing enables banks to identify risks, detect different types of fraud and scams and disrupt financial crimes - faster.

So, if the need is clear, what is holding South Africa back? The answer is not a lack of willingness—it is regulatory uncertainty. South Africa has a strong data protection framework, which is important. But uncertainty about what information can be shared, with whom, and under which lawful basis creates delays. The result is uneven sharing of information, inconsistent practices, and blind spots that criminals can exploit. If information is shared at the speed that present regulation allows, then financial institutions and law enforcement will always be one step behind the criminals.

The answer is not to weaken privacy, but how to enable proportionate, purpose-bound information sharing with clear safeguards and legal certainty. Financial crime can be disrupted if trusted institutions are able to share relevant risk information quickly, securely, and lawfully.

BASA SUBMISSION

South Africa must align with global best practice and pass legislation enabling private to private information sharing to disrupt financial crime. In the interim:

The Information Regulator, in consultation with relevant government departments and financial sector regulators, should clarify what information sharing is already permissible under current law, define the conditions for safe, good-faith sharing, and develop interim guidance to help institutions manage the legal risks of information sharing.

- Participation in information sharing initiatives should be extended to include mobile network operators, digital platforms, and other third-party providers that hold valuable data. These entities may not all be accountable institutions – companies whose services are deemed vulnerable to financial crime - but they hold critical information that can enhance detection and prevention. This is consistent with emerging international models. In Singapore, the United Kingdom, Australia and Malaysia, among others, there is increasing emphasis on including telecommunications and social media platforms, to coordinate responses and ensure financial crimes can be tracked from start to finish.
- South Africa should engage with leading international partners to learn from their experiences and explore cooperation opportunities. The country needs to align with international private-to-private models and ensure that any framework enables cross-border information sharing. Mutual Evaluation Reports from the Financial Action Task Force (FATF) – which sets global standards to fight financial crime - consistently highlight that a substantial portion of financial crime has foreign involvement.

SOUTH AFRICA ALREADY HAS PROOF THAT COLLABORATION WORKS.

The South African Anti-Money Laundering Integrated Task Force (SAMLIT) - a public-private partnership between the banking sector and government regulatory authorities, led by the Financial Intelligence Centre (FIC) - is aimed at enhancing collaboration and coordination in combating financial crime, money laundering and terrorist financing. The partnership enhances the effective, efficient, and timeous sharing of information with a view to improving analytical capabilities of regulatory authorities which in turn assists law enforcement in their investigations and applications for asset forfeiture.

The Fusion Centre is a multi-disciplinary initiative, located at the FIC that brings together South African law enforcement agencies, the intelligence community, and other competent authorities in a public-public partnership to combat organised crime, money laundering, fraud, maladministration, terrorist financing and other serious financial crimes both in public and private institutions.

The South African Banking Risk Information Centre (SABRIC) supports law enforcement agencies, supervisory bodies, and recognised inter-agency coordination bodies, by providing access to its digital forensic capabilities, technology and expert skills, as well as enabling knowledge transfer and mentoring for purposes of conducting and supporting digital forensic investigations using its facilities.

These partnerships prove that structured information sharing delivers results. . It freezes stolen funds, disrupts criminal networks, sharpens risk detection and helps institutions act before harm is done. South Africa can protect consumers and the integrity of its financial system without compromising privacy. The key is simple: share the right information, quickly, lawfully and with clear safeguards.

The General Laws Amendment Bill (GLAB) aims to close loopholes in South Africa's anti-financial crime framework and prepare the country for its next Financial Action Task Force Mutual Evaluation, which starts in 2026.

The Financial Action Task Force (FATF) sets the global standards to combat money laundering, terrorist financing, and the proliferation of weapons of mass destruction.

BASA SUBMISSION

BASA supports the objectives of the Bill. The association's submission seeks to ensure that the proposed enhancements to South Africa's anti-financial crime framework are proportionate and risk-based (allocates time and resources to mitigating the greatest risks); operationally practical; and supported by appropriate legal and privacy safeguards.

The submission emphasised that while stronger oversight and enhanced enforcement powers are important, these should be implemented within a framework that provides legal certainty and practical guidance to affected institutions. BASA emphasised that vague or overly broad provisions could create legal uncertainty, inconsistent application, increased compliance costs, increased cyber and data-protection risks, and unintended strain on accountable institutions, non-profit organisations and regulators.

BASA welcomed proposed amendments to the information sharing provisions in the Financial Intelligence Centre (FIC) Act. The association highlighted that modern financial crime involves sophisticated networks operating across multiple institutions, products and jurisdictions, making collaboration between institutions essential.

However, BASA argued that the proposed amendments to the information sharing provisions are narrowly focused on reporting obligations and do not support broader financial crime prevention efforts. The association emphasised that the amendment should be supported by a broad, clear framework for sharing information related to financial crime. BASA noted that effective detection and prevention of money laundering, terrorist financing, proliferation financing and related financial crime increasingly requires timely collaboration between accountable institutions, while still preserving appropriate privacy, confidentiality and data-protection safeguards.

BASA also raised concerns about the introduction and expansion of "lifestyle audits" under the Financial Intelligence Centre Act. BASA noted that the draft legislation lacked sufficient clarity on the purpose, scope, thresholds, triggers, and governance arrangements associated with these powers. It cautioned that implementation without appropriate safeguards could raise legal, governance and privacy concerns. Emphasis was placed on ensuring that any use of these powers remains consistent with the Protection of Personal Information Act (POPIA).

Another important issue is the proposed extension of record-retention periods from five to seven years. BASA argued that this would materially increase costs, systems complexity, cyber-security risks, and data-governance obligations for banks, particularly large and diversified institutions with multiple business lines and legacy systems. BASA proposed that the current five-year retention period be retained.

BASA's submission further addressed proposed amendments to targeted financial sanctions, reporting obligations, access to records, and court-ordered monitoring, among others. BASA advocated for clearer definitions, updated regulatory guidance, and implementation measures that would reduce ambiguity and avoid inconsistent application.

BASA and member banks noted that the Bill was formally introduced into the National Assembly in May 2026 and subsequently referred to the Standing Committee on Finance. BASA looks forward to submitting further comments during the formal Parliamentary consultation.

In the year 2025, banks reported ***423,095 suspicious transactions*** *to the Financial Intelligence Centre.*

Why COP30 Matters

The response to the outcomes of the November 2025 United Nations Climate Change, otherwise known as the Conference of the Parties (COP30), was worryingly muted.

COP is the primary global platform for coordinating collective climate action and sets out the international community's plans to respond to climate change. COP decisions can move the globe toward a world where temperatures might be warmer, but the impacts remain more manageable. This requires significant investment, coordination and sustained action to reduce emissions.

The alternative is a much warmer world, which would be the result of weaker commitments, limited action and lower levels of climate finance.

Climate inaction means delaying the transition to sustainable energy systems and continuing to burn the same or increasing quantities of fossil fuels. This contributes to greater climate instability, the consequences of which are well modelled and documented. There will be more intense natural disasters, including an increase in severe events such as the California wildfires, the floods in KwaZulu-Natal and drought in Cape Town.

There are also slower and less visible consequences, such as rising food insecurity and health issues linked to pollution. Research by the World Economic Forum warns that healthcare systems worldwide may face an additional US$ 1.1 trillion in climate-related pressures. Their analysis shows that floods and droughts are already among the leading causes of climate related mortality, while heat waves account for the greatest economic losses. The spread of climate-sensitive diseases, including malaria and dengue, is also expected to accelerate. Most concerning is that these impacts rise sharply with every additional degree of warming.

The International Monetary Fund (IMF) describes climate mitigation and adaptation like a boat with a hole. Mitigation stops the water from pouring in, while adaptation helps the boat stay afloat while the hole is fixed. A wise sailor knows that both must be done at the same time.

But the outcomes of COP30 lean more towards adaptation – which is more costly - than mitigation. Early signals had suggested that parties might agree to language on phasing out fossil fuels and on developing transition roadmaps. However, these suggestions did not appear in the final text. In other words, commitments coming out of COP30 did not push the global community firmly towards mitigation. Although there were some positive steps, they are not nearly sufficient to shift the overall direction.

It is important to clarify that the final text does not literally prioritise adaptation over mitigation by choice. Rather, this is the consequence of issues that could not be agreed. Objections arise because influential economies, mostly those heavily reliant on fossil fuel, fear economic disruption. Unfortunately, they appear to have forgotten the lessons of the COVID-19 pandemic: it is better to invest early in resilience, rather than face higher costs later.

There are two implications for South Africa, its people and its banks, which are often a bellwether for the wider economy. The first is greater transition uncertainty. When countries fail to make the difficult decisions collectively, those decisions do not disappear. They are pushed down to institutions, markets and businesses, each of which must then decide how to respond in a less coordinated environment.

Without clearer global direction, banks face a more complex environment for deciding how to position their portfolios. These decisions are not driven by a single consideration. They may reflect short-term commercial pressures, different views on the pace of the transition, regulatory expectations, client demand, national circumstances and each bank's own risk appetite.

This is particularly complex in countries like South Africa, where the transition must be balanced against energy security, poverty alleviation, employment and economic growth. Some institutions may move more quickly to reduce exposure to high-emitting sectors. Others may take a more gradual approach, especially where those sectors remain central to the economy or where credible transition alternatives are still developing. The result is a more fragmented and uncertain transition landscape, making it harder to achieve the collective response that climate change requires.

The second implication is rising physical risk across bank portfolios. Climate change affects the businesses that banks finance. Agriculture is directly exposed to drought, heat stress and water scarcity. When crops fail or yields drop, farmers earn less income, may struggle to repay their loans and may delay investment in new equipment. Property and real estate face higher risks from storms, flooding and rising sea level. Homes and business premises can be damaged or destroyed, which reduces the value of the buildings that secure many bank loans.

There are also less visible climate impacts that matter to banks. A severe drought does not only affect farmers. It can push up food prices, reduce discretionary spending and place pressure on retailers and transport companies. Flooding can disrupt supply chains, close factories and cut off roads and ports. These knock-on effects reduce the income of many businesses, which in turn affects their ability to repay loans or to borrow for expansion. Banks respond by holding more capital against risky assets, tightening their lending standards and increasing the price of credit. The result is that households and businesses pay more for loans, find it harder to access finance and spend more to protect themselves from harm from the climate. This assumes, of course, that they can afford to do so. Many cannot, making climate change a potential driver of deeper inequality.

These are the real-life economic consequences of weaker climate action and why COP and its outcomes matter.

A decade ago, climate change was often viewed as a specialist sustainability issue. As awareness of climate-related risks and opportunities grew, it became a strategic priority for banks and received significant attention from boards, executives and regulators.

Today, climate-related considerations are embedded in bank operations and can be found in group sustainability functions, risk management frameworks, strategy processes and products. While the maturity differs across banks, climate is no longer a peripheral issue for most banks.

This does not mean the work is complete. Significant challenges remain and banks continue to refine their approaches, improve data, strengthen risk methodologies and expand sustainable finance offerings. However, the foundations have largely been established. The conversation has shifted from whether climate should be considered, to how climate-related risks and opportunities are managed

***Yaseen Lockhat** is Senior Specialist Sustainability at The Banking Association South Africa (BASA)*

South Africa successfully hosted the **Business 20 (B20)** from December 2024 through November 2025 - under the aegis of South Africa's Presidency of the **Group of 20 countries (G20)** – positioning the country as a global economic leader and advocate of Africa's economic and developmental agenda.

Task Forces produced 30 recommendations on matters of direct relevance to the G20 business community, which were handed over to the G20 Presidency. There was a particular focus on solutions to address the challenges facing Africa, and the importance of the continent to future global economic growth. The digital divide was highlighted as a barrier to growth. The expansion of intra-African trade, under African Continental Free Trade Area (AfCFTA), as well as innovative financial instruments and regulatory harmonisation, were proposed to dramatically boost investment.

The banking industry was well represented in B20 South Africa, with executives participating in the leadership and membership of task forces, hosting events and supporting the process as sponsors.

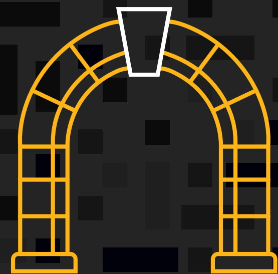
Many of the recommendations addressed issues relevant to the industry, including financial crime and compliance, investment for trade, energy sustainability and infrastructure. There were also recommendations to review current capital requirement regulations, which negatively impacted the ability to invest in infrastructure.

The Chair of the B20 has been handed to the United States Chamber of Commerce, under the US G20 Presidency. The US Chamber worked closely with B20 SA and has indicated its intention to retain the important work produced last year.

In line with the US G20, B20 USA has a narrower focus with four task forces or action tracks looking at economic growth, innovation, trade and energy, with finance and investment as a cross-cutting theme. South Africa is participating in the B20 this year and the political challenges on the G20 side have not directly impacted the strong relationships between local and US business.

South Africa's B20 has also launched legacy initiatives in philanthropy, mining and critical minerals, food and climate, education and the future of work, and entrepreneurship. These build on the work and recommendations from the past year.

South Africa's B20 presidency was not just symbolic—it delivered concrete policy recommendations, launched enduring legacy projects, and positioned the country as a bridge between Africa and global business leadership. Its continued participation in upcoming B20 processes in the US and UK will ensure that Africa's priorities remain firmly embedded in the global economic agenda.



"South Africa's B20 has launched legacy initiatives in philanthropy, mining and critical minerals, food and climate, education and the future of work, and entrepreneurship."

Dr Anthony Costa is Head of Secretariat for B20 South Africa

20 Years of the Banking Association South Africa.

It's been 20 years since the Banking Council of South Africa became the Banking Association South Africa (BASA). Former BASA Managing Director, Cas Coovadia, was there for the name-change. But it was so much more than that, it was the start of a new way of working for banks and the country. He explains:

Which decisions made during that transition had the most lasting impact on the industry?

The most consequential decision was the shift in how the industry related to financial inclusion. When we started asking who the banking industry was actually serving – and who it wasn't – it became clear that a significant portion of South Africa's population, the black working class in particular, was outside the financial system. That was both a national problem and a market failure. We began to see it as both.

One of the first things we did was establish FinMark Trust, specifically to research and advance financial inclusion. We later separated it from the association so it could operate independently – and it still does. FinMark Trust developed FinScope, the annual measurement of how the financial sector is performing on inclusion. When we started that work, roughly 13% of the population had some form of banking access. Today it is close to 90%. That shift did not happen by accident.

What was the motivation behind the change of name from the Banking Council of South Africa to BASA?

The Banking Council was exactly what it sounded like: a council made up of banks, speaking for banks. That framing limited us. If we were going to be credible, with government and society, we needed to be seen as something more than a lobby group. We needed to be an organisation that understood and articulated the role of banking in the broader socio-economy.

The board debated this for a long time. What drove the decision, ultimately, was a recognition that if the banking industry was going to be trusted by the government and looked at more positively by society, it had to position itself differently. The name carried that intention. We needed to influence policy. We needed better relationships with the government. And we needed to shift public perception of what banks actually do and who they serve.

2005
Banking Council becomes BASA
A new mandate focused on banking's role in society and economic development.

2006
Financial Inclusion Focus
Expanding access to banking for underserved South Africans.

2007
Mzansi Account Launched
Low-cost banking designed to bring more people into the formal economy.

2008
Global Financial Crisis
South Africa's banking sector remained resilient during global instability.

2011
Twin Peaks Reform
Supporting a modern framework for financial sector regulation.

How did that reflect a change in the mandate of BASA, rather than just a change in signage?

The Banking Council existed to represent the banks – full stop. Its conversations with the government were transactional: this is our business, this is the environment we need, now let's talk.

Did we change the way the government related to the banking industry? Did we shift public perception? I don't think we did enough. The pre-change frustration was that we couldn't position banks as national assets, institutions that, given the right environment, could do genuinely transformative things.

With BASA, the mandate became about enabling banks to operate profitably and sustainably while also serving the national interest. That is a fundamentally different proposition. It says: we represent our members, but do so in a way that recognises the broader environment they operate in and the role they play. Those two things – the industry's commercial interests and the country's development – are not in conflict. Getting government and society to believe that, and banks to live it, was the work.

How did BASA's role evolve over two decades in representing the industry's interests?

Government began to take the banking sector seriously as a conversation partner, not just a regulated industry. We were talking to the government about the role of banking in economic development, not just about what the sector needed for itself.

The 2008 financial crisis was a critical moment. It demonstrated what happens to economies when banks collapse. It didn't happen here – and a significant reason is the legislative work we had done. South Africa was one of only three countries to implement the full spectrum of Basel II and Basel III at the inception of these pieces of regulation. [Basel regulations are global standards to ensure banks maintain adequate capital and liquidity to absorb financial shocks.] For a small economy, that was a substantial achievement. It positioned us as having one of the most robust and well-regulated banking sectors in the world.

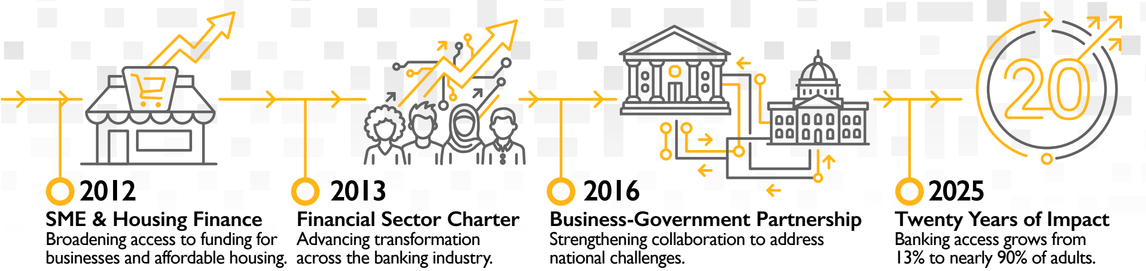
None of that would have been possible under the council model. The association gave us the standing to have different conversations. We could argue for strong, but appropriate, legislation – not resist it, but co-create it with the South African Reserve Bank (SARB) – because we understood that rigorous regulation was in the sector's long-term interest. That credibility is what eventually brought business and government into genuine partnership.

What were the major policy and regulatory changes BASA led or shaped in its early years?

The shift to the Twin Peaks model of financial sector regulation, the Basel process, financial inclusion policy and cooperative banking legislation were among the major structural reforms. On inclusion specifically, we developed and launched the Mzansi savings account, a low-cost product designed to bring low-income South Africans into the formal banking system. It worked, and the sector subsequently developed a much broader range of products for communities it had previously not served.

We also worked on the policy scaffolding for low-income housing and small and medium enterprise (SME) finance, partnering with institutions such as the National Housing Finance Corporation and Khula Finance to create mechanisms that covered some of the risk involved in lending into those markets. Banks engaged on these issues because they aligned commercial interests with the national interest. We worked with government to broaden viable markets and treated this as an investment.

And there was transformation. The financial sector was the first to volunteer a black economic empowerment charter through the National Economic Development and Labour Council (NEDLAC). I remember the then-chair of BASA, Derek Cooper, standing up at NEDLAC and offering the charter. That led to the Financial Sector Charter Council, which remains the framework for tracking transformation in the industry. The annual transformation report exists because of that moment.



How did BASA navigate the Zuma era: years of institutional damage and policy instability?

Those were the lost nine years. We spent much of our energy in damage-control mode rather than building. The relationship with government during that period was shaped less by what we could grow together than by what we could prevent from being destroyed.

We refused to cooperate with regulatory instruments we considered politically compromised, including commissions convened under figures like Mosebenzi Zwane. When the Financial Intelligence Centre (FIC) identified concerns about certain Gupta-linked accounts, banks acted on those concerns and closed the accounts. Supporters of the corruption tried to pressure banks not to do so. We closed them and reported to the FIC regardless. The sector was criticised at the time, but we did not retreat.

We worked closely with those in government who were fighting the situation, former finance minister Pravin Gordhan being the clearest example. The strategy was to hold good policies in place, strengthen them where possible and maintain relationships with credible parts of government. You could not advance policy in that environment. The most you could do was protect it.

What followed was also significant. We were closely involved in forming the CEO Initiative, which led, among other things, to the Youth Employment Service and expanded SME lending through partnerships such as the SME Fund. I was on joint roadshows to the United States and Europe with labour and government. The sector was visible, vocal and committed.

What does that say about the relationship between financial institutions and political risk?

In most countries, confidence in the financial system is a proxy for confidence in the country itself. Banks are both the mechanism through which economic activity flows and, if poorly managed, the mechanism through which corruption spreads. That dual role means the sector's conduct during periods of institutional stress matters enormously.

We had to be consistently transparent and clear that we would not be complicit. That is not a dramatic stance, it is a minimum requirement. But it has to be stated and demonstrated repeatedly because the pressure to accommodate tends to be relentless and incremental.

The lesson I carry into every conversation about current business-government partnerships is that those relationships must be managed at arm's length and with complete transparency. Business must never be seen to be capturing government. When business contributes capacity to the public sector, that capacity must be accountable to government, not the companies funding it. If we lose sight of that distinction, we risk compromising the pivotal role that partnerships between business and government can and are playing.

What were BASA's most significant achievements across the last twenty years?

Four things stand out. The first is the broadening and deepening of financial inclusion. Going from 13% to close to 90% of adults with access to formal financial services is a structural change in how the economy works and in how people live. FinMark Trust, FinScope, the Mzansi account, the regulatory work that enabled new products and new lenders – all of it contributed.

The second is transformation. The financial sector charter and the annual transformation report created accountability mechanisms that did not exist before. Progress has been uneven, but the framework holds.

The third is the regulatory environment. We now have legislation and prudential standards that are recognised globally as among the best. That didn't happen by accident. It required sustained, evidence-based engagement with the Treasury, the SARB, and international regulatory bodies. The banks participated in that work seriously and consistently, and the country is more financially stable because of it.

The fourth is the leading role the banking sector, through bank CEOs, played, and continues to play in the government-business partnership and its positive impact on the country.

There is a broader category of contribution that doesn't fit neatly into any one achievement: the fact that the banking sector became a genuine partner in addressing national challenges rather than a bystander or an obstacle. We were part of the conversation on the restructuring of South African Airways, and we worked on land redistribution in ways that tried to preserve the integrity of property rights and the viability of agricultural finance. The industry's engagement on those issues wasn't always perfect, but it was present.

National economic growth is not separate from the interests of the banking industry. Banks grow when the economy grows. They find new markets when more people participate in the formal economy. They manage risk better when policy is stable and institutions work. That alignment is real, not rhetorical.

Cas Coovadia served as Managing Director of The Banking Association South Africa until 2020. He is currently a Sherpa at B20 South Africa.

Consumer Financial Education

Consumer Financial Education (CFE) aims to empower South Africans to make informed financial choices and make the best use of financial products and services.

The Banking Association South Africa (BASA) aligns its CFE initiatives with national government guidelines and the Financial Sector Code (FSC). They aim to promote financial literacy, support broad-based black economic empowerment (B-BBEE) and the transformation of the economy, improve the understanding of financial products and promote consumer protection and recourse.

BASA and member banks rolled out targeted financial literacy programmes across multiple provinces, in collaboration with key industry stakeholders, like National Treasury and the Financial Sector Conduct Authority (FSCA), in 2025. These initiatives equipped senior citizens, tertiary students, school learners and women with critical financial management skills.

SENIORS

Workshops dedicated to senior citizens were held to improve their financial security and prevent their financial exploitation.

WOMEN

Money Smart Week South Africa (MSWSA) is a national collaborative platform for financial education initiatives from the private and public sectors. BASA hosted its annual Women's Month Webinar, as part of MSWSA. The session focused on financial management skills and empowerment for women.

HIGHER EDUCATION

Workshops at tertiary institutions focused on budgeting, debt management and financial planning for students transitioning into the workforce.

ENTREPRENEURSHIP

The Entrepreneurship Work-Integrated Learning (eWIL) Programme - which helps bridge the gap between academic theory and practical business ownership - is a partnership between BASA, the Tshwane University of Technology (TUT) and Visa.

This initiative aims to shift the mindset of final-year students from being job seekers to becoming job creators by equipping them with entrepreneurial skills, opportunities to network and pathways to funding. A key highlight was weekly financial literacy masterclasses, ensuring these young entrepreneurs have the fiscal skills to build lasting businesses that reduce poverty and diversify the economy.

BASA and Visa also hosted a webinar for Global Entrepreneurship Week: 'Start smart, think bold'. The purpose of the webinar was to empower emerging and aspiring entrepreneurs with the foundational knowledge, tools, mindset and strategies needed to "launch their ventures wisely and scale them courageously".

StarSaver™
Teach Children to Save in South Africa

Primarily aimed at school learners, StarSaver is a flagship financial education programme where volunteers from BASA member banks deliver high-impact financial education sessions. These sessions are specifically held at schools in under-resourced areas so that financial literacy is a tool for long-term community development and economic empowerment.

Running alongside StarSaver is the FinLit Spelling Bee, an initiative that aims to strengthen economic and management sciences (EMS) vocabulary, among learners in grades seven to nine.

For the BASA 2025 Transformation in Banking Report, please visit www.banking.org.za

Draft National Consumer Financial Education Policy

The Banking Association South Africa welcomes the publication of National Treasury's Draft National Consumer Financial Education Policy (NCFEP) and supports the overarching policy objective of strengthening financial literacy, financial capability and financial well-being for individuals and micro, small and medium enterprises (MSMEs). The analysis of emerging risks, like digital credit, scams, artificial intelligence (AI)-driven decision-making and online gambling, is forward-looking and relevant.

BASA supports the draft policy's emphasis on: financial education as a complement – not a substitute - to consumer protection and market conduct regulation; the measurement of financial capability outcomes; and improved coordination across the financial education ecosystem.

BASA SUBMISSION

It is important that the final policy:

- Ensures coherence - and avoids unintended duplication - with existing frameworks, including the Financial Sector Code (FSC) and Financial Sector Conduct Authority (FSCA) Conduct Standards.
- Ensures that implementation mechanisms remain proportionate and practical, particularly for regulated financial institutions that already operate within detailed conduct, governance and reporting regimes.
- While the policy recognises gaps in foundational financial education within the schooling system, it does not yet provide sufficient clarity on roles, timelines and mechanisms for formal, deeper integration into the formal education curriculum.

The Draft NCFEP provides a robust and credible national framework for strengthening financial capability in South Africa. Its success will depend less on policy intent, and more on implementation clarity, prioritisation, coordination capacity and sustained stakeholder commitment.

BANKS SPENT R786m ON SOCIO-ECONOMIC DEVELOPMENT, IN 2024

Socioeconomic initiatives enhance the ability of black people to improve their financial circumstances.

This includes support for sustainable livelihood initiatives, the building of vocational and literacy skills, and adult education and mentoring opportunities.

BANKS SPENT R253m ON CONSUMER FINANCIAL EDUCATION, IN 2024

Financial inclusion provides individuals and businesses with access to appropriate and affordable financial products and services that allow them to make payments, save and have responsible access to credit.

In 2024, banks had 27 million qualifying product accounts that facilitate economic inclusion.

*For the full BASA submission, please visit **www.banking.org.za***

Governance

The Banking Association South Africa (BASA) Board of Directors is committed to the association maintaining the highest corporate governance standards. BASA's governance arrangements are outlined in the Memorandum of Incorporation (MoI), which is aligned to the Companies Act 71 of 2008 (Act).

BOARD OF DIRECTORS

The BASA Board of Directors has eleven non-executive directors, made up of representatives of member banks, and the Managing Director of BASA.

The representatives of member banks are:

- The Chief Executive Officers (CEOs) of the six major South African banks: Absa, Capitec, FirstRand, Investec, Nedbank and Standard Bank South Africa.
- Two CEOs representing Tier-2 South African banks (Bank tiers are a categorisation of banks based on their size relative to the banking market.)
- Two CEOs representing international banks operating in South Africa

The Board has an approved charter, which sets out its roles, duties, powers and responsibilities. It has adopted the King Report on Corporate Governance in South Africa.

The roles and responsibilities of the Board, as set out in the charter, include:

- Setting the strategic direction for BASA.
- Acting as the custodians of good corporate governance.
- Effectively representing and promoting the interests of all BASA members.
- Appointing a fit and proper person as an executive managing director and directing and supervising them on delegated affairs.
- Approving and ratifying policies developed by the managing director and management.
- Monitoring the effectiveness of BASA's risk management and internal controls.
- Conducting a performance review of the managing director, the association and the board, at least once a year.

The Board is satisfied that it has delivered according to its charter and convened three meetings during the reporting period. Some of the outcomes of these meetings included the consideration and approval of the BASA operational and capital expenditure budget, the annual financial statements, corporate policies and a special projects funding model.

Other key items discussed by the Board included South Africa's exit from the Financial Action Task Force (FATF) grey list of countries with weaknesses in their ability to fight financial crime; and the modernisation of the payments ecosystem.

The minutes of the meetings detail the deliberations of the Board, resolutions, and attendance.

BOARD COMMITTEES

The Board has constituted three committees to assist in executing its fiduciary responsibilities and oversight of the BASA mandate. The duties, responsibilities and authority delegated to each board committee are set out in their approved terms of reference, which are subject to periodic review by the Board, or as and when it is required.

BOARD EXECUTIVE COMMITTEE (BOARD EXCO)

Board Exco has the authority to act on behalf of the Board to ensure the execution of the strategy and business of BASA. It is constituted by eleven representatives of member banks and recommends to the Board pertinent responses to developments aimed at improving the financial services sector. Cash management strategy and the modernisation of the payments ecosystem were among the priorities of Board Exco.

AUDIT AND RISK COMMITTEE (ARC)

The ARC is responsible for the oversight of BASA's internal control environment, and compliance and risk management. During the year under review, the committee considered BASA operational and capital expenditure budget, the review of audited annual financial statements and the recommendation thereof to the Board for endorsement. The committee discusses with the external auditor their engagement letter, the nature and scope of the audit, their quality control procedures and their response to changes in regulations and other guidelines. The committee reviewed the outcome of the external audit - the management letter and audit report - and is pleased that BASA maintained a clean audit report.

REMUNERATION AND ETHICS COMMITTEE (REMCO)

Remco oversees BASA's Human Resources Policy, which encourages employees to enhance the association's work and to ensure they are fairly rewarded for their individual contributions and performance, as per defined criteria. The Human Resources Policy also aims to attract, retain and motivate employees of the quality required by the association and to facilitate succession planning in BASA.

The committee monitors the association's ethical conduct and leadership by reviewing the code of ethics and business conduct policy and the ensuing annual declaration of interest of staff. All BASA staff are expected to abide by the Code of Conduct and Ethics Policy, which requires the declaration of actual financial interests that may conflict with the company's business.

DELEGATION OF AUTHORITY

BASA operates on an approved Delegation of Authority (DOA) Framework. The Board, without absolving itself of its responsibilities and accountability, delegates appropriately to board committees, individual members, and the managing director. While the Board guides and approves BASA's strategy, its implementation and day-to-day management is vested in the managing director.

The managing director is assisted by an Executive Committee (Exco), which comprises of the divisional heads. Exco assists in the development of procedures and operating frameworks for the association, and its members regularly report to the board committees and to the Board.

COMPANY SECRETARY

BASA is a Non-Profit Company that has appointed a company secretary to align with best practice. The company secretary provides advisory services to the Board, individual board members and the executive management.

The company secretary's functions are enshrined in the Companies Act and are executed for BASA and its associate companies: the Centre of Excellence in Financial Services (COEFS) and the Southern African Development Community Banking Association (SADC BA). Other responsibilities are assigned from time to time, including but not limited to administration of the membership register and acting as the deputy information officer.

ANTI-COMPETITIVE PRACTICES

BASA adheres to national and international laws restricting the exchange of information among competitors, which might influence market conditions or lead to abuse. The Anti-Competitive Policy Statement is a standing agenda item at every meeting of the Board, Board committee and every operational structure, including task groups and work groups, meetings, to remind representatives to refrain from exchanging or discussing such information.

The Banking Association South Africa (NPC)
(Registration number: 1992/001350/08)
Annual Financial Statements for the year ended 31 December 2025

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of The Banking Association South Africa (NPC) for the year ended 31 December 2025.

1. NATURE OF BUSINESS

The Banking Association South Africa was established with the primary objective of promoting proactively the interests of the banking industry amongst its various stakeholders. The company is registered as a non-profit company in accordance with item 1(1) of chapter 1 of the Companies Act of South Africa of 2008, as amended.

There have been no material changes to the nature of the company's business from the prior year.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with the IFRS for SMEs Accounting Standard as issued by the IASB and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. DIRECTORS

The directors in office at the date of this report are as follows:

DIRECTORS	NATIONALITY	CHANGES
M Vilakazi - Chair	South African	
AKL Fihla - Deputy	South African	
PB Kunene - Managing Director	South African	
KG Bungane	South African	Resigned 13 March 2026
A Dada	Nigerian	Appointed 05 December 2025
GM Fourie	South African	Resigned 18 July 2025
DWP Hodnett	South African	Appointed 10 October 2025
HD Kallner	South African	Resigned 06 May 2025
GR Lee	South African	Appointed 18 July 2025
ZN Manyathi	South African	Appointed 25 March 2026
CJ Moodliar	South African	
JP Quinn	South African	
CJ Russon	South African	Resigned 17 June 2025
SL Shabalala	South African	Appointed 18 July 2025, resigned 31 March 2026
PW Taylor	South African	Resigned 31 October 2025
S Tshabalala	South African	Appointed 06 May 2025, resigned 10 October 2025
C Zhang	Chinese	

4. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. GOING CONCERN

The company's members are committed to contributing membership fees that will ensure that the company is able to meet all its approved operational cash flow requirements for the foreseeable future. The annual financial statements have been prepared on the accounting policies applicable to a going concern. This basis presumes that funds will be available to finance the future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

6. SECRETARY

The company secretary is V Skosana.

The Banking Association South Africa (NPC)
(Registration number: 1992/001350/08)
Annual Financial Statements for the year ended 31 December 2025

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the IFRS for SMEs® Accounting Standard as issued by the International Accounting Standards Board (IASB). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the IFRS for SMEs Accounting Standard as issued by the IASB and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that will in all reasonable circumstances be above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company.

While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2026 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors.

The annual financial statements which have been prepared on the going concern basis, were approved by the board of directors on 15 May 2026 and were signed on their behalf by:

Director

Director

Independent Auditor's Report

To the Board of Directors of The Banking Association South Africa (NPC)

Report on the Audit of the Separate Financial Statements

OPINION

We have audited the financial statements of The Banking Association South Africa (NPC) set out on pages 8 to 27, which comprise the statement of financial position as at 31 December 2025; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Banking Association South Africa (NPC) as at 31 December 2025, and its financial performance and cash flows for the year then ended, in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Banking Association South Africa (NPC) Annual Financial Statements for the year ended 31 December 2025", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

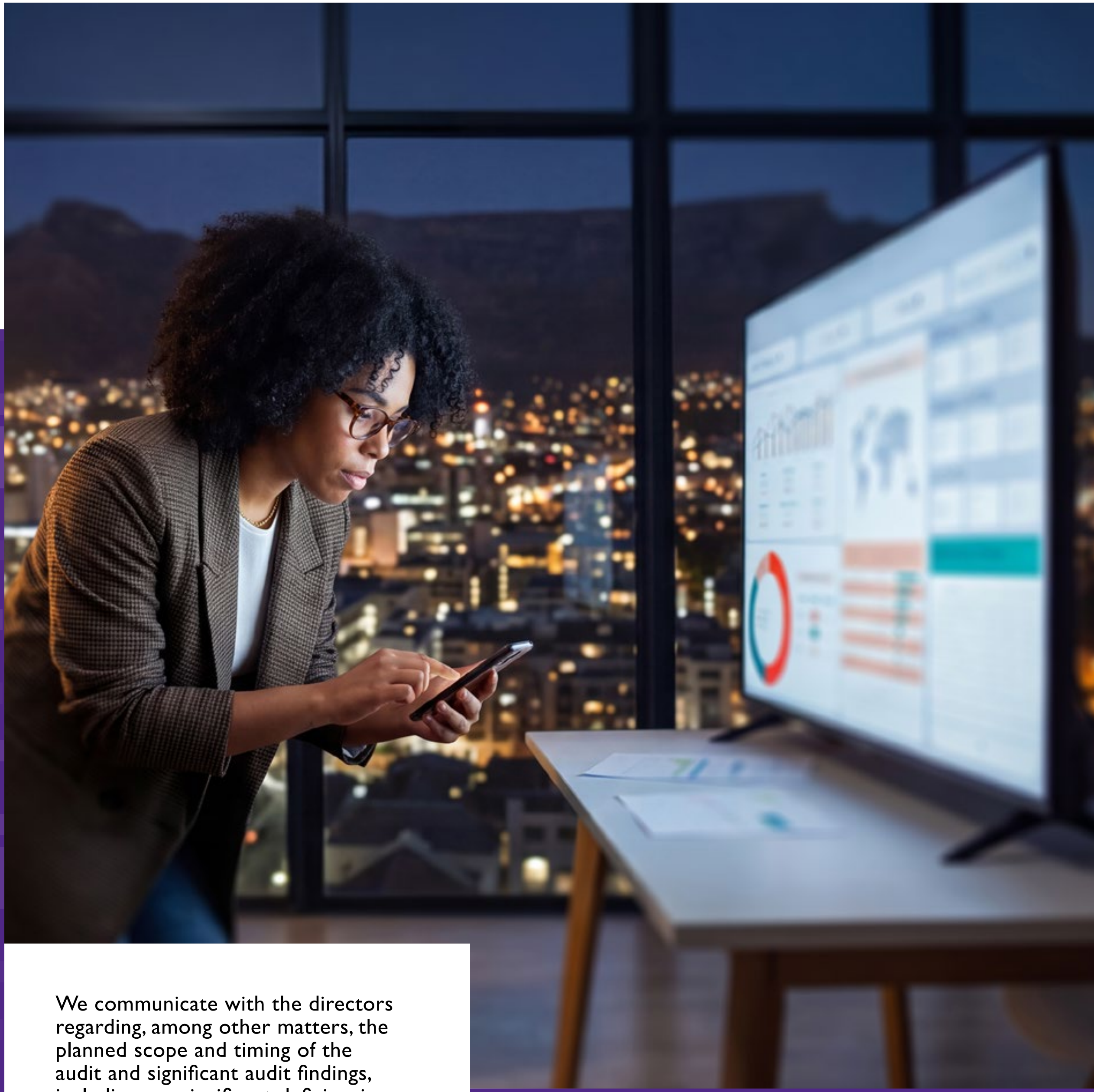
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

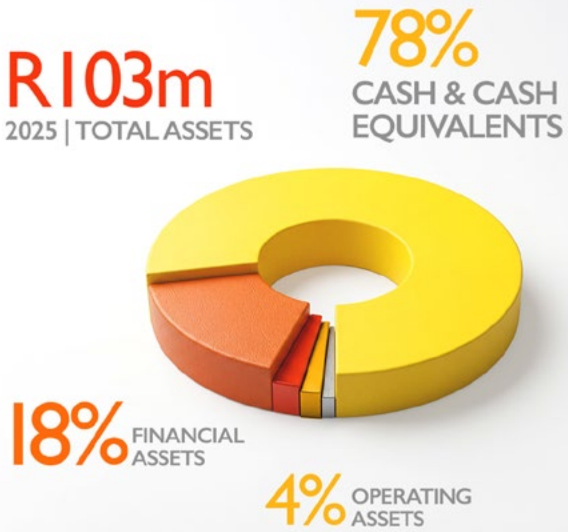
Evidence Njenge - Engagement Director
SizweNtsalubaGobodo Grant Thornton Inc. Registered Auditor

The Banking Association South Africa (NPC)
(Registration number: 1992/001350/08)
Annual Financial Statements for the year ended 31 December 2025

Statement of Financial Position

The Statement of Financial Position provides an overview of the organisation's financial position as at 31 December 2025, reflecting its assets, liabilities and accumulated reserves. It highlights the financial strength and stability of the organisation, outlining the resources available to support ongoing operations and industry initiatives, as well as the funding structure that underpins these activities.

ASSET COMPOSITION



1.38x
CURRENT RATIO

+R20.9m INCREASE
IN CASH RESERVES

+15.2%
YEAR-ON-YEAR GROWTH

+21.2%
EQUITY GROWTH

LIQUIDITY POSITION

Current assets vs current liabilities

Current assets exceed current liabilities, reflecting a healthy short-term liquidity position.

CASH AND CASH EQUIVALENTS

A strengthened liquidity position in 2025

Cash and cash equivalents grew by 34.9% year-on-year.

TOTAL ASSETS GROWTH

Statement of Financial Position 2024 vs 2025

Total assets increased from R89.4m in 2024 to R103m in 2025.

TOTAL EQUITY GROWTH

Reserves and accumulated surplus 2024 vs 2025

ASSETS

NON-CURRENT ASSETS	2025 (R)	2024 (R)
Property, plant and equipment	1,385,622	1,667,398
Other financial assets	18,444,219	16,810,639
Total Non-Current Assets	**19,829,841**	**18,478,037**
CURRENT ASSETS		
Loan to related party	18,247	18,147
Prepayments	743,657	3,547,390
Trade and other receivables	1,768,633	7,558,874
Cash and cash equivalents	80,636,189	59,778,091
Total Current Assets	**83,166,726**	**70,902,502**
Total Assets	**102,996,567**	**89,380,539**

EQUITY & LIABILITIES

EQUITY		
Reserves	3,263,264	4,474,986
Accumulated surplus	22,123,658	16,467,210
Total Equity	**25,386,922**	**20,942,196**

LIABILITIES

NON-CURRENT LIABILITIES		
Retirement benefit liability	17,336,249	14,519,191
CURRENT LIABILITIES		
Deferred income	49,531,420	40,709,100
Trade and other payables	10,741,976	13,210,052
Total Current Liabilities	**60,273,396**	**53,919,152**
Total Liabilities	**77,609,645**	**68,438,343**
Total Equity and Liabilities	**102,996,567**	**89,380,539**

*For the full report please visit **www.banking.org.za***

The Banking Association South Africa (NPC)
(Registration number: 1992/001350/08)
Annual Financial Statements for the year ended 31 December 2025

Statement of Comprehensive Income

The Statement of Comprehensive Income summarises BASA's financial performance for the year, reflecting its revenue, expenses and overall surplus or deficit.

+19.9% REVENUE GROWTH

R10.4m OPERATING TURNAROUND

R10.5m TOTAL RESULT IMPROVEMENT

	2025 (R)	2024 (R)
Revenue	120,032,512	100,144,615
Other income	2,300,130	310,196
Operating expenses	(117,366,967)	(105,892,070)
Operating surplus (deficit)	**4,965,675**	**(5,437,259)**
Net deficit from special projects	(6,130,855)	(6,585,453)
Interest income	8,592,019	7,941,218
Finance costs	(1,770,391)	(1,772,429)
Surplus (deficit) for the year	**5,656,448**	**(5,853,923)**
Other comprehensive income:		
Items that will not be reclassified to surplus		
Actuarial losses on defined benefit plans	(1,211,722)	(211,479)
Other comprehensive income for the year	**(1,211,722)**	**(211,479)**
Total comprehensive surplus (deficit) for the year	**4,444,726**	**(6,065,402)**

REVENUE

OPERATING SURPLUS

TOTAL COMPREHENSIVE SURPLUS

INTEREST INCOME