

(All amounts to be rounded off to the nearest R'000)

Standardised approach Summary of selected information	Line no.	Securitisation exposures			Resecuritisation exposures		
		Risk weighted exposure	Supervisory deductions against		Risk weighted exposure	Supervisory deductions against	
			Primary capital and reserve funds	Secondary capital and reserve funds		Primary capital and reserve funds	Secondary capital and reserve funds
		1	2	3	4	5	6
Total (of items 39 to 44)	38						
Gain on sale	39						
Credit-enhancing interest-only strips, net of gain on sale	40						
Rated positions	41						
Unrated positions	42						
Investors' interest subject to early amortisation requirement	43						
Non credit-enhancing interest-only strips or principal-only strips	44						
		Total			Total		
		1			2		
Specific provisions raised against securitisation or resecuritisation exposures in respect of which the relevant net amount is subsequently deducted from capital and reserve funds	45						

(All amounts to be rounded off to the nearest R'000)

Standardised approach		Corporate receivables	SME receivables	Retail: mortgages	Retail: revolving products	Retail: instalment sales and leasing	Retail: other	Total
Summary of securitisation and resecuritisation exposure at month-end		1	2	3	4	5	6	7
<b>Securitisation exposure:</b>								
Exposure amount before credit conversion factors	46							
On balance sheet (item 19)	47							
Off balance sheet (items 29 and 34)	48							
Exposure amount after credit conversion factors but before credit risk mitigation	49							
On balance sheet	50							
Off balance sheet	51							
Exposure amount after adjustment for credit risk mitigation	52							
On balance sheet	53							
Off balance sheet	54							
<b>Resecuritisation exposure:</b>								
Exposure amount before credit conversion factors	55							
On balance sheet (item 19)	56							
Off balance sheet (items 29 and 34)	57							
Exposure amount after credit conversion factors but before credit risk mitigation	58							
On balance sheet	59							
Off balance sheet	60							
Exposure amount after adjustment for credit risk mitigation	61							
On balance sheet	62							
Off balance sheet	63							

(All amounts to be rounded off to the nearest R'000)

Standardised approach Rated exposures based on rating categories and specified risk weights	Line no.	Corporate receivables	SME receivables	Retail: mortgages	Retail: revolving products	Retail: instalment sales and leasing	Retail: other	Total
		1	2	3	4	5	6	7
<b>Total securitisation exposure</b> (total of items 65 to 68)	64							
AAA to AA- or A1 / P1 20%	65							
A+ to A- or A2 / P2 50%	66							
BBB+ to BBB- or A3/ P3 100%	67							
BB+ to BB- (investors) 350%	68							
<b>Total resecuritisation exposure</b> (total of items 70 to 73)	69							
AAA to AA- or A1 / P1 40%	70							
A+ to A- or A2 / P2 100%	71							
BBB+ to BBB- or A3/ P3 225%	72							
BB+ to BB- (investors) 650%	73							
<b>Total deductions in respect of securitisation exposures</b> (total of items 75 and 76)	74							
BB+ to BB- (originators) Deduction	75							
Rated below BB- or A3 / P3 Deduction	76							
<b>Total deductions in respect of resecuritisation exposures</b> (total of items 78 and 79)	77							
BB+ to BB- (originators) Deduction	78							
Rated below BB- or A3 / P3 Deduction	79							
<b>Memorandum item:</b>								
Total risk weighted exposure i.r.o rated exposures <sup>1</sup>	80							
Total deductions i.r.o rated exposures	81							

1. Amounts reported in items 65 to 68 and 70 to 73, multiplied by the specified risk weights.

(All amounts to be rounded off to the nearest R'000)

Standardised approach Unrated exposures	Line no.	Exposures after credit risk mitigation						
		Corporate receivables	SME receivables	Retail: mortgages	Retail: revolving products	Retail: instalment sales and leasing	Retail: other	Total
		1	2	3	4	5	6	7
Unrated most senior exposures	82							
<i>of which:</i> relates to resecuritisation exposure	83							
<b>Other exposures</b> (total of items 85 to 89)	84							
Eligible liquidity facilities	85							
Market disruption facilities	86							
Servicer cash advance facilities	87							
Second loss positions in ABCP programmes	88							
Other unrated exposures	89							
<b>Memorandum items:</b>								
Total risk weighted exposure i.r.o unrated exposures <sup>1</sup>	90							
Total deductions i.r.o unrated exposures	91							

1. Relevant unrated exposure amount multiplied by the relevant risk weight.

(All amounts to be rounded off to the nearest R'000)

(All amounts to be rounded off to the nearest R 000)						
Standardised approach Investors' Interest i.r.o schemes with early amortisation features	Line no.	Credit exposure and risk weighted exposure				Total
		Controlled amortisation		Uncontrolled amortisation		
		Drawn exposures <sup>1</sup>	Undrawn exposures <sup>1</sup>	Drawn exposures <sup>1</sup>	Undrawn exposures <sup>1</sup>	
		1	2	3	4	5
Total (of items 94 and 97)	92					
of which: relates to resecuritisation exposures	93					
Retail lines (total of items 95 and 96)	94					
Committed	95					
Uncommitted	96					
Non-retail lines (total of items 98 and 99)	97					
Committed	98					
Uncommitted	99					
Memorandum item:						
Risk weighted exposure	100					

1. After credit conversion factors.

Standardised approach Non credit enhancing IOs and Pos	Line no.	Total
		1
Exposure amount	101	
Risk weighted exposure <sup>1</sup>	102	

1. Item 101 multiplied by 100% risk weight.

(All amounts to be rounded off to the nearest R'000)							
IRB approach  Summary of selected Information	Line no.	Securitisation exposures			Resecuritisation exposures		
		Risk weighted exposure <sup>1</sup>	Supervisory deductions against		Risk weighted exposure <sup>1</sup>	Supervisory deductions against	
			Primary capital and reserve funds	Secondary capital and reserve funds		Primary capital and reserve funds	Secondary capital and reserve funds
		1	2	3	4	5	6
Total (of items 104 to 109)	103						
Gain on sale	104						
Credit-enhancing interest-only strips, net of gain on sale	105						
Exposures subject to ratings-based or internal assessment approach	106						
Unrated exposures - treated in respect of standard formula or otherwise	107						
Investors' interest subject to early amortisation requirements	108						
Non credit enhancing IOs and POs	109						
		Total			Total		
		1			2		
Specific provisions raised against securitisation or resecuritisation exposures in respect of which the relevant net amount is subsequently deducted from capital and reserve funds	110						

1. After the application of a scaling factor of 1.06.

(All amounts to be rounded off to the nearest R'000)

IRB approach Summary of securitisation and resecuritisation exposure at month-end	Line no.	Corporate receivables	SME receivables	Retail: mortgages	Retail: revolving products	Retail: instalment sales and leasing	Retail: other	Total
		1	2	3	4	5	6	7
<b>Securitisation exposure</b>								
<b>Exposure amount before credit conversion factors</b>	111							
On balance sheet (item 19)	112							
Off balance sheet (items 29 and 34)	113							
<b>Exposure amount after credit conversion factors but before credit risk mitigation</b>	114							
On balance sheet	115							
Off balance sheet	116							
<b>Exposure amount after adjustment for credit risk mitigation</b>	117							
On balance sheet	118							
Off balance sheet	119							
<b>Resecuritisation exposure</b>								
<b>Exposure amount before credit conversion factors</b>	120							
On balance sheet (item 19)	121							
Off balance sheet (items 29 and 34)	122							
<b>Exposure amount after credit conversion factors but before credit risk mitigation</b>	123							
On balance sheet	124							
Off balance sheet	125							
<b>Exposure amount after adjustment for credit risk mitigation</b>	126							
On balance sheet	127							
Off balance sheet	128							

(All amounts to be rounded off to the nearest R'000)

IRB approach	Line no.	Exposures after credit conversion factor and credit risk mitigation					
		Corporate receivables	SME receivables	Retail: mortgages	Retail: revolving products	Retail: instalment sales and leasing	Retail: other
		1	2	3	4	5	6
<b>Securitisation exposures subject to ratings-based (external or inferred) or internal assessment approach, based on rating categories and specified risk weights</b>							
<b>Total senior exposures rated BBB or better</b> (total of items 130 to 136)	129						
AAA or A1 / P1	130						
AA	131						
A+	132						
A or A2 / P2	133						
A-	134						
BBB+	135						
BBB or A3 / P3	136						
<b>Total base risk weight exposures rated BBB or better</b> (total of items 138 to 144)	137						
AAA or A1 / P1	138						
AA	139						
A+	140						
A or A2 / P2	141						
A-	142						
BBB+	143						
BBB or A3 / P3	144						
<b>Total exposures backed by non-granular pools, rated BBB or better</b> (total of items 146 to 152)	145						
AAA or A1 / P1	146						
AA	147						
A+	148						
A or A2 / P2	149						
A-	150						
BBB+	151						
BBB or A3 / P3	152						
<b>Total exposures rated BBB- or below</b> (total of items 154 to 158)	153						
BBB-	154						
BB+	155						
BB	156						
BB-	157						
Rated below BB- or A3 / P3	158						
<b>Memorandum items:</b>							
Total risk weighted exposure i.r.o rated exposures <sup>1</sup>	159						
Total deductions i.r.o rated exposures (item 158)	160						

1. Amounts reported in items 130 to 136, 138 to 144, 146 to 152 and 154 to 157, multiplied by the specified risk weights and a scaling factor of 1.06.



(All amounts to be rounded off to the nearest R'000)

IRB approach	Line no.	Exposures after credit conversion factor and credit risk mitigation					
		Corporate receivables	SME receivables	Retail: mortgages	Retail: revolving products	Retail: instalment sales and leasing	Retail: other
		1	2	3	4	5	6
<b>Resecuritisation exposures subject to ratings-based (external or inferred) or internal assessment approach, based on rating categories and specified risk weights</b>							
<b>Total senior exposures rated BBB or better (total of items 162 to 168)</b>	161						
AAA or A1 / P1	162						
AA	163						
A+	164						
A or A2 / P2	165						
A-	166						
BBB+	167						
BBB or A3 / P3	168						
<b>Total senior exposures rated BBB- or below (total of items 170 to 174)</b>	169						
BBB-	170						
BB+	171						
BB	172						
BB-	173						
Rated below BB- or A3 / P3	174						
<b>Total non-senior exposures rated BBB or better (total of items 176 to 182)</b>	175						
AAA or A1 / P1	176						
AA	177						
A+	178						
A or A2 / P2	179						
A-	180						
BBB+	181						
BBB or A3 / P3	182						
<b>Total non-senior exposures rated BBB- or below (total of items 184 to 188)</b>	183						
BBB-	184						
BB+	185						
BB	186						
BB-	187						
Rated below BB- or A3 / P3	188						
<b>Memorandum items:</b>							
Total risk weighted exposure i.r.o rated exposures <sup>1</sup>	189						
Total deductions i.r.o rated exposures (item 174 and 188)	190						

1. Amounts reported in items 162 to 168, 170 to 173, 176 to 182 and 184 to 187, multiplied by the specified risk weights and a scaling factor of 1.06.

(All amounts to be rounded off to the nearest R'000)

IRB approach	Line no.	Exposures after credit conversion factor and credit risk mitigation						
		Corporate receivables	SME receivables	Retail: mortgages	Retail: revolving products	Retail: instalment sales and leasing	Retail: other	Total
		1	2	3	4	5	6	7
<b>Unrated securitisation and resecuritisation exposures subject to the standard formula approach and not the internal assessment approach</b>								
<b>Total securitisation exposures<sup>1</sup></b> (total of items 192 to 199)	191							
7.00% to 20%	192							
20.01% to 50%	193							
50.01% to 100%	194							
100.01% to 250%	195							
250.01% to 425%	196							
425.01% to 650%	197							
650.01% to 1249.99%	198							
Deductions	199							
<b>Memorandum item:</b>								
Total risk weighted exposure i.r.o exposures <sup>2</sup>	200							
Total deductions i.r.o exposures (item 199)	201							
<b>Total resecuritisation exposures<sup>1</sup></b> (total of items 203 to 209)	202							
20.00% to 50%	203							
50.01% to 100%	204							
100.01% to 250%	205							
250.01% to 425%	206							
425.01% to 650%	207							
650.01% to 1249.99%	208							
Deductions	209							
<b>Memorandum item:</b>								
Total risk weighted exposure i.r.o exposures <sup>3</sup>	210							
Total deductions i.r.o exposures (item 209)	211							

1. Risk weights after credit risk mitigation.

2. Amounts reported in items 192 to 198, multiplied by the relevant risk weight and a scaling factor of 1.06.

3. Amounts reported in items 203 to 208, multiplied by the relevant risk weight and a scaling factor of 1.06.

(All amounts to be rounded off to the nearest R'000)

IRB approach Unrated securitisation and resecuritisation exposures not subject to the internal assessment approach and in respect of which no IRB treatment is available for the underlying pool	Line no.	Exposures not benefiting from credit risk mitigation					
		Securitisation exposure			Resecuritisation exposure		
		Exposure	Risk weighted exposure <sup>1</sup>	Deductions	Exposure	Risk weighted exposure <sup>1</sup>	Deductions
		1	2	3	4	5	6
Retained exposures	212						
Other exposures such as investments	213						
Total	214						

1. After the application of a scaling factor of 1.06.

(All amounts to be rounded off to the nearest R'000)

IRB approach Other unrated securitisation and resecuritisation exposures not subject to the rating-based approach, standard formula approach or internal assessment approach	Line no.	Exposures not benefiting from credit risk mitigation					
		Securitisation exposure			Resecuritisation exposure		
		Exposure	Risk weighted exposure <sup>1</sup>	Deductions	Exposure	Risk weighted exposure <sup>1</sup>	Deductions
		1	2	3	4	5	6
On-balance sheet unrated exposures	215						
Off-balance sheet unrated exposures	216						
<i>of which:</i> market disruption facilities	217						
<i>of which:</i> servicer cash advance facilities	218						
<i>of which:</i> eligible liquidity facilities	219						
<i>of which:</i> liquidity facilities to ABCP programme <sup>2</sup>	220						
<i>of which:</i> credit enhancement facilities to ABCP programme <sup>2</sup>	221						
Other unrated exposures	222						
<i>of which:</i> liquidity facilities to ABCP programme <sup>2</sup>	223						

1. After the application of a scaling factor of 1.06.

2. Not eligible for the internal assessment approach.

(All amounts to be rounded off to the nearest R'000)

		(All amounts to be rounded off to the nearest Rupee)					
IRB approach Investors' interest i.r.o schemes with early amortisation features		Line no.	Credit exposure and risk weighted exposure				
			Controlled amortisation		Uncontrolled amortisation		Total
			Drawn exposures <sup>1</sup>	Undrawn exposures <sup>1</sup>	Drawn exposures <sup>1</sup>	Undrawn exposures <sup>1</sup>	
			1	2	3	4	5
Total (of items 226 and 229)		224					
of which: relates to resecuritisation exposures		225					
Retail lines (total of items 227 and 228)		226					
Committed		227					
Uncommitted		228					
Non-retail lines (total of items 230 and 231)		229					
Committed		230					
Uncommitted		231					
Memorandum Item:							
Risk weighted exposure <sup>2</sup>		232					

1. After credit conversion factors.

2. After the application of a scaling factor of 1.06.

IRB approach	Line no.	Total
Non credit enhancing IOs and Pos		1
Exposure amount	233	
Risk weighted exposure <sup>1</sup>	234	

1. Item 233 multiplied by 100% risk weight and a scaling factor of 1.06.

**35. Securitisation schemes - Directives and interpretations for completion of the monthly return concerning securitisation schemes (Form BA 500)**

(1) The content of the relevant return is confidential and not available for inspection by the public.

(2) The purpose of the return, amongst other things, is-

- (a) to determine the amount of assets securitised by the reporting bank;
- (b) to determine the required amount of capital and reserve funds of the reporting bank in respect of securitisation exposures;
- (c) to obtain selected information in relation to securitisation schemes, including selected information relating to the role(s) played by the reporting bank in respect of securitisation schemes.

(3) When a bank or institution within a banking group of which the reporting bank is a member acts in a primary or secondary role, or both a primary and a secondary role, in respect of a traditional securitisation scheme or synthetic securitisation scheme, the said bank or banking group shall, at all times, amongst other things, comply with such conditions, directives and interpretations as may be specified in the exemption notice relating to securitisation schemes.

(4) Since a bank's exposure to risk arising from securitisation or resecuritisation positions held in the bank's banking book forms an integral part of, *inter alia*, the bank's exposure to credit risk, a bank shall, based on the relevant requirements specified in, among others-

- (a) regulation 23 of these Regulations;
- (b) regulation 38 of these Regulations;
- (c) this regulation 35; and
- (d) the exemption notice relating to securitisation schemes,

duly complete the form BA500.

(5) For the purposes of these Regulations, unless specifically otherwise provided-

- (a) a traditional securitisation scheme shall bear the meaning assigned to such as scheme in the exemption notice relating to securitisation schemes;
- (b) a synthetic securitisation scheme shall bear the meaning assigned to such as scheme in the exemption notice relating to securitisation schemes;
- (c) asset finance includes any moveable asset;
- (d) any word or expression to which a meaning has been assigned in the exemption notice relating to securitisation schemes, shall bear such meaning;

- (e) securitisation exposures may include, but are not restricted to-
  - (i) asset-backed securities;
  - (ii) mortgage-backed securities;
  - (iii) credit-enhancement facilities or instruments;
  - (iv) liquidity facilities or instruments;
  - (v) interest-rate swaps or currency swaps;
  - (vi) credit-derivative instruments;
  - (vii) refundable price discounts;
  - (viii) tranching cover;
  - (ix) specified reserve accounts, such as a cash collateral account, which account subsequently is recorded by the relevant originating bank as an asset;
- (f) in order to avoid the risk of double counting, once a securitisation scheme has been perfected as envisaged in the exemption notice relating to securitisation schemes, an originator of the relevant transferred assets or exposures shall no longer include in the form BA 200 the relevant portfolio of underlying assets or exposures, provided that-
  - (i) the provisions of this paragraph (f), to the extent that they are relevant, shall *mutatis mutandis* apply to any synthetic securitisation transaction or exposure;
  - (ii) without derogating from the provisions of paragraph 17 of the exemption notice relating to securitisation schemes, which provisions relate to non-compliance, when a bank or another institution within a banking group of which such a bank is a member fails to comply with the relevant qualifying requirements specified in the aforesaid exemption notice, the relevant bank, amongst other things, shall report on the form BA 200, as part of the underlying pool of assets or exposures, the relevant assets or exposures;
  - (iii) any uncertainty regarding the appropriate treatment or reporting of an asset or exposure shall be referred in writing to the Registrar for an appropriate directive.

(6) As a minimum, when a bank invests in structured products and assesses the risks associated with securitisation or resecuritisation exposure, the bank-

- (a) shall conduct an appropriate analyses of the underlying risks, that is, the bank shall ensure that it fully understands the credit quality and the risk characteristics of the underlying exposures, including any potential risk concentrations;
- (b) shall not solely rely on the external credit ratings assigned to the securitisation or resecuritisation exposures by an external credit assessment institution;
- (c) shall review the maturity of the exposures underlying the structured credit transactions relative to the issued liabilities, in order to assess potential maturity mismatches;
- (d) shall track credit risk in the relevant securitisation or resecuritisation exposures at the transaction level and across securitisation or resecuritisation exposures within each relevant business line, and across business lines;
- (e) shall track all potential concentrations in securitisation or resecuritisation exposures, such as name, product or sector concentrations, and incorporate the said information into all relevant risk aggregation systems that track, for example, credit exposure to a particular obligor;
- (f) shall identify all relevant types of triggers, credit events or other legal provisions that may affect the performance of the bank's on-balance-sheet and off-balance-sheet exposures, and appropriately integrate the aforesaid triggers and provisions into the bank's funding, liquidity, credit and balance sheet management processes and systems;
- (g) shall duly consider and evaluate the impact of all relevant events or triggers on the bank's liquidity, credit, earnings and capital positions;
- (h) shall, for example, in relevant cases, as part of its risk management processes and stress testing, consider scenarios which may prevent the bank from securitising its assets, and identify the potential effect of such exposures on the bank's liquidity, earnings and capital adequacy.

(7) Instructions relating to the completion of the monthly form BA500 are furnished with reference to the headings and item descriptions of certain columns and line item numbers appearing on the form BA500, as follows:

***Columns and items relating to the summary of risk weighted exposure and supervisory deductions, items 1 to 3***

Column number	Description
1 of item 2	This item shall be equal to the sum of amounts reported in item 38 columns 1 and 4 of the form BA500.
2 of item 2	This item shall be equal to the sum of amounts reported in item 38 columns 2 and 5 of the form BA500.
3 of item 2	This item shall be equal to the sum of amounts reported in item 38 columns 3 and 6 of the form BA500.
1 of item 3	This item shall be equal to the sum of amounts reported in item 103 columns 1 and 4 of the form BA500.
2 of item 3	This item shall be equal to the sum of amounts reported in item 103 columns 2 and 5 of the form BA500.
3 of item 3	This item shall be equal to the sum of amounts reported in item 103 columns 3 and 6 of the form BA500.

***Items relating to turnover activity in respect of new securitisations or resecuritisations during the reporting month***

Item number	Description
4 to 18	<p>These line items shall reflect the relevant required information in respect of new securitisation or resecuritisation activity conducted by the reporting bank during the reporting month, that is, based on notional amounts, the new market activity in respect of securitisation or resecuritisation transactions conducted during the reporting month.</p> <p>Line items 4 to 18 are not intended to reflect risk related information and no negative amounts shall be reported in line items 4 to 18.</p> <p>For example, during March 2008 a bank securitised mortgage advances of R3,5 billion, invested in senior commercial paper of R500 million issued in respect of an asset finance securitisation scheme and also acts as a servicing agent in respect of the said securitisation of mortgage advances.</p> <p>The bank shall report the amounts specified below in the form BA500 for March 2008 (R'000)</p> <p>Line items 5 and 6, column 3:     R3 500 000</p> <p>Line item 13, column 5:             R 500 000</p> <p>Line item 17, column 3:             R3 500 000</p> <p>Unless the reporting bank is involved in any new or further securitisation transactions conducted in April 2008, no amounts shall be reported in line items 4 to 18 for the reporting month of April 2008.</p>



**Columns relating to turnover activity in respect of new securitisations or resecuritisations during the reporting month, items 4 to 18**

Column number	Description
1 to 7 of item 5	These items shall reflect all amounts relating to new traditional or synthetic securitisation or resecuritisation schemes conducted during the reporting month in respect of which schemes the reporting bank acts as an originator, other than an asset-backed commercial paper programme or other schemes in respect of which the reporting bank is deemed to be an originator, which amounts shall be reported in item 8.
1 to 7 of item 10	These items shall reflect all amounts relating to new securitisation or resecuritisation schemes conducted during the reporting month in respect of which schemes the reporting bank acts as a sponsor, other than an asset-backed commercial paper programme in respect of which a bank that acts as a sponsor is deemed to be an originator.

**Columns relating to turnover activity in respect of new securitisations or resecuritisations during the reporting month, items 4 to 18**

Column number	Description
1 to 7 of item 13	These items shall reflect all relevant amounts relating to a securitisation or resecuritisation scheme in respect of which scheme the reporting bank purchased or invested in commercial paper issued by the relevant special-purpose institution, other than an instrument issued that relate to a first-loss or second-loss credit-enhancement position in respect of which the relevant amount shall be reported in item 15.
1 to 7 of item 18	These items shall reflect any amount relating to a profit or loss made by the reporting bank in respect of the securitisation or resecuritisation of the bank's own assets during the reporting month.

**Items relating to securitisation or resecuritisation exposure and balances at month-end**

Item number	Description
19 to 37	<p>These items shall reflect the relevant required information in respect of the month-end balances of the reporting bank, that is, the aggregate or cumulative securitisation or resecuritisation exposure amounts of the reporting bank at the end of the reporting month.</p> <p>For example, during March 2008 a bank securitised mortgage advances of R3,5 billion, invested in senior commercial paper of R500 million issued in respect of an asset finance securitisation scheme that is unrelated to the banking group of which the reporting bank is a member and also acts as a servicing agent in respect of the said securitisation of mortgage advances.</p> <p>The bank shall report the amounts specified below in the form BA500 for March 2008 (R'000)</p> <p>Line item 22, column 5:                      R 500 000</p> <p>Unless the reporting bank acquires further instruments, makes further investments or is involved in any new or further securitisation transactions or exposures in April 2008, no amounts other than the amount to be reported in item 22,</p>

Item number	Description
	column 5, shall be reported in line items 19 to 36 for the reporting month of April 2008.

**Columns relating to securitisation or resecuritisation exposure and balances at month-end, items 19 to 37**

Column number	Description
1 to 7 of item 21	These items shall reflect any outstanding amounts in respect of exposures retained by the reporting bank in respect of assets that were securitised or resecuritised by the said bank in terms of a traditional securitisation or resecuritisation scheme, that is, retained exposures in respect of assets previously included in the balance sheet of the reporting bank but subsequently transferred by the reporting bank to a special-purpose institution in terms of a traditional securitisation or resecuritisation scheme, which securitised or resecuritised assets have been derecognised and no longer form part of the assets of the reporting bank.

Column number	Description
1 to 7 of item 26 to 28	These items shall reflect any outstanding amounts at month-end in respect of exposures or assets that were securitised or resecuritised by the reporting bank in terms of a securitisation or resecuritisation scheme, but in respect of which securitised or resecuritised exposures or assets the reporting bank has not achieved derecognition, and the said exposures or assets are required still to be included under the relevant exposure or asset class items, as was the case prior to the said securitisation or resecuritisation scheme.

**Columns relating to the summary of selected information in respect of the standardised approach, items 38 to 45**

Column number	Description
2 of item 39	Based on the relevant requirements specified in table 10 in regulation 23(8)(j), a bank shall report in column 2 any amount included in its primary share capital and reserve funds, which amount resulted from the recognition of any gain-on-sale in respect of a securitisation or resecuritisation transaction, such as the recognition of future margin income.
2 and 3 of item 40	Based on the relevant requirements specified in table 10 in regulation 23(8)(j), a bank shall include in column 2 fifty per cent of the relevant net amount, that is, the amount after any specific credit impairment has been taken into account, relating to any credit enhancing interest-only strip in respect of a securitisation or resecuritisation transaction, and in column 3 the remaining fifty per cent of the said net amount of the said credit enhancing interest-only strip, provided that the bank shall respectively report in items 101 and 102 the relevant exposure amount and risk weighted exposure amount in respect of any non-credit-enhancing interest-only strip.

**Columns relating to the summary of selected information in respect of the standardised approach, Items 38 to 45**

Column number	Description
1 and 4 of item 41	The sum of these items shall be equal to the amount reported in item 80 column 7 of the form BA500.
2 of item 41	This item shall be equal to fifty per cent of the amount reported in item 74 column 7 of the form BA500.
3 of item 41	This item shall be equal to fifty per cent of the amount reported in item 74 column 7 of the form BA500.
5 of item 41	This item shall be equal to fifty per cent of the amount reported in item 77 column 7 of the form BA500.
6 of item 41	This item shall be equal to fifty per cent of the amount reported in item 77 column 7 of the form BA500.
1 and 4 of item 42	The sum of these items shall be equal to the amount reported in item 90 column 7 of the form BA500.
2 of item 42	This item shall be equal to fifty per cent of the relevant amount reported in item 91 column 7 of the form BA500.
3 of item 42	This item shall be equal to fifty per cent of the relevant amount reported in item 91 column 7 of the form BA500.
5 of item 42	This item shall be equal to fifty per cent of the relevant amount reported in item 91 column 7 of the form BA500.
6 of item 42	This item shall be equal to fifty per cent of the relevant amount reported in item 91 column 7 of the form BA500.
1 and 4 of item 43	The sum of these items shall be equal to the amount reported in item 100 column 5 of the form BA500.
1 and 2 of item 45	These items shall reflect the relevant aggregate amount of specific provisions raised by the reporting bank against securitisation and resecuritisation exposures in respect of which the relevant net amount is subsequently deducted from capital and reserve funds.

**Columns relating to unrated exposures: standardised approach, items 82 to 91**

Column number	Description
1 to 7 of item 82	Based on the relevant requirements specified in regulation 23(6)(h)(iii), these columns shall reflect the relevant amount relating to the unrated most senior position in a securitisation or resecuritisation scheme in respect of which the reporting bank applies the "look-through" approach.

**Columns relating to the investors' interest i.r.o schemes with early amortisation features: standardised approach, items 92 to 100**

Column number	Description
1 to 5 of items 92 to 100	Based on the relevant requirements specified in regulation 23(6)(h)(xi), these columns shall reflect the relevant required information in respect of the investors' interests in securitisation or resecuritisation assets or exposures that contain early amortisation mechanisms and which assets or exposures are of a revolving nature, such as credit card receivables or corporate loan commitments.

**Columns relating to the summary of selected information: internal rating-based approach, items 103 to 110**

Column number	Description
2 and 5 of item 104	Based on the relevant requirements specified in regulation 23(11)(q), a bank shall report in column 2 any amount included in its primary share capital and reserve funds, which amount resulted from the recognition of any gain-on-sale in respect of a securitisation or resecuritisation transaction, such as the recognition of future margin income.
2, 3, 5 and 6 of item 105	Based on the relevant requirements specified in regulation 23(11)(q), a bank shall include in columns 2 and 5 fifty per cent of the relevant net amount, that is, the amount after any specific credit impairment has been taken into account, relating to any credit-enhancing interest-only strip in respect of a securitisation or resecuritisation transaction, and in columns 3 and 6 the remaining fifty per cent of the said net amount of the said credit-enhancing interest-only strip, provided that the bank shall respectively report in items 233 and 234 the relevant exposure amount and risk weighted exposure amount in respect of any non-credit-enhancing interest-only strip.
1 of item 106	This item shall be equal to the amount reported in item 159 column 7 of the form BA500.
2 of item 106	This item shall be equal to fifty per cent of the amount reported in item 160 column 7 of the form BA500.
3 of item 106	This item shall be equal to fifty per cent of the amount reported in item 160 column 7 of the form BA500.
4 of item 106	This item shall be equal to the amount reported in item 189 column 7 of the form BA500.
5 of item 106	This item shall be equal to fifty per cent of the amount reported in item 190 column 7 of the form BA500.
6 of item 106	This item shall be equal to fifty per cent of the amount reported in item 190 column 7 of the form BA500.

**Columns relating to the summary of selected information: internal rating-based approach, items 103 to 110**

Column number	Description
1 of item 107	This item shall be equal to the amount reported in item 200 column 7 of the form BA500.
2 of item 107	This item shall be equal to fifty per cent of the amount reported in item 201 column 7 of the form BA500.
3 of item 107	This item shall be equal to fifty per cent of the amount reported in item 201 column 7 of the form BA500.
4 of item 107	This item shall be equal to the amount reported in item 210 column 7 of the form BA500.
5 of item 107	This item shall be equal to fifty per cent of the amount reported in item 211 column 7 of the form BA500.
6 of item 107	This item shall be equal to fifty per cent of the amount reported in item 211 column 7 of the form BA500.
1 and 4 of item 108	The sum of these items shall be equal to the amount reported in item 232 column 5 of the form BA500.
1 and 4 of item 109	The sum of these items shall be equal to the amount reported in item 234 column 1 of the form BA500.
1 and 2 of item 110	The sum of these items shall reflect the aggregate amount of specific provisions raised by the reporting bank against securitisation and resecuritisation exposures in respect of which the relevant net amount is subsequently deducted from capital and reserve funds.

**Columns relating to the summary of exposure at month-end: internal rating-based approach, items 111 to 128**

1 to 7 of items 111 to 113	These items shall reflect the respective gross securitisation exposure amounts, before the effect of any credit-conversion factor has been taken into consideration.
1 to 7 of items 114 to 116	These items shall reflect the respective gross securitisation exposure amounts, before the effect of credit risk mitigation, but after the effect of any credit-conversion factor, has been taken into consideration.
1 to 7 of items 117 to 119	Based on, among other things, the relevant requirements specified in regulations 23(11)(e) and 23(11)(i) read with the relevant requirements specified in regulations 23(12) and 38(4), these items shall reflect the respective securitisation exposure amounts after the effects of credit risk mitigation and credit-conversion factors have been taken into consideration.
1 to 7 of items 120 to 122	These items shall reflect the respective gross resecuritisation exposure amounts, before the effect of any credit-conversion factor has been taken into consideration.

**Columns relating to the summary of exposure at month-end: Internal rating-based approach, Items 111 to 128**

1 to 7 of Items 123 to 125	These items shall reflect the respective gross resecuritisation exposure amounts, before the effect of credit risk mitigation, but after the effect of any credit-conversion factor, has been taken into consideration.
1 to 7 of Items 126 to 128	Based on, among other things, the relevant requirements specified in regulations 23(11)(e) and 23(11)(i) read with the relevant requirements specified in regulations 23(12) and 38(4), these items shall reflect the respective resecuritisation exposure amounts after the effects of credit risk mitigation and credit-conversion factors have been taken into consideration.

**Columns relating to unrated exposures not subject to the Internal assessment approach and in respect of which no IRB treatment is available**

Column number	Description
1 to 3 of item 212	Based on the relevant requirements specified in regulation 23(11)(b)(xii)(C), these items shall reflect the relevant required aggregate amounts of securitisation exposures in respect of which no specific IRB treatment is specified for the underlying asset type, other than any amount included in item 104 or 105.
1 to 3 of Item 213	These items shall reflect the relevant required aggregate amounts of securitisation exposures in respect of which neither of the rating-based approach, internal assessment approach or standard formula approach applies, the respective amounts of which exposures have to be deducted from the bank's capital and reserve funds in accordance with the relevant requirements specified in regulation 23(11)(b)(xii)(D).
4 to 6 of item 212	Based on the relevant requirements specified in regulation 23(11)(b)(xii)(C), these items shall reflect the relevant required aggregate amounts of resecuritisation exposures in respect of which no specific IRB treatment is specified for the underlying asset type, other than any amount included in item 104 or 105.
4 to 6 of item 213	These items shall reflect the relevant required aggregate amounts of resecuritisation exposures in respect of which neither of the rating-based approach, internal assessment approach or standard formula approach applies, the respective amounts of which exposures have to be deducted from the bank's capital and reserve funds in accordance with the relevant requirements specified in regulation 23(11)(b)(xii)(D).

**Columns relating to the investors' interest i.r.o schemes with early amortisation features: IRB approach, items 224 to 232**

Column number	Description
1 to 5 of items 224 to 232	Based on the relevant requirements specified in regulation 23(11)(b)(xii)(F) read with the requirements specified in regulation 23(11)(p), these columns shall reflect the relevant required information in respect of the investors' interests in securitisation or resecuritisation assets or exposures that contain early amortisation mechanisms and which assets or exposures are of a revolving nature, such as credit card receivables or corporate loan commitments.

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**CONSOLIDATED RETURN**

(Confidential and not available for inspection by the public)

Name of bank/ controlling company.....

Quarter ended.....(yyyy-mm-dd)

**BA 600**

Quarterly

(All amounts to be rounded off to the nearest R'000)

Summary of matters related to group capital adequacy	Line no.	Primary capital and reserve funds	Secondary capital and reserve funds, and tertiary capital	Total (col. 1 + 2)
		1	2	3
Total risk adjusted exposure (item 31, column 14)	1			
Equivalent risk weighted exposure: approved amount of surplus capital in insurance entities	2			
Total group risk weighted exposure (total of items 1 and 2)	3			
Minimum required capital adequacy ratio	4	7,00%		9,50%
Minimum required amount of capital and reserve funds (item 3 column 3 * item 4)	5			
Additional required amount of capital and reserve funds specified by the Registrar	6			
Total minimum required amount of capital and reserve funds (total of items 5 and 6)	7			
Consolidated qualifying amount of capital and reserve funds <sup>1, 2, 3</sup>	8			
Approved amount of surplus capital in regulated insurance entities <sup>4</sup>	9			
Approved adjustment to qualifying capital and reserve funds: increase/(decrease)	10			
Adjusted consolidated qualifying capital and reserve funds (item 8 plus 9 plus/(minus) 10)	11			
Group capital adequacy ratio (%) (item 11 divided by item 5) multiplied by item 4	12			
<b>Memorandum items:</b>		<b>Calculated ratio or total</b>	<b>Specified minimum</b>	
		<b>1</b>	<b>2</b>	
	13		≥ 9,50%	
	14		≥ 7,00%	
	15		≤ 100%	
	16		≤ 20%	
	17		≤ 10%	
	18			

1. Item 8 column 1 shall be equal to item 31 column 20, and to item 23 less item 38, column 1, of the relevant consolidated form BA 700.

2. Item 8 column 2 shall be equal to item 31 column 21, and to the sum of items 62 and 99, column 1, of the relevant consolidated form BA 700.

3. Item 8 column 3 shall be equal to item 31 column 19, and to item 104 less item 38, column 1, of the relevant consolidated form BA 700.

4. Item 9 column 1 shall be equal to item 38, column 1, of the relevant consolidated form BA 700.

(All amounts to be rounded off to the nearest R'000)

Group capital adequacy	Line no.	Regulatory approach <sup>1,2</sup>	Interest held (%)	Book value of investment	Net income after tax based on FRS	Total assets based on FRS	Risk weighted exposure or equivalent								
							Credit risk <sup>3</sup>	Operational risk <sup>3</sup>	Market risk <sup>3</sup>	Equity risk <sup>3</sup>	Other <sup>3</sup>	Sub-total (sum of col. 6 to 10)	Intra-group exposure	Additional required amount of capital and reserve funds <sup>4</sup>	Total (col. 11 - 12 + 13)
Entities included in banking group		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Registered banks (Specify)	19														
Eliminations	20														
Sub-total: registered banks (item 19 less 20)	21														
Bank controlling company (Specify)	22														
Significant financial entities (Specify)	23														
Significant commercial entities (Specify)	24														
Significant insurance entities (Specify)	25														
Securitisation entities (Specify)	26														
Aggregate of non-significant and other group entities	27														
Eliminations	28														
Total (of items 21 to 27, less item 28)	29														
Definition and other differences between these Regulations and FRS, and goodwill	30														
Group total (item 29 plus 30)	31														

1. Based on the following keys: 1 = 1988 Capital Accord; 2 = revised capital framework (Basel II); 3 = limited adoption of Basel II; 9 = other.

2. Based on the following keys: E = deemed equivalent; NE = not equivalent; NR = not relevant.

3. In order to prevent any double counting of risk, when a particular risk exposure of a particular entity is already included in the risk weighted exposure amount of its relevant parent company following a consolidation of accounts, the bank/controlling company shall in respect of that particular entity report a "c" instead of the relevant risk weighted exposure amount.

4. Means the relevant risk weighted exposure amount, or equivalent amount, of any additional required amount of capital and reserve funds.

(All amounts to be rounded off to the nearest R'000)

[illegible]

(All amounts to be rounded off to the nearest R'000)

(All amounts to be rounded off to the nearest R 000)													
Intragroup exposure <sup>1</sup>	Line no.	Current period exposure				Prior period exposure		Variance in exposure (col. 5 minus 7)	Current exposure as % of qualifying capital and reserve funds <sup>1</sup>	Responses to questions in notes 2a to 2c			
		On-balance sheet exposure			Off-balance sheet exposure	Total (col. 3+4)	On-balance sheet exposure			Total exposure	2a. At arms-length	2b. Board monitoring	2c. Risk mitigation
		Investment	Other	Total (col. 1+2)									
Exposure to:		1	2	3	4	5	6	7	8	9	10	11	12
Registered banks (Specify <sup>1</sup> )	32												
Bank controlling company (Specify <sup>1</sup> )	33												
Significant financial entities (Specify <sup>1</sup> )	34												
Significant non-financial entities (Specify <sup>1</sup> )	35												
Significant insurance entities (Specify <sup>1</sup> )	36												
Other group entities (Specify <sup>1</sup> )	37												
Total (of items 32 to 37)	38												

**Notes:**

- 1 Means exposure to an entity within the banking group resulting in the banking group being exposed to that entity to an aggregate amount exceeding 1% of group qualifying capital and reserve funds as reported in item 11 column 3.
- 2a. Are loans and advances to intra-group entities conducted on an arm's-length basis? (Yes = 1; no = 2)  
When no, a separate schedule of all exposure to intra-group entities not at arm's length shall on request be submitted in writing.
- 2b. Does the board of directors of the relevant bank or controlling company effectively monitor extension of credit to intra-group entities? (Yes = 1; no = 2)
- 2c. Are appropriate steps taken to control or mitigate the risks relating to intra-group exposures? (Yes = 1; no = 2)

(All amounts to be rounded off to the nearest R'000)

Group concentration risk/ large exposure <sup>1</sup>	Line no.	Asset class	Original credit and counterparty exposure <sup>2</sup>				Total credit exposure (col. 2 to 5)	Total exposure as % of qualifying capital and reserve funds	Additional required amount of capital and reserve funds
			On-balance-sheet exposure	Off-balance-sheet exposure	Exposure arising from repurchase and resale agreements	Exposure arising from derivative instruments			
Exposure to:		1	2	3	4	5	6	7	8
Private-sector non-bank: total (Specify)	39								
Bank/ regulated securities firm: total (Specify)	40								
Other: total (Specify)	41								
Total (of items 39 to 41)	42								
Less: amount already held in solo return	43								
Net additional required amount relating to group large exposure (item 42 less 43)	44								
									Total
									1
Risk weighted equivalent amount	45								

1. Means a large exposure to a person as envisaged in section 73 of the Act read with the relevant provisions of regulations 24(6) to 24(8).

2. Before the application of any credit conversion factor.

(All amounts to be rounded off to the nearest US\$'000)

Group currency risk	Line no.	US Dollar	Euro	Japanese Yen	Swiss franc	Pound Sterling	Other	Total
		1	2	3	4	5	6	7
Aggregate effective net open foreign-currency position(s) of the reporting banks and their foreign branches and subsidiaries	46							
Aggregate effective net open foreign-currency position(s) of all foreign branches <sup>1</sup> and subsidiaries <sup>1</sup> of the controlling company	47							
Aggregate effective net open foreign-currency position(s) of the reporting controlling company and its foreign branches and subsidiaries	48							
Limit specified by the Registrar	49							
Maximum effective net open foreign-currency position(s), per each currency and in total, during quarter (maximum based on item 48)	50							

1. Include all branches and subsidiaries of the reporting controlling company not already included in item 46.

**CERTIFICATION BY GROUP CHIEF ACCOUNTING OFFICER AND GROUP CHIEF EXECUTIVE OFFICER**

We, the undersigned, hereby certify that-

- (i) all information submitted in and with this form is to the best of our knowledge and belief correct;
- (ii) this bank or controlling company, as the case may be, has from the thirtieth business day of the month following the quarter to which the preceding form BA 600 relates to date maintained, and will continue to maintain, for every day until the twenty-ninth business day of the month following the quarter to which this return relates, the prescribed minimum amount of capital and reserve funds, as prescribed in section 70A of the Act, and complies/will comply, as from the thirtieth business day of the month following the quarter to which this return relates, with the aforesaid requirements relating to the maintenance of the prescribed minimum amounts;
- (iii) this bank or controlling company, as the case may be, has not exceeded on any day during the reporting quarter the limits on its effective net open position(s) in foreign currency reported in item 49 of this return. (When the bank or controlling company has exceeded the prescribed limits, the declaration shall be qualified, and a statement showing the relevant excess(es), for every day on which an excess existed, shall accompany this return.)

Signed at ....., this ..... day of ..... (yyyy-mm).

.....  
*Group Chief Accounting Officer\**

.....  
*Group Chief Executive Officer\**

\*Please note: When the Group Chief Executive Officer or Group Chief Accounting Officer is not available to sign, the officer performing the relevant function shall sign in an acting capacity and not on behalf of the absent officer, and the normal office of the officer so acting shall be clearly indicated.

**36. Consolidated return - Matters relating to consolidated supervision including directives and interpretations for completion of quarterly consolidated return (Form BA 600)**

(1) The content of the relevant return is confidential and not available for inspection by the public.

(2) The purpose of the directives and the instructions contained in this regulation 36, and in the form BA 600, read with the relevant instructions and information included or specified in the forms BA 100, BA 110, BA 120 and BA 700, among other things-

- (a) is to establish minimum standards in respect of consolidated supervision;
- (b) in the case of a bank, is to determine on a consolidated basis the financial condition and performance of the relevant bank, including:
  - (i) the nature and the extent of-
    - (A) the bank's on-balance sheet assets and liabilities;
    - (B) the bank's off-balance sheet items;
    - (C) the bank's exposure to credit risk, including-
      - (i) any relevant large exposures;
      - (ii) allowance for any relevant credit or other impairment;
      - (iii) any relevant intragroup exposures;
      - (iv) any relevant exposure to a connected or related person;
    - (D) the bank's exposure to market risk;
    - (E) the bank's exposure to operational risk;
    - (F) the bank's exposure to currency risk;
    - (G) the bank's deposit sources;
  - (ii) information relating to the bank's income statement, that is, the bank's profit or loss position;
  - (iii) the bank's capital adequacy position;
  - (iv) the bank's liquidity position and liquidity structure;



- (c) in the case of a controlling company, is to determine on a consolidated basis the financial condition and performance of the relevant controlling company, including:
  - (i) the nature and the extent of-
    - (A) the controlling company's on-balance sheet assets and liabilities;
    - (B) the controlling company's off-balance sheet items;
    - (C) the controlling company's exposure to credit risk, including-
      - (i) any relevant large exposures;
      - (ii) allowance for any relevant credit or other impairment;
      - (iii) any relevant intragroup exposures;
      - (iv) any relevant exposure to a connected or related person;
    - (D) the controlling company's exposure to market risk;
    - (E) the controlling company's exposure to operational risk;
    - (F) the controlling company's exposure to currency risk;
    - (G) the controlling company's funding sources;
  - (ii) information relating to the controlling company's income statement, that is, the controlling company's profit or loss position;
  - (iii) the controlling company's capital adequacy position;
  - (iv) the controlling company's liquidity position and liquidity structure;

Provided that, unless specifically otherwise stated or specified in writing by the Registrar, all the directives, instructions or requirements specified in these Regulations that relate to a bank on a solo basis shall *mutatis mutandis* apply to that bank or its controlling company on a consolidated basis.

**(3) *Matters specifically related to consolidated supervision***

- (a) Supervision of a banking group on a consolidated basis, that is, consolidated supervision-
- (i) aims to achieve at least two primary objectives, namely-
    - (A) to duly capture all material risks to which the banking group may be exposed, including its exposure to credit risk, market risk and operational risk;
    - (B) to preserve the integrity of the banking group's capital and reserve funds, amongst other things, by eliminating any double or multiple gearing of capital and reserve funds;
  - (ii) includes the accounting consolidation or sub-consolidation of financial information by a bank or controlling company at such a level or sub-group of the banking group and in such a manner as may be prescribed in these Regulations or specified in writing by the Registrar;
  - (iii) is an overall evaluation, both quantitative and qualitative, of the risks incurred by and the strength of a group to which a bank belongs, primarily to assess the potential impact of other group financial entities on the bank;
  - (iv) means the supervision of a bank as part of a group of entities to which the bank belongs and therefore, as a minimum, includes all financial entities and all financial activities within the banking group without the Registrar being responsible for the supervision of any non-bank entity, which entities or activities include-
    - (A) all banks in the relevant banking group;
    - (B) all related regulated or unregulated financial entities or financial activities conducted by such banks or any relevant subsidiary, joint venture or associate;
    - (C) the controlling company of such banks;
    - (D) all related regulated or unregulated financial entities or financial activities conducted by such controlling company or any relevant subsidiary, joint venture or associate; and

- (E) any other entity that may be specified in the form BA600, this regulation 36 or in writing by the Registrar, the financial distress or potential insolvency of which entity is deemed by the Registrar potentially to constitute a material or significant risk to the relevant banking group,

provided that the Registrar may, subject to such conditions as may be specified in writing by the Registrar, exempt a financial entity, financial activity or non-financial entity from being included in consolidated returns or consolidated reporting.

- (v) serves as a compliment to instead of a substitute for the solo supervision of a bank.

Consolidated supervision thus may extend to all the companies, institutions or entities in a banking group, including a controlling company and its subsidiaries, joint ventures and companies, institutions or entities in which the controlling company or its subsidiaries have a direct or an indirect participation.

- (b) Once a bank or controlling company adopts-

- (i) the IRB approach for the measurement of a part of its relevant exposures to credit risk, the said bank or controlling company, as the case may be, shall adopt the said approach across all relevant significant asset classes, significant business units and relevant significant entities or activities within the banking group, provided that-

- (A) when the bank or controlling company is unable to adopt the said approach across all significant asset classes, business units and relevant entities or activities within the banking group, the bank or controlling company may adopt a phased rollout of the IRB approach across the banking group, which phased rollout may include-

- (i) the adoption of the IRB approach across asset classes within the same business unit;
      - (ii) the adoption of the IRB approach across business units in the same banking group; and
      - (iii) moving from the foundation approach to the advanced approach for certain risk components;

- (B) when the bank or controlling company adopts the IRB approach for an asset class within a particular business unit or in the case of retail exposures for an individual sub-class the bank or controlling company shall apply the IRB approach to all exposures within that asset class or sub-class in the said business unit;
- (C) when the bank or controlling company is unable to adopt the said approach across all relevant significant asset classes, business units and relevant entities or activities within the banking group the said bank or controlling company shall submit in writing to the Registrar a detailed implementation plan, which implementation plan, as a minimum, shall specify the extent to which and expected dates by which the bank or controlling company intends to roll out over time the IRB approach across all relevant significant asset classes, or sub-classes in the case of retail, and relevant business units or activities;
- (D) subject to the prior written approval of and such conditions as may be specified in writing by the Registrar, the Registrar may exempt a bank or controlling company from implementing the IRB approach in respect of non-significant business units, activities or asset classes, or sub-classes in the case of retail, provided that the relevant exempt exposures-
  - (i) shall be regarded as non-significant in terms of size and perceived risk profile;
  - (ii) shall be subject to the relevant requirements of the standardised approach specified in regulations 23(8) and 23(9);
- (E) once a bank or controlling company adopted the IRB approach for all or part of any of its corporate, bank, sovereign, or retail asset classes, the bank or controlling company, as the case may be, shall simultaneously adopt the IRB approach for its equity exposures, subject only to materiality;
- (F) the Registrar may require a bank or controlling company to implement one of the IRB equity approaches when its equity exposures constitute a significant part of the bank or controlling company's business, even though the bank or controlling company may not adopt an IRB approach in respect of other business units or activities;

- (G) once a bank or controlling company adopted the IRB approach for corporate exposure, the bank or controlling company, as the case may be, shall adopt the IRB approach in respect of the specialized lending sub-classes within the corporate exposure class;
- (H) once a bank or controlling company, for example-
  - (i) adopted the advanced IRB approach the bank or controlling company, as the case may be, shall not be allowed to revert to the standardised or foundation IRB approach unless, based on extraordinary circumstances, the Registrar grants approval for the bank or controlling company to revert to the said standardised or foundation IRB approach;
  - (ii) adopted the foundation IRB approach the bank or controlling company, as the case may be, shall not be allowed to revert to the standardised approach unless, based on extraordinary circumstances, the Registrar grants approval for the bank or controlling company to revert to the said standardised approach;
- (I) due to data limitations often associated with exposures arising from specialized lending, a bank or controlling company may remain on the prescribed slotting criteria approach specified in regulation 23(11)(d)(iii) for one or more of the specialized lending sub-classes, and move to the foundation or advanced approach for other sub-classes within the corporate asset class, provided that the bank or controlling company shall not implement the advanced approach in respect of the high-volatility commercial real estate sub-class without simultaneously doing so for material or significant income producing real estate exposure;
- (J) the bank or controlling company shall comply with such further conditions as may be specified in writing by the Registrar after consultation with any relevant host supervisor;

- (ii) the internal model method for the measurement of the bank or controlling company's exposure to counterparty credit risk arising from a particular category of exposure, such as OTC derivative instruments or securities financing transactions, the bank or controlling company, as the case may be, shall submit in writing to the Registrar a sufficiently detailed plan to include in the said internal model method all material or significant exposure to counterparty credit risk arising from the said category of exposure, provided that-
  - (A) irrespective of the method adopted by the reporting bank or controlling company for the measurement of its exposure to counterparty credit risk arising from OTC derivative instruments or securities financing transactions, the bank or controlling company may adopt any of the three methods envisaged in regulations 23(15) to 23(19) for the measurement of the bank or controlling company's consolidated exposure or EAD arising from long settlement transactions;
  - (B) in respect of exposure to counterparty credit risk for which the said bank or controlling company has not obtained approval from the Registrar to adopt the internal model method, the Registrar may allow the bank or controlling company to adopt on a permanent basis within the banking group a combination of the current exposure method and the standardised method;
- (iii) the more sophisticated approaches for the measurement of the bank or controlling company's exposure to operational risk, the bank or controlling company, as the case may be, shall not revert to a simpler approach unless the bank or controlling company no longer complies with the relevant qualifying criteria for the said more sophisticated approach and the Registrar requires the bank or controlling company to revert to the said simpler approach for some or all of its operations, until the said bank or controlling company complies with the relevant conditions specified by the Registrar in order for the bank or controlling company to return to the more advanced approaches, provided that-
  - (A) a bank or controlling company with significant exposure to operational risk shall adopt an approach that is appropriate for the risk profile of the said bank or controlling company;

- (B) subject to such conditions as may be specified in writing by the Registrar, a bank or controlling company may adopt the basic indicator, standardised or alternative standardised approach for some parts of its operations, and an advanced measurement approach for others;
  - (C) the bank or controlling company shall comply with such further conditions as may be specified in writing by the Registrar after consultation with any relevant host supervisor regarding the bank or controlling company's consolidated exposure to operational risk;
  - (iv) the internal models approach for the measurement of one or more risk categories such as interest rates, foreign exchange rates that include gold, equity prices or commodity prices, which risk categories shall include all related option volatilities, the Registrar may require the bank or controlling company, during the time period specified in writing by the Registrar and subject to the relevant requirements specified in regulations 28(5), 28(8) and subregulation (9), to develop and implement an integrated risk measurement system that captures and measures the bank's aggregate exposure to market risk arising from all the said categories of risk.
- (4) For the measurement on a consolidated basis of a bank or controlling company's aggregate risk-weighted exposure as contemplated in sections 70A of the Act, the bank or controlling company, as the case may be-
- (a) shall at the discretion of the relevant bank or controlling company, subject to the relevant requirements specified in subregulation (3), use one of the alternative methodologies specified below to determine its exposure to credit risk:
    - (i) The standardised approach, using one of the alternative frameworks prescribed in regulation 23(5) read with the relevant requirements specified in regulations 23(6) and 23(8); or
    - (ii) Subject to the prior written approval of the Registrar and such conditions as may be specified in writing by the Registrar, the IRB approach, using one of the alternative frameworks prescribed in regulation 23(10) read with the relevant requirements specified in regulations 23(11) and 23(13);
    - (iii) Subject to the prior written approval of the Registrar and such conditions as may be specified in writing by the Registrar, a combination of the approaches envisaged in subparagraphs (i) and (ii) above;

- (b) shall at the discretion of the relevant bank or controlling company, subject to the relevant requirements specified in subregulation (3), use one of the alternative methodologies specified below to determine its exposure to counterparty credit risk:
  - (i) The current exposure method specified in regulation 23(17);
  - (ii) The standardised method specified in regulation 23(18);
  - (iii) Subject to the prior written approval of and such further conditions as may be specified in writing by the Registrar, the internal model method specified in regulation 23(19);
  - (iv) Subject to the requirements specified in regulation 23(15), the prior written approval of and such further conditions as may be specified in writing by the Registrar, a combination of the approaches specified in subparagraphs (i) to (iii) above;
- (c) shall at the discretion of the relevant bank or controlling company, subject to the relevant requirements specified in subregulation (3), use one of the alternative methodologies specified below to determine its exposure to market risk:
  - (i) The standardised approach prescribed in regulation 28(7); or
  - (ii) Subject to the fulfilment of specified quantitative and qualitative requirements, the prior written approval of and such further conditions as may be specified in writing by the Registrar, the internal models approach specified in regulation 28(8);
  - (iii) Subject to the prior written approval of and such further conditions as may be specified in writing by the Registrar, a combination of the approaches specified in subparagraphs (i) and (ii) above;
- (d) shall at the discretion of the relevant bank or controlling company, subject to the relevant requirements specified in subregulation (3), use one of the alternative methodologies specified below to determine its exposure to operational risk:
  - (i) The basic indicator approach specified in regulation 33(7);
  - (ii) Subject to the prior written approval of and such conditions as may be specified in writing by the Registrar the standardised approach or alternative standardised approach specified in regulation 33(8);



- (iii) Subject to the prior written approval of and such conditions as may be specified in writing by the Registrar, the advanced measurement approach prescribed in regulation 33(9), provided that when the bank or controlling company wishes to apply the allocation mechanism envisaged in regulation 33(9)(c) the bank or controlling company, as the case may be, shall obtain the prior written approval of the Registrar and the relevant host supervisor.
- (e) shall, based on-
  - (i) the approach adopted by the relevant bank or controlling company for the measurement of its exposure to credit risk, as envisaged in paragraph (a) above;
  - (ii) such conditions as may be specified in writing by the Registrar,use one of the alternative approaches specified below to determine the bank or controlling company's exposure in respect of a securitisation scheme:
  - (A) the standardised approach specified in regulation 23(5) read with the relevant provisions specified in regulations 23(6), 23(8) and 38(7);
  - (B) the IRB approach using one of the alternative frameworks specified in regulation 23(10) read with the relevant requirements specified in regulations 23(11), 23(13) and 38(7).

(5) Unless specifically otherwise provided in this regulation 36 or specified in writing by the Registrar, all the relevant directives and interpretations-

- (a) relating to the completion on a solo basis of the relevant risk-based returns by a bank; or
- (b) for the calculation on a solo basis of the relevant minimum required amount of capital and reserve funds of a bank,

shall *mutatis mutandis* apply to the completion of the consolidated return or calculation of the minimum required consolidated amount of capital and reserve funds to be held by a bank or controlling company.

- (6) For the purposes of this regulation 36, unless specifically otherwise provided-
- (a) a banking group means a group as defined in section 1(1) of the Act;
  - (b) an associate means an associate as defined in the relevant Financial Reporting Standard that relates to accounting for investments in associates, as amended from time to time;
  - (c) a related person in respect of a bank or controlling company includes-
    - (i) any associate of the relevant bank or controlling company;
    - (ii) a significant shareholder of the relevant bank or controlling company;
    - (iii) a board member of the relevant bank or controlling company, or a close family member of the board member;
    - (iv) a member of senior management of the relevant bank or controlling company, or a close family member of the member of senior management;
    - (v) a key member of staff of the relevant bank or controlling company, or a close family member of the key member of staff;
    - (vi) a company controlled by any shareholder of the relevant bank or controlling company;
    - (vii) any majority owned or controlled entity;
    - (viii) any significant minority owned or controlled entity;
    - (ix) any other person or entity specified in writing by the Registrar.
  - (d) a financial entity includes-
    - (i) any entity that conducts-
      - (A) the business of a bank;
      - (B) ancillary banking services or services directly related to the business of a bank, such as the management of data processing services or property;

- (C) any securities services as envisaged in the Securities Services Act, 2004, including any trading related business in instruments such as money-market instruments, foreign exchange, financial futures and options, exchange and interest rate instruments or transferable securities;
  - (D) lending business such as consumer credit, mortgage credit or factoring;
  - (E) the business of financial leasing;
  - (F) money transmission services;
  - (G) business relating to the issue or administration of means of payment such as credit cards or travelers cheques;
  - (H) business relating to the issue of guarantees or commitments;
  - (I) business relating to the provision of advice in respect of matters such as mergers and acquisitions or the structuring of capital or business strategy;
  - (J) the business of money broking;
  - (K) the business of portfolio management and/or investment advice; or
  - (L) the business of safekeeping and administration of securities;
- (ii) any other financial entity specified in writing by the Registrar,
- but does not include any insurer or entity that conducts insurance business;
- (e) a financial activity or service includes any regulated or unregulated activity or service conducted by a financial entity within a group of entities that includes a bank but does not include any insurance activity or business conducted by an insurer;
  - (f) an insurer means an entity that conducts insurance business and includes any entity registered as an insurer in terms of the Short-term Insurance Act, 1998, or Long-term Insurance Act, 1998;

- (g) a significant minority investment or interest means any ownership interest between 20 per cent and 50 per cent of the voting rights or capital held by the reporting bank or controlling company in the relevant entity,
- (h) an entity that potentially constitutes a material or significant risk to the relevant banking group may include-
  - (i) any relevant entity subject to the regulation or supervision of any other supervisor and which entity is subject to separate prudential requirements;
  - (ii) any relevant entity with assets in excess of one per cent of the consolidated assets of the relevant reporting bank or controlling company, which assets shall in all cases exclude any intragroup balances and which entity shall not be a dormant entity;
  - (iii) any relevant entity with net income after tax in excess of five per cent of the consolidated net income after tax amount of the relevant reporting bank or controlling company;
  - (iv) any relevant entity with intragroup exposure or other financial relationship with the relevant banking group in excess of two per cent of the consolidated amount of group exposure,

provided that in no case shall the aggregate amount of net income after tax or assets of all relevant entities deemed non significant respectively exceed twenty per cent of the said consolidated net income after tax or ten per cent of the said consolidated assets of the relevant reporting bank or controlling company;

- (i) a commercial entity includes any entity primarily involved in the production of goods or delivery or non-financial services.
- (7) Matters specifically related to the manner or technique of consolidation
- (a) Unless specifically otherwise provided in this regulation 36, or specified or approved in writing by the Registrar, a bank or controlling company-
    - (i) shall in the case of any majority owned or controlled bank, security firm or other financial subsidiary or entity, irrespective whether or not the said bank, security firm, subsidiary or entity is regulated, based on the relevant requirements specified in Financial Reporting Standards issued from time to time, fully consolidate the said bank, security firm, subsidiary or entity, as the case may be, provided that the Registrar may on prior written application and subject to such conditions as may be specified in writing by the Registrar, allow a bank or controlling company, instead of full consolidation, to apply-

- (A) the aggregation method specified in paragraph (d) below in respect of-
  - (i) any entity that conducts trading activities; or
  - (ii) any other entity specified in writing by the Registrar.
- (B) the deduction method specified in paragraph (e) below in respect of any financial entity-
  - (i) acquired through the realization of security held in respect of debt previously contracted, which financial entity is held by the said bank or controlling company on a temporary basis;
  - (ii) subject to rules and regulations materially different from these Regulations; or
  - (iii) in respect of which non-consolidation is required by law;

which financial entity shall neither conduct any trading activity nor the business of a bank, and shall be subject to the rules and regulations of another supervisory authority;
- (ii) shall in the case of any significant minority owned or controlled bank, security firm or other financial entity, that is, a financial entity in respect of which the said bank or controlling company does not exercise control, which financial entity-
  - (A) has a significant shareholder other than the relevant bank or controlling company, which other significant shareholder or parent institution legally or *de facto* has the means and will to provide support in addition to any support that may be provided by the said bank or controlling company, subject to such further conditions as may be specified in writing by the Registrar, pro-rata consolidate the relevant bank, security firm or other financial entity, that is, consolidate the relevant entity on a proportionate basis;
  - (B) is a financial entity other than a financial entity envisaged in item (A) above, apply the deduction method specified in paragraph (e) below;

- (iii) shall in the case of an insurance subsidiary or insurer in respect of which the bank or controlling company holds a significant minority investment apply the deduction method specified in paragraph (e) below, provided that, subject to the provisions of subregulation (10) below regarding the treatment of any surplus capital, the said bank or controlling company shall subsequently remove from its balance sheet any relevant assets, liabilities or third party investments relating to such insurance subsidiary or entity, that is, subject to the provisions of subregulation (10) below regarding the treatment of any surplus capital, no assets, liabilities or third party investments relating to an insurance subsidiary or insurer in respect of which the bank or controlling company holds a significant minority investment shall be included in the reporting bank or controlling company's consolidated amount of risk-weighted exposure or consolidated amount of qualifying capital and reserve funds;
- (iv) shall in the case of any investment in an entity other than-
  - (A) a majority owned or controlled entity specified in subparagraph (i) above; or
  - (B) a significant minority owned or controlled entity specified in subparagraph (ii) above;
  - (C) an insurer envisaged in subparagraph (iii) above,

risk weight the relevant investment or exposure in accordance with the relevant requirements of the approach adopted by the relevant bank or controlling company for the measurement of its exposure to credit risk.
- (b) Full consolidation means-
  - (i) including in the consolidated returns of the relevant reporting bank or controlling company, for example, all the relevant assets and liabilities of the entity being consolidated;
  - (ii) that the relevant reporting bank or controlling company, for example, includes on a line-by-line basis-
    - (A) in the trading book of the said reporting bank or controlling company any assets and liabilities of an entity that conducts trading activities;
    - (B) in the banking book of the said reporting bank or controlling company any assets and liabilities of an entity that conducts business other than trading activities;

- (iii) that a consolidated group or sub-group of entities consisting of the relevant reporting bank or controlling company, as the case may be, and the relevant entity or entities being consolidated is created through consolidation as if the said consolidated group or sub-group of entities is a single entity;
- (c) Pro-rata consolidation-
  - (i) means including in the consolidated returns of the relevant bank or controlling company only the relevant share of the assets and liabilities of the entity in which the relevant bank or controlling company and any of its related persons have a participation;
  - (ii) aims to reflect the fact that the bank or controlling company has an interest in an entity in which a significant shareholder other than the relevant bank or controlling company-
    - (A) has the means and will to provide parental support;
    - (B) also has a participation.
- (d) Aggregation-
  - (i) includes full aggregation or pro-rata aggregation, that is, in the case of-
    - (A) a majority owned or controlled bank, security firm or other financial subsidiary, subject to the prior written approval of and such conditions as may be specified in writing by the Registrar, instead of full consolidation of the said subsidiary in order to determine the relevant required risk-weighted exposure amount on a fully consolidated basis, a bank, for example, may separately calculate the relevant required risk-weighted exposure amount of the said subsidiary and fully aggregate the separately calculated risk weighted exposure amount of the said majority owned or controlled subsidiary, even when the shareholding in that majority owned or controlled subsidiary is less than 100 per cent;
    - (B) a significant minority owned or controlled bank, security firm or other financial entity as envisaged in paragraph (a)(ii)(A) above, subject to the prior written approval of and such conditions as may be specified in writing by the Registrar, instead of pro-rata consolidation of the relevant entity in order to determine the relevant required risk-weighted exposure amount on a pro-rata consolidated basis, a bank, for example, may separately calculate the relevant required risk-weighted exposure amount of the said entity and on a pro-rata aggregated or proportional basis include the relevant risk weighted exposure amount of an entity such as a joint venture;

- (ii) means that the relevant required risk-weighted exposure amount and required amount of capital and reserve funds relating to a particular entity or component of business relating to a particular entity that is not included in the required risk-weighted exposure amount and required amount of capital and reserve funds on a full or pro-rata consolidated basis is separately calculated and then added to the consolidated required amount of capital and reserve funds of the relevant reporting bank or controlling company, provided that-
  - (A) subject to such conditions as may be specified in writing by the Registrar, any relevant deductions from capital and reserve funds prescribed by the relevant supervisory authority of the entity that is subject to the aggregation technique shall be deducted from the bank or controlling company's consolidated capital base;
  - (B) subject to the relevant directives specified in subregulation (19) for the completion of columns 6 to 11 of items 19 to 31 of the form BA 600, in the case of a particular entity or component of the business of a particular entity that is subject to the aggregation method, the required risk-weighted exposure amount and required amount of capital and reserve funds in respect of the relevant entity or component of business shall in the case of-
    - (i) a regulated entity be calculated in accordance with the rules and regulations of the relevant supervisory authority the rules and regulations of which are deemed by the Registrar to be equivalent to the provisions contained in the Act and in these Regulations, that is, when the rules and regulations of the relevant supervisory authority are deemed by the Registrar to be equivalent to the provisions contained in the Act and in these Regulations the same amount of required risk-weighted exposure and required capital and reserve funds in respect of the relevant entity shall apply in respect of the consolidation and solo supervision of the said entity;
    - (ii) any credit risk exposure, market risk exposure, operational risk exposure or any other relevant exposure of an unregulated entity or activity be determined in accordance with the relevant requirements specified in these Regulations;



- (C) in order to calculate the relevant risk-weighted exposure amount of the relevant entity or component of the business the bank or controlling company shall multiply the relevant required amount of capital and reserve funds-
  - (i) in the case of a regulated entity with the inverse of the relevant minimum capital adequacy ratio prescribed by the relevant supervisory authority provided that the bank or controlling company shall in the calculation of the risk-weighted exposure of a subsidiary that obtained the approval of its supervisor to use its internal model to calculate a capital requirement in respect of its trading activities duly take into account any multiplication or plus factors specified by the relevant supervisor;
  - (ii) in the case of an unregulated entity with the inverse of the relevant minimum required capital adequacy ratio prescribed or specified in writing for the relevant bank or controlling company;
- (iii) relates to a technique to incorporate into the consolidated risk exposure or consolidated capital and reserve funds any relevant required amount of risk-weighted exposure or capital and reserve funds when full consolidation or pro-rata consolidation may not be appropriate in respect of a particular entity or part of an entity's business;
- (iv) shall be allowed by the Registrar only on prior written application and in exceptional cases when-
  - (A) certain risks or components of an entity's business is managed on such a decentralized basis that full or pro-rata consolidation is likely to provide misleading results; or
  - (B) the advantages of the separate calculation and subsequent inclusion of the relevant required amounts of risk weighted exposure and capital and reserve funds of the relevant entity, calculated in accordance with the relevant requirements specified in these Regulations or rules and regulations of another supervisor, outweigh the cost relating to the full or pro-rata consolidation of the relevant entity or component of business in accordance with the relevant requirements specified in Financial Reporting Standards or these Regulations.

(e) Deduction means-

- (i) the assets of a particular entity are not fully or pro-rata consolidated with the risk-weighted exposure amount of a bank or controlling company in accordance with the relevant requirements specified in these Regulations, and instead-
- (ii) as a minimum, the amounts specified below are deducted from the capital and reserve funds of the relevant reporting bank or controlling company.

In the case of-

(A) a majority owned or controlled entity-

- (i) the investment by the bank or controlling company in the equity or other regulatory capital instruments of the relevant entity;  
**plus**
- (ii) any shortfall in the capital requirement of the relevant entity, calculated in accordance with the rules and regulations of the relevant supervisor responsible for the supervision of the said entity,

(B) a significant minority owned or controlled bank, security firm or other financial entity, or other relevant entity, the investment by the bank or controlling company in the equity or other relevant capital instruments of the relevant entity.

(8) In addition to the form BA600, a bank or controlling company-

(a) shall furnish the Registrar with-

- (i) copies of all correspondence between such a bank or controlling company and a foreign supervisory authority that relates to matters that may or are likely to have a material impact on the supervisory duties of the Registrar in terms of the provisions of the Act or these Regulations;
- (ii) copies of all correspondence between a subsidiary of such a bank or controlling company or between the representative office of such a bank and a foreign supervisory authority that relates to matters that may or are likely to have a material impact on the supervisory duties of the Registrar in terms of the provisions of the Act or these Regulations;
- (iii) any material information which may or is likely to negatively affect the suitability of a major shareholder; or