



BA 300-series Diversification benefit

Presenter: Katherine Munsamy



BA 325 : Daily Returns

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

Internal models approach Position risk requirement	Line no.	Regulatory VaR amounts ^{1,2}			Incremental risk charge ^{1,7}	Internal VaR ³		Backtesting ⁴	
		VaR ²	VaR S (specific risk surcharge)	sVaR ² (stressed VaR)		VaR amount	VaR limit	Hypothetical	Actual
		1	2	3		4	5	6	7
Total VaR amounts ⁵ and incremental risk amount	24								
Interest rate risk	25								
Equity risk	26								
Foreign exchange risk, including gold	27								
Commodity risk	28								
Other	29								
→ Diversification benefit	30								
Memorandum items:									
Total VaR amount ^{5,6}	31								
Desk 1 ⁶	32								
Desk 2 ⁶	33								
Desk 3 ⁶	34								
Other desks ⁶	35								

1. Calculated in accordance with the relevant requirements specified in these Regulations.

2. Based on, amongst other things, a 99 per cent, one-tailed confidence interval, and a minimum holding period of ten trading days.

3. May be based on a confidence interval and/or minimum holding period that differs from the requirements specified in these Regulations.

4. Number of exceptions recorded during the previous 250 days.

5. May not be equal to the sum of individual requirements calculated in respect of the respective risk categories or trading desks due to, amongst others, diversification benefits.

6. Please separately submit in writing the relevant desk description and other relevant information.

7. Refer to regulation 20(9)(b)(i)(E)

BA 325 : Daily Returns

- Where **diversification benefit** (Line 30) is based on the *previous day's VaR amount* and the respective specified risk categories and/or trading.
- Absolute value



BA 340: Equity Risk in the Banking Book

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

IRB approach for credit risk PD/LGD approach Internal obligor grade ¹	Line no.	Internal rating: PD ratio			Exposure value		Risk weighted exposure ²	Capital requirement
		PD range		Average PD assigned to the obligor grade (%)		In respect of which the 1,5 scaling factor applies		
		Lower bound (%)	Upper bound (%)					
		1	2	3	4	5		
01	10	0.0001	0.0120					
02	11	0.0121	0.0170					
03	12	0.0171	0.0240					
04	13	0.0241	0.0340					
05	14	0.0341	0.0480					
06	15	0.0481	0.0670					
07	16	0.0671	0.0950					
08	17	0.0951	0.1350					
09	18	0.1351	0.1900					
10	19	0.1901	0.2690					
11	20	0.2691	0.3810					
12	21	0.3811	0.5380					
13	22	0.5381	0.7610					
14	23	0.7611	1.0760					
15	24	1.0761	1.5220					
16	25	1.5221	2.1530					
17	26	2.1531	3.0440					
18	27	3.0441	4.3050					
19	28	4.3051	6.0890					
20	29	6.0891	8.6110					
21	30	8.6111	12.1770					
22	31	12.1771	17.2220					
23	32	17.2221	24.3550					
24	33	24.3551	34.4430					
25	34	34.4431	99.9999					
Default	35	100.0000	100.0000					
Total (of items 10 to 35)	36							

1. In ascending order, based on exposure weighted average PD.
2. After the application of a scaling factor of 1.06.