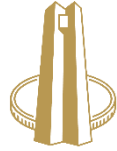


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SOUTH AFRICAN RESERVE BANK  
Prudential Authority

Ref.: 15/8/1/3

**To: All banks, branches of foreign institutions, controlling companies, eligible institutions and auditors of banks or controlling companies**

**Proposed directive issued in terms of section 6(6) of the Banks Act 94 of 1990**

**Completion of regulatory return relating to credit risk form BA 200 in terms of regulation 23 of the Regulations relating to Banks**

### **Executive summary**

**The proposed amendments to the Regulations relating to Banks (Regulations) provide the Prudential Authority (PA) with enabling provisions to specify instructions or requirements to complete the form BA 200.**

**The purpose of this proposed directive is to (i) direct banks, controlling companies and branches of foreign institutions (hereinafter collectively referred to as 'banks') in respect of specified matters regarding the completion and submission of the form BA 200 relating to credit risk; and (ii) ensure consistency in terms of credit risk reporting across banks by providing specific instructions for the completion of the form BA 200.**

#### **1. Introduction**

- 1.1 Notwithstanding previous amendments to the Regulations issued and implemented, the most recent set of proposed amendments to the Regulations incorporates the revised requirements to the standardised approach for credit risk and the internal ratings-based (IRB) approaches for credit risk, amongst others.
- 1.2 Regulation 23 of the Regulations sets out the regulatory minimum requirements for a bank that adopted the standardised approach or IRB approaches for the calculation of its required amount of capital and reserve funds in respect of credit risk. Furthermore, regulation 23(23) of the proposed amendments to the Regulations provides the PA with enabling provisions to specify instructions or requirements to complete the form BA 200.
- 1.3 As part of the PA's supervisory process and in line with the respective requirements specified in regulations 4 and 7 of the Regulations, banks are required to complete and submit the form BA 200 relating to credit risk on a monthly basis.
- 1.4 The purpose of the form BA 200 is to obtain selected information in respect of, amongst others, an overview of the reporting bank's exposure to and capital requirement in respect of credit risk; a detailed analysis of the reporting bank's exposure to credit risk, including on- and off-balance sheet exposures and information in respect of key credit risk parameters, counterparty credit risk and credit impairments; analysis of other assets, past due exposures and capital

requirements. In the case of a bank that adopted the IRB approach for credit risk, the purpose of the form BA 200 is to further provide an analysis of IRB parameters and expected loss; and information relating to the capital requirement in respect of specialised lending, which is subject to specified risk weights and specified risk grades.

## **2. Proposed directive**

- 2.1 Based on the aforesaid and in accordance with the provisions of section 6(6) of the Banks Act, 1990, banks that adopted the standardised approach or IRB approaches for the calculation of its required amount of capital and reserve funds in respect of credit risk, are hereby directed as follows:
- 2.1.1 To comply with the respective directives and interpretations specified in regulation 23 of the Regulations for the completion of the monthly form BA 200 concerning credit risk.
- 2.1.2 In accordance with the provisions of regulation 23(3) of the Regulations, banks must complete and submit the form BA 200, as set out in Annexure A.
- 2.1.3 In accordance with regulation 23(3) of the Regulations, banks are required to follow the instructions for the completion of the form BA 200, as set out in Annexure B.
- 2.1.4 Banks must submit the credit risk form BA 200 in accordance with the requirements specified in regulations 4 and 7 of the Regulations.

## **3. Invitation for comment**

- 3.1 Banks, controlling companies, branches of foreign institutions and other interested persons are hereby invited to submit their comments in respect of this proposed directive to: [SARB-PA@resbank.co.za](mailto:SARB-PA@resbank.co.za) and to [RSD-CreditRisk@resbank.co.za](mailto:RSD-CreditRisk@resbank.co.za), for the attention of Ms Rize-Mari van Zyl, by no later than 4 August 2023.
- 3.2 All comments may be published on the website of the PA, unless a respondent specifically requests confidential treatment.

Fundi Tshazibana  
**Chief Executive Officer**

Date:

Encl. 2