

**Directive in terms of Section 6(6) of the Banks Act 1990 –
The application of capital floors**

The calculation of capital floors

1. Purpose

The purpose of this directive is to provide a framework for the calculation of the capital floor introduced under the transitional arrangements as envisaged under the *International Convergence of Capital Measurement and Capital Standards, A Revised Framework* (Basel II) issued in June 2006.

Name of Bank:

Date:

	Amount R'000	RWA %	RWA	Capital at 10%	Other notes
Total assets as per BA 100					
Adjustment: set-off					1
Less:					
- balances to cash, SARB and govt bonds/sovereigns		0%	0		
- balances in respect of cash management schemes		0%	0		
- deferred tax not arising from assessed losses		0%	0		
- balances with cash pledges		0%	0		
- balances to group banks		0%	0		
- balances in relation to trading book (not risk weighted on DI100)		0%	0		
- balances to public institutions		10%	0		
- balances to banks		20%	0		
- balances in respect of residential mortgages (<80% LTV)		50%	0		
- securitised assets					2
- other classifications (including net reclassifications)		0%	0		
		10%	0		
		20%	0		
		50%	0		
		150%	0		
- balances remaining at 100%	0	100%	0		
- large exposures (>25% of capital)		1000%	0		
- counterparty risk banking book			0		
Total on-balance sheet			0		
Plus: off-balance sheet					
- indemnities & guarantees		10%	0		
- indemnities & guarantees		20%	0		
- indemnities & guarantees		50%	0		
- indemnities & guarantees		100%	0		
- committed facilities		5%	0		
- committed facilities		10%	0		
- committed facilities		20%	0		
- committed facilities		50%	0		
- committed facilities		100%	0		
- letters of credit		5%	0		
- letters of credit		10%	0		
- letters of credit		20%	0		
- net open currency positions per (old) regulation 33(5)		100%	0		
- contracted capital expenditure		20%	0		
- underwriting exposures		50%	0		
- credit derivatives		10%	0		
- credit derivatives		100%	0		
- other contingent liabilities		20%	0		
- other contingent liabilities		50%	0		
- other contingent liabilities		100%	0		
Total off-balance sheet			0		
Total on-balance sheet plus off-balance sheet			0	0	
Plus: trading book capital requirements					
- base requirement					
- counterparty risk					
- position risk					
- large exposure requirement					
Total capital requirement (@10%) based on the prescriptions of the Regulations relating to banks as published in the previous Regulations relating to banks				0	para 46
Plus					
- Impairments against primary and secondary capital in terms of previous Regulations relating to banks					para 46
Less					
- General provisions qualifying as capital					para 46
Calculated amount per para 46				0	
Floor percentage				95%	
Capital floor					0

Name of Bank:

Date:

Compared to

Capital required per BA700 (line 11, column 6)

0 para 47

Less

- Difference between total provisions and EL recognised as capital per BA 700 (line 75, column 1)

0 para 47

Plus

- Deductions against primary and secondary capital per BA 700 (line 14, column 4)

0 para 47

0

Additional requirement due to capital floors

0

General Notes

- Please refer to the conditions as per the directive

Additional Notes

1. Instances where IFRS netting is different from regulation 13 (reg 12 in the previous Regulations) set-off.
2. Covering instances where IRFS does not permit securitised assets to be derecognised even though in compliance with the exemption notice.