**Form BA400 return**

**General**

* The BA400 returns requires collected data on three panels: balance sheet and other items (panel A), income statement (panel B) and operational risk losses (panel C). Panel D presents calculations for each of the main standardised approach components and panel E, presents the calculations of Operational risk capital.
* All Banks are required to populate panel A to C. In the case where information is not available, a corresponding cell should be left blank
* Under bank’s information, all banks are required to populate and select relevant information which is applicable to their organisation.
* Only banks designated as D-SIBS, and meet the PA’s requirements for use of ILM, will be allowed use of ILM. All banks shall comply with all exclusions as defined in the relevant regulatory instrument.
* The BA400 return must be reported on Bank Solo, Bank Consolidated and Controlling Company Consolidated for all entities which are consolidated by the bank for risk-based regulatory purposes. This will be reported bi-annually, as at financial year-end and corresponding half year.
* Data must be reported using the reporting currency and reporting unit set in the template as of the end of the reporting period set in the template.
* For corresponding half year reporting, a 12-month rolling method will be applied for the current period under review. This excludes Panel A (Balance sheet and other items) which will reflect position as at end of corresponding half year.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *@corresponding half-year example Financial Half Year 2021 reporting period* | | | | | | |
| **Period** | **Financial Year End 2012** | **…** | **Financial Year End 2019** | **Financial Year End 2020** | **Corresponding Half Year 2021** | |
| 12-month rollup | **2012** | **…** | **2019** | **2020** | **2020** | **2021** |
| **12 months** | **…** | **12 months** | **12 months** | **7 to 12 months** | **1 to 6 months** |
| Financial Year to Date | … | Financial Year to Date | Financial Year to Date | H2 of prior Financial Year | H1 of current Financial Year |

**Panel A: Balance sheet and other items**

* Panel A collects information on specific items of the balance sheet.

| **Row No** | **Column No.** | **Heading** | **Description** | **Mapping** | **Comments** |
| --- | --- | --- | --- | --- | --- |
| 1 | 8-10 | Total assets | Total Assets | BA 100 Line 54 |  |
| 2 | 8-10 | of which: interest-earning assets (including lease assets) | Total gross outstanding loans, advances, interest bearing securities (including government bonds), and lease assets measured at the end of each financial year | BA100 Line 4, 5  BA100 Line 6, 7, 12  BA 100 Line 30, 31, 37, 38 | Line 6, 7, 12 are fully inclusive. Lines 30, 31, 37, 38 must only include sub-items that are interest earning.  Interest earning cash balances must be included e.g., sub items of Lines 4, 5. |

**Panel B: Income statement**

* Panel B collects information on specific items of the income statement.

| **Row No** | **Column No.** | **Heading** | **Description** | **Mapping** | **Comments** |
| --- | --- | --- | --- | --- | --- |
| 4 | 8-10 | Gross Income | These items are formula driven in the BA400 return | Reconcile to the BA120 line 65 |  |
| 5 | 8-10 | Interest income | Interest income from all financial assets and other interest income (includes interest income from financial and operating leases and profits from leased assets) | BA 120 Line 1 |  |
| 6 | 8-10 | of which: interest-earning assets (including lease assets) |  |  |  |
| 7 | 8-10 | Interest expenses of which: | Interest expenses from all financial liabilities and other interest expenses (includes interest expense from financial and operating leases, losses, depreciation, and impairment of operating leased assets) | BA 120 Line 16 |  |
| 8 | 8-10 | Expenses from financial and operational lease |  |  |  |
| 9 | 8-10 | Absolute value of net interest income (including financial and operational lease) | These items are formula driven in the BA400 return |  |  |
| 10 | 8-10 | Dividend income | Dividend income from investments in stocks and funds not consolidated in the bank’s financial statements, including dividend income from non-consolidated subsidiaries, associates, and joint ventures. | BA 120 Line 46 | Adjust for Insurance Business (Insurance Brokerage/ commission as part of banking business is included) |
| 11 | 8-10 | Fee and commission income | Income received from providing advice and services. Includes income received by the bank as an outsourcer of financial services | BA 120 Line 29 | Adjust for Insurance Business (Insurance Brokerage/ commission as part of banking business is included) |
| 12 | 8-10 | Fee and commission expenses | Expenses paid for receiving advice and services. Includes outsourcing fees paid by the bank for the supply of financial services, but not outsourcing fees paid for the supply of non-financial services (e.g., logistical, IT, human resources) | BA 120 Line 36 | Adjust for Insurance Business (Insurance Brokerage/ commission as part of banking business is included) |
| 13 | 8-10 | Net profit (loss) on financial operations (trading book) | • Net profit/loss on trading assets and trading liabilities (derivatives, debt securities, equity securities, loans and advances, short positions, other assets, and liabilities)  • Net profit/loss from hedge accounting  • Net profit/loss from exchange differences | BA 120 Line 49 | Split of banking and trading only available for Bank Solo. Consolidated and Group splits to be investigated. |
| 14 | 8-10 | Net profit (loss) on financial operations (non-trading book) | • Net profit/loss on financial assets and liabilities measured at fair value through profit and loss  • Realised gains/losses on financial assets and liabilities not measured at fair value through profit and loss (loans and advances, assets available for sale, assets held to maturity, financial liabilities measured at amortised cost)  • Net profit/loss from hedge accounting  • Net profit/loss from exchange differences | BA 120 Line 49, 56 | Split of banking and trading only available for Bank Solo. Consolidated and Group splits to be investigated.  Banks to consider inclusion of items in BA120 Line 56.  If Line 56 is included, then exclude line 58 (Insurance business)  If line 56 is included then exclude Line 60 (Per guideline excluded - Impairment/reversal of impairment (e.g., on financial assets, non-financial assets, investments in subsidiaries, joint ventures, and associates). |
| 15 | 8-10 | Other operating income | Income from ordinary banking operations not included in other BI items but of similar nature (income from operating leases should be excluded) | BA 120 Line 61 | Line 63 "Other" will have to analysed for underlying GL items that require inclusion.  From line 63 remove all items related to Insurance. |
| 16 | 8-10 | Net adjustments to gross income |  |  |  |
| 17 | 8-10 | Other operating expenses | Expenses and losses from ordinary banking operations not included in other BI items but of similar nature and from operational loss events (expenses from operating leases should be excluded) | BA 120 Line 72, 76 | Line 76 "Other" will have to be analysed for underlying GL items.  All items related to Operational Risk provisions and losses must be included.  Expenses relating to operational leases must be excluded.  Depreciation/amortisation of tangible and intangible assets must be excluded.  All administrative expenses must be excluded.  Selling expenses must be included e.g., donations, entertainment (client), Membership and subscriptions, research, and development. |

The following P&L items do not contribute to any of the items of the BI:

* Income and expenses from insurance or reinsurance businesses
* Premiums paid and reimbursements/payments received from insurance or reinsurance policies purchased
* Administrative expenses, including staff expenses, outsourcing fees paid for the supply of nonfinancial services (e.g., logistical, IT, human resources), and other administrative expenses (e.g., IT, utilities, telephone, travel, office supplies, postage)
* Recovery of administrative expenses including recovery of payments on behalf of customers (e.g., taxes debited to customers)
* Expenses of premises and fixed assets (except when these expenses result from operational loss events) 136 Basel III: Finalising post-crisis reforms
* Depreciation/amortisation of tangible and intangible assets (except depreciation related to operating lease assets, which should be included in financial and operating lease expenses)
* Provisions/reversal of provisions (e.g., on pensions, commitments and guarantees given) except for provisions related to operational loss events
* Expenses due to share capital repayable on demand
* Impairment/reversal of impairment (e.g., on financial assets, non-financial assets, investments in subsidiaries, joint ventures, and associates)
* Changes in goodwill recognised in profit or loss
* Corporate income tax (tax based on profits including current tax and deferred).

**Panel C: Operational risk losses**

* Panel C collects aggregated data on the number and amount of operational losses for the bank per the following criteria in columns D to M:

Scope of losses to be reported:

1. All losses with an accounting or recognition date within the 10-year window.
2. The total net loss amount (gross less recoveries), for each individual loss, must be ≥ ZAR350k across the 10 year period.
3. Rapidly recovered amounts to be discounted from the gross and recovery amount prior to calculating the net loss.
4. Inclusion of all gross losses reportable as per the definition of gross loss requirements
5. Inclusion of all recoveries reportable as pre the definition of recoveries
6. Credit boundary events to be excluded, only pure direct operational losses (including Market risk boundary losses) to be included.

| **Row No** | **Column No** | **Heading** | **Description** |
| --- | --- | --- | --- |
| 18 | 1-10 | Total amount of gross losses | Sum of all impacts with an accounting date per the respective year, less rapidly recovered amount |
| 19 | 1-10 | Total amount of loss recoveries | Sum of all recoveries with an accounting date per the respective year, less rapidly recovered amount |
| 20 | 1-10 | of which: insurance recoveries | Sum off recoveries received via Insurance, with an accounting date per the respective year, less rapidly recovered amount |
| 22 | 1-10 | Total amount of net losses | These items are formula driven in the BA400 return |
| 23 | 1-10 | Number of loss events contributing to total gross losses | Number of loss events, with a gross impact in the respective year (Note: if an event contains impacts across multiple years, then event count would be “1” for each respective year with an impact |
| 25 | 1-10 | Number of loss events in the ten-year window | Unique count of events, across the entire 10 year period |
| 28 | 1-10 | Total amount of net losses qualifying for exclusion (per supervisory approval) | It is proposed that losses only be excluded from the loss component after being included in a bank’s operational risk loss database for a minimum period of 3 years.  A request for loss exclusions will only be considered should the individual excluded loss event be greater than 5% of the bank’s average net losses. The banks will need to approach the PA for approval. |
| 29 | 1-10 | Total net losses after exclusion of qualifying losses | These items are formula driven in the BA400 return |
| 30 | 1-10 | Number of loss events qualifying for exclusion in the ten-year window (per supervisory approval) | It is proposed that losses only be excluded from the loss component after being included in a bank’s operational risk loss database for a minimum period of 3 years.  A request for loss exclusions will only be considered should the individual excluded loss event be greater than 5% of the bank’s average net losses. The banks will need to approach the PA for approval. |

| **Row No** | **Column No** | **Heading** | **Description** |
| --- | --- | --- | --- |
| 33 | 10 | Total amount of gross losses | These items are formula driven in the BA400 return |
| 34 | 10 | Total amount of loss recoveries | These items are formula driven in the BA400 return |
| 35 | 10 | of which: insurance recoveries | These items are formula driven in the BA400 return |
| 36 | 10 | Total amount of net losses | These items are formula driven in the BA400 return |
| 37 | 10 | Number of loss events contributing to total gross losses | These items are formula driven in the BA400 return |
| 38 | 10 | Total amount of net losses qualifying for exclusion (per supervisory approval) | These items are formula driven in the BA400 return |
| 39 | 10 | Total net losses after exclusion of qualifying losses | These items are formula driven in the BA400 return |

**Panel D: Standardized approach components**

* Panel D calculates the main components of the standardized approach and considers the treatment of losses per national discretion.

| **Row No** | **Column No** | **Heading** | **Description** |
| --- | --- | --- | --- |
| 40 | 10 | Interest, leases, and dividend component (ILDC) | These items are formula driven in the BA400 return |
| 41 | 10 | Services component (SC) | These items are formula driven in the BA400 return |
| 42 | 10 | Financial Component (FC) | These items are formula driven in the BA400 return |
| 43 | 10 | Business Indicator (BI) | These items are formula driven in the BA400 return |
| 44 | 10 | Bucket | These items are formula driven in the BA400 return |
| 45 | 10 | BI Component (BIC) | These items are formula driven in the BA400 return |
| 46 | 10 | BI gross of excluded divested activities (per supervisory approval) | It Is proposed that banks apply to the PA for approval to exclude divested activities from the BI. In addition, banks should report the revised OR RWAs in the first update of total RWAs post-exclusion in line with the next submission of the return. |
| 47 | 10 | Reduction in BI due to excluded divested activities | These items are formula driven in the BA400 return |
| 48 | 10 | Loss Component (LC) | These items are formula driven in the BA400 return |
| 49 | 10 | Internal Loss Multiplier (ILM) | These items are formula driven in the BA400 return |

**Panel E: Operational risk capital**

* Panel E collects information on operational risk-weighted assets and capital calculated using ILM equals to 1 and actual ILM (e.g., if the bank has been permitted to use ILM), line no 43 to 46 will be calculated. In a case where a bank is not permitted to use the ILM, then line 43 and line 45 must be set to zero).

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| --- | --- | --- | --- |
| **Row No** | **Column No** | **Heading** | **Description** |
| 50 | 10 | Operational Risk Capital | These items are formula driven in the BA400 return |
| 51 | 10 | With ILM set to 1 | These items are formula driven in the BA400 return |
| 52 | 10 | Operational Risk Weighted Assets | These items are formula driven in the BA400 return |
| 53 | 10 | With ILM set to 1 | These items are formula driven in the BA400 return |