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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Risk** | **Line** | **Column** | | **Line Description** | **Comment** | | | **PA’s Comments** |
| **Form BA 600 (NEW)** | | | | | | | | |
| Capital | 24 - 36 | | 25 | Total  (col. 20+21-22-23) | | Numbering error resulting to incorrect formulae - it should read as 21+22-23-24 | Referencing error corrected. | |
| Capital | 34 | | 16 - 18 | Total (of items 26 to 32, less item 33) 4 | | Formatting error (merged cells) - unable to link formulae to specific cell or column. | No cells are meant to be merged on the BA600. Greyed-out cells may appear as though the cells are merged but that is not the case. | |
| Capital | 36 | | 16 - 18 | Group total (item 34 plus 35) | | Formatting error (merged cells) - unable to link formulae to specific cell or column. | No cells are meant to be merged on the BA600. Greyed-out cells may appear as though the cells are merged but that is not the case. | |
| Concentration risk | 56 | | 1 - 8 | Group concentration risk / large exposure ¹ | | Total and Specify items are merged - This should be on the separate rows to allow the breakdowns and formulae to work. | Noted. The new solution will enable the bank to submit each specify/breakdown of the total. | |
| Capital | 2 | | 4 | Equivalent risk weighted exposure: approved amount of surplus capital in insurance entities. | | Per current regulations Line 2 in the form is: Equivalent risk weighted exposure: approved amount of surplus capital in insurance entities.  Please confirm if this no longer applicable with regards to the new form. | Correct. The cell is no longer applicable on the current BA600. | |
| Capital | 2 | | 4 | Additional risk weighted exposure specified by the Authority | | Suggestion:  - Additional risk weighted exposure specified by the Authority9 (item 36, column 18)  - Footnote to be included under table.  9. Relates to items such as capital floors, add-ons to risk weighted exposure, etc. | The subsequent table (covering items 24 to 36) contains the same or similar foot note, and the inclusion thereof is tantamount to duplication. The PA will instead include a validation rule to achieve the recommendation. | |
| Capital | 3 | | Directives for completion | Description per the instructions per document Annexure B.  Aggregate risk weighted exposure for purposes of the Output Floor (Output Floor)  This item shall reflect any approved adjustment made to the consolidated qualifying amount of capital and reserve funds of the relevant reporting bank or controlling company, provided that when requested by the Authority the said bank or controlling company shall in writing submit to the Authority an analysis of the said amount. | | The description provided does not align to Line 3 which refers to: Total group risk weighted exposure before application of the floor (total of items 1 and 2). | The item reference and description on the directives for completion document updated to ensure that a correct description references the correct line item on the BA600. | |
| Capital | 3 | | 4 | Total group risk weighted exposure before application of the floor. | | As per the Line description given, we assume it should be, Total group risk weighted exposure before application of the output floor. | Correct. The items shall be Total group risk weighted exposure before application of the output floor. | |
| Capital | 4 | | Directives for completion | Description per the instructions per document Annexure B. | | No description is provided for Output floor impact | Output Floor impact is the difference between aggregate risk weighted exposure before application of the output floor and total aggregate risk weighted exposure after application of the output floor. | |
| Capital | 6 | | 1 - 2 | General | | Column 1 and 2 we assume this should not be shaded | Correct. Columns 1 and 2 of line item 6 were updated per the recommendation. | |
| Capital | 24-36 | | 15 | Directives for completion reads “This column shall reflect aggregate risk weighted exposures determined by applying only standardised approaches. Such risk weighted exposures are to be considered in the determination of the output floor”. | | This directive should refer to column 16 instead of column 15. | Correct reference included. Reference in respect of Non-Modelling Approaches amended to the appropriate column of reference. | |
| Capital | 16 | | Footnote 7 | Footnote 7 - Item 16, columns 1, 2 and 4 shall be equal to items 96, columns 4, 5 and 6 respectively of the relevant consolidated form BA 700. | | The reference to the BA700: should this not reference, items 96, columns 1, 2 and 3 respectively of the relevant consolidated form BA 700. | The footnote was revised to reflect the correct reference to the form BA700. | |
| Capital | 34 | | Footnote 4 | Footnote 4 - Item 34 columns 6 to 13 shall be equal to item 6 columns 1 to 7 of the form BA 700. | | There seems to be a misalignment regarding the BA600 and BA700 form, item 34 columns 6 to 13 of the BA600 is Total group risk weighted exposure before application of the floor, however item 6 columns 1 to 7 of the form BA 700 is after taking into account the output floor. | The footnote was revised to reflect the correct reference to the form BA700. | |
| Capital | 24; 25 & 34 | | Directives for completion | Reference to Registrar instead of Authority. | | Consider replacing the work Registrar with Authority | Wording revised per the recommendation. | |
| Capital | 24 – 32 | | 15 | Non-Modelling Approaches:  This column shall reflect aggregate risk weighted exposures determined by applying only standardised approaches. Such risk weighted exposures are to be considered in the determination of the output floor. | | Column 15 Total (col. 13 - 14), should the description reference all approaches and not only the standardised approaches, as Column 13 total encompasses all approaches. Column 16 also refers to total standardised approaches. | The description applies for Non-Modelling Approaches (column 16) and reference to column 15 was an error. | |
| Capital | 24 – 32 | | 16 - 17 | Column16: Non modelling approaches  Column 17: Output floor impact | | Further guidance requested on the calculation of these at the entity levels. Will these apply to only the registered banks only. Will the RWA for the non-modelling approaches be reported in underlying risk returns. | The output floor will be calibrated at every tier of consolidation and guidance on reporting is contained on the BA610 and the BA700. Output floor is calculated at an aggregate risk level and there is currently no provision made for the calculation of non-modelling approaches in the underlying risk returns. | |
| Liquidity | 62-66 | | ALL | LCR and NSFR | | The LCR and NSFR aggregations are only applicable to banking entities and accordingly, lines 63 to 65 are not applicable in the context of the required disclosure.  Furthermore, unlike the group capital adequacy section, there is no eliminations line to cater for the elimination of intragroup assets and liabilities within the NSFR.  Accordingly, we request that line items 63 to 65 be removed and be replaced with a single “Eliminations” line item. | Noted. No amendments made. Line items might be needed in the future. | |
| General | 24 - 36 | | 17 | Output floor  Floored RWA | | Will a formula be provided (similar to the BA700)?  The design of column 17 also suggests the calculation for the floor impact is at a total risk type of level, rather per risk type. Please confirm. | The Umoja team will share validations and calculations relating to the returns with industry. Output floor will be calculated only at an aggregate risk level. | |
| Capital | 34 | | Directives for completion | This item shall reflect-   1. in column 14 the relevant equivalent amount of risk weighted exposure relating to any additional required amount of capital and reserve funds in respect of a group large exposure reported in items 49 to 55; | | Is refer to col 14, correct? | The reference was incorrect. The PA has amended the instructions to reflect the correct reference. | |
| Capital | 15 | | Directives for completion | This column shall reflect aggregate risk weighted exposures determined by applying only standardised approaches. Such risk weighted exposures are to be considered in the determination of the output floor. | | Should this reference column 16 instead of 15? | The reference was incorrect. The PA has amended the instructions to reflect the correct reference. | |
| Capital | 18 | | Directives for completion | This column shall reflect the relevant equivalent amount of risk weighted exposure relating to any additional required amount of capital and reserve funds specified by the Authority or a relevant host supervisor, provided that in addition to the aforementioned required amount the reporting bank or controlling company, as the case may be, shall report in item 35 any further required amount of capital and reserve funds in respect of large exposures, calculated in items 54 and 55 of the form BA 600. | | Are the references in red, correct? | The reference was incorrect. The PA has amended the instructions to reflect the correct reference. | |
| Capital | 1 - 16 | | All | General | | Is this table required given that the information is also contained within the BA 700 and where there are additional lines/details included within the BA 600, these can be included in the BA 700 instead? | The PA is consulting on the proposed changes to the form BA600, and any recommendation relating to existing tables, lines and columns unrelated to Basel III post-crisis reforms, will be noted and considered post the implementation of final Basel III reforms. | |
| Capital | 1 | | 04 | Total risk adjusted exposure (item 36, column 13) | | This provides for all risk-weighted exposure, irrespective of whether it is a modelling approach or non-modelling approach. Would it not assist to have this information split out in "of which: …" lines? | The design of the template is in line with Basel text, that is the Output Floor shall be the higher of (i) the total RWAs calculated using all approaches which the Bank has supervisory approval to use (including IM approaches); or (ii) 72.5% of RWAs calculated using only standardised approaches. | |
| Capital | 2 | | 04 | Additional risk weighted exposure specified by the Authority | | Would it not assist from a reconciliation perspective within the return to indicate after the "Additional risk weighted exposure specified by the Authority" that this reconciles to line item 36, column 18 of the BA 600, similar to the information on line 1? | A provision was made for that in the validation rules and calculations in respect of the form BA600. | |
| Capital | 04 | | 04 | Output Floor Impact (item 36, col 17 minus col 18) | | Is there an expectation that this number should reconcile to the difference between line item 36, column 19 and line item 36, column 20 OR is it mean to equal line item 36, column 17 of the BA 600? | Output Floor impact is the difference between aggregate risk weighted exposure before application of the output floor and total aggregate risk weighted exposure after application of the output floor. | |
| Capital | 06 | | 1 - 2 | Minimum required capital adequacy ratio | | Should these cells be greyed out as is proposed? If so, line 8 in columns 1 and 2 of the BA 600 will not calculate to the appropriate "Total adjusted minimum required capital adequacy ratio (total of items 6 and 7)" | Line 6 column 1 and 2 un-greyed. | |
| Capital | 15 - 16 | | 03 | Group Capital Adequacy – Tier 2 Capital Adequacy ratio | | Should these cells not be greyed out? | Correct. Tier 2 capital adequacy ratio is not explicitly calculated. The PA will be greying out the line per the proposal. | |
| Capital | 24 – 36 | | 14 | Eliminations | | It may be worthwhile including line item guidance in Annexure B that indicates that reporting in column 14 should equal to the total of the Eliminations lines (line items 25 and 33) on the BA 600 form for columns 6 through 12. | The PA has removed the relevant column. | |
| Capital | 24 - 36 | | 17 | Output Floor (Floored RWA) | | Should the whole Output Floor (Floored RWA) column excluding the "Group Total" on line 36 not be greyed out as the output floor is applied in aggregate at each reporting level. | The column for the output floor was greyed-out as the output floor is calculated at an aggregate level and not per risk or entity type. | |
| Capital | 24 - 36 | | 22 | Qualifying Capital – Oher instruments | | If one were to reconcile the Total in column 25 to the BA 700, based on the descriptions of columns 21-24, there would be a difference as there is no specific column whereby the general credit impairments included in Tier 2 can be included. It is worth considering whether the column 22 description should amend to "Other instruments issued and other qualifying capital and reserve funds" or an additional column should be included? | The scope of line 33 was amended to accommodate other adjustments. | |
| Intra-group exposures | 42 - 28 | | 6 - 8 | Intra-group exposures: prior period figures | | Are these columns required given that this information can be obtained if needed in performing period-on-period analysis, without it being included within the form BA 600? | The PA has removed the relevant columns. | |
| Large Exposures | 49 -55 | | 01 | Large Exposures | | What is still quite unclear is whether specific impairments are included in Gross Exposure - where the form BA 210 has a separate column for this after "Gross credit exposure pre CCF, specific credit impairments and CRM" the regs define on balance sheet exposure as “the relevant accounting value net of any relevant specific provision or value adjustment?”  So there is an apparent contradiction between the revised BA 210 line item guidance and Regs, and thereafter in the BA 600, it is slightly unclear  The fix may be needed in the Regs itself and the rest will follow thereafter. It would be useful to include a specific impairment column in the BA 600 form as well. | The form BA 600, columns 2 to 9 relate to the ‘original exposure’ of which the sum of columns 2 to 8 is calculated as the ‘gross credit exposure’. The instructions to the form BA 600, column 3 incorrectly states “after the application of any relevant specified credit conversion factor” instead of “before the application of any relevant specified credit conversion factor”. Therefore, the bank should report the off-balance sheet exposure before the application of any relevant specified credit conversion factor. The instructions have been amended as part of the revised form BA 600 with an implementation date of 1 July 2025. | |
| Large Exposures | 56 | | All | Large Exposures | | There is a seeming inconsistency between using gross credit exposure for the determination of the Top 20 and the use of adjusted credit exposure in respect of large exposures. We recommend that a single basis is used for the determination. | For reporting purposes, the bank should rank the 20 largest exposures based on the gross credit exposure. The “Credit concentration risk – large exposure to a person” tables need not be ranked as the bank must report all of its exposures that meet the definition of a large exposure | |
| Liquidity | 62 - 67 | | 07 | Net Cash outflows | | The column heading should be consistent with that per the BA 300 and BA 610 forms, reflected as "Net cash outflows (col 5 less the minimum of col 6 and 75% of col 5)" | Amended. | |
| Liquidity | 63- 65 | | All | LCR and NSFR | | Should these lines not be removed given that LCR and NSFR is not calculated or determined for entities that are not registered banks, and will therefore always be nil? | Noted. No amendments made. Line items might be needed in the future. | |
| Capital | 03 | | Directives for completion | Total group risk weighted exposure before application of the floor | | 1. The line item description differs to the return which is "Total group risk weighted exposure before application of the floor (total of items 1 and 2)"  2. The descriptions seems to be repeating a description of line item 13 and not line item 3. | Amended the wording on completion instruction to align with the return (BA600). | |
| Capital | 28 | | Directives for completion | Significant financial entities | | Proviso seems unnecessary given that non-significant entities (irrespective of whether it is financial or not) would be excluded from the line item by virtue of being non-significant. | The PA is consulting on the proposed changes to the form BA600, and any recommendation relating to existing tables, lines and columns unrelated to Basel III post-crisis reforms, will be noted and considered post the implementation of final Basel III reforms. | |
| Capital | 34 | | Directives for completion | Total | | (a) The Description references column 14 which is greyed out - is the meant to be column 18 instead?  (b) (i) The Description seemingly relates to lines which are to be populated as opposed to a "Total line"  The line item number also seems to be referring to 35 but has been noted as 34 | Correct reference included on the directives for completion document. | |
| Capital | 24 - 36 | | Footnote 4 | Table 2: Group Capital Adequacy Footnote 4 on Page 2 (relating to Line 34) | | Footnote references: “4. Item 34 columns 6 to 13 shall be equal to item 6 columns 1 to 7 of the form BA 700”.  Contained within the footnote is BA600 columns 6 to 13, however column 13 is a subtotal and including column 13 in the reference would result in double counting.  Recommendation  Footnote 4 should read:  “4. Item 34 columns 6 to 12 shall be equal to item 6 columns 1 to 7 of the form BA 700”. | The footnote has been revised. | |
| Capital | 33 | | 22 - 29 | Insurance exposures | | Columns 22 to 29 are greyed out. This limits the addition of the insurance deduction in column 24.  Proposed Directive issued in terms of section 6(6) of the Banks Act 94 of 1990 requires the equity of Insurance companies to be removed from Group Qualifying capital, however the BA 600 form does not cater for this as column 22 to 29 is greyed out.  Clarity  Clarity is requested on how to disclose the removal of insurance entities equity in the BA600 Group capital adequacy table. | Columns 22 to 29 un-greyed as recommended to allow for the inclusion of insurance exposures. Line 33 has been amended to cater for both eliminations and other adjustments, making room for the removal or deduction of insurance exposures. | |
| Capital | 24-36 | | 10 | Credit Valuation Adjustment | | BA600 - CVA has been included in column 10, to the right of Market Risk in column 9  Recommendation  To align the column order for CVA between the BA600/BA610 vs BA700 i.e. either after credit risk or market risk. | The recommendation is noted. The sequencing of data points is immaterial to the broader process of data collection. | |
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| **Form BA610** | | | | | | | | |
| Interest Rate Risk in the Banking Book | 387 - 406 | | 10 | Contractual/Behavioural Change in the economic value of equity:  Non-rate sensitive items | | Prior question raised that we would still require clarity on:  The EVE on the BA610 form contains a non-rate sensitive bucket. This is not the case for the BA330. In BASA discussions, the PA indicated that there is no non-rate sensitive column on the BA330 for EVE because non-rate items should be excluded from EVE calculations. Therefore, for the purposes of alignment, it would be consistent to remove the non-rate sensitive bucket for EVE from the BA610 template.  While the proposed directive states that we are required to align to regulation 37 of the Bank’s Act i.e. implement SA rules for the BA610, some of it is not practical hence the set of questions that we submitted earlier this year (January 2024). | Noted, non-rate sensitive time bucket under EVE section in the form BA610 has been removed.  The proposed BA610 reporting requirements shall be completed based on what applies to your respective foreign entity, any challenges concerning the IRRBB reporting requirements on the form BA610 shall formally be brought to the attention of the PA. | |
| Credit Risk | 203 | | ALL | D-SIB ² ҆ ⁴ or D-SIF ³ ҆ ⁴ : total (specify) | | For large exposure reporting reference is made of “D – SIF” exposures – can you clarify what these entities would be or the thresholds?  I recommend highlighting this as a point for further clarity. In the NAR jurisdictions, there is a lot of systemic risks with most financial institutions which varies from country to country hence further guidance is required to apply a consistently. | Footnote 3 specifies the following: Institution identified by the SA Reserve Bank as a domestic systemically important financial institution (D-SIFI) from time to time.  Footnote 4 specifies the following: Including all other subsidiaries within a group where an entity within the group has been designated as a D-SIB or a D-SIFI. | |
| Credit Risk | 189 | | ALL | Income producing real estate (residential and commercial) | | In Table E1 (Credit Risk), for Standardised Approach, for Corporate Exposures, Income producing real estate(residential and commercial) is a new line. Why is this new line not also reflected under the IRB approach under Table E3 for Corporate exposures as well? | Footnote 4 stipulates: "4. For banks reporting on the IRB approach for credit risk, Specialised lending shall be the sum of IPRE (commercial and residential), HVCRE, Object finance, Commodities finance and Project finance." IPRE is not a specialised lending asset class under the standardised approach framework for credit risk. | |
| Liquidity Risk | 235 | | ALL | On-balance sheet contractual mismatch (item 235 less item 238) | | In table F1, the line description should change to reflect "Item 233 less item 234" | Correct reference included. | |
| Liquidity Risk | 240 | | ALL | On-balance sheet BaU mismatch (item 242 less item 243) | | In table F1, the line description should change to reflect "Item 238 less item 239" | Correct reference included. | |
| Liquidity Risk | 245 | | ALL | On-balance sheet BaU mismatch (item 242 less item 243) | | In table F1, the line description should change to reflect "Item 243 less item 244" | Correct reference included. | |
| Liquidity Risk | 254 | | ALL | Total outflows (total of items 255 to 268) | | In table F2, the line description should change to reflect (total of items 255 to 258) | Correct reference included. | |
| Market Risk | 430 | | ALL | Risk-weighted exposure equivalent amount (item 374 multiplied by 12.5) ² | | In table G for Market Risk, the line description should change to reflect "Item 429 multiplied by 12.5)" | Correct reference included. | |
| Liquidity Risk | 267 - 303 | | ALL | Net stable funding ratio (3) (NSFR) | | Under Section F, Liquidity Risk, the table for Net stable funding ratio (3) (NSFR) should be labelled/assigned as "F3". | Noted. This becomes obsolete in the new PA solution. | |
| Interest Rate Risk in the Banking Book | ALL | | ALL | F3. INTEREST RATE RISK IN THE BANKING BOOK | | The sequence of the tables under the section for Interest Rate in the Banking book that refer to " Supervisory Outlier Test" should change in order for "Contractual Supervisory Outlier Test" to precede "Behavioural Supervisory Outlier" test. | Noted. This becomes obsolete in the new PA solution. | |
| Interest Rate Risk in the Banking Book | ALL | | ALL | F3. INTEREST RATE RISK IN THE BANKING BOOK | | This section labelled as F3 should change to "G" and the ten tables in this section should be labelled as G1 to G10. | Noted. This becomes obsolete in the new PA solution. | |
| General | ALL | | ALL | Market Risk, Equity Risk, Operational Risk, Credit Valuation Adjustment | | The sections for Market Risk, Equity Risk, Operational Risk, Credit Valuation Adjustment should be labelled as "H", "I", "J", "K", respectively following on from the comment for item 11. | Noted. This becomes obsolete in the new PA solution. | |
| Capital | 157 | | ALL | Aggregate risk weighted exposure for purposes of the Output Floor (Output Floor) | | Should the output floor not be calculated at a total level only. | Amended. Output floor calculated only at an aggregate risk level not at a risk type level. | |
| Capital | 176 | | ALL | Footnote 1: Home: item 162, column 8 multiplied by item 173, column 3. Host: item 164, column 8 multiplied by item 173, column 6. | | Footnote 1 refers to the total minimum requirement but column 1, 2 and 3 = CET1, Tier 1 and total. Similar comment to 4,5,6 | Footnote revised per the recommendation. | |
| Credit Risk | 185 - 202 | | 03 | Column description: Repurchase and Resale agreements | | There is a footnote on the BA200 form "Marked-to-market". Should this footnote be on the BA610 form as well? | Included the footnote to align to the form BA 200. | |
| Credit Risk | 203 | | ALL | D-SIB or D-SIF total | | If an exposure qualifies as a D-SIB since it is an exposure to a subsidiary of a D-SIB, and it qualifies for a 0% risk weight since it is an intragroup bank balance, should it be disclosed as part of D-SIB, or as part of exempt exposures? | 0% risk-weighted intragroup exposures should be reported under exempt exposures. | |
| Credit Risk | General | | General | Table E.2  Credit Risk | | Should columns 1 and 2 be reflecting average balances where applicable? | Correct, for reporting purposes in accordance to regulation 24 of the Regulations relating to Banks. | |
| Liquidity Risk | General | | General | Table F.2 and F.3  Liquidity and Interest rate risk in the banking book | | New metrics (Timelines and team capacity):  The three new metrics (NSFR, NII sensitivity and EVE sensitivity) that were previously only disclosed in a group context in the pillar 3 reporting instead of on a standalone context in the BA 610 has a significant impact on the regulatory reporting teams.  The materiality applied to the metrics in the context of group disclosure is very different to that required on a stand-alone basis using the entities’ respective materiality levels.  Consequently, banks will need to consider their ability to meet the current BD 20 timeline with existing capacity vs the need to source additional capacity.  This will also require significant planning for the parallel run process and due consideration of the timing of the parallel run process.  We request the PA to provide an adequate lead time of at least six months, once the changes to the form have been finalised. | The PA will follow an appropriate implementation process ahead of implementing the proposed forms BA600 and BA610. | |
| Interest Rate Risk in the Banking Book | General | | General | Table F.3 | | Existing metric (Granularity of reprice disclosure):  There is a significant increase in the granularity of the disclosure within the interest rate risk section, even without the introduction of new metrics, where the existing reprice, gap has changed from four to 40+ line items across an existing contractual and new behavioural section.  The increase in granularity requires a more onerous population process which in turn will require a more onerous control process to ensure accuracy within the BA 610 form itself at the lowest level of granularity. | The PA will follow an appropriate implementation process ahead of implementing the proposed forms BA600 and BA610. Furthermore, the proposed BA610 reporting requirements shall be completed based on what applies to your respective foreign entity, any challenges concerning the IRRBB reporting requirements on the form BA610 shall formally be brought to the attention of the PA. | |
| Liquidity Risk | General | | General | Table F.2  Host (Total)  Host (Weighted) | | Request for host information (LCR and NSFR)  There is not necessarily a read across between the line-item disclosure required for SA reporting vs that which is required for host reporting.  Accordingly, we request that only the host ratios, where applicable to that jurisdiction, be disclosed, rather than granular line-item disclosure. | Noted. All the information on the form are mandatory and should be populated. | |
| Market Risk | General | | General | Table G.  Market Risk - Footnote 1 | | The referenced regulations are incorrect, the internal models approach to be reported is in the FRTB Prudential Standard not in the regulations 28. | Correct reference included. | |
| Equity Risk in the Banking Book | General | | General | Section H | | Some clarity on why changes to Section H, which seems to be significant compared to the current return, has not been marked in red? | Noted. Going forward attachments to proposed directive will not be marked in red. | |
| Equity Risk in the Banking Book | General | | General | Section H  Footnote 3: Equity Risk in the Banking Book | | The risk weight phase-in mentions the “2024 calendar year”, however the implementation date for proposed directive is from 1 July 2025. Clarity is needed as to whether the reference to 2024 calendar year is correct, or if this should be updated to the 2025 calendar year (to align with 1 July 2025 implementation date)? | In alignment with Guidance Note 3 of 2023, Draft 2 of the Regulations has been amended to refer to 2024 and not 2023 and the specified risk weight to refer to 130% and 160% respectively and not 100%. The Regulations will be further updated to make provision for the 2025 implementation date- please refer to Draft 3 of the 5th set of proposed amendments to the Regulations relating to Banks for the updated phase-in period requirements. As such, the footnote has been revised accordingly. | |
| Equity Risk in the Banking Book | General | | General | Footnote 5: Equity Risk in the Banking Book | | a. Further clarity is sought on the transitional arrangements as it was not stipulated previously on the proposed equity risk amendments.  b. Additionally, how will this be practically applied? For example:  i. will the same equity risk exposures disclosed in table H.1 be disclosed under table H.2?  ii. is the risk weighted exposures calculated in table H.2 populated for disclosure purposes or will there be instances where they would be applied for capital adequacy purposes?  • If so, in what instances will the risk weighted exposure in H.2 be applied for capital adequacy purposes instead of the risk weighted exposures in H.1? | 1. Transitional arrangements   As referenced in the BCBS framework, the transitional arrangements in the context of equity risk in the banking book, refers to the phasing-in of the revised standardised approach risk weights and the phasing-out of the use of IRB approaches.  b. Practical application  i. The BCBS framework has implemented revised categorisations and risk weights for equity exposures under the standardised approach for credit risk (Table H1). No revisions have been implemented to the categorisations and risk weights for equity exposures applicable under the IRB approach (Table H2).  ii. During each year of the IRB phase-out period, banks must conduct a comparative assessment where the risk weight applied for equity exposures currently capitalised under the IRB approach, will be the greater of:  A. the current risk weight as calculated using the IRB approach that applied to such equity exposures prior to the effective implementation date; and  B. the risk weight set for the linear phase-in arrangement under the standardised approach for credit risk.  • As such, if the risk weight under point A above, is the greater of the two, such exposures will remain under their current IRB approach treatment, where they will be reported and capitalised under table H2. Where the risk weight under point B above is greater, such exposures will no longer be reported under the IRB approach section (table H2) and will be transitioned to the standardised approach for credit risk section (table H1), for reporting and capitalisation.  • It therefore follows, that at the end of the IRB phase-out period, all exposures that were reported under the IRB approach section (table H2) must have transitioned to the standardised approach for credit risk section (table H1) and no exposures will remain for reporting and capitalising under the IRB approach (i.e. table H2 shall be empty after the IRB phase-out period) | |
| Equity Risk in the Banking Book | 521 | | 2 | Equities - listed and unlisted: Equity Risk in the Banking Book | | a. Clarity is sought on what specifically qualifies under “equities listed and unlisted”, as opposed to speculative unlisted and other equities categories?  (There was an assumption, based on equity risk amendments, that these descriptions may fall away with the introduction of the “speculative unlisted equities” and “other equities” categories)  b. In addition, further clarity is required on the rational of the prescribed risk weight of 100%, which differs significantly from current risk weights as well as how the risk weights are applied to each category (i.e.,300% for listed equity instruments and 400% for unlisted equity instruments); or can this be related to “national legislated programmes”, taken from equity risk changes noted in “Basel III post cost crises reforms”, which prescribe a risk weight of 100%? | a. The table (table H1) has been amended to reflect all categorisations for equity exposures under the standardised approach, in alignment with Table 1 contained in Regulation 23(6)(j) of Draft 3 of the 5th set of proposed amendments to the Regulations relating to Banks.  b. Please refer to Table 1 contained in Regulation 23(6)(j) of Draft 3 of the 5th set of proposed amendments to the Regulations relating to Banks, which outlines the various categorisations of equity exposures, their associated risk weights and their application under the standardised approach. The risk weights applicable under the current IRB approach have not been amended in the BCBS framework and shall be used in the comparative assessment prescribed as part of the transitional arrangements during the phase-out of the IRB approach.  Furthermore, please refer to PA response previously provided for comment on legislated programmes during the industry consultative process for Draft 1: https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-documents-issued-for-consultation/2023/proposed-directive---proposed-amendments-to-regulations/Annex 4 Draft 1 credit risk comments matrix.pdf | |
| Operational Risk | 458 | | ALL | General | | Performing the operational risk capital calculation (using the Standardised approach) at a lower level of the organization e.g. (BA610 entities) can be sub-additive (e.g., sum of part can be smaller than the total) due to the calculation of capital using buckets. For example, the lower-level entities can all be in Bucket 1 whilst at an aggregated level it can include a Bucket 2. | Noted. The OR calculation must follow the proposed BA400 directive requirements.  The OR capital must be calculated at a bank solo, bank consolidated and controlling company consolidated level and thereafter re-allocated back to the lower-level organisation. | |
| Credit Risk | General | | N/A | General | | The BA200 form has "Income producing real estate (residential and commercial)". In the BA610 form, it is not a separate line. Where would the exposures that are mapped to “Income producing real estate (residential and commercial)” in the BA200 form, map into the BA610 form? | Footnote 4 on the IRB table stipulates: "4. For banks reporting on the IRB approach for credit risk, Specialised lending shall be the sum of IPRE (commercial and residential), HVCRE, Object finance, Commodities finance and Project finance." IPRE is not a specialised lending asset class under the standardised approach framework for credit risk, therefore it is listed as a separate asset class (separate line item) for reporting purposes. | |
| Liquidity Risk | General | | N/A | General | | We request that once the industry wide responses have been received and collated, that this be added to the next BASA IRRBB and Liquidity meetings for further discussion. | Noted. The forms BA 600 and BA 610 changes was mentioned in the Liquidity Risk Task Group at BASA from a liquidity risk perspective on 27 August 2024 and no questions or objections were raised. | |
| Capital | 157 – 162 | | 1-7 | Output Floor | | Should all cells other than the Total not be greyed out given how the output floor is determined on an aggregate basis? | Amended. Output floor calculated only at an aggregate risk level not at a risk type level. | |
| Capital | 157 | | ALL | Output Floor | | The description, though aligned to the BA 700, is slightly unclear. Is this meant to be the RWA in aggregate for output floor consideration or is it the add-on as it relates to the application of the output floor? | It is floored RWA or the Output floor, that is RWA after application of the transitional arrangements relating to the output floor. | |
| Capital | 159 | | 6 | Other risks | | Should the specific risk areas where threshold items may apply (for example, equity risk) be greyed out and as a result, included in "Other" resulting in some misalignment? | The PA is consulting on the proposed changes to the form BA610, and any recommendation relating to existing tables, lines and columns unrelated to Basel III post-crisis reforms, will be noted and considered post the implementation of final Basel III reforms. | |
| Capital | 175 | | 1-3 | Capital Adequacy | | Line-item guidance indicating how this line should be populated subsequent to the transitional arrangements may be useful to include. It would be useful to consider this in the BA 700 line item guidance as well. | Guidance on the calculation of Capital Adequacy ratio inclusive of the output floor has already been provided. | |
| Credit Risk | 186 - 204 | | ALL | Credit Risk | | Should the lines included per Table E.1 and Table E.3 not align with the lines per Table 2 and Table 17 of the form BA 200 to ensure easier consolidation (and audit) of the Group and Bank Consolidated BA 200? | The form BA610 has always been a condensed version of the main risk returns. To a large extent they do align, some items are just aggregated. | |
| Credit Risk | 186 - 204 | | ALL | Credit Risk | | It may be useful to include an "of which" line item underneath the total in respect of related persons which would make group reporting (and the audit thereof) for the BA 210 more streamlined. | Noted. The PA decided not to include such a line item. | |
| Liquidity Risk | 233 - 249 | | ALL | NSFR | | Given the introduction of the NSFR calculation into the BA 610 form, the "More than 3 months" time band may no longer be appropriate as the final time band. It would be more useful to align maturity buckets to the BA 300 up until one year with the last maturity bucket being "Greater than 1 year" and thereafter "non-contractual." | Amended. | |
| Liquidity Risk | 250 - 266 | | ALL | Liquidity Risk | | Given that the full NSFR and IRRBB tables have been included, it may make sense to also align the LCR lines to those included per the BA 300 form given that it is in the aggregation of lines where there have been errors, interpretive matters, and other items which have come to light in respect of LCR. | Noted. Most of the LCR line items will not be applicable. | |
| Liquidity Risk | 267 - 320 | | ALL | Liquidity Risk | | All other tables have been labelled with the Section and Table Number e.g. F2 however, the NSFR table has not been labelled as such. Consider aligning for consistency. | Noted. This becomes obsolete in the new PA solution. | |
| Interest Rate Risk in the Banking Book | 365 - 422 | | ALL | Interest Rate Risk in the Banking Book | | The table numbers have all been marked as F3 whereas for other sections within the BA 610 form, each table within a section is given a unique table number reference. Consider aligning for consistency. | Noted. This becomes obsolete in the new PA solution. | |
| Market Risk | 423 - 428 | | 5 - 6  9 - 10 | Market Risk | | The constituent lines to drive the total in line item 429 in these columns is greyed out.  These cells may need to allow for inputs or alternatively the description of the total as sum needs to be amended. | Only the total is to be reported. | |
| Market Risk | 429 | | ALL | Market Risk | | The lines to sum up to the total of 513 to 518 seem incorrect and should rather be 423 - 428. | Amended to include correct reference. | |
| Market Risk | 430 | | ALL | Market Risk | | The line references line 374 but should rather be item 429. | Correct reference included. | |
| Operational Risk | 438 | | ALL | Operational Risk | | The ILM section of the form seems to be excluded in respect of the BA 610 form. Will this be a problem at a Group BA 400 reporting level as different answers may then apply in respect of the BA 400 return (as opposed to a binary 0 or 1 response) in row 1, column 1 of the BA 400 form. | This will not be a problem as the ILM is only applicable to banks at a solo level. | |
| Capital | Directives for completion | | 15 | Referencing of the column | | Should this not refer to column 16 as opposed to column 15? | Amended to include correct reference. | |
| Capital | 160 | | ALL | Output Floor | | The BA 610 form references the transitional arrangements as it relates to the output floor but has seemingly been excluded from the BA 700 form - it may be worthwhile to align for consistency. | Noted, the PA will consider aligning the returns for consistency | |
| Operational Risk | General | | General | BA610, Table I Operational Risk:  “Regulation 37(3) - Unless specifically otherwise provided in this regulation 37 or specified in writing by the Authority, all the relevant directives and interpretations-  (a) relating to the completion on a solo basis of the respective risk-based returns by a bank in the Republic; or  (a) for the calculation on a solo basis of the relevant minimum required amount of capital and reserve funds of a bank in the Republic,  shall mutatis mutandis apply to the return to be completed in respect of any foreign operation of the said bank in the Republic or for calculating the relevant minimum required amount of capital and reserve funds to be held by the said foreign operation, provided that-...” | | Section I Operational Risk of the proposed BA610 (Annexure A to proposed directive reference 15/8//1/3) does not accommodate “completion” and “calculation” in a manner that is congruent with the implied “relevant directives and interpretations” (i.e. regulation 33 and latest complementary proposed directive and BA400).  It only solicits inputs pertaining to the business indicator component, thus suggesting subsection D’s capital and risk weighted assets without the implication of (where applicable) the loss component, loss multiplier floor, and/or capital add-on.  Recommendation  Redrafting of section I of the proposed BA610 required; alternatively, specific guideline/confirmation to be provided re the interpretation of the intent of proposed regulation 37. | The input pertains to BIC due to ILM being only applicable to banks at a solo level. | |
| Capital | General | | General | Sequencing and structural alignment.  BA610 D1. Capital Adequacy, column 5 CVA  BA700 Table 1 Capital Adequacy, column 3 CVA | | BA610 – CVA has been included in column 5, to the right of Market Risk in column 4  BA700 – CVA has been include in column 3, to the right of Credit Risk in column 2  Recommendation  To align the column order for CVA between the BA600/BA610 vs BA700 i.e. either after credit risk or market risk. | Noted, this does not impact on the data collected by the PA. | |
| Interest Rate Risk in the Banking Book | General | | General | BA 610 Section F3: Interest Rate Risk in the Banking Book | | 1. Proposed amendments to the BA 610 Section H: Interest Rate Risk in the Banking Book  Amendments have been proposed to the BA610 Interest Rate Risk in the Bank Book which significantly expands the current requirements to align with South Africa BA 330 return.  The IRRBB risk at an entity level is immaterial outside South Africa, to large Groups.  The expansion of the return to replicate the BA330 is therefore highly onerous for immaterial risk subsidiaries, and the effort is not commensurate with the risk exposure.  In addition, most African countries outside South Africa are still to transition to Basel 3 standards and therefore IRRBB requirements are not required in local markets and requires a significant effort to develop for only PA purposes.  Recommend a materiality threshold be included to ensure the effort is in line with the risk carried by Groups – would propose a materiality threshold of 10% of Group NII i.e. if a subsidiary contributes 10% or higher NII risk to Group under the 200bps parallel rate cut sensitivity, the amended return should be required on a quarterly basis.  We recognise this is sound risk management, where the risk is material, and therefore further recommend an extension to implementation timing to 1 July 2026, with a 6-month parallel run before go-live. At this stage, other competing regulatory implementation are placing significant pressure on internal resources. | The proposed BA610 reporting requirements shall be completed based on what applies to your respective foreign entity, any challenges concerning the IRRBB reporting requirements on the form BA610 shall formally be brought to the attention of the PA. The implementation date related to IRRBB in the form BA610 will be in line with all risk areas contained in the form BA610 which is 1 July 2025. It is not possible for IRRBB to have its own revised implementation date. | |
| Interest Rate Risk in the Banking Book | General | | General | BA 610 Section F3: Interest Rate Risk in the Banking Book | | Interest rate shock scenarios: Line numbers 365 to 386  The specified currency-specific interest rate shock scenarios relate to the G20 currencies. We request clarification on the shock scenarios that should be applied to other African currencies as these currencies will also be relevant to South African banking groups.  It would be supported if the ZAR shocks were required to be applied to other African currencies, until specific currency-level calibrations are undertaken by regulators. | For African operations utilise ZAR shock until the PA advises otherwise. | |