



Prudential Communication 15 of 2024

Banks Act, 1990 (Act No. 94 of 1990)

Credit spread risk in the banking book field-testing submissions

Objective of this Prudential Communication

The objective of this Prudential Communication is to inform all banks that the Prudential Authority (Authority) in preparing for the implementation of a prudential framework for credit spread risk in the banking book (CSRBB), will be conducting field-testing on the proposed CSRBB reporting template.

1. Application

- 1.1 This Prudential Communication is applicable to all banks supervised by the Authority.

2. Purpose

- 2.1 The purpose of this Prudential Communication is to inform all banks that the Authority has decided to field test the proposed CSRBB reporting template before the legislative implementation process of the prudential framework for CSRBB is finalised.

3. Introduction

- 3.1 The Banks Act, 1990 (Act No. 94 of 1990) makes provision for the Authority to issue directives. As such, a proposed Directive on CSRBB was issued for public consultation on 6 December 2023 and included, among others, instructions for monitoring CSRBB and the proposed CSRBB reporting template.
- 3.2 At the end of the public consultation period, the Authority held an industry workshop to discuss the instructions for monitoring CSRBB and the proposed CSRBB reporting template.
- 3.3 Based on the comments received through the public consultation on the proposed Directive on CSRBB and the workshop held with the industry, industry stakeholders required further guidance on the scope of instruments to be included in the CSRBB framework, enhancements to the proposed CSRBB reporting template and the reporting thereof as well as the expected level of compliance to the CSRBB framework within a banking group.

3.4 To ensure that the proposed CSRBB template is fit for purpose and effective prior to the implementation of the prudential framework for CSRBB, the Authority is embarking on a process of field testing the proposed CSRBB template with the industry.

3.5 The Authority wishes to notify all banks that the field-testing exercise of the proposed CSRBB reporting template will take place from January 2025 to March 2025. If necessary, the field-testing period will be extended.

4. Field testing the proposed CSRBB reporting template

4.1 The proposed CSRBB reporting template is attached to this Prudential Communication as 'Annexure A – Proposed CSRBB reporting template'.

4.2 The proposed CSRBB reporting template must be submitted by the 25th working day of the month following the month to which the return pertains. For example, data for January 2025 must be submitted to the Authority no later than the 25th business day after 31 January 2025.

4.3 Submissions of 'Annexure A – Proposed CSRBB reporting template' must be made via the Umoja platform.

5. Communication

5.1 Finally, should any bank require further engagement and/or additional information regarding the completion of the proposed CSRBB reporting template and/or this Prudential Communication, they can direct all related correspondence to the Asset and Liability Management team at RSD-ALM@resbank.co.za, copying in the relevant frontline division of the Authority where applicable.

Fundi Tshazibana
Chief Executive Officer

Date: