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South African Reserve Bank
Prudential Authority

Prudential Communication 16 of 2025

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

Credit spread risk in the banking book monitoring approach

Objective of this Prudential Communication

The objective of this Prudential Communication is to inform all banks of the Prudential Authority's (Authority) monitoring approach of credit spread risk in the banking book (CSRBB).

1. Application

1.1 This Prudential Communication applies to all banks supervised by the Authority.

2. Purpose

2.1 This Prudential Communication aims to inform all banks about the Authority's approach to monitoring CSRBB.

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 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 Following the public consultation and the industry workshop on the proposed CSRBB Directive and template, stakeholders sought clearer guidance on the instruments included in the CSRBB framework, improvements to the proposed reporting template and its submission process, and the expected compliance level within a banking group (bank solo level).

3.4 To ensure the proposed CSRBB reporting template meets its objectives, the Authority published Prudential Communication 15 of 2024 on 11 December 2024, notifying banks of its decision to conduct a field test to evaluate the template's effectiveness.

3.5 The field-testing exercise was conducted between March and May 2025 and included data from January to March 2025.

4. CSRBB monitoring

4.1 The Authority will continue to monitor CSRBB through its established supervisory processes, including the Internal Capital Adequacy Assessment Process (ICAAP), which will facilitate ongoing reviews and enhance supervisory oversight. No further regulatory development is planned at this stage.

5. Communication

5.1 Should any bank require further clarification regarding this Prudential Communication, they are encouraged to correspond with the Asset and Liability Management team at RSD-ALM@resbank.co.za and copy the relevant frontline division of the Authority where applicable.

Fundi Tshazibana

Fundi Tshazibana
Chief Executive Officer

Date: 20/11/25