

3.5 MARKET RISK

banks also required to
report on forward contracts

Turnover in derivatives again fluctuated widely during the year, from approximately R364,5 billion in January 2001, to R814 billion in August 2001 and to R502,3 billion in December 2001 (see Figure 28). In terms of the amended Regulations relating to Banks, banks were also required to report on forward contracts. By the end of December 2001, forward contracts amounted to R1 500 billion.

FIGURE 28: TURNOVER IN DERIVATIVE CONTRACTS

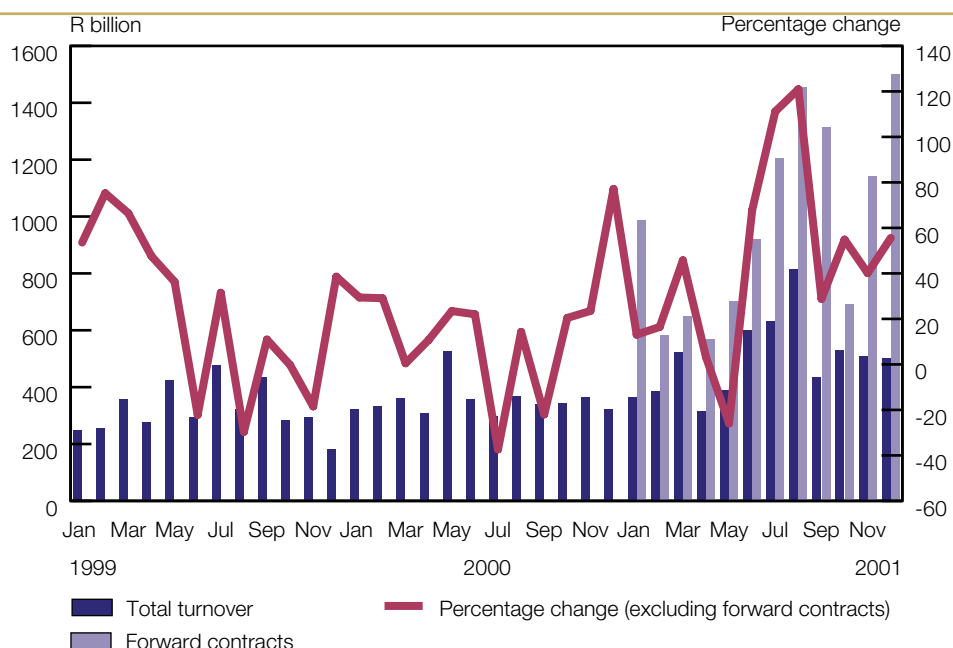


Figure 29 reflects the value of and growth (measured over a period of 12 months) in total unexpired derivative contracts. Unexpired exchange-traded derivative contracts amounted to R1 257,3 billion in December 2001 (December 2000: R645,6 billion), or 120,2 per cent of the banking sector's total assets (December 2000: 78,8 per cent). Compared to the year before, total unexpired derivative contracts increased by 120,1 per cent. Average monthly balances, computed on a quarterly basis, were reported as R790,4 billion, R703,4 billion, R940,5 billion and R1 242 billion for the quarters ended March 2001, June 2001, September 2001 and December 2001, respectively. As at 31 December 2001, the total value of unexpired derivative contracts was R7 203,3 billion (December 2000: R3 273,5 billion), representing 689 per cent of total assets (December 2000: 399,6 per cent of total assets). As at 31 December 2001, over-the-counter traded derivatives accounted for 82,5 per cent (2000: 80,2 per cent) of all unexpired derivative contracts.

total unexpired derivative contracts increased by 120,1 per cent

FIGURE 29: TOTAL UNEXPIRED DERIVATIVE CONTRACTS

