# Bank Supervision Department

## Annual Report 2013

South African Reserve Bank

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Annual Report 2013

South African Reserve Bank

# Vision

A sound, well-functioning and internationally competitive banking system.

# Mission

To promote the soundness of the banking system and contribute to financial stability.

# Business philosophy

Market principles inform all our activities and decisions, and we strive to act with professionalism, integrity, credibility and impartiality at all times. We liaise with each individual bank through a single point of entry – a relationship manager, assisted by a team with diverse competencies. We follow a risk-based supervisory approach and our objective is to add value. We place emphasis on empowering our staff to ensure that all interaction and service delivery is characterised by professionalism, and a high premium is placed on ethical behaviour at all levels of activity. A relationship of mutual trust between the Bank Supervision Department and all other key players is regarded as essential and is built up through regular open communication. In our endeavours to foster a stable banking sector, we contribute to creating the foundation for sustainable growth in the economy.

# Purpose of the *Annual Report*

## Legal basis for the *Annual Report*:

The *Annual Report* is issued in terms of section 10 of the Banks Act, 1990 (Act No. 94 of 1990) which prescribes the following:

> 10. Annual report by Registrar
> (1) The Registrar shall annually submit to the Minister a report on his or her activities in terms of this Act during the year under review.
> (2) The Minister shall lay a copy of the report referred to in subsection (1) upon the Tables in Parliament within 14 days after receipt of such report, if Parliament is then in ordinary session, or, if Parliament is not then in ordinary session, within 14 days after the commencement of its next ensuing ordinary session.

The *Annual Report* should be read in conjunction with the May 2014 edition of the Bank Supervision Department's *Quarterly Report*.



This issue of the *Bank Supervision Department Annual Report* focuses mainly on the 12-month period ending 31 December 2013. However, selected developments up to the time of finalisation were also reported on.

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## 1.1 Introduction

Financial stability, a safe and sound banking system, and sustainable economic growth can be achieved only when the legal and regulatory framework in terms of which banks and banking groups are regulated and supervised creates an environment that promotes, among other things, sound corporate governance, effective risk management, well-functioning markets and well-informed investors.

The South African banking sector continued to be adequately capitalised at 15,6 per cent at the end of December 2013, despite the implementation of the higher capital requirements of the Basel III framework[1] from January 2013. The banking sector's common equity tier 1 (CET1) and tier 1 capital-adequacy ratios reflect that regulatory capital increased by means of a combination of share capital and reserve funds, the most loss-absorbent type of capital.

In accordance with the agreed post-financial crisis reform agenda of international standard-setting bodies such as the Group of Twenty (G-20) Forum, the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (Basel Committee), the process of strengthening the South African regulatory and supervisory framework to promote and enhance financial stability and the safety and soundness of banks and banking groups continued during 2013.

In this regard, on 1 January 2013 South Africa implemented amended Regulations relating to Banks (the Regulations) to ensure that its domestic regulatory and supervisory framework remains in line with internationally agreed regulatory and supervisory frameworks, requirements and standards. These include the Basel III framework that was originally issued during December 2010 and subsequently refined by the Basel Committee. South Africa was one of only eleven jurisdictions that published finalised Basel III regulations effective from 1 January 2013, along with Australia, Canada, China, Hong Kong SAR, India, Japan, Mexico, Saudi Arabia, Singapore and Switzerland.

This chapter describes in greater detail the key international regulatory developments in the year under review, including complementary matters related to the implementation of the Basel III framework with effect from 1 January 2013.

1. The Basel III framework essentially comprises two documents issued by the Basel Committee on 16 December 2010, namely "*Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems*" and "*Basel III: International Framework for Liquidity Risk Management, Standards and Monitoring*".

## 1.2 Key international developments, recommendations and focus areas

### 1.2.1 Introduction

In its annual reports of the past few years, the Bank Supervision Department (the Department) of the South African Reserve Bank (the Bank) focused on, among other things, the aftermath of the global financial crisis and the comprehensive regulatory reforms announced to address the causes thereof.

Essentially, the Basel III framework presents the details of global regulatory standards on banks' capital adequacy and liquidity as agreed by the Governors and Heads of Supervision, which is the oversight body of the Basel Committee, and endorsed by the G-20 Leaders. Based on the key lessons learnt from the global financial crisis, the Basel III framework sets out requirements for higher and better-quality capital, improved risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the build-up of capital that can be drawn down in periods of stress, and the introduction of two global liquidity standards, namely (i) the liquidity coverage ratio (LCR), and (ii) the net stable funding ratio (NSFR).

As a member of the Basel Committee, and in order to ensure a level playing field between South African banks and other internationally active competitive banks, the Department regards the full, timely and consistent implementation of internationally agreed frameworks, requirements and standards as critical. In order to ensure the implementation of these internationally agreed frameworks, the Department introduced substantial revisions to its processes of monitoring, evaluating and analysing banks and banking groups' capital adequacy, risk exposures, corporate governance, public disclosure and other relevant information.

During 2013 the Basel Committee issued various documents and further requirements that materially impact on the regulation and supervision of banks and banking groups on matters such as:

- a revised version of the LCR;
- principles for effective risk data aggregation and risk reporting;
- guidance to supervisors and banks for managing risks associated with the settlement of foreign-exchange (FX) transactions;
- a framework for monitoring tools for intraday liquidity management;
- a framework for margin requirements for non-centrally cleared derivatives; and
- a revised policy framework for banks' equity investments in funds.

The key matters communicated by the Basel Committee in respect of the aforesaid documents and requirements are summarised below:

## 1.2.2 Liquidity coverage ratio

2. Available at http://www.bis.org/publ/bcbs238.htm.

On 7 January 2013 the Basel Committee published a revised version of its document on the LCR.[2]

The LCR forms an integral part of the Basel III framework and is one of the Basel Committee's key reforms in strengthening global capital and liquidity regulations with the goal of promoting a more resilient banking sector.

The LCR promotes the short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient unencumbered high-quality liquid assets (HQLA) that can be converted into cash easily and immediately in private markets to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

Implementation of the LCR will also improve the South African banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover effects from the financial sector making their way into the real economy. The revisions to the LCR include an expansion in the range of assets eligible as HQLA and some refinements to the assumed in- and outflow rates to reflect better actual experience in times of stress. In addition, the Basel Committee has agreed on a revised timetable for the phasing in of the LCR and additional requirements to give effect to its intention for the stock of liquid assets to be used in times of stress.

## 1.2.3 Effective risk data aggregation and risk reporting

3. Available at http://www.bis.org/publ/bcbs239.htm.

On 9 January 2013 the Basel Committee issued principles for effective risk data aggregation and risk reporting.[3]

The global financial crisis that commenced in 2007 revealed that many banks were unable to aggregate risk exposures and identify concentrations fully, quickly and accurately. This meant that banks' ability to make timely risk decisions was seriously impaired with wide-ranging consequences both for the banks themselves and for the stability of the financial system as a whole.

The principles that were published by the Basel Committee are intended to strengthen banks' risk data aggregation capabilities and internal risk reporting practices. Implementation of the above-mentioned principles will also strengthen banks' risk management, thereby enhancing their ability to manage stress and crises.

## 1.2.4 Managing risks associated with the settlement of foreign-exchange transactions

On 15 February 2013 the Basel Committee issued a document that provides guidance to supervisors and banks for managing risks associated with the settlement of FX transactions.[4]

4. Available at http://www.bis.org/publ/bcbs241.htm.

The document provides comprehensive and detailed direction on governance arrangements and the management of principal risk, replacement cost risk and all other FX settlement-related risks. In addition, the document promotes the use of payment-versus-payment (PVP) arrangements, where practicable, to reduce principal risk.

In particular, the document stipulates seven guidelines that address governance, principal risk, replacement cost risk, liquidity risk, operational risk, legal risk and capital for FX transactions. The key recommendations made in the document emphasise that a bank should:

- ensure that all FX settlement-related risks are effectively managed and that its practices are consistent with those used for managing other counterparty exposures of similar size and duration;
- reduce its principal risk as much as possible by settling FX transactions through the use of financial market infrastructures that provide PVP arrangements. Where PVP settlement is not practical, the bank should properly identify, measure, control and reduce the size and duration of its remaining principal risk;
- ensure that when analysing its capital needs, all FX settlement-related risks should be considered, including principal risk and replacement cost risk, and that sufficient capital is held against these potential exposures, as appropriate; and
- use netting and collateral arrangements to reduce its replacement cost risk and fully collateralise its mark-to-market exposure on physically settling FX swaps and forward contracts with counterparties that are financial institutions and systemically important non-financial entities.

## 1.2.5 Monitoring tools for intraday liquidity management

On 11 April 2013 the Basel Committee, in consultation with the Committee on Payment and Settlement Systems, issued a framework on monitoring tools for intraday liquidity management.[5] The framework enables banking supervisors to better monitor a bank's management of intraday liquidity risk and its ability to meet payment and settlement obligations on a timely basis.

5. Available at http://www.bis.org/publ/bcbs248.htm.

Management of intraday liquidity risk forms a key element of a bank's overall liquidity risk management framework. The set of seven quantitative monitoring tools prescribed in the framework complements the qualitative guidance on intraday liquidity management as set out in the Basel Committee's 2008 paper titled *Principles for Sound Liquidity Risk Management and Supervision*.

The framework covers, among other things, matters related to:

- the detailed design of the tools for monitoring a bank's intraday liquidity risk;
- stress scenarios;
- key application; and
- the reporting regime.

## 1.2.6 Margin requirements for non-centrally cleared derivatives

On 2 September 2013 the Basel Committee and the International Organization of Securities Commissions released the final framework for margin requirements for non-centrally cleared derivatives.[6]

6. Available at http://www.bis.org/publ/bcbs261.htm.

The framework has been designed to reduce systemic risks related to over-the-counter (OTC) derivatives markets, as well as to provide firms with appropriate incentives for central clearing while managing the overall liquidity impact of the requirements.

In terms of the globally agreed final framework, all financial firms and systemically important non-financial entities that engage in non-centrally cleared derivatives will have to exchange initial and variation margins commensurate with the counterparty risks arising from such transactions.

In order to manage the liquidity impact of the margin requirements on financial market participants, the framework allows for a broad array of eligible collateral to satisfy initial margin requirements and it makes provision for the introduction of an initial margin threshold below which a firm would have the option of not collecting initial margins.

The framework also makes provision for a gradual phase-in period to provide market participants with sufficient time to adjust to the requirements. The requirement to collect and post initial margins on non-centrally cleared trades will be phased in over a four-year period, beginning in December 2015 with the largest, most active and systemically most important derivatives market participants.

## 1.2.7 Banks' equity investments in funds

On 13 December 2013 the Basel Committee issued a revised policy framework for banks' equity investments in funds.[7]

7. Available at http:/www.bis.org/publ/bcbs266.htm.

The revised policy framework is scheduled to take effect on 1 January 2017 and will apply to banks' equity investments in all funds that are not held for trading purposes, including hedge funds, managed funds and investment funds.

The framework will be applicable to all banks, irrespective of whether they apply the standardised approach (STA) or an internal ratings-based (IRB) approach for credit risk as set out in the Basel framework.

The revised framework includes three approaches varying in sophistication for setting capital requirements for banks' equity investments in funds. These approaches provide varying degrees of risk sensitivity and have been adopted by the Basel Committee to incentivise due diligence by banks and transparent reporting by the funds in which they invest.

The revised framework will also help address risks associated with banks' interactions with shadow-banking entities by ensuring that exposures to funds engaging in shadow-banking activities are supported by adequate capital.

## 1.2.8 Ongoing development of regulatory reforms

The work of the Basel Committee in respect of the implementation of some of the components of the agreed post-crisis reform agenda, which includes a range of initiatives to promote the resilience and stability of financial markets, banks and banking groups, is still continuing.

As a member of the Basel Committee, South Africa, through the Department, endorses the initiatives, strategies and new or amended requirements or standards to address comprehensively the fundamental weaknesses revealed by the global financial crisis. The Department is also actively involved in developing regulatory reforms that promote the safety and soundness of the banking system, and that continue to support long-term economic growth.

# 1.3 High-level overview of key banking-sector trends

## 1.3.1 Banking entities registered in South Africa

As at the end of December 2013, 31 banking institutions reported data to the Department (excluding three mutual banks, but including one institution conducting banking business under an exemption notice issued by the Minister of Finance in terms of the provisions of the Banks Act, 1990 (Act No. 94 of 1990) (the Banks Act), namely Ithala Limited) and 43 international banks with authorised representative offices in South Africa (refer to Table 1.1).

Table 1.1 South African banking sector: Number of entities registered or licensed

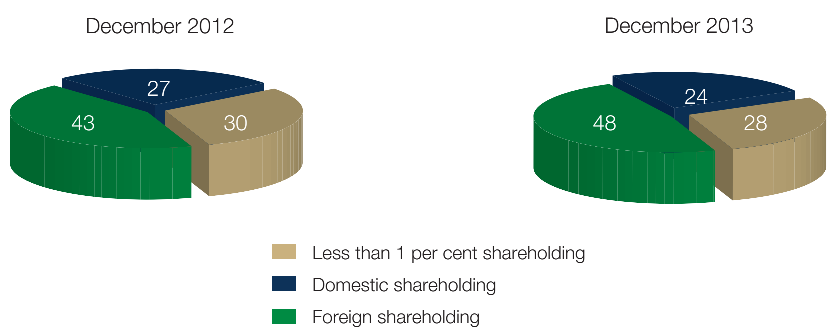
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Banks*................................ | 20 | 19 | 19 | 19 | 19 | 18 | 17 | 17 | 17 | 17 |
| Mutual banks...................... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Branches of international banks in the Republic of South Africa........................ | 15 | 15 | 14 | 14 | 14 | 13 | 13 | 12 | 14 | 14 |
| Representative offices.......... | 43 | 47 | 43 | 46 | 43 | 42 | 41 | 43 | 41 | 43 |
| Controlling companies......... | 16 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Banks under curatorship ..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Banks in receivership........... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Banks in final liquidation ...... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

* Includes active banks and banks exempted by the Registrar of Banks (with effect from 1 July 1996) in terms of the Supervision of Financial Institutions Rationalisation Act, 1996 (Act No. 32 of 1996) and section 1(cc) of the Banks Act, 1990

## 1.3.2 Shareholding structure

Figure 1.1 depicts the shareholding structure of South African banks. Of the nominal value of the total South African banking sector's shares in issue at the end of December 2013, foreign shareholders held 47,7 per cent, domestic shareholders 24,3 per cent and minority shareholders 28,0 per cent.

Figure 1.1 Shareholding structure of the South African banking sector (nominal value of shares) (per cent)



## 1.3.3 Approval of local and foreign expansions by South African banking groups

Table 1.2 presents the number of applications the Department has approved in terms of section 52 of the Banks Act since 2004. The majority of the applications received in 2013 were submitted by the five largest banking groups (refer to Appendix 8 for more information in this regard).

Table 1.2 South African banking sector: Number of approvals for local and international expansions granted in terms of section 52 of the Banks Act, 1990

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Local | 16 | 29 | 16 | 12 | 15 | 10 | 16 | 19 | 12 | 19 |
| Foreign* | 20 | 17 | 8 | 25 | 19 | 26 | 22 | 27 | 14 | 21 |
| Total | 36 | 46 | 24 | 37 | 34 | 36 | 38 | 46 | 26 | 40 |

* Excludes transactions undertaken by Investec plc

## 1.3.4 Key banking-sector trends

Table 1.3 Selected indicators for the South African banking sector

| | Dec 2012 | Mar 2013 | Jun 2013 | Sep 2013 | Dec 2013 |
|---|---|---|---|---|---|
| **Balance sheet** | | | | | |
| Total assets (R billions) | 3 653 | 3 701 | 3 787 | 3 767 | 3 843 |
| Total assets: Year-on-year growth (per cent) | 6,92 | 8,86 | 7,92 | 5,01 | 5,22 |
| Gross loans and advances (R billions) | 2 753 | 2 831 | 2 893 | 2 914 | 2 970 |
| Gross loans and advances: Year-on-year growth (per cent) | 9,16 | 10,24 | 10,63 | 8,74 | 7,89 |
| Total equity (R billions) | 286 | 295 | 297 | 290 | 306 |
| **Profitability** | | | | | |
| Cost-to-income (smoothed) (per cent) | 52,86 | 52,77 | 52,26 | 52,25 | 53,64 |
| Return on equity (smoothed) (per cent) | 17,74 | 16,87 | 16,64 | 16,42 | 14,74 |
| Return on assets (smoothed) (per cent) | 1,27 | 1,23 | 1,24 | 1,23 | 1,11 |
| **Capital adequacy** | | | | | |
| Common equity tier 1 capital-adequacy ratio (per cent) | | 11,33 | 11,33 | 11,12 | 11,76 |
| Tier 1 capital-adequacy ratio (per cent) | 12,60 | 11,99 | 11,99 | 11,77 | 12,40 |
| Capital adequacy ratio (per cent) | 15,90 | 15,03 | 14,92 | 14,86 | 15,56 |
| **Credit risk** | | | | | |
| Impaired advances (R billions) | 111 | 113 | 114 | 108 | 108 |
| Impaired advances as a percentage of total advances (per cent) | 4,04 | 4,01 | 3,94 | 3,71 | 3,65 |
| Specific credit impairments as a percentage of impaired advances (per cent) | 40,25 | 40,67 | 42,09 | 44,58 | 45,74 |
| Specific credit impairments as a percentage of gross loans and advances (per cent) | 1,63 | 1,63 | 1,66 | 1,65 | 1,67 |

Note:
This table presents an overview of the financial and risk information, compiled by means of the aggregation of data submitted during 2012 and 2013 from individual South African-registered banks (including domestic branches of international banks but excluding offshore branches and subsidiaries of South African banks, mutual banks and cooperative banks). Information represents aggregated banks-solo information. Smoothed refers to calculations based on a 12-month moving average.

Total banking-sector assets amounted to R3 843 billion at the end of December 2013 (December 2012: R3 767 billion), representing a moderate year-on-year increase of 5,2 per cent. The four largest banks in South Africa contributed 83,4 per cent to the balance-sheet size of the total banking sector, similar to the level recorded in 2012. Gross loans and advances, which on average represented 76,6 per cent of banking-sector assets during 2013, increased almost 8 per cent to R2 970 billion at the end of December 2013, mainly due to increases in foreign currency-denominated loans, specialised lending, and lease and instalment debtors.

Home loans and term loans, accounting for 28,5 per cent and 18,2 per cent respectively of gross loans and advances, remained the single largest components of gross loans and advances at the end of December 2013. Other loans, leasing and instalment debtors, and commercial mortgages represented 17,7 per cent, 11,2 per cent and 8,8 per cent respectively of gross loans and advances.

The composition of banking-sector liabilities, which comprised predominantly deposits (on average representing 87,6 per cent of liabilities during 2013, marginally higher from the 2012 average of 85,5 per cent), remained largely unchanged when compared to 2012. In December 2013 banking-sector deposits comprised fixed and notice deposits (29,7 per cent), current accounts (20,4 per cent), call deposits (17,2 per cent), other deposits (12,4 per cent) and negotiable certificates of deposit (12 per cent).

Corporate and retail customers were the main source of banking-sector deposits throughout 2013, and on average accounted for 45,2 per cent and 22,6 per cent respectively of total deposits. On average deposits from banks represented 9,8 per cent of banking-sector deposits in 2013. Other sources of deposits included deposits from securities firms (averaging 7,3 per cent), the public sector and local authorities (averaging 6,8 per cent), and sovereigns (averaging 5,0 per cent) during 2013.

Off-balance-sheet items expressed as a percentage of total assets increased marginally from 28,8 per cent in January 2013 to 29,2 per cent in December 2013, mainly due to a 26,3 per cent year-on-year increase in guarantees issued on behalf of clients.

The banking sector continued to be adequately capitalised at 15,6 per cent at the end of December 2013, despite the implementation of the higher capital requirements of the Basel III framework from January 2013. The sector's CET1 capital-adequacy ratio was 11,8 per cent as at 31 December 2013, with common equity capital and reserves on average accounting for 75,2 per cent of total regulatory capital and reserves during 2013. The financial leverage multiple[8] of the banking sector declined marginally during 2013, amounting to 13,2 times as at 31 December 2013 compared with 13,3 times as at 31 December 2012.

8. The financial leverage multiple is calculated by dividing total banking-sector assets by total banking-sector equity attributable to equity holders (this ratio is not part of the Basel III framework).

Banks remained profitable during 2013. However, the banking sector's 12-month cumulative gross operating profit decreased year on year by 1,9 per cent as at 31 December 2013, mainly due to a decline in dividend income received from subsidiary companies (there was a large, once-off dividend paid by a subsidiary of a large banking group in December 2012 that did not recur in December 2013). Total banking-sector return on equity was 14,7 per cent, and the return on assets approximately 1,1 per cent as at 31 December 2013 (based on a 12-month moving average calculation). Staff expenses remained the single largest cost component and accounted for 55,8 per cent of the banking sector's total operating expenses during 2013. The 12-month moving average cost-to-income ratio of the sector deteriorated during 2013 and was 53,6 per cent as at 31 December 2013 compared to 52,9 per cent as at 31 December 2012.

Statutory liquid assets held by banks during 2013 on average exceeded those required throughout 2013. The average liquid assets held by the banking sector expressed as a percentage of liquid assets required to be held increased from 195,5 per cent at the end of December 2012 to 198,8 per cent at the end of December 2013.

Impaired advances[9] declined by 2,7 per cent year on year to R108,3 billion as at the end of December 2013. Impaired advances expressed as a percentage of gross loans and advances decreased to 3,7 per cent at the end of December 2013, a level last reported in the last quarter of 2008. Specific impairments covering impaired advances continued to increase during 2013, from 40,3 per cent in December 2012 to 45,7 per cent in December 2013.

9. Impaired advances are advances in respect of which a bank has raised a specific impairment and include any advance or restructured credit exposures subject to amended terms, conditions or concessions that are not formalised in writing.

## 1.4 Flavour-of-the-year topics for 2013

### 1.4.1 Introduction

10. Available at http://www.resbank.co.za/Publications/Pages/BanksActGuidance.aspx.

Each year the Department identifies certain flavour-of-the-year topics to be discussed with banks' boards of directors (boards) during supervisory meetings held with banks. Accordingly, Guidance Note 10/2012[10] identified the following three flavour-of-the-year topics for 2013:

i. Impact of Basel 2.5 and Basel III on banks' business models and strategy
ii. Recovery planning – Phase 2
iii. Anti-money laundering (AML)/combating the financing of terrorism (CFT) controls of locally registered banks, inclusive of the foreign operations of such banks.

Banks' boards were requested to make presentations to the Department regarding each of the three topics. These three topics are discussed in greater detail below.

### 1.4.2 Impact of Basel 2.5 and Basel III on banks' business models and strategy

Following the implementation of the Basel III framework in South Africa on 1 January 2013, a key focus area remained the impact of the Basel III framework on the business models and strategies of banks, as well as capital targets, sources of capital and the impact of the new loss-absorbency requirements.

In general, banks were already well prepared for the impact of the Basel III framework due to their interaction with the Department and as a result of the quantitative impact studies performed by them during 2012. Following the recent global financial crisis, banks had become more focused on how capital intensive some business models and strategies were, and where they had to refocus strategies or amend pricing due to increased capital and liquidity requirements. During 2013 banks accordingly focused on balance-sheet efficiencies, restructuring and capital redeployment within the consolidated groups, as well as on enhancing areas such as liquidity management systems and a revised outlook on trading business. Capital and funding plans also continued to receive a significant amount of attention during 2013. A number of banks were also reconsidering their return-on-equity targets under the Basel III framework, taking into account the higher capital requirements.

As expected, banks had reassessed their internal capital targets or buffers, given the release of the Basel III capital framework for South Africa, and it was evident that in general banks had increased their capital-adequacy targets and were focusing not only on total capital levels, but also specifically on CET1 capital. It was observed that banks had remained well capitalised, had already exceeded their capital targets and were well prepared for the stricter capital requirements that were phased in from 2013.

Many banks were still investigating the capital-raising structure within their groups given the new requirements under the Basel III framework. It is expected that this trend will continue to develop as banks and investors become more familiar with the new Basel III requirements.

The new loss-absorbency requirement under the Basel III framework drew considerable attention from banks and investors. Banks were more comfortable with the detailed requirements after the Department had released its guidance on loss absorbency at the point of non-viability.

### 1.4.3 Recovery planning – Phase 2

The FSB's key attributes of effective resolution regimes for financial institutions recommend that all systemically significant financial institutions have recovery and resolution plans in place. The Department first requested banks to start developing recovery plans in 2012.

During 2013 individual workshops were held with the five large South African banks to discuss their draft recovery plans, in which they had set out detailed plans on how they would deal with periods of severe stress. The recovery plans of the banks were benchmarked against the FSB document and feedback was given to the banks relating to the gaps identified by the Department. The banks were given until the end of 2013 to have a board-approved, integrated recovery plan. Significant progress was made by the banks with their recovery plans as evidenced by the presentations made by their boards during the last quarter of 2013. Future development of recovery plans by the large banks is expected to focus on the refinement of these plans.

### 1.4.4 Anti-money laundering/combating the financing of terrorism controls of locally registered banks, inclusive of the foreign operations of such banks

Banks' boards made presentations on the above flavour-of-the-year topic, and the domestic banking industry overall demonstrated a concerted effort and commitment to placing AML/CFT controls at the top of their agenda by identifying weaknesses within their respective organisations and presenting plans on how those weaknesses would be mitigated and resolved.

During 2013 banks demonstrated the responsibilities and commitment of their boards and senior management in their roles of ensuring that the risks associated with AML/CFT controls were being considered and addressed appropriately. This flavour-of-the-year topic raised the necessary awareness about the subject matter and the risks associated with AML/CFT in the banking industry.

## 1.5 Forward-looking approach to supervision

Principle 8 of the Core Principles for Effective Banking Supervision (the Core Principles), issued by the Basel Committee in September 2012,[11] emphasises that "adopting a forward-looking approach to supervision through early intervention can prevent an identified weakness from developing into a threat to safety and soundness".

11. Available at http://www.bis.org/publ/bcbs230.htm.

The Department, as in the past, continued to adopt and implement the Core Principles prescribed by the Basel Committee in 2013, and accordingly placed specific focus on assuming a forward-looking supervisory approach.

To this end, the Department's interaction with the chairpersons of the banks' boards, chief executive officers and management shifted during 2013 to focus more on the discussion of their banks' future strategies, risk appetite, and capital and funding projections in order to assess the adequacy and sustainability thereof. Banks' targeted return-on-equity levels and projected dividend covers over the next few years were also focused on in terms of the forward-looking approach assumed by the Department.

Other specific focus areas in 2013 were the setting of capital buffers and targets in meeting the new Basel III capital requirements; capital-raising initiatives as part of the banks' forward-looking capital plans; further discussions on the recovery plans developed by banks for scenarios that could lead to them reaching the point of non-viability; and the relevant actions to be taken should predefined indicators be breached. A crucial theme was the review of banks' internal macroeconomic stress-testing frameworks and models in order to understand the impact of plausible stress scenarios of varying severity.

For systemically important banks the Department is now collecting information on a more frequent basis in order to monitor and identify emerging risks timeously by considering their capital projections, and their demand and supply in respect of both regulatory and economic capital. This enables the Department to identify and monitor trends both across the large banks and on a bank-specific basis.

The Department will continue to focus its resources to enhance its forward-looking supervisory approach to allow the early detection, identification and mitigation of emerging risks faced by banks both individually and collectively.

## 1.6 Update on the implementation of a twin peaks model of financial regulation in South Africa

12. Section 1.4.

As explained in the Department's 2012 *Annual Report*,[12] South Africa is in the process of reforming its financial sector regulatory framework by moving towards a twin peaks model of financial regulation. Under the planned twin peaks approach, there will be opportunity to streamline the supervision of the financial system. Under a twin peaks model of financial regulation, the Bank will take responsibility for oversight of the safety and soundness of banks, insurers and financial conglomerates and macro-financial stability, and the Financial Services Board will take responsibility for market conduct supervision. There will be a phased approach to the implementation of a twin peaks model of financial regulation in South Africa, starting with the enactment of relevant legislation to establish the relevant regulators. In December 2013 the National Treasury (NT) released for public comment the cabinet-approved Financial Sector Regulation Bill, 2013 (the Bill)[13] to give effect to the establishment of the necessary regulators, their powers and responsibilities.

13. Available at http://www.treasury.gov.za.

The Bill not only addresses the establishment of regulators, but also covers broader matters, including balancing operational independence and accountability of regulators; creating a Financial Services Tribunal; strengthening enforcement and the ombud schemes; enhancing co-ordination and co-operation between financial regulators and establishing a crisis management and resolution framework. With respect to the last two points and the role of the Bank, the Bill gives the Bank primary responsibility to oversee financial stability, provides for resolution powers and identifies the Bank as the resolution authority in South Africa. In addition, the Bill creates a statutory inter-agency Financial Stability Oversight Committee, chaired by the Governor of the Bank, with appropriate financial stability powers.

In preparation for its responsibilities outlined in the Bill, the Bank set up working groups in 2013 to further the twin peaks process. These working groups address details such as implementation, information, funding and resource requirements. In the interim, the Bank, together with the NT, will drive issues related to its role of the prudential authority and financial stability, including the supervision of financial market infrastructures and resolution, while the Financial Services Board, together with the NT, will drive issues related to its role as market conduct authority. It is envisaged that once the Bill is passed into law, the prudential authority and the other related structures highlighted above will come into operation at the Bank relatively quickly. The deadline for public comments on the Bill was extended to 7 March 2014.

## 1.7 Financial stability developments and trends

14. Available at http://www.resbank.co.za/Publications/Reviews/Pages/FinancialStabilityReview.aspx.

Global and domestic financial stability risks that had been identified in early 2013 as a possible cause for concern were communicated in the Bank's March 2013 and September 2013 editions of the *Financial Stability Review*.[14] In a global context, the risks to the domestic financial system of a global recovery intensified during 2013. The unwinding of unconventional monetary policy actions in advanced economies and the resulting capital outflows and financial market volatility were the main concerns identified.

Financial stability risks that emerged during the course of 2013 included (i) domestic households' vulnerability to interest rate increases given their relatively high debt levels; (ii) disintermediation due to tighter regulation of banks (domestically and globally); and (iii) the possible unwinding of the United States' (US) quantitative easing (QE) programme, which dominated global and domestic financial markets during 2013. The impact of QE tapering in the US on capital flows and bond, equity and FX markets of emerging-market economies (EMEs), including South Africa, was severe.

An important macroprudential instrument that has already been agreed upon for implementation in terms of Basel III compliance is the countercyclical capital buffer (CCB). The CCB is designed to protect the banking sector from the build-up of systemic risks associated with periods of excessive credit growth by ensuring that there is a capital buffer that takes into account the macrofinancial environment in which banks operate. An exercise conducted by the Bank in this regard in 2013 indicated that there was no need yet to consider a CCB add-on for banks.

Globally, non-bank financial intermediation, or shadow banking, has become a vital part of the financial system as it provides an alternative to customers for gaining access to credit and other financial services in support of economic activity. However, a large non-bank financial sector also poses potential systemic risks to the financial system. From a systemic perspective, it is important that bank-like activities outside the banking sector are regulated commensurate with the risk that they introduce into the financial system and to promote a level playing field. Although this is not currently an area of serious concern, the Bank is in the process of investigating the refinement of the instrument revaluation methodology and to collect more granular data on the domestic shadow-banking system.

As a member of the FSB, South Africa underwent a country peer review in late 2012, the results of which were published in early 2013. The peer review covered interagency co-ordination and its regulatory structure, as well as the regulation of the OTC derivatives markets. The report issued in this regard noted the steps that the South African financial authorities had taken to address the enhancement of co-ordination and exchange of information, and the approach to the implementation of regulatory reform in terms of OTC derivatives. Proposed reforms will be implemented in a manner that is appropriate for the South African context and conducive to enhancing domestic financial stability.

## 1.8 Participation in international surveys

### 1.8.1 The Southern African Development Community Protocol on Finance and Investment follow-up survey

The Protocol on Finance and Investment (the Protocol) is one of the protocols entered into by the Southern African Development Community (SADC) member states to give effect to their commitments under the SADC treaty. The Department participated in a follow-up exercise on the survey that was discussed in the Department's 2012 *Annual Report*.[15] This ongoing survey formed part of the SADC secretariat's measurement matrix to track member states' progress in implementing the Protocol. The survey addressed a wide range of topics relating to legal and operational frameworks for investment and finance in South Africa, and specifically addressed co-operation and co-ordination in banking regulation and supervision.

15. Section 1.7.2.

### 1.8.2 Organisation for Economic Co-operation and Development Survey on Implicit Government Guarantees of Bank Debt

The Organisation for Economic Co-operation and Development's (OECD) Committee on Financial Markets (CMF) has been reviewing the effects of the policy responses by certain countries following the recent global financial crisis in entrenching perceptions that governments will always make guarantees available for bank liabilities and assets during crisis situations. Some market participants believe that the debt of banks, in particular systemically significant institutions, benefit from an implicit guarantee provided by governments. The survey explored this issue, with emphasis on work done by jurisdictions to estimate implicit bank debt guarantees, and considered policy responses relating to reducing the value of implicit guarantees of bank debt, including implementation of relevant reforms contained in the Basel III capital framework. The purpose of the survey was for CMF members to learn from work performed by other members, including how to best estimate and analyse the value of implicit bank debt guarantees and how to limit that value.

### 1.8.3 Basel Committee on Banking Supervision survey on financial inclusion

The Basel Consultative Group, a subcommittee of the Basel Committee, conducted a 'range of practice' survey on financial inclusion. The purpose of the survey was to review financial inclusion initiatives in different countries and to understand the risks to banking supervision that arose from increasing financial inclusion. This wide-ranging survey touched on various areas, including relevant jurisdictions' financial landscapes, the responsibilities, powers and functions of different supervisors, developments in financial inclusion in each jurisdiction, co-operation and collaboration between domestic and foreign supervisory authorities, licensing criteria for supervised entities and supervisory approaches adopted.

## 1.9 Participation in international regulatory and supervisory forums

### 1.9.1 Basel Committee on Banking Supervision

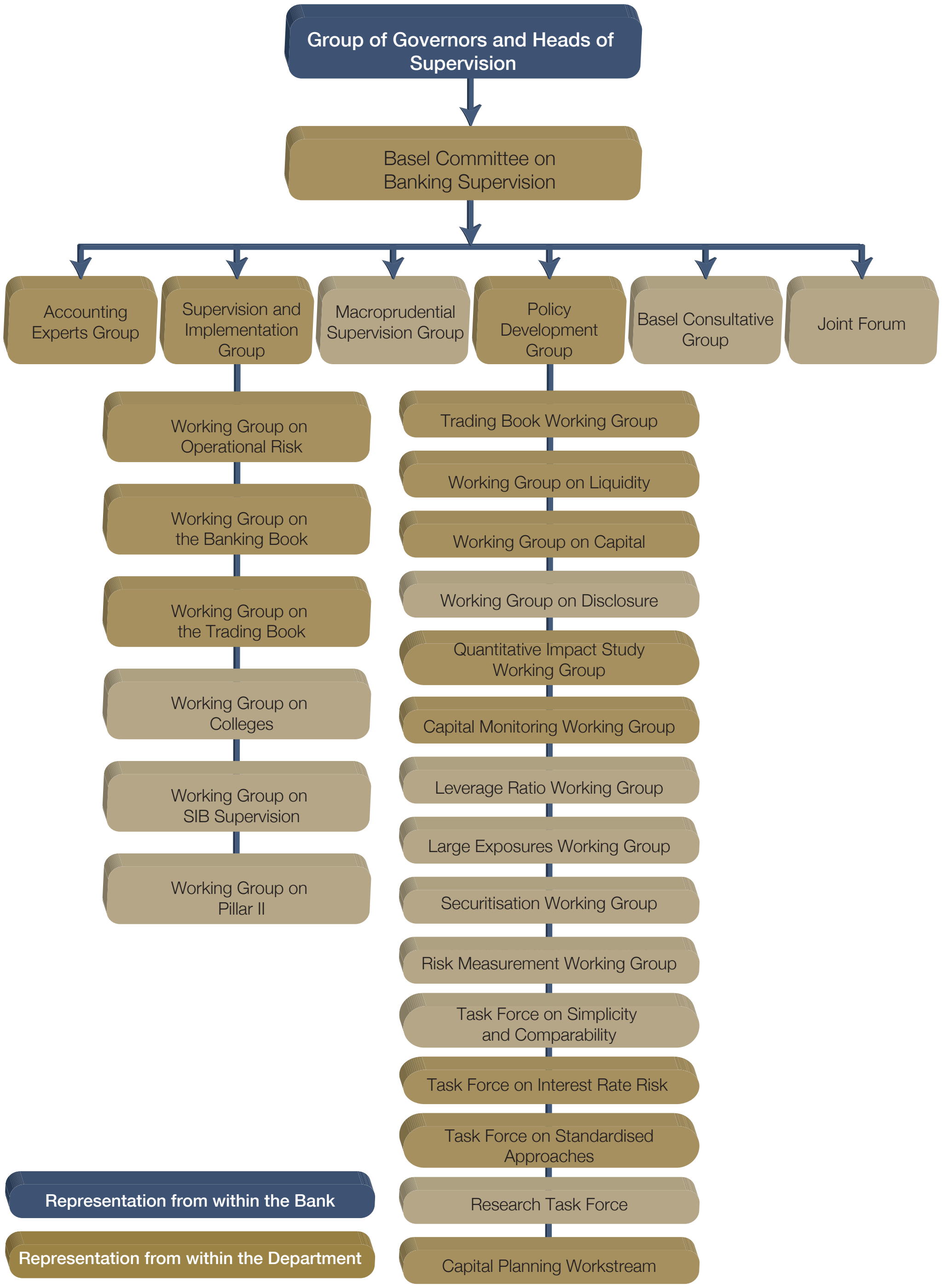
The Department represents South Africa on several committees within the structure of the Basel Committee. Representation is aimed at influencing the formulation of policy and elevating the profile of South Africa as a jurisdiction with sound banking supervision practices.

Policy development undertaken by committees reporting through the Policy Development Group (PDG) to the main committee is focused on specific regulatory areas where the committees are mandated to develop or maintain rules approved at Basel Committee level for inclusion in the Basel framework. Other committees in the Basel Committee's structure under the Supervision and Implementation Group (SIG) review the impact of changing regulations, the effectiveness and consistency of implementation of the Basel framework among jurisdictions and banks, implementation within regulatory risk areas and the convergence between banking and other standard-setting regimes.

The structure of the Basel Committee illustrated in Figure 1.2 was established in 2013. Participation in the groups is generally by invitation, although the Department requests inclusion in committees when the subject matter gains sufficient importance in the South African banking context.

The objectives of these groups are explained hereunder for groups in which the Department represented South Africa in 2013. Focal issues are also discussed where public knowledge of these issues permits it.

Figure 1.2 Structure of the Basel Committee on Banking Supervision (2013)




## 1.9.2 Accounting Experts Group

The function of the Accounting Experts Group (AEG) is to promote alignment between international accounting and auditing standards and practices, and risk management at banks. Areas of attention include the way in which market discipline is addressed through transparency of banks' public disclosure of financial and risk information. The AEG plays an active role in the development of international accounting and auditing standards. The Registrar chairs the AEG.

The audit subgroup of the AEG oversees auditing issues affecting banking supervision. International auditing standard-setting developments come under its attention, as well as any other documents emanating from the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants.

## 1.9.3 Supervision and Implementation Group

The SIG is the peer review committee of the Basel Committee. Its mandate is to help foster financial stability by supporting strong national and international supervision and regulation of banks. It has two primary objectives, namely (i) to foster the timely, consistent and effective implementation of the Basel Committee's standards and guidelines, and (ii) to advance improvements in practices in banking supervision, particularly across Basel Committee member countries.

The results of Level 2 Regulatory Consistency Assessment Programme (RCAP) studies that are commissioned by the Basel Committee are discussed at the SIG meeting prior to publication. Assessment on South Africa is scheduled to take place in the second half of 2014. Meetings of the SIG in 2014 will review reports on country RCAPs and further surveys on variations in risk-weighted assets (RWA) with specific focus on market risk RWA in the forthcoming survey.

## 1.9.4 Working Group on Operational Risk

The Basel Committee established the Working Group on Operational Risk (WGOR), previously known as the Standards Implementation Group Operational Risk Subgroup, as a permanent working group addressing operational risk policy and implementation issues. It reports to both the PDG and the SIG.

The principal focus of WGOR is the development of policy and the practical challenges associated with the successful development, implementation and maintenance of an operational risk framework addressing the requirements and expectations of the Basel Committee's allowed approaches, with a specific focus on the advanced measurement approach (AMA). Members assist with the drafting of policies, discuss operational risk implementation issues in their jurisdictions and participate in developing resolution plans.

Work continued in 2013 in terms of the fundamental review of the simpler approaches and the streamlining of AMA practices.

In addition, new work undertaken during 2013 by WGOR includes:

- sound principles peer review: The focus of the peer review was on the implementation of the sound principles for the management of operational risk at all three lines of defence in banks as well as practices of supervisory agency practices; and
- simplification of the AMA: The group had been tasked to consider options to refine the 'use test' with a view to increasing supervisory effectiveness of the AMA.

The Department continued to participate actively not only in WGOR, but also in some of the sub-workstreams during the period under review and will continue to do so during 2014.

## 1.9.5 Working Group on the Banking Book

The SIG Banking Book (SIG-BB) subgroup is a workstream of the SIG that was initially established to evaluate differences in RWA across banks using the IRB approach for credit risk, assess their compliance with RWA calculations according to the Basel framework's standards and develop recommendations to encourage the convergence of practices. The SIG-BB met these objectives by performing an in-depth hypothetical portfolio exercise whereby IRB parameter estimates of 32 large international banks were benchmarked for a set of common wholesale obligors. The work included questionnaires that were sent to the banks and having meetings with the banks. The work culminated in a public report titled *Regulatory Consistency Assessment Programme: Analysis of Risk-weighted Assets for Credit Risk in the Banking Book*.[16] The Department ensured active participation of South Africa in the studies where the scope of participation could be

16. Available at http://www.bis.org/publ/bcbs256.htm.

addressed using credit exposures of South African banks. Alternatively, the methods applied in the studies were applied on a purely domestic sample for the purposes of investigating consistent application of risk weights among domestic banks. Banks that showed significant differences in practice were dealt with accordingly.

At its September 2013 meeting, the Basel Committee requested the SIG-BB to prepare a programme for further analytical work. The programme consists of additional analysis of core portfolios not yet subject to in-depth studies and work on formulating guidance on specific issues to improve regulatory and supervisory practices influencing the consistency of RWA calculations. The SIG-BB is in the beginning phases of carrying out this work, which should be completed by end of the first quarter of 2015.

## 1.9.6 Working Group on the Trading Book

The SIG Trading Book (SIG-TB) subgroup is a workstream of the SIG established in 2012 to analyse reasons for differences in RWA in the trading book across different jurisdictions. This analysis is part of a wider RCAP initiated by the Basel Committee in 2012. The aim of the RCAP is to ensure consistent implementation of the Basel III framework, help strengthen the resilience of the global banking system, maintain market confidence in regulatory ratios and provide a level playing field for banks operating globally.

During the period under review, the SIG-TB extended its analysis conducted in 2012 to more representative and complex trading positions. Consistent with the findings in the first report *Regulatory Consistency Assessment Programme (RCAP) – Analysis of Risk-weighted Assets for Market Risk*,[17] the results showed significant variation in the outputs of market risk internal models used to calculate regulatory capital. In addition, the results showed that variability typically increased for more complex trading positions. The work of the SIG-TB in 2013 culminated in the latest report entitled *Regulatory Consistency Assessment Programme (RCAP) – Second Report on Risk-weighted Assets for Market Risk in the Trading Book*,[18] which was published by the Basel Committee in December 2013.

17. Available at http://www.bis.org/publ/bcbs240.htm.

18. Available at http://www.bis.org/publ/bcbs267.htm.

The Department's representative on the SIG-TB contributed to the finalisation of the studies undertaken; however, while coverage of South African banks could not be incorporated in the studies, the outcome of the study provided a perspective that affected the active supervision of market risk. The SIG-TB was also mandated in 2013 to investigate differences in RWAs across jurisdictions relating specifically to counterparty credit risk and credit valuation adjustments. Where applicable, South African banks will contribute to these studies, while aspects of planned work will be undertaken domestically by the Department.

## 1.9.7 Policy Development Group

The PDG assesses changes to banking regulation that are proposed by its subgroups and other streams under the Basel Committee structure. It serves the Basel Committee by identifying issues, commissioning research, overseeing quantitative analysis and making recommendations on policy which the Basel Committee has the discretion to adopt. It also reviews emerging supervisory issues aimed at promoting a sound banking system and high supervisory standards. The PDG has several executive subgroups and workgroups reporting to it on a wide range of risk and capital issues. The Department is represented on the PDG and many of its subgroups where the focal subject matter is relevant to South Africa.

Subjects receiving the attention of the PDG in 2013 that have an impact on the South Africa economy and the domestic banking system included the fundamental review of the trading book, developments related to the LCR and NSFR, revisions to the securitisation framework, capital requirements for OTC derivatives cleared through central counterparties (CCPs) and margin requirements for non-centrally-cleared derivatives. South Africa's stance on the considerable range of rules under formulation and several issues pertinent to South Africa's ability to comply with proposed or impending rules was asserted through representation on the PDG.

## 1.9.8 Trading Book Working Group

South Africa has been a member of the Trading Book Group (TBG) since 2007. The TBG deals with market risk in its various forms, including the trading book.

The TBG is currently concerned with addressing issues emanating from the market risk capital charges introduced in the Basel 2.5 framework, which significantly altered the amount of capital required to be held for market risk and led to a profound alteration in the way South African banks participate in trading. The TBG continues to concentrate on a fundamental review of the market risk capital framework. Part of the review is focused on the definition that distinguishes the so-called trading book from the banking book, how trading activities are defined and how risks in trading books (both market risk and counterparty credit risk) should be addressed by appropriate levels of regulatory capital.

Discrepancies between the standardised and internal model approaches for reporting market risk are also being dealt with by the TBG. The Department welcomes this review with caution against replacing the current STA with a framework that is comparable in complexity with the internal models approach. Small banks that are exposed to market risk through minor FX dealings and participation in straight-forward bond markets should be recognised and dealt with through appropriate regulation. Regulators and banks operating in the rest of Africa rely on the existing STA that the TBG intends to phase out. With minor adjustments weaknesses in the existing approach can be corrected.

The methods for calculating capital under both the standardised and internal model approaches are currently receiving attention to reduce the effects of inappropriate diversification recognition and double counting. Market liquidity as a limitation to banks' ability to trade is also being assessed in the review.

During 2013 the TBG issued a second consultative paper on the fundamental review[19] to which many organisations responded with valuable comments. The comments received in this regard are being considered by the TBG and will be used to further refine the fundamental review.

19. Available at http://www.bis.org/publ/bcbs265.htm.

## 1.9.9 Working Group on Liquidity

The Working Group on Liquidity deals with the two main standards relating to liquidity and funding, namely the LCR and the NSFR.

The Department was actively involved in the design of the revised NSFR through its involvement in various Basel Committee subcommittees. This culminated in the release of a consultative document on the proposed framework for the NSFR.[20] Significant attention will be paid by representatives of the Department at various committees to contribute to the finalisation of the framework due to the suitability of the current framework on banking systems and economies of other jurisdictions.

20. Available at http://www.bis.org/publ/bcbs271.htm.

The NSFR aims to limit over-reliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance-sheet items, and promotes funding stability over a longer-term time horizon. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding, with 'available stable funding' being defined as the portion of capital and liabilities expected to be reliable over the one-year time horizon considered by the NSFR. This ratio should be equal to at least 100 per cent on an ongoing basis. The amount of such stable funding required from a specific institution is a function of the liquidity characteristics and residual maturities of the assets held by that institution as well as those of its off-balance-sheet exposures.

The LCR and NSFR are both subject to monitoring periods before becoming statutory requirements. Formal monitoring in South Africa of both ratios commenced on 1 January 2013, while the LCR will become effective as a compliance standard at 60 per cent from 1 January 2015 with a phase-in period up to 1 January 2019 when 100 per cent compliance will be required. The NSFR will be a compliance standard from 1 January 2018.

## 1.9.10 Working Group on Capital

The Working Group on Capital (WGC) was established early in 2013 by combining two groups that dealt with issues related to capital, namely the Definition of Capital Subgroup and the Contingent Capital Working Group. The WGC takes responsibility for handling all policy issues associated with the definition of capital under the Basel III framework and issues associated with capital-like instruments.

The WGC formulates policy responses to frequently asked questions related to capital submitted to the Basel Committee by regulators and banks to ensure consistent and clear interpretation of the definition of capital. The WGC also monitors developments around capital instruments, specifically bail-in instruments, loss absorbency and point of non-viability aspects that were introduced under the Basel III framework. South Africa participated in these surveys and will continue to participate actively in this group in 2014. Discussions arising from the studies have assisted the supervision of capital structures in South African banks, and have guided the development of domestic recovery and resolution plans.

## 1.9.11 Quantitative Impact Study Working Group

The Basel Committee established the Quantitative Impact Study (QIS) Working Group to calibrate the Basel III rules and to assess their impact on participating banking groups in member countries. Although a number of Basel Committee member countries implemented the Basel III framework during 2013, the QIS exercise continues to take place semi-annually with end-June and end-December reporting dates. The Department will continue to participate in the activities of the QIS Working Group in 2014.

The QIS exercise that is currently being conducted measures the amount of capital required by participating institutions and countries to reach the fully phased-in capital requirements of the Basel III framework based on balance-sheet information at the reporting date. Compliance with the LCR, NSFR and the leverage ratio has not yet been incorporated into the exercise.

While the QIS Working Group's responsibilities include developing and implementing the QIS and computational analysis of reported data, the group supports other Basel Committee work streams by developing QIS templates and the software needed to translate and check data submissions for use in the impact studies of these groups.

The scope of the QIS exercises started in 2013 includes:

- changes to the definition of capital;
- enhancements to risk coverage (including the revisions to the market risk framework, revisions to counterparty credit risk measurement and to the capital requirements for securitisations held in the banking book);
- the leverage ratio; and
- standards developed by the Working Group on Liquidity.

The future scope of the QIS exercises will expand to include further initiatives by the Basel Committee.

South Africa's participation in the QIS studies is essential to illustrate the wide-ranging impact of forthcoming rule changes, particularly from an emerging-market perspective.

## 1.9.12 Capital Monitoring Working Group

The Department contributes to the work of the Capital Monitoring Group (CMG), which monitors the level and cyclicality of minimum required capital (MRC) produced under the Basel 2.5 and Basel III frameworks. At present data from 105 banks that have adopted one of the advanced approaches to calculate their MRC are collected and analysed for inclusion in the CMG report submitted to the Basel Committee.

Data from banks across 15 countries are analysed in reports produced by the CMG every 6 months. Their analysis covers areas including MRC, capital ratios and buffers, RWAs, portfolio-level exposures, risk parameters and transitional capital floors. Members of the CMG share their experiences in monitoring capital requirements and the levels of capital on a national basis. The impact of participation has been pronounced in the Department's capital supervision and its assessments of banks' internal capital adequacy assessment process (ICAAPs).

## 1.9.13 Task Force on Interest Rate Risk

Following on from the work done on the fundamental review of the trading book by the TBG, the Basel Committee formed the Task Force on Interest Rate Risk to examine options for capturing interest rate risk and credit-spread risk in the banking book in the capital framework. The Department has identified this as an important area of development and will be represented on this working group to guide its rule-making developments and to assess the potential on the domestic banking sector through the work programme for 2014.

## 1.9.14 Task Force on Standardised Approaches

The vast majority of banks around the world and in South Africa make use of the standardised approaches for credit and operational risk to assess capital adequacy. To ensure that the standardised approaches remain robust and appropriately calibrated, the Basel Committee established the Task Force on Standardised Approaches (TFSA) to consider enhancing the standardised approaches for credit and operational risk. The TFSA is focusing on the STA to measure credit risk while the WGOR focuses on the redesign of the standardised operational risk framework.

The key objectives of the TFSA are to:

1. ensure the standardised approaches continue to be suitable for assessing the capital adequacy of internationally active banks, as well as other banks that are not using the advanced approaches for credit and operational risk;
2. ensure that the calibration of capital requirements under the standardised approaches reflects, to a reasonable degree, the inherent riskiness of positions for all main categories of exposures;
3. seek to strengthen the link between the standardised approaches and measures of risk based on banks' internal models; and
4. seek to reduce or remove, where possible, the reliance on external ratings, including developing supplementary measures for risk classification and encouraging stronger supervisory practices to promote alternative measures for risk assessment.

The TFSA's focus during 2013 was to identify the weaknesses in the existing STA for credit risk and to propose alternative ways forward. During 2013 South Africa was a corresponding member of the TFSA. Owing to the impact the revised STA will have on the South African banking sector, it is imperative for a departmental representative to attend meetings in 2014. Membership on the committee has therefore been established.

## 1.9.15 Capital Planning Workstream

During 2013 the Capital Planning Workstream finalised a capital planning survey that commenced earlier in 2013. The objective of the survey was to collect information on banks' capital planning practices and analyse it to identify the range of practices across different segments of capital planning processes and across multiple jurisdictions. The survey focused on gathering information on processes in six key areas of capital planning practices, namely general practices, governance, policy setting, risk management, stress testing and capital actions. Selected banks in South Africa were requested to participate in the survey. The Basel Committee subsequently released a document titled *A Sound Capital Planning Process: Fundamental Elements* in January 2014.[21]

21. Available at http://www.bis.org/publ/bcbs277.htm.

## 1.9.16 Anti-money Laundering/Combating the Financing of Terrorism Expert Group

The Basel Committee's AML/CFT Expert Group helps both supervisors and financial institutions to implement AML/CFT elements of the Core Principles in accordance with the Financial Action Task Force's (FATF) standards by producing practical and technical guidance that are applicable to national and international banks and banking groups.

As a result of FATF issuing the revised FATF Recommendations in 2012, the Basel Committee updated its AML/CFT guidelines to be aligned to the FATF Recommendations and to show the banks and banking groups how they should include money laundering (ML) and terrorism financing (TF) risk management within their overall approach to risk management.

## 1.9.17 Eastern and Southern Africa Anti-Money Laundering Group

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) held two meetings in April and September 2013. The ESAAMLG meeting held in September 2013 was followed by a private-/public-sector dialogue arranged under the United Kingdom Presidency of the Group of Eight (commonly referred to as the 'G8'). The main points of discussions related to the challenges faced by banks in promoting financial inclusion, the implications of ML and TF legislation and sanctions on money services business, as well as difficulties experienced in terms of establishing and maintaining correspondent banking relationships with banks in developed markets.

## 1.9.18 Financial Action Task Force meetings

A representative of the Department was part of the delegation that represented South Africa during the 2013 FATF meetings.

The FATF working group and plenary meetings for 2013 focused on the following that was of importance to the Department:

- How financial supervisors would be assessed during the next round of FATF mutual evaluations. It was concluded that in addition to countries' compliance with Core Principle 29 of the Core Principles dealing with the abuse of financial services, the assessment methodology specifically included other additional 13 Core Principles which should also be applied to the area of AML/CFT supervision. Compliance with the additional 13 Core Principles will also be assessed during the next round of mutual evaluations. The assessors will look at the application of a risk-based approach by financial supervisors in its supervision of financial institutions compliance with AML/CFT requirements, as well as the impact of supervisory actions on AML/CFT compliance in financial institutions.
- The fourth round of assessments will commence with Spain and Norway, with a target date of October 2014 set to discuss the mutual evaluation reports for the aforementioned countries. A final date for South Africa's next mutual evaluation has not yet been finalised. It is anticipated that South Africa will only be assessed during the fourth quarter of 2016 or early 2017.

## 1.9.19 Community of African Bank Supervisors of the Association of African Central Banks

The Community of African Bank Supervisors (CABS) is a newly established body and its first meeting is expected to take place in November 2014. In 2013, the chair of CABS (Mauritius) convened an initial meeting of selected countries to prepare for the first CABS meeting. The initial meeting was used to discuss issues to be included in the agenda of the CABS, namely a peer review mechanism, subcommittees to be established, co-ordination and collaboration processes, a work programme for the next three years and the proposed budget. These will be presented for approval at the next CABS meeting and for approval by the Association of African Central Banks assembly, also scheduled to convene in November 2014.

South Africa was identified to contribute to the CABS's future work which focuses on areas such as the work programme, colleges and peer reviews.

### 1.9.20 Aggregation Feasibility Study Group

The Aggregation Feasibility Study Group (AFSG) aims to explore solutions to international data aggregation for OTC derivatives monitoring. The work of the group entails the review of options to produce and distribute global aggregated trade repository (TR) data, taking into account legal and technical issues. Financial authorities need TR data to fulfil their mandates and to monitor financial stability.

In 2013 the AFSG drafted a report outlining its analysis of the options being considered which included a physically centralised model of aggregation, a logically centralised model of aggregation and the collection of raw data from local TR databases by individual authorities that aggregate the data themselves. The report summarises the authorities' requirements for aggregated OTC derivatives data, focusing on minimum prerequisites for useable data that fulfil authorities' mandates. It also addresses legal and policy considerations concerning data submission and access to data, and governance of the aggregation mechanism. The report discusses data and technology considerations associated with meeting authorities' requirements for aggregated data.

The Department's contribution to AFSG included input to the report through participation in its surveys. The Department raised domestic concerns over the framework at AFSG meetings, and also contributed to focused research by the AFSG on the protection of data and suggested governance structures. The AFSG's study facilitated valuable interaction with other macroprudential regulators, policy analysts and legal experts on regulatory developments which assisted the Department's role in drafting prudential regulations for financial market infrastructures such as TRs and CCP.

## 1.10 Participation in domestic regulatory and supervisory forums

The Department continues to serve on, and participate in, various domestic committees, tasks groups and working teams to consult with banking industry participants and bodies, audit firms, government departments and other financial regulatory authorities. Some of the these bodies include the NT's committees and initiatives, the Banking Association of South Africa (BASA), the South African Institute for Chartered Accountants (SAICA), the Committee for Audit Standards, the Financial Services Board, the National Credit Regulator, the Financial Intelligence Centre (FIC) and the Independent Regulatory Board for Auditors.

The objective of these interactions is topical and ranges from ongoing consultation on detailed complexities in the regulatory environment to operational and systemic concerns arising from economic developments or developments in the regulatory environment. These interactions enable the Department to stay abreast of developments across a wide spectrum and potential impacts on the banking industry.

The Department, together with inputs obtained from the banks via BASA, was able to develop and provide more detailed guidance on the Basel III framework's new higher loss-absorbency requirements for capital instruments at the point of non-viability. The guidance provided was based on the minimum requirements from the Basel Committee and took into account international best practice as used by other supervisory bodies and from various discussions with global financial intermediaries on how these new capital instruments should be structured. The guidance enabled domestic banks to gain a better understanding of the requirements to enable them to liaise and raise awareness with potential investors, which will enable them to issue these new capital instruments as part of their capital base.

## 1.11 Regional co-operation and interaction

### 1.11.1 Financial Stability Institute: High-level meeting for African banking supervisors

The eighth Financial Stability Institute (FSI) high-level meeting for African banking supervisors was held in Cape Town, South Africa, in January 2013. As in previous years, the meeting was hosted jointly by the FSI and the Department.

The theme for the 2013 meeting was "Strengthening Financial Sector Supervision and Current Regulatory Priorities".

### 1.11.2 Southern African Development Community Committee on Banking Supervision

The Department is a member of the SADC Committee of Banking Supervisors (SSBS). Established by the SADC Committee of Central Bank Governors, the principal aim of the SSBS is to implement the memorandum of understanding (MoU) that was concluded on 28 July 2006 between the central banks of the SADC member states on co-operation and co-ordination in the area of banking, regulatory and supervisory matters. The MoU aims to establish a framework for co-operation and co-ordination between SADC central banks in order to promote harmonisation of banking regulatory and supervisory matters. One of the main tasks of the SSBS is to oversee the drafting of a model banking law for SADC member states. To this end, a five-member working group was formed to focus only on the drafting of the SADC model banking law. The working group comprises members of the central banks of South Africa, Zambia, Malawi and Zimbabwe.

### 1.11.3 Toronto Centre Crisis Preparedness Programme for SADC

The Bank hosted, for the third time, a joint programme with the Toronto Centre on macro prudential surveillance. The workshop, which took place from 5 to 8 August 2013, was a regional training programme for senior officials from central banks and supervisory agencies from SADC member countries.

## 1.12 Expression of gratitude

I wish to express my appreciation to the Minister of Finance, Mr Pravin Gordhan, for his input on requests in terms of statutory requirements. To the Governor of the Bank, Ms Gill Marcus, and Deputy Governor Lesetja Kganyago: thank you for your ongoing co-operation, guidance and support during 2013.

My sincere appreciation also goes to the staff members of the Department for their continued efforts and willingness to repeatedly go beyond the call of duty to meet the challenges and demands of an ever-changing supervisory and regulatory landscape.

René van Wyk
Registrar of Banks

# Chapter 2: Overview of supervisory activities

## 2.1 Introduction

This chapter provides an overview of the operations of the Department during the period under review at an industry level according to focused aspects of bank supervision that are common across banks.

## 2.2 Credit risk

### 2.2.1 Introduction

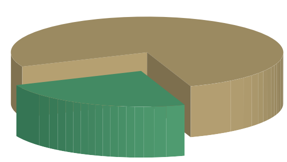
Under the regulatory framework employed in South Africa, banks can choose from the following three methodologies to calculate their minimum required regulatory capital relating to credit risk:

1. STA, including the simplified standardised approach;
2. the foundation internal ratings-based approach; and
3. the advanced internal ratings-based approach.

The number of banks registered in South Africa using each of the aforementioned approaches is depicted in Figure 2.1

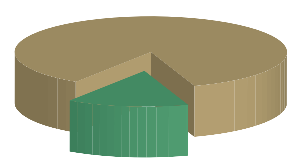
Figure 2.1 Reporting methods applied by banks as at 31 December 2013

South African-registered banks



| | |
|---|---|
| Standardised approach | 13 |
| Foundation internal ratings-based approach | 0 |
| Advanced internal ratings-based approach | 4 |

Foreign branches



| | |
|---|---|
| Standardised approach | 12 |
| Foundation internal ratings-based approach | 0 |
| Advanced internal ratings-based approach | 2 |

### 2.2.2 Credit risk on-site reviews

During the year under review, the Department continued to perform both compliance-based and risk-focused supervision of banks, specifically addressing banks' credit risk profiles and portfolios that were, and continue to be, impacted by adverse market conditions and strained economic activity. A total of 12 on-site meetings were held during 2013, which included both prudential and model-focused reviews.

#### 2.2.2.1 Credit risk on-site prudential reviews

The Department's supervisory activity involves regular assessment of banks' credit risk management frameworks to assess the soundness of banks' credit risk management practices. As part of its supervisory programme, a number of credit risk on-site prudential reviews were carried out by the Department during the year under review. These reviews covered specific products such as home loans, vehicle and asset finance, and personal loans. In certain instances it was required to expand discussions to incorporate wholesale portfolios. These prudential reviews assess an individual bank's policies and procedures against those of its peer group. In-depth analysis of the portfolios provided by the individual banks enhanced the industry trend analysis conducted by the Department.

### 2.2.2.2 Model-focused reviews

During 2013 the Department conducted credit risk model on-site reviews for all the banks that had been granted approval to use the IRB approach to determine whether banks' credit risk models remained fit for purpose. All model-related issues were reviewed and discussed, including the governance processes for model approval, planned model developments or calibrations, updates on the validation plan and model-specific discussions relating to selected validation, and long-form reports. Following a risk-based approach in selecting portfolios to be reviewed, the Department focused on retail unsecured lending, and retail and wholesale small and medium-enterprise portfolios. Any outstanding issues raised by the Department during previous reviews of validation reports and long-form reports were also discussed.

## 2.2.3 Review of self-assessment questionnaires

Banks who have adopted the IRB approach to measure their exposure to credit risk are required to complete and submit a series of self-assessment questionnaires annually in order to evaluate their level of compliance with the minimum requirements prescribed in the Regulations. During 2013, the assessment was based on December 2012 data.

The level of granularity in the 2013 submissions had improved from the previous year, which enabled a more detailed analysis of potential areas of concern in banks' risk-rating systems. The majority of the minor and material gaps identified pertained to risk-rating system operation and risk quantification. Although most gaps related to less material risk-rating systems, and the total amount of gaps had decreased on a year-on-year basis. Target dates had also been set by the banks to resolve both recurring and recent gaps. The Department will continue to monitor the progress made in this regard in 2014 as part of its supervisory programme to ensure that banks' rating systems meet minimum requirements.

## 2.2.4 Credit risk long-form reviews

BASA and SAICA, in collaboration with the banking industry, recommended improvements to both the long-form review process and the long-form templates used during the review. Following consultation on the proposals, the Department revised the retail and wholesale long-form templates during 2013, and issued new templates in May 2013 and November 2013 respectively.

## 2.2.5 Model changes

Directive 6/2013[22] regarding matters related to changes to credit risk models used for the calculation of required capital and reserve funds for credit risk by IRB banks was issued in May 2013. This directive provided the quantitative characteristics and qualitative thresholds for a material model change where prior written approval is required from the Department before implementation of the change.

During 2013 the Department received 39 notifications of non-material model changes and 33 submissions for material model changes. The Department continued to follow a robust review and approval process for each material model change and in a few instances for some of the non-material model changes. The review process could, based on complexity of the model change, include technical discussions at selected banks with model developers. The outcomes of these reviews were presented at a risk panel for final approval.

## 2.2.6 Credit risk survey on restructured exposures

The Department embarked on a process to obtain a clearer understanding of how banks identified and controlled restructured credit exposures and how banks reported these restructured exposures in the statutory returns submitted to the Department. The main reason for the increased focus on restructures was to alleviate the concern that banks could be

22. Available at http://www.resbank.co.za/Publications/Pages/Bank-Act-directives.aspx.

restructuring exposures to avoid placing accounts into arrears, thereby improving the perceived quality of their loan books.

During 2013 a questionnaire was compiled and sent to all banks seeking more information about how they treated restructured exposures. Based on the analysis of the answers received and discussion during on-site meetings, it was identified that different interpretations existed in the industry. A directive will be issued in 2014 to inform banks of the Department's required treatment of restructures.

### 2.2.7 Loss given default/probability of default benchmarking exercise

The recent global financial crisis revealed potential inconsistency between the different banks that employ the IRB approach to measure credit risk, specifically with respect to the interpretation of methodologies, the level of conservatism and the various elements of the IRB framework. Accordingly, the Department conducted a benchmarking exercise on banks' interpretation of the estimation of loss given default (LGD) and probability of default (PD) as described in regulation 23 of the Regulations.

The benchmarking exercise aimed to establish whether and how banks interpreted the estimation of LGD and PD as described in the Regulations differently. The exercise focused only on wholesale credit exposures to sovereigns, banks and corporates.

It is important to note that the Department neither expects banks' IRB risk parameters nor the choices of modelling these parameters to be identical across IRB banks. Owing to the benchmarking exercise's limited scope, the Department did not expect to identify all the factors that could result in significant differences in risk parameters across IRB banks. In addition, the Department accepts that in some cases there will be justifiable reasons for these differences. It was therefore neither the aim of the benchmarking exercise nor the Department's intention to advocate a move towards identical risk parameters or measurement techniques across IRB banks. Analysis of the data collected through the benchmarking exercise will consequently constitute one component of the overall analysis conducted by the Department in order to determine banks' consistency regarding the assignment of PD and LGD estimates.

The benchmarking exercise required the completion of a workbook and a questionnaire by each participating bank. The workbook requested the pre-override PD, post-override PD, point-in-time PD, through-the-cycle PD (regulatory PD), long-run LGD and downturn LGD (regulatory LGD) for 81 common corporate counterparties, 7 common domestic bank counterparties, 28 common international bank counterparties and 17 common sovereign counterparties. Additional qualitative data on the PD and LGD models used by the participating banks were also addressed.

The exercise revealed significant differences in the risk weighting of corporate, bank and sovereign exposures by the participating banks. While some of these differences could be attributed to differences in methodologies and weightings used in the modelling of PD and LGD, the composition of the relevant bank's portfolio and its risk management procedures, it was determined that expert judgement in the modelling process played a significant role in the differences and was attributable to the low default nature of the exposures. Supervisory intervention commenced on outlying banks and will continue until the Department is satisfied with the estimation of LGD and PD.

## 2.3 Market risk

### 2.3.1 Market risk reviews

The Department performed both compliance-based and risk-focused supervision of market risk during the period under review. Market risk reviews conducted in 2013 focused on banks using the internal models approach for regulatory purposes. Reviews of treasury and securities operations of certain banks were also conducted. The Department completed one review on equity risk in the banking book, with further reviews scheduled for 2014. In addition, the Department conducted counterparty credit risk reviews on selected banks.

### 2.3.2 Key findings

The trading environment in 2013 was shaped primarily by the news that the US Federal Reserve may reduce its monetary stimulus, and by domestic sociopolitical and economic developments. The US Federal Reserve's announcement that it would begin tapering its QE programme by the end of 2013 contributed to a weakness in the rand and a much larger impact in the bond markets, resulting in unfavourable conditions for the majority of banks. This, coupled with the poor economic performance and labour market tensions domestically, caused concerns over a possible sovereign downgrade and resulted in further challenges in banks' ability to meet their profitability targets.

Two common trends emerging among banks were the move to enhance technological efficiencies and the strategy to expand further into Africa.

### 2.3.3 Regulatory developments

A key focal point for the year under review was the ongoing development of a fundamental review of the trading book by the Basel Committee, as this brings with it significant changes to the market risk regulatory environment. Banks began independently analysing the impact the changes might have on their current and future business initiatives. The Basel Committee released a second consultative paper towards the end of 2013, with further work to be conducted in 2014.

### 2.3.4 Counterparty credit risk thematic reviews

During 2013 the Department initiated a thematic review that addressed aspects pertaining to counterparty credit risk management within the banking sector. This thematic review was aimed at gaining greater insight into how banks managed counterparty credit risk, especially in light of recent and impending regulatory reforms.

Banks were required to complete a questionnaire related to counterparty credit risk, which the Department followed up with on-site visits.

Generally, banks in South Africa either directly or indirectly address various aspects associated with counterparty credit risk management. However, banks are required to ensure that policies and processes are developed to enhance the monitoring and control of counterparty credit risk arising from OTC derivatives and, ultimately, to manage and mitigate such risk. Certain banks revealed that uncertainty regarding regulatory and international developments was a concern. Local banks feared that this might create an uneven playing field from a pricing perspective. The Department acknowledges that the South African banking sector faces certain challenges innate to the way in which banks conduct business, especially with limited clearing infrastructure being available. Further work in this area will continue during 2014 for specific banks.

### 2.3.5 Capital charges for market risk

Capital charges for equity risk in the banking book contributed approximately 3,57 per cent of banks' total capital requirements, whereas capital held for market risk made up about 3,09 per cent of the total capital requirement for the banking sector as at 31 December 2013.

## 2.4 Operational risk

### 2.4.1 Introduction

The year under review was yet another busy year globally for operational risk managers in which it remained a challenge for banks to align their business decisions with risk appetite. There were numerous fines levied by international regulators, several still in relation to the London Interbank Offered Rate scandal, an increase in cyber crime, threats internationally and system outages. Clients, products and business practices continue to be the largest contributor to loss data worldwide, followed by business disruption and system failure and internal fraud.

Although South Africa seemed to have come through relatively unscathed in terms of some of the above-mentioned more material events, the following did occur in 2013 and were prevalent in the local industry to varying degrees:

- Execution, delivery and process management: Process failures in terms of design or lack of processes and process failures in terms of execution (i.e., people not following processes).
- Fraud: Mostly onslaughts from an external perspective but also internal to a more limited extent.

### 2.4.2 Operational risk reviews

Focused operational risk reviews continued during 2013 to determine, among other things, whether banks had appropriate risk management policies and procedures to identify, assess, monitor and control or mitigate operational risk. The Department concentrated on banks that had been granted approval to use the AMA for regulatory reporting, a selection of banks using the standardised approach (TSA) and one bank using the basic indicator approach. The key findings of these reviews were as follows:

- *Operational risk strategic objectives, expansion into Africa and operational risk appetite*: Stability in the operational risk teams in some banks raised concerns for the Department. Close attention will likewise be paid to the roll-out of operational risk practices as a result of the expansion into Africa by South African banks. Various institutions also indicated that work was still being done in terms of identifying and measuring their operational risk appetite from a qualitative and quantitative point of view.

- *Operational risk governance structures*: A previous concern raised about the capacity in the operational risk quantitative analytics teams of some banks seemed to have improved somewhat during the year under review. The Department will continue to monitor this closely.

- *Management information reports or 'dashboards'*: Further progress was made during 2013 by banks to enhance the quality of their operational risk reporting. The Department nevertheless recommended that consistent and standardised reports should be considered by the different business units where possible to allow for meaningful consolidation. In addition, automated or system-generated reports to limit errors as a result of manual interventions were recommended to be utilised. Finally, reports or 'dashboards' that include all operational risk elements were also recommended to be used.

- *Desktop operational risk system (technology enabler) demonstration*: Several banks continued to make good progress in 2013 with regard to the update on and refinements to their operational risk systems. A few banks were nonetheless still struggling with the roll-out and implementation of certain modules.

- *Discussion of model descriptive statistics reports, material changes to scenarios and model validation reports (AMA banks only)*: Although the Department was for the most part satisfied with banks' model descriptive statistics reports, scenarios and model validation reports in 2013, there were some issues in terms of quality, documentation, capacity and expertise at certain banks in the central operational risk function and model validation teams.

- *Discussion of internal audit reports related to operational risk management*: Conducting independent reviews by means of internal and external audits is of cardinal importance and the Department relies to varying extents on the work performed by these parties. The closed-door discussions with internal audit assisted in forming an appropriate, comprehensive view of the level of operational risk exposure in the particular banks and contributed to the overall supervisory review and evaluation process of the Department during 2013.

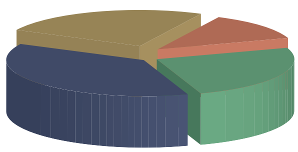
## 2.4.3 Processing of applications

During the year under review one bank was granted approval to calculate its operational risk exposure and regulatory capital using a more sophisticated approach. The approval was in respect of the AMA. The number of banks with approval to report operational risk using the AMA in 2013 is depicted in Figure 2.2.

Another bank received approval during the year to make use of TSA for its acquired operations in Africa.

Figure 2.2 Reporting methods applied by banks as at 31 December 2013

South African-registered banks



| | |
|---|---|
| The advanced measurement approach | 4 |
| The standardised approach | 4 |
| The alternative standardised approach | 2 |
| The basic indicator approach | 6 |

## 2.4.4 Publications and notices

Directive 11/2013[23] was published in July 2013 and deals with operational risk practices and the completion of the BA 410 return. A related guidance note, Guidance Note 4/2013,[24] was issued in July 2013 to provide details on the Department's requirements and to clarify previous ambiguities.

Furthermore, Guidance Note 2/2013[25] was issued in January 2013 to bring to the attention of banks specific international best practices related to operational risk and to clarify certain definitions and principles. Banks were requested to assess and align their operational risk practices with these principles.

## 2.4.5 Operational risk long-form reviews

The long-form review process for operational risk was implemented in 2013 after the template had been finalised and published on the Bank's website.[26] This forms part of the risk management and audit processes of banks with approval to use the AMA to calculate the minimum amount of required capital and reserve funds.

23. Available at http://www.resbank.co.za/Publications/Pages/Bank-Act-directives.aspx.

24. Available at http://www.resbank.co.za/Publications/Pages/BanksActGuidance.aspx.

25. Available at http://www.resbank.co.za/Publications/Pages/BanksActGuidance.aspx.

26. Available at http://www.resbank.co.za/RegulationAndSupervision/BankSupervision/TheBaselCapitalAccord(Basel%20II)/Pages/Advance-measurement-approach.aspx.

## 2.4.6 Capital charges for operational risk

Capital charges for operational risk comprised about 12,38 per cent of the total minimum capital requirements for the banking sector as at 31 December 2013.

## 2.4.7 Information technology risk

According to the Basel Committee's definition of operational risk, it is "the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events".[27] Operational risk therefore highlights loss as a result of failed systems as one of the sources of operational risk. Moreover, regulation 39 of the Regulations[28] assigns responsibility for corporate governance to the board and lists technology risk as one of the risk types to be managed by the board. Owing to the relevance and importance of information technology (IT) risk in the South African banking industry, an IT Risk Analysis division was established by the Department during the year under review in order to monitor IT risk.

27. Basel Committee, *International Convergence of Capital Measurement and Capital Standards: A Revised Framework, Comprehensive Version* (Basel: Basel Committee, June 2006), p144.

28. Available at http://www.resbank.co.za/RegulationAndSupervision/BankSupervision/BankingLegislation/Pages/Regulations%20relating%20to%20Banks.aspx.

## 2.4.8 Information technology risk reviews

During 2013 the Department focused on gaining an understanding of the industry and how the larger banks especially managed IT risk. This included participating in the operational risk on-site meetings at banks. In addition, focused IT risk on-site meetings were held at various small to medium banks. Issues identified related mainly to:

- IT project governance;
- the governance of IT in general;
- business continuity (specifically disaster recovery);
- change management; and
- information security management.

A fact-finding and knowledge-sharing session was also held with a jurisdiction in the European Union to collaborate with, and learn from, its IT risk team. Knowledge gained from that visit was used to prepare a questionnaire to the domestic banking industry in order to measure IT risk. The outcome from the survey confirmed results from the on-site reviews and was similarly fed into the Department's planning for 2014. As a result of the work performed during the year under review, IT project governance was included as a flavour-of-the-year topic in 2014.

# 2.5 Liquidity risk

## 2.5.1 Regulatory developments

Following the finalisation of rules covering the LCR by the Basel Committee[29] and in line with the options provided to jurisdictions with insufficient HQLA, the Bank decided to make available a committed liquidity facility to banks to cover the shortfall. Details on this facility are available in Guidance Note 6/2013.[30]

29. Available at http://www.bis.org/publ/bcbs238.htm.

30. Available at http://www.resbank.co.za/Publications/Pages/BanksActGuidance.aspx.

As part of the development of the LCR and NSFR frameworks and monitoring the impact on the South African banking sector, the seven largest banking groups participated in various QIS exercises. The Department monitored the data and the impact on the banks, and provided the data to the Basel Committee. Furthermore, the regulatory framework was amended to enable monitoring of the LCR on all banks prior to it becoming a minimum standard.

The Department also engaged with the banking sector through BASA during the year under review to monitor and discuss international regulatory developments and the impact thereof on South Africa.

## 2.5.2 Focused reviews

The Core Principles require supervisors to determine whether banks have in place certain minimum supervisory standards. For liquidity risk and interest rate risk in the banking book, the Department discharges its duties through a focused review process. This entails a bank providing a detailed written response to a questionnaire covering both the above-mentioned risk types, an in-depth off-site review of the bank's responses thereto and an on-site meeting.

The Department conducted several of these reviews covering both large and smaller banks during 2013 to evaluate the practices prevalent in the industry. The following major topics were covered:

- Structure and responsibility of Asset Liability Management division
- Policies and procedures
- Interest rate risk in the banking book
- Liquidity risk
- Funds transfer pricing
- Stress testing and contingency planning
- Information systems
- Internal and external reporting.

# 2.6 Capital management

## 2.6.1 Overview of internal capital adequacy assessment process reviews and key findings

During 2013 the Department mainly conducted focused reviews on banks' ICAAPs, in particular on improvements of credit risk economic capital models, capital management, stress testing, validation of economic capital and stress-testing models, and a continued focus on the use test.

On-site reviews during 2013 highlighted the following aspects:

- Banks' capital planning was robust and was regularly challenged by management. Banks' forecasted capital ratios indicated that local banks remained well capitalised in 2013.
- Large and complex banks used economic capital models to measure risks more accurately and to relate the risks to capital requirements. Given that the results of these models are used in decision-making, banks' management was encouraged to ensure that economic capital models were validated and appropriately calibrated after the financial crisis.
- The Department found that in certain instances banks applied STA to calculate capital requirements for credit risk, which was not a true reflection of the underlying risk, especially in the retail unsecured portfolios.
- The identification, measurement, monitoring and mitigation of credit concentration risk and model risk required improvements in certain banking institutions.
- It was found to be beneficial for banks to be capable of performing ad hoc stress testing to investigate the impact of any possible changes in the economic environment on a short turnaround time.

## 2.6.2 Participation in the Basel Committee's quantitative impact study

The biannual international Basel III implementation monitoring, conducted by the Basel Committee, continued during 2013 in the form of a QIS.

The Basel Committee published a document titled *Results of the Basel III Monitoring Exercise as of 31 December 2012* in September 2013,[31] which incorporates data of the South African participating banking groups. Furthermore, it is the intention of the Basel Committee to continue publishing the results of the Basel III monitoring exercise.

31. Available at http://www.bis.org/publ/bcbs262.htm.

The purposes of the QIS expanded to not only include Basel III implementation monitoring, but also measure the impact of other initiatives by the Basel Committee, such as data collection on partial use and roll-out. This additional data will be used to investigate the features of exposures of banks using the IRB approaches which remain under the STA.

Both the Department and the banks continued to find value in participating in these studies and will continue to participate actively in such studies.

### 2.6.3 Implementation of the Basel III framework

The Department implemented the Basel III framework with effect from 1 January 2013 with Directive 5/2013, issued in April 2013,[32] setting out all the capital requirements to be phased in. Various communications were sent out to banks in order to clarify uncertainties that arose, in particular Guidance Note 7/2013, issued in October 2013,[33] on the loss-absorbency requirements for additional tier 1 and tier 2 capital instruments.

32. Available at http://www.resbank.co.za/Publications/Pages/Bank-Act-directives.aspx.

33. Available at http://www.resbank.co.za/Publications/Pages/BanksActGuidance.aspx.

### 2.6.4 Regulatory and economic capital data collection exercise

The Department commenced with a data collection exercise at selected banking institutions to monitor forecasted regulatory and economic capital data that will supplement the ICAAPs.

The data collected included forward-looking regulatory capital planning data. The aforementioned data will enhance the Department's assessment of capital planning at banks, the importance of which was emphasised in the Basel Committee's publication titled *Enhancements to the Basel II Framework* released in July 2009,[34] and evidenced by the work done by the Capital Planning Workstream of the Basel Committee.

34. Available at http://www.bis.org/publ/bcbs157.htm.

### 2.6.5 Domestic systemically important banks

In October 2013 the Department communicated the loss-absorbency capital requirements for domestic systemically important banks (D-SIBs) to the affected bank-controlling companies and banks only.

Although the D-SIB loss-absorbency requirement imposed on the affected bank-controlling companies and banks will only become effective on 1 January 2016, the Department deemed it necessary to inform the affected institutions of the requirements in advance. The rationale behind the decision was to allow banks and bank-controlling companies sufficient time to account for the higher loss-absorbency capital requirements in their capital planning and management processes.

## 2.7 Pillar 3: Disclosure

### 2.7.1 Overview of key activities

During 2013 Pillar 3 reviews focused on the assessment of quarterly, semi-annual and annual Pillar 3 reports. The key objective was to assess the quality of banks' Pillar 3 reports as published to the public.

Directive 8/2013, titled *Matters Related to the Composition of Pillar 3 Capital Disclosure Requirements*,[35] was issued in order to implement the Pillar 3 disclosure requirements of the Basel III framework.

35. Available at http://www.resbank.co.za/Publications/Pages/Bans-Act-directives.aspx.

## 2.7.2 Developments

In June and July 2013 the Basel Committee issued consultative documents titled *Revised Basel III Leverage Ratio Framework and Disclosure Requirements*[36] and *Liquidity Coverage Ratio Disclosure Standards*.[37] These documents set out Pillar 3 disclosure requirements to improve the transparency on leverage and liquidity matters, and aim to enhance market discipline. In 2014 the Department will prepare for the efficient implementation of these disclosure requirements on 1 January 2015.

36. Available at http://www.bis.org/publ/bcbs251.htm.

37. Available at http://www.bis.org/publ/bcbs259.htm.

## 2.7.3 Enhanced Disclosure Task Force roundtable meeting

During the year under review, the Department participated in the FSB's roundtable discussion on risk disclosure. The Enhanced Disclosure Task Force (EDTF) is an established task force of the FSB. The primary objectives of the EDTF is to develop principles for enhanced disclosures and identify leading practice risk disclosures presented in annual reports for the year ended 2011.

The purpose of the roundtable meeting was to discuss the progress, experiences and challenges on the recommendations of a survey that was conducted by the EDTF on compliance with the EDTF report titled *Enhancing the Risk Disclosures of Banks*,[38] which was published in October 2012. The report set out principles and recommendations for improved bank risk disclosures and leading disclosure practices that are designed to provide timely information to investors and other users.

38. Available at https://www.financialstabilityboard.org/publications/r_121029.htm.

## 2.7.4 Key findings

In 2013 some banks published their Pillar 3 disclosure requirements to the public together with their June 2013 risk reports in compliance with Directive 8/2013,[39] while others were still lagging behind in complying with these disclosure requirements.

39. Available at http://www.resbank.co.za/Publications/Pages/Bank-Act-directives.aspx.

The Department found that average amounts in respect of major types of gross credit exposure during the reporting period and the average gross exposure amount were not disclosed. With respect to market risk, the disclosure requirement for high, mean and low stressed value-at-risk amounts was not adhered to by all banks in 2013. In relation to remuneration, the disclosure requirement in respect of the description of ways in which future risk is taken into account in the remuneration process was not adhered to by banks in 2013.

# 2.8 Consolidated supervision

## 2.8.1 African Supervisory College

During 2013 the Department hosted a supervisory college for Standard Bank Group's (SBG) African operations. The objective of the supervisory college was to develop a better understanding of the consolidated activities of SBG in Africa, to improve and strengthen information sharing and regional co-operation between SBG's supervisors, and to discuss other relevant issues specifically pertaining to supervisory authorities on the African continent.

The college provided a platform for African regulators to cultivate a long-lasting professional relationship, and the Department intends to continue to strengthen this relationship by means of future supervisory colleges and frequent formal and informal communication.

The Department received overwhelming positive feedback from the attending delegates subsequent to the college, and remains of the view that such colleges are the way forward to ensure effective consolidated supervision. These kinds of colleges will now be held on a more frequent basis. The next supervisory college hosted by the Department will be for the Barclays Africa Group during November 2014.

### 2.8.2 Supervisory meetings with the Financial Services Board

South African financial conglomerate groups have significant investments in banking, insurance and securities. For this reason it was decided some years ago to have regular meetings between the Department and the Financial Services Board to discuss supervisory issues regarding these conglomerates. The objectives of these meetings were and still are to:

- enhance supervisory information sharing;
- discuss issues that may pose a risk to the financial stability of the conglomerate groups;
- identify any regulatory arbitrage that might exist; and
- foster close working relations between supervisory teams responsible for each conglomerate group.

During 2013 the Department continued to meet regularly with the Financial Services Board.

## 2.9 Review team

### 2.9.1 Thematic on-site reviews

The Department's review team conducted credit risk management on-site reviews in 2013, focusing on two different products types, namely residential mortgages and unsecured personal loans.

During the first half of 2013 the key focus entailed obtaining an understanding of banks' risk management processes relating to the residential mortgage portfolios within the collections, and legal and recoveries units.

The reviews were conducted at two South African major banks and encompassed the assessment of the following:

- The adequacy and effectiveness of banks' collections and recovery policies, procedures and processes
- The adequacy of the processes employed for determining whether the level of specific impairments which had been raised, based on a granular segmentation of the said book, was reasonable taking into account historical loss experience
- The reasonableness of loan classifications and the valuation of collateral, and how such practices related to the relevant bank's approved policies
- The accuracy of the reporting of defaulted exposures in the collections and recovery process
- The adequacy of the management information in facilitating effective monitoring and risk management of the portfolio
- The adequacy and robustness of governance provided by the board and senior management, including the processes in respect of loans in the collections, and legal and recovery processes.

During the second half of 2013 a new cycle of reviews relating to banks' unsecured personal loans portfolios commenced. The request to conduct these reviews emanated from the high growth rate in the unsecured lending market and the Department considered it prudent to gain an in-depth understanding of the banks' effectiveness, sufficiency and efficiency of specific provisioning, write-off, collections and recovery, restructuring and rescheduling policies, processes and practices.

Further to the focus of the review on residential mortgages, the evaluation in this regard encompassed the following:

- The appropriateness of banks' lending practices and their adherence thereto
- The appropriateness of banks' write-off practices and the rationale behind their write-off policies
- The appropriateness of banks' policies and procedures relating to the restructuring of loans and the correct application thereof.

# 2.10 Anti-money laundering and countering the financing of terrorism

## 2.10.1 On-site inspections

The Department conducted six AML/CFT on-site inspections in terms of section 45B of the FIC Act for the year ending December 2013. Table 2.1 below reflects the details of the inspections conducted and also provides a comparison of the inspections conducted in 2012.

Table 2.1 On-site inspections

| Nature of inspection | Size | 2012* | 2013 |
|---|---|---|---|
| Routine | Large banks | 2 | 3 |
| | Small banks | 6 | 1 |
| Non-routine | Large banks | 0 | 1 |
| | Small banks | 0 | 1 |
| Total | | 6 | 6 |

* AML/CFT inspections commenced in April 2012

The inspections were conducted on average over a period of seven weeks for each of the large banks and three weeks for each of the smaller banks. The banks co-operated fully during the inspections and acknowledged the deficiencies identified by the Department pertaining to their AML/CFT frameworks. In this regard, the banks committed to remediate identified deficiencies within an agreed period of time.

The most pertinent findings arising from inspections conducted in 2013 include the following:

### Customer identification and verification

- AML/CFT risk frameworks were not duly documented or adequate to reflect acceptable risk-rating criteria for clients and the appropriate enhanced or reduced due diligence levels linked thereto.
- Processes to maintain the correctness of client particulars susceptible to change were inadequate.

### Record-keeping

- Client identification and verification (CIV) documentation in respect of terminated relationships were not always kept for the prescribed period of five years.
- Record-keeping measures in place to ensure the safety and integrity of CIV documentation were ineffective.

### Reporting duties

- Cash threshold reporting (CTR) processes were generally automated in which responsibilities mainly vested with the IT departments, thus resulting in limited or no oversight performed by bank's compliance functions.
- System constraints resulted in banks' not detecting and filing all reportable transactions with the FIC.

### Suspicious and unusual transaction reporting

- Backlogs in respect of the investigation of suspicious transaction alerts existed due to AML/CFT compliance teams not being sufficiently resourced to investigate all suspicious and unusual transaction alerts.
- The banks interpretation of the 15-day reporting period for suspicious and unusual transaction reporting (STR) was incorrect, therefore resulting to late submission of STRs.

### Reporting property associated with terrorism and related activities

- Clients were not continually screened against updated sanction and embargo lists.

### Training

- In some instances AML/CFT training material was outdated and not aligned to the FIC Act amendments promulgated in 2010.
- Employees of the banks provided client-facing services without having received appropriate AML/CFT training.

### AML/CFT Compliance Officer

- The money-laundering control office did not properly oversee the implementation of AML/CFT measures by business units.

In general, most banks inspected during the period under review demonstrated a high level of commitment to improving their AML/CFT system in preventing criminals abusing the banking system for money-laundering and terrorist financing purposes.

Stemming from the findings of the above-mentioned AML/CFT inspections, the Bank imposed administrative sanctions on certain commercial banks.[40]

40. The press release issued by the Bank in this regard is available at http://www.resbank.co.za/Publications/Media/MediaReleases/Pages/MediaReleases-Home.aspx.

## 2.10.2 Interactions with the Financial Intelligence Centre

In a continued effort to stay abreast of material money-laundering and terrorist financing matters facing the South African banking industry, representatives of the Department and the FIC met on a quarterly basis in 2013 to discuss imminent risks, banking-sector challenges and matters relating to the implementation of the FIC Act. This forum provided the Department with further insight into matters of non-compliance by banks, which, in turn, prompted some non-routine inspections which took place during the year under review.

In addition, attendance at the FIC Act Enforcement Forum provided a platform for supervisory interaction with other regulatory bodies tasked with the responsibility of AML/CFT supervision and on-site work, where valuable information related to the challenges encountered in enforcing compliance with the provisions of the FIC Act was shared.

### 2.10.3 Co-operation and interaction with law-enforcement agencies

The FATF recommendations relating to national co-operation encourage all national stakeholders in the fight against ML and TF to have an effective mechanism in place which will enable them to co-operate, and where appropriate co-ordinate domestically, with each other concerning the activities of combating ML, TF and proliferation of weapons of mass destruction.

In this regard, the Department established a co-operative relationship with the Directorate for Priority Crime Investigations (commonly known as the Hawks) to encourage better co-operation between law-enforcement agencies, regulatory authorities and the banking industry. The co-operation resulted in the establishment of a forum between the Department, banks, the Hawks, the National Prosecuting Authority and the FIC. The forum managed to resolve some frustrations experienced by banks and law enforcement agencies when information is shared during investigations.

## 2.11 Co-operative banks

In view of the fact that all data and relevant information pertaining to co-operative banks are contained the *Combined Annual Report of the Supervisors of the Co-operative Banks Development Agency and the South African Reserve Bank*,[41] this data and information will not be repeated in this report.

41. Available at http://www.resbank.co.za/Publications/Reports/Pages/CombinedAnnualReport.aspx.

# Chapter 3: Developments relating to banking legislation

## 3.1 Introduction

The Department continually strives to ensure that the legal framework for the regulation and supervision of banks and banking groups in South Africa remains relevant and current. Ideally the legal framework pertaining to banking regulation has to reflect local and international market developments, and should comply with the applicable international regulatory and supervisory standards, and best practices. The Department therefore reviews all banking legislation, including the Banks Act, the Mutual Banks Act, 1993 (Act No. 124 of 1993), the Regulations issued in terms thereof and other pieces of related banking legislation on an ongoing basis. The Department makes recommendations to the Minister of Finance to effect the necessary amendments thereto.

## 3.2 The Banks Act, 1990

As reported in the Department's 2012 *Annual Report*,[42] the Banks Act was last amended on 1 January 2008, mainly to comply with the requirements and principles of the Basel II framework. Since then, the Department has been monitoring the developments relating to the G-20 discussions, publications and prescriptions issued by the Basel Committee and the FSB. Other developments relating to the Companies Act, 2008 (Act No. 71 of 2008), the King III *Report on Corporate Governance for South Africa 2009* and certain court decisions were also observed in order to identify possible areas that would necessitate further amendments to the Banks Act.

42. Section 3.2.

The proposed amendments to the Banks Act were discussed comprehensively in the Department's 2009 *Annual Report*[43] and further supplemented in the Department's 2012 *Annual Report*.[44]

43. Available at http://www.resbank.co.za/Publications/Reports/Pages/BankSupervisionAnnualReports.aspx.

44. Available at http://www.resbank.co.za/Publications/Reports/Pages/BankSupervisionAnnualReports.aspx.

The Banks Amendment Bill, 2012 (the Banks Bill) was tabled in Parliament during the second half of 2012 and was subjected to rigorous debate and interrogation in both the Standing Committee on Finance of the National Assembly and the National Council of Provinces. After being approved by the relevant Parliamentary committees, the President assented to the Banks Bill after which it was published as the Banks Amendment Act, 2013 (Act No. 22 of 2013) by Notice No. 992 in *Government Gazette* No. 37144 on 10 December 2013.

## 3.3 Update regarding amendments to the Regulations relating to Banks

On 1 January 2013 South Africa implemented amended Regulations which, in line with the Basel III framework, essentially address both bank-specific and broader, systemic risks by:

- raising the quality of capital, with a focus on common equity and the quantity of capital to ensure banks are better able to absorb losses;
- enhancing the risk coverage of the regulatory framework, including exposures related to counterparty credit risk;
- introducing capital buffers which should be built up in prosperous times so that they can be drawn down during periods of stress;
- introducing a leverage ratio to serve as a backstop to the risk-based capital requirement and to prevent the build-up of excessive leverage in the financial system;
- raising standards for supervision and risk management (Pillar 2) and public disclosures (Pillar 3);

- introducing the monitoring of proposed minimum liquidity standards to improve banks' resilience to acute short-term stress and to improve longer-term funding; and
- introducing additional capital buffers for the most systemically important institutions to address the issue of such institutions being 'too big to fail'.

The implementation period for several of the Basel III requirements that were incorporated into the Regulations commenced on 1 January 2013 and includes transitional arrangements which will be phased in until 1 January 2019. The transitional arrangements are available to give banks time to meet the higher standards while still supporting lending to the economy.

Based on the requirements, best practices and standards that were finalised by international standard-setting bodies such as the Basel Committee during 2013, including specific amendments and enhancements to the Basel III framework, the Department commenced its processes to draft further proposed amendments to the Regulations during 2013. Furthermore, during 2013 the Department took various internal policy decisions in respect of specific matters that would impact the regulation and supervision of banks and is in the process of incorporating them into the Regulations. Areas that required amendment or further clarification were also identified and are being addressed accordingly.

In addition, in order to ensure that all relevant proposals and comments in respect of the proposed amended Regulations are duly considered, researched and debated, the Department continues to hold the necessary internal Policy Committee meetings as and when required.

The Department also continues to monitor, among other things, the developments relating to the G-20 discussions, and the press releases, publications and directives issued by the Basel Committee and the FSB, including further work being conducted by the Basel Committee related to the Basel III framework, in order to identify possible further areas that would necessitate amendments to the Regulations.

The Department is committed to remaining fully compliant with international standards and market best practices relating to the regulation and supervision of banks and banking groups.

## 3.4 Illegal deposit-taking

During the year under review the Department received a number of enquiries and complaints, with supporting documentary evidence, pertaining to the business activities of certain persons and/or companies that were suspected of accepting deposits from the general public as a regular feature of their business without being registered as a bank.

It should be noted that the Department's mandate in this regard is limited to potential deposit-taking in South Africa in contravention of the Banks Act only. It therefore follows that the Department's mandate does not extend to fraud or other related white-collar crime. In cases where the complaints are not related to illegal deposit-taking, but fall within the mandate of other regulators, the Department refers these matters to the relevant regulators.

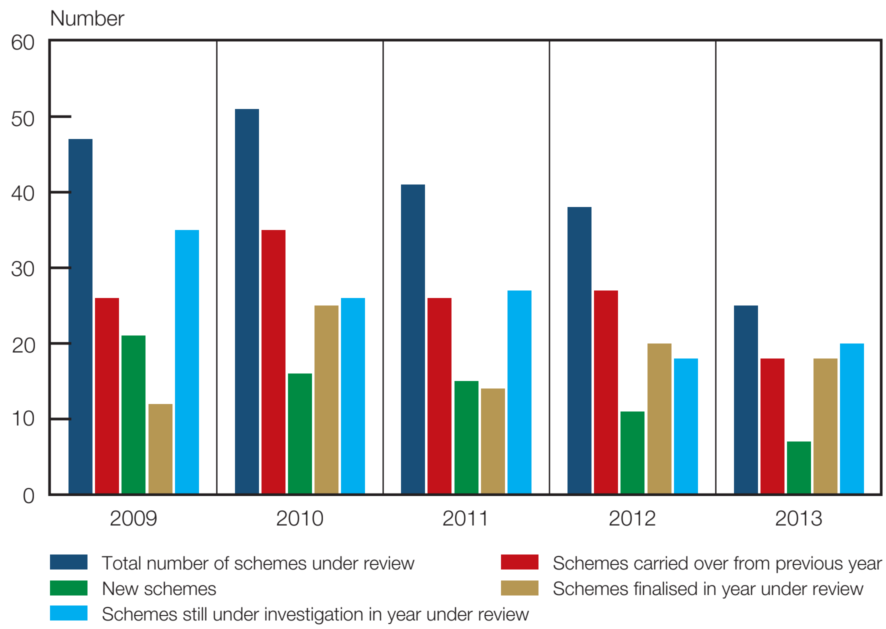
In the case where a scheme has already been liquidated, the Insolvency Act, 1936 (Act No. 24 of 1936), generally takes precedence over the Banks Act. Therefore, with regard to a scheme under liquidation or where the remedial measures in the Banks Act in respect of such a scheme have been exhausted and the matter has been referred to the South Africa Police Service for criminal investigation, the Department is not legally empowered to provide further assistance.

The Department compiled a review of schemes investigated from January 2009 to December 2013 (refer to Table 3.1 and Figure 3.1 on the next page). During this period, the Department appointed temporary inspectors in respect of 70 cases related to illegal deposit-taking schemes. A total of 132 schemes were carried over from previous years and 76 schemes were finalised during the above-mentioned five years. In 2013 the Department investigated 25 schemes, consisting of 18 that were carried over from previous years and 7 new schemes initiated in 2013. As at 31 December 2013, 20 schemes were still under investigation after the finalisation of 5 schemes during 2013.

Table 3.1 Inspections relating to illegal deposit-taking schemes

| | Total number of schemes under review | Schemes carried over from previous years | New schemes in year under review | Schemes finalised in year under review | Schemes still under investigation in year under review |
|---|---|---|---|---|---|
| 2009.................. | 47 | 26 | 21 | 12 | 35 |
| 2010.................. | 51 | 35 | 16 | 25 | 26 |
| 2011.................. | 41 | 26 | 15 | 14 | 27 |
| 2012.................. | 38 | 27 | 11 | 20 | 18 |
| 2013.................. | 25 | 18 | 7 | 5 | 20 |

Figure 3.1 Inspections relating to illegal deposit-taking schemes




On 26 September 2013 the Group Strategy and Communications Department of the Bank, in conjunction with the Department and the Financial Services Board, conducted a public awareness campaign titled "*Don't say bye-bye to your money*", emphasising the message that as a general rule, if an offer sounds too good to be true, it usually is.

During the campaign the Department was questioned by members of the general public as to what they should look out for and how they should protect themselves against the harmful effects of Ponzi and pyramid schemes. The Department accordingly provided the following guidelines:

- Conduct sufficient research when looking for an investment opportunity.
- Be particularly cautious of 'opportunities' that promise unrealistic returns in a short period of time.
- Beware of being pressurised to invest and of being afforded little time to analyse, review or understand the information given without a suitable cooling-off period. Do not put your money into an investment that you do not understand.
- If advised to keep an investment confidential, be wary as this is usually done to eliminate the possibility that someone may advise against such an investment.
- Remember the golden rule: If it sounds too good to be true, it probably is.

Ponzi and pyramid schemes mostly do not generate an income because they merely 'roll' the money, meaning that new investors' funds are used to pay the returns of the initial investors. It is usually impossible to maintain such a scheme, partly because when the scheme becomes larger in size, more investors are needed to service the initial investors. The fact that the promised returns are usually absurdly high and utterly unattainable means that the repayments thereof become impossible to maintain as the number of investors increases. In addition, funds collected from investors are normally used to finance the living costs of the schemes' operators.

In conclusion, experience has shown that Ponzi and pyramid schemes benefit a few individuals only, that is, the operators of the scheme, their agents (who earn commission from attracting investments) and a few individuals who invested with the scheme during the initial stages.

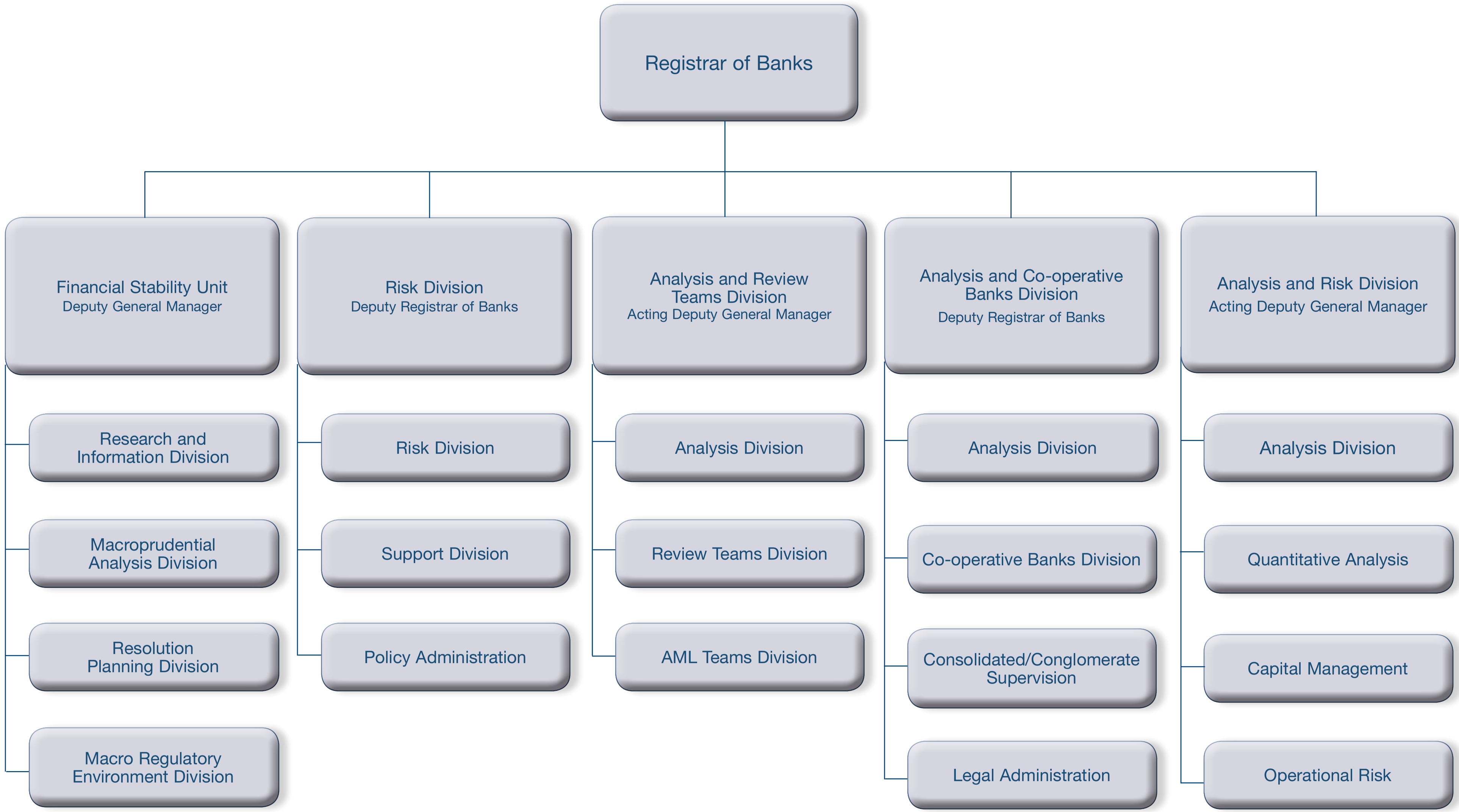
## 3.5 Developments regarding Postbank

During the fourth quarter of 2013 the Department received a section 12 application in terms of the Banks Act (that is, an application for authorisation to establish a bank) from the Postbank (a division of the South African Post Office). At present the Postbank is regulated under the South African Postbank Limited Act, 2010 (Act No. 9 of 2010) and the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Department is accordingly in the process of considering the application.

# Appendices

# Appendix 1

## Organisational structure of the Bank Supervision Department



# Appendix 1 (continued)

## Total staff complement, vacancies and employment equity numbers

| | 31 December 2012 | 31 December 2013 |
|---|---|---|
| Total job register (permanent positions) | 169 | 171 |
| Total employed | 150 | 159 |
| Total vacancies | 19 | 12 |
| Employment equity: Race (target group – per cent) | | |
| General management | 51 | 50 |
| Other staff | 65 | 65 |
| Employment equity: Gender (target group – per cent) | | |
| General management | 39 | 41 |
| Other staff | 71 | 68 |

# Appendix 2

## Registered banks, mutual banks and local branches of foreign banks as at 31 December 2013

### Registered banks

| | Institution | Address | Total assets at 31 December 2012 (R millions) | Total assets at 31 December 2013 (R millions) | Annual growth (per cent) |
|---|---|---|---|---|---|
| 1 | Absa Bank Limited | P O Box 7735, Johannesburg, 2000 | 754 214 | 777 881 | 3,14 |
| 2 | African Bank Limited | Private Bag X170, Midrand, 1685 | 64 047 | 69 952 | 9,22 |
| 3 | Albaraka Bank Limited | P O Box 4395, Durban, 4000 | 3 714 | 4 402 | 18,52 |
| 4 | Bidvest Bank Limited | P O Box 185, Johannesburg, 2000 | 4 459 | 4 732 | 6,12 |
| 5 | Capitec Bank Limited | P O Box 12451, Die Boord, Stellenbosch, 7613 | 37 421 | 44 481 | 18,87 |
| 6 | FirstRand Bank Limited | P O Box 650149, Benmore, 2010 | 734 117 | 785 371 | 6,98 |
| 7 | Grindrod Bank Limited | P O Box 3211, Durban, 4000 | 6 009 | 9 365 | 55,85 |
| 8 | Habib Overseas Bank Limited | P O Box 62369, Marshalltown, 2107 | 1 092 | 1 058 | -3,11 |
| 9 | HBZ Bank Limited | P O Box 1536, Wandsbeck, 3631 | 2 998 | 3 566 | 18,95 |
| 10 | Investec Bank Limited | P O Box 785700, Sandton, 2146 | 264 070 | 274 173 | 3,83 |
| 11 | Mercantile Bank Limited | P O Box 782699, Sandton, 2146 | 7 139 | 7 571 | 6,05 |
| 12 | Nedbank Limited | P O Box 1144, Johannesburg, 2000 | 616 818 | 661 945 | 7,32 |
| 13 | Sasfin Bank Limited | P O Box 95104, Grant Park, 2051 | 3 119 | 4 058 | 30,11 |
| 14 | The South African Bank of Athens Limited | P O Box 7781, Johannesburg, 2000 | 2 020 | 2 215 | 9,65 |
| 15 | The Standard Bank of South Africa Limited | P O Box 7725, Johannesburg, 2000 | 954 060 | 979 895 | 2,71 |
| 16 | Ubank Limited (formerly known as Teba Bank Limited) | Private Bag X101, Sunninghill, 2157 | 3 650 | 4 366 | 19,62 |

# Appendix 2

## Registered banks, mutual banks and local branches of foreign banks as at 31 December 2013 (continued)

### Registered mutual banks

| | Institution | Address | Total assets at 31 December 2012 (R millions) | Total assets at 31 December 2013 (R millions) | Annual growth (per cent) |
|---|---|---|---|---|---|
| 1 | Finbond Mutual Bank | P O Box 2127, Brooklyn Square, 0075 | 559 | 1 135 | 103,14 |
| 2 | GBS Mutual Bank | P O Box 114, Grahamstown, 6140 | 894 | 983 | 9,95 |
| 3 | VBS Mutual Bank | P O Box 3618, Makhado, 0920 | 295 | 323 | 9,69 |

### Registered local branches of foreign banks

| | Institution | Address | Total assets at 31 December 2012 (R millions) | Total assets at 31 December 2013 (R millions) | Annual growth (per cent) |
|---|---|---|---|---|---|
| 1 | Bank of Baroda | Premises No.14, 2nd floor, Sandton City Twin Towers, (East Wing), Sandton, 2196 | 1 296 | 1 619 | 24,92 |
| 2 | Bank of China Limited Johannesburg Branch (trading as Bank of China Johannesburg Branch) | P O Box 782616, Sandton, 2146 | 11 682 | 14 513 | 24,23 |
| 3 | Bank of India | P O Box 653589, Benmore, 2010 | 252 | 291 | 15,48 |
| 4 | Bank of Taiwan South Africa Branch | P O Box 1999, Parklands, 2121 | 1 928 | 1 423 | -26,19 |
| 5 | BNP Paribas South Africa | P O Box 52897, Saxonwold, 2132 | – | 467 | 100,00 |
| 6 | Canara Bank | 11th Floor, Sandton City Office Towers, Cnr 5th Street and Rivonia Road, Sandhurst Ext 3, Sandton, 2196 | – | – | – |
| 7 | China Construction Bank Corporation – Johannesburg Branch | Private Bag X10007, Sandton, 2146 | 15 466 | 18 374 | 18,80 |
| 8 | Citibank NA | P O Box 1800, Saxonwold, 2132 | 41 698 | 40 805 | -2,14 |
| 9 | Deutsche Bank AG | Private Bag X9933, Sandton, 2146 | 18 458 | 20 126 | 9,04 |
| 10 | HSBC Bank plc – Johannesburg Branch | Private Bag X785434, Sandton, 2146 | 30 080 | 34 047 | 13,19 |
| 11 | JPMorgan Chase Bank, NA (Johannesburg Branch) | Private Bag X9936, Sandton, 2146 | 40 705 | 29 274 | -28,08 |
| 12 | Société Générale Johannesburg Branch | P O Box 6872, Johannesburg, 2000 | 6 109 | 9 090 | 48,80 |
| 13 | Standard Chartered Bank (Johannesburg Branch) | P O Box 782080, Sandton, 2146 | 21 551 | 32 444 | 50,55 |
| 14 | State Bank of India | P O Box 2538, Saxonwold, 2132 | 2 457 | 3 571 | 45,37 |

# Appendix 2

## Registered banks, mutual banks and local branches of foreign banks as at 31 December 2013 (continued)

### Banks under curatorship

| Institution | Curator | Date of order |
| --- | --- | --- |
| None | | |

### Banks in final liquidation

| Institution | | Liquidator | Date of order |
| --- | --- | --- | --- |
| 1 | Islamic Bank Limited | Mr A D Wilkens of Deloitte & Touche | 13 January 1998 |
| 2 | Regal Treasury Private Bank Limited | Mr T A P du Plessis of D&N Trust and Mr J Pema of Sekela Antrust (Pty) Limited | 10 February 2004 |

# Appendix 3

## Name changes and cancellation of registration of banks and branches of foreign banks during the period 1 January 2013 to 31 December 2013

### Name changes

| Previous name | New name | Date of change |
| --- | --- | --- |
| None | | |

### Cancellation of registration

| Institution | Date of order |
| --- | --- |
| The Hongkong and Shanghai Banking Corporation Limited | 31 March 2013 |

# Appendix 4

## Registered controlling companies as at 31 December 2013

| Institution | | Address |
|---|---|---|
| 1 | African Bank Investments Limited | P O Box X170, Midrand, 1685 |
| 2 | Barclays Africa Group Limited | P O Box 7735, Johannesburg, 2000 |
| 3 | Bidvest Bank Holdings Limited | P O Box 185, Johannesburg, 2000 |
| 4 | Capitec Bank Holdings Limited | P O Box 12451, Die Boord, Stellenbosch, 7613 |
| 5 | FirstRand Limited | P O Box 650149, Benmore, 2010 |
| 6 | Grindrod Financial Holdings Limited | P O Box 3211, Durban, 4000 |
| 7 | Investec Limited | P O Box 785700, Sandton, 2146 |
| 8 | Mercantile Bank Holdings Limited | P O Box 782699, Sandton, 2146 |
| 9 | Nedbank Group Limited | P O Box 1144, Johannesburg, 2000 |
| 10 | Sasfin Holdings Limited | P O Box 95104, Grant Park, 2051 |
| 11 | Standard Bank Group Limited | P O Box 7725, Johannesburg, 2000 |
| 12 | UBank Group Limited | Private Bag X101, Sunninghill, 2157 |

### The following institutions are deemed to be controlling companies in terms of section 42 of the Banks Act, 1990:

| | | |
|---|---|---|
| 1 | Albaraka Banking Group<br>(in respect of Albaraka Bank Limited) | P O Box 1882, Manama, Kingdom of Bahrain |
| 2 | National Bank of Greece<br>(in respect of The South African Bank of Athens Limited) | 86 Aiolou Street, Athens TT 121, Greece |
| 3 | Pitcairn’s Finance<br>(in respect of Habib Overseas Bank Limited) | 121, Avenue de la Faiencerie, L-1511<br>Luxemburg, RCS Luxemburg, B nr 33-106 |

# Appendix 5

## Foreign banks with approved local representative offices

| | Institution | Address |
|---|---|---|
| 1 | AfrAsia Bank Limited | P O Box 55351, Northlands, 2116 |
| 2 | African Banking Corporation Botswana Limited (trading as BancABC Botswana) | P O Box 970, Saxonwold, 2132 |
| 3 | Banco Angolano de Investimentos | P O Box 785553, Sandton, 2146 |
| 4 | Banco BPI, SA | P O Box 303, Bruma, 2026 |
| 5 | Banco Espirito Santo e Comercial de Lisboa | P O Box 749, Bruma, 2026 |
| 6 | Banco Internacional de Credito | 30 Arena Close, H Santos Building, Bruma, 2198 |
| 7 | Banco Nacional De Desenvolvimento Econômica E Social | Illovo Edge, 4th Floor, Building 1, Corner Fricker and Harries Road, Illovo, Sandton, 2196 |
| 8 | Banco Santander Totta SA | P O Box 309, Bruma, 2026 |
| 9 | Banif – Banco Internacional do Funchal, SA | P O Box 16838, Bruma, 2026 |
| 10 | Bank Leumi Le-Israel BM | Private Bag X41, Saxonwold, 2132 |
| 11 | Bank of America, National Association | P O Box 651987, Benmore, 2010 |
| 12 | Bank of Cyprus Group | P O Box 652176, Benmore ,2010 |
| 13 | Commerzbank AG Johannesburg | P O Box 860, Parklands, 2121 |
| 14 | Credit Suisse AG | Private Bag X9911, Sandton, 2146 |
| 15 | Ecobank | 1st Floor, No. 1 Protea Place, Corner Fredman Drive, Sandton, 2196 |
| 16 | Export-Import Bank of India | 2nd floor, Sandton City, Twin Towers East Wing, Sandton, 2196 |
| 17 | Fairbairn Private Bank (Isle of Man) Limited | P O Box 787549, Sandton, 2146 |
| 18 | Fairbairn Private Bank (Jersey) Limited | P O Box 787549, Sandton, 2146 |
| 19 | First Bank of Nigeria | P O Box 784796, Sandton, 2146 |
| 20 | First City Monument Bank plc | P O Box 78553, Sandton, 2146 |
| 21 | Hellenic Bank Public Company Limited | P O Box 783392, Sandton, 2146 |
| 22 | Icici Bank Limited | P O Box 78261, Sandton, 2146 |
| 23 | Industrial and Commercial Bank of China African Representative Office | P O Box 40, Cape Town, 8000 |
| 24 | KfW Ipex-Bank GmbH | P O Box 2402, Saxonwold, 2132 |
| 25 | Millenium BCP | P O Box 273, Bruma, 2026 |
| 26 | Mizuho Bank Limited | P O Box 785553, Sandton, 2146 |
| 27 | National Bank of Egypt | P O Box 55402, Northlands, 2116 |
| 28 | NATIXIS Southern Africa Representative Office | Postnet Suite X352, Private Bag X1, Melrose Arch, 2076 |
| 29 | Royal Bank of Canada (Suisse) SA | P O Box 3084, Rivonia, 2128 |
| 30 | Royal Bank of Scotland International Limited | 5 Merchant Place, 9 Fredman Drive, Sandton, 2196 |
| 31 | Société Générale Representative Office for Southern Africa | P O Box 2805, Saxonwold, 2132 |
| 32 | Sumitomo Mitsui Banking Corporation | Building Four, 1st Floor, Commerce Square, 39 Rivonia Road, Sandhurst, Sandton, 2196 |
| 33 | The Bank of New York Mellon | PostNet Suite 100, Private Bag X43, Sunninghill, 2157 |
| 34 | The Bank of Tokyo-Mitsubishi UFJ Limited | P O Box 78519, Sandton, 2146 |
| 35 | The Mauritius Commercial Bank Limited | P O Box 3009, Parklands, 2121 |

# Appendix 5

## Foreign banks with approved local representative offices (continued)

| | Institution | Address |
|---|---|---|
| 36 | The Representative Office for Southern and Eastern Africa of the Export-Import Bank of China | Postnet Suite 158, Private Bag X91–BE, Benmore, 2010 |
| 37 | The Royal Bank of Scotland plc | P O Box 78769, Sandton, 2146 |
| 38 | UBS AG | P O Box 652863, Benmore, 2010 |
| 39 | Unicredit Bank AG | P O Box 1483, Parklands, 2121 |
| 40 | Union Bank of Nigeria plc | P O Box 653125, Benmore, 2010 |
| 41 | Vnesheconombank | P O Box 413742, Craighall, 2024 |
| 42 | Wells Fargo Bank, National Association | P O Box 3091, Saxonwold, 2132 |
| 43 | Zenith Bank plc | P O Box 782652, Sandton, 2146 |

## Report on representative offices

### 1. Introduction

The Regulations relating to Representative Offices of Foreign Banking Institutions (the RO Regulations), issued under Government Notice No. 1370, in *Government Gazette* No. 22939 dated 13 December 2001, seek to ensure continuous oversight by the Department, of the activities of representative offices of foreign banking institutions operating within the Republic of South Africa.

As at 31 December 2013 there were 43 representative offices (ROs) operating in South Africa, emanating from 20 countries.

### 2. Change in status of ROs during 2013

#### 2.1 During the year under review the following ROs were deregistered:

i. Barclays Bank plc
ii. Barclays Private Clients International Limited
iii. HSBC Bank International Limited
iv. Lloyds TSB Offshore Limited
v. The Royal Bank of Scotland NV

#### 2.2 During the year under review the following ROs were registered:

i. African Banking Corporation of Botswana Limited
ii. Banco Nacional De Desenvolvimento Economico E Social
iii. Banco Internacional De Credito
iv. Banif – Banco International do Funchal, SA
v. Mizuho Bank Limited
vi. Royal Bank of Canada (Suisse) SA
vii. The Royal Bank of Scotland plc

### 3. Supervisory approach

In order to fulfil the Department's responsibilities in terms of the RO Regulations, it follows the following supervisory approach:

- Regular interaction with the chief representative officers of the respective ROs.
- On-site visits at the offices of the ROs.
- Analysis of returns submitted by the ROs in terms of the RO Regulations and follow-up of any issues identified.
- Analysis of the internal control reports submitted by the ROs on an annual basis in terms of Banks Act Circular 3/2004.

# Appendix 6

## Banks Act Circulars issued in 2013

| | |
|---|---|
| C6/2013 | Matters related to conditions for the issue of instruments or shares, the proceeds of which rank as Tier 2 capital |
| C5/2013 | Reporting of items subject to thresholds that do not constitute a full deduction from qualifying capital and reserve funds |
| C4/2013 | Treatment of investments in banking, financial, securities, insurance and commercial entities |
| C3/2013 | Interpretation and application of criteria relating to effective maturity |
| C2/2013 | Matter related to specific minority interests, that is, non-controlling interests, in shares and/or instruments qualifying as capital |
| C1/2013 | Status of previously issued circulars |

## Banks Act Directives issued in 2013

| | |
|---|---|
| D14/2013 | Transitional arrangements related to capital requirements for over-the-counter derivatives that are not transacted through a central counterparty |
| D13/2013 | Clarification of the requirements for approval of the acquisition of "an interest" outside the Republic as provided for in section 52(1)(c) of the Banks Act, 1990 (Act No. 94 of 1990) |
| D12/2013 | Mapping of the international scale rating symbols of Fitch ratings and Moody's Investor Service to the prescribed risk weights available in terms of regulation 23 of the Regulations relating to Banks |
| D11/2013 | Operational risk practices – completion and submission of the BA 410 return |
| D10/2013 | Limit in respect of effective net open foreign-currency position, and matters related to the unencumbered assets to be held by branches of foreign institutions |
| D9/2013 | Investments, and loans and advances by controlling companies: Section 50 of the Banks Act, 1990 |
| D8/2013 | Matters related to the composition of Pillar 3 capital disclosure requirements |
| D7/2013 | Matters related to locational statistics based on residence and nationality (form BA 940) |
| D6/2013 | Matters related to changes to credit risk models used for the calculation of required capital and reserve funds for credit risk |
| D5/2013 | Capital framework for South Africa based on the Basel III framework |
| D4/2013 | Matters related to transitional arrangements relating to the surplus capital of a subsidiary attributable to third parties |
| D3/2013 | Matters related to capital floors |
| D2/2013 | Matters related to liquidity coverage ratio |
| D1/2013 | Matters related to qualifying capital instruments issued by subsidiaries of banks or controlling companies |

## Banks Act Guidance Notes issued in 2013

| | |
|---|---|
| G7/2013 | Loss absorbency requirements for Additional Tier 1 and Tier 2 capital instruments |
| G6/2013 | Provision for a committed liquidity facility by the South African Reserve Bank |
| G5/2013 | Foreign Exchange Settlement Risk |
| G4/2013 | Operational risk practices – completion and submission of the BA 410 |
| G3/2013 | Loss absorbency requirements for Additional Tier 1 and Tier 2 capital instruments |
| G2/2013 | Operational risk practices |
| G1/2013 | Status of previously issued guidance notes |

# Appendix 7

## Exemptions and exclusions from the application of the Banks Act, 1990

### Section 1(1)(cc): Exemptions by the Registrar of Banks with approval of the Minister of Finance

| Exemption Notice | *Government Gazette* | Expiry |
|---|---|---|
| Mining Houses | No. 16167 of 14 December 1994 | Indefinite |
| Trade in Securities and Financial Instruments | No. 16167 of 14 December 1994 | Indefinite |
| Commercial Paper | No. 16167 of 14 December 1994 | Indefinite |
| Common Bond | No. 35368 of 25 May 2012 | Indefinite |
| Securitisation Schemes | No. 30628 of 1 December 2008 | Indefinite |

### Section 1(1)(dd): Exemptions by the Minister of Finance

| Exemption Notice | *Government Gazette* | Expiry |
|---|---|---|
| Participation Bond Schemes | No. 13003 of 31 January 1991 | Indefinite |
| Unit Trust Schemes | No. 13003 of 31 January 1991 | Indefinite |
| "Ithala Limited" a wholly owned subsidiary of Ithala Development Finance Corporation Limited | No. 36103 of 1 February 2013 | 31 December 2013 |
| Financial Services Co-operatives | No. 31342 of 22 August 2008 | Indefinite |

### Section 1(ff): Exemptions by the Registrar of Banks

| Exemption Notice | *Government Gazette* | Expiry |
|---|---|---|
| Designation of Stockbrokers to Pool Funds | No. 15976 of 14 September 1994 | Indefinite |

### Section 1(gg): Exemptions by the Registrar of Banks

| Exemption Notice | *Government Gazette* | Expiry |
|---|---|---|
| Designation of JSE Limited members as persons authorised to accept money as mandatories and to deposit such money into banking accounts maintained by them | No. 19283 of 22 September 1998 | Indefinite |

### Section 2(vii): Exclusions by the Minister of Finance

| Exemption Notice | *Government Gazette* | Expiry |
|---|---|---|
| Post Office Savings Bank | No. 13744 of 24 January 1992 | Indefinite |
| Industrial Development Corporation of South Africa | No. 16167 of 14 December 1993 | Indefinite |
| European Investment Bank | No. 32067 of 3 April 2009 | 31 December 2013 |

### Section 78(1)(d)(iii): Exemptions by the Registrar of Banks

| Notice | *Government Gazette* | Expiry |
|---|---|---|
| Category of assets of a bank that may be held in the name of a person other than the bank concerned | No. 17949 of 2 May 1997 | Indefinite |

# Appendix 8

## Approval of applications in terms of section 52 of the Banks Act, 1990 (Act No. 94 of 1990), for local banking groups to acquire or establish foreign interests for the period 1 January 2013 to 31 December 2013

| Name of controlling company | Date of approval | Name of interest (and percentage interest held, if not 100 per cent) | Domicile |
|---|---|---|---|
| Absa Group Limited | 2013-04-08 | Barclays Africa Group Limited | South Africa |
| Absa Group Limited | 2013-04-19 | Bowwood and Main No 11 (Proprietary) Limited | South Africa |
| FirstRand Limited | 2013-04-16 | FRS Rental Services (Pty) Limited and QuipFin (Pty) Limited | South Africa |
| FirstRand Limited | 2013-11-29 | SA Corporate Real Estate Fund Nominees (Pty) Limited | South Africa |
| FirstRand Limited | 2013-11-29 | Capital Property Fund Nominees (Pty) Limited | South Africa |
| FirstRand Limited | 2013-11-29 | Allied Property Trustees (SYCOM) (Pty) Limited | South Africa |
| FirstRand Limited | 2013-02-25 | Merchant Bank Ghana Limited | Ghana |
| FirstRand Limited | 2013-04-05 | Freedom Plaza Property Owners Association (Pty) Limited | Namibia |
| FirstRand Limited | 2013-12-13 | RMB Bank Ghana Limited | Ghana |
| Investec Limited | 2013-01-22 | Investec Wealth and Investment (Channel Islands) Limited and Torch Nominees Limited | Guernsey and Jersey |
| Investec Limited | 2013-02-08 | Leisure Investment Capital Limited | Nigeria |
| Investec Limited | 2013-03-12 | Alpha Investments Sarl | Luxembourg |
| Investec Limited | 2013-02-18 | Investec Asset Management North America Incorporated | United States of America |
| Investec Limited | 2013-05-22 | Investec Property Management (Pty) Limited and Investec Propco (Pty) Limited | Australia |
| Investec Limited | 2013-04-22 | Investec Wealth and Investec Management (Pty) Limited | South Africa |
| Investec Limited | 2013-05-08 | Eternity Power (RF) (Pty) Limited | South Africa |
| Investec Limited | 2013-08-01 | Investec Asia (Beijing) Limited | Republic of China |
| Investec Limited | 2013-09-09 | Joint venture through Investec Properties (Pty) Limited with joint venture partners, namely Argo Real Estate Partners LLP and Newmark Properties LLP | United Kingdom |
| Investec Limited | 2013-09-19 | Fuel Cell IP 1, and Fuel Cell IP 2 LCC | United States of America |
| Investec Limited | 2013-12-13 | MB Technologies (Pty) Limited | South Africa |
| Investec plc* | 2013-12-13 | Investec Asset Management Hong Kong Limited | Hong Kong |
| Investec plc* | 2013-12-13 | Investec Africa Private Equity Fund 2 GP Limited | Guernsey |
| Nedbank Group Limited | 2013-07-19 | Banco Unico | Jersey |
| Standard Bank Group Limited | 2013-01-28 | STANLIB Infrastructure GP 1 (Pty) Limited | South Africa |
| Standard Bank Group Limited | 2013-01-28 | Liberty Investment Services (Pty) Limited and Liberty Investment Services Nominees (Pty) Limited | South Africa |
| Standard Bank Group Limited | 2013-06-07 | Tutuwa Community Investment Fund NPC | South Africa |
| Standard Bank Group Limited | 2013-09-06 | LC Golf SA (Pty) Limited, Pearl Valley Properties (Pty) Limited and Seven Wood Trading 57 (Pty) Limited | South Africa |
| Standard Bank Group Limited | 2013-09-13 | Liberty Blue Consultancy Limited (Establishment) | South Africa |
| Standard Bank Group Limited | 2013-09-13 | The Standard Bank of South Africa Limited Representative Office in the Ivory Coast | Ivory coast |
| Standard Bank Group Limited | 2013-06-21 | The Standard Bank of South Africa Limited Representative Office in Ethiopia | Ethiopia |
| Standard Bank Group Limited | 2013-07-19 | STANLIB Uganda Limited | Uganda |
| Standard Bank Group Limited | 2013-08-16 | E-Centric Payment Systems Namibia | Namibia |
| Standard Bank Group Limited | 2013-10-11 | Liberty Life Zambia Limited | Zambia |
| Standard Bank Group Limited | 2013-12-06 | Standard Bank, South Sudan Limited | Republic of South Sudan |
| Standard Bank Group Limited | 2013-09-20 | CMB Nominees (Pty) Limited | South Africa |

* All expansions undertaken by Investec plc were noted by the Bank Supervision Department in terms of the 2002 conditions of approval applicable to the dually listed company structure

# Appendix 9

## Memorandums of understanding concluded between the Bank Supervision Department of the South African Reserve Bank and foreign supervisors as at 31 December 2013

| Domicile of foreign regulator (listed alphabetically) | | Foreign banking supervisor | Effective from |
|---|---|---|---|
| 1 | Argentina | Superintendencia de Entidades Financieras y Cambiarias (Central Bank of Argentina) | 18 August 2007 |
| 2 | Australia | Australian Prudential Regulation Authority | 4 July 2007 |
| 3 | Brazil | Banco Central Do Brasil | 4 July 2012 |
| 4 | China | China Banking Regulatory Commission | 17 November 2010 |
| 5 | Germany | Bundesanstalt für Finanzdienstleitungsaufsicht | 13 August 2004 |
| 6 | Ghana | Bank of Ghana | 26 October 2011 |
| 7 | Hong Kong | Monetary Authority of Hong Kong | 12 December 2006 |
| 8 | India | Reserve Bank of India | 21 October 2011 |
| 9 | Ireland | Irish Financial Services Regulatory Authority | 21 July 2003 |
| 10 | Isle of Man | Financial Supervision Commission of the Isle of Man | 13 August 2001 |
| 11 | Jersey | Jersey Financial Services Commission | 11 June 2010 |
| 12 | Kenya | Central Bank of Kenya | 1 July 2010 |
| 13 | Lesotho | Central Bank of Lesotho | 27 August 2010 |
| 14 | Mauritius | Bank of Mauritius | 25 January 2005 |
| 15 | Mozambique | Banco de Mozambique | 22 September 2011 |
| 16 | Namibia | Bank Supervision Department of the Bank of Namibia | 27 September 2004 |
| 17 | Netherlands | The Netherlands Bank | 23 March 2010 |
| 18 | Nigeria | Central Bank of Nigeria | 20 March 2008 |
| 19 | Republic of South Sudan | Bank of South Sudan | 14 November 2011 |
| 20 | Swaziland | Central Bank of Swaziland | 18 June 2010 |
| 21 | Taiwan | Financial Supervisory Commission of the Republic of China (Taiwan) | 14 March 2012 |
| 22 | Tanzania | Bank of Tanzania | 15 June 2010 |
| 23 | Uganda | Bank of Uganda | 15 June 2010 |
| 24 | United Arab Emirates | The Dubai Financial Services Authority | 8 August 2009 |
| 25 | United Kingdom* | Financial Services Authority* | 21 July 2006 |

The purpose of a memorandum of understanding (MoU) is to provide a formal basis for bilateral working relationships and co-operation between supervisors, including the sharing of information and investigative assistance.

It should be noted that any MoU entered into by the Department does not modify or supersede any laws or regulatory requirements in force in, or applying to, the Republic of South Africa. Accordingly, an MoU sets forth a statement of intent and does not create any enforceable rights.

Since 2009 the Department's policy has been to allow only the acquisition or establishment of local (inward) and cross-border banking operations in instances where an MoU with the cross-border banking supervisor concerned has been concluded. This decision was underpinned by global initiatives to ensure that cross-border activities do not contribute to enhanced risk, as was evidenced by the global financial market crisis.

*A letter of intent has been signed between the Bank Supervision Department of the South African Reserve Bank and the Financial Services Authority and Bank of England rendering the terms of the current MoU applicable to the Prudential Regulation Authority and Financial Conduct Authority as may be relevant.

# Appendix 9

## Memorandums of understanding concluded between the Bank Supervision Department of the South African Reserve Bank and foreign supervisors as at 31 December 2013 (continued)

MoUs with the following foreign supervisors are in the process of negotiation:

| Domicile of foreign regulator (listed alphabetically) | | Foreign banking supervisor |
|---|---|---|
| 1 | Bahrain | Central Bank of Bahrain |
| 2 | Colombia | Superintendencia Financiera de Colombia |
| 3 | France | French Banking Commission |
| 4 | Greece | The Banking Regulator |
| 5 | Malawi | Reserve Bank of Malawi |
| 6 | Japan | Financial Services Agency |
| 7 | Portugal | Banco de Portugal |
| 8 | Singapore | Monetary Authority of Singapore |
| 9 | Turkey | Banking Regulation and Supervisory Agency of Turkey |
| 10 | United Arab Emirates | Banking Supervision and Examination Department of the Central Bank of the United Arab Emirates |
| 11 | United  States of America | Federal Reserve Bank of New York |
| 12 | Zambia | Bank of Zambia |

## Africa

The 14 Heads of State or Government of the Southern African Development Community (SADC) have signed a Protocol on Finance and Investment (PFI). The PFI, among other things, includes a section setting out the framework for co-operation and co-ordination in banking regulatory and supervisory matters. The 14 SADC countries are the Republic of Angola, the Republic of Botswana, the Democratic Republic of Congo, the Kingdom of Lesotho, the Republic of Malawi, the Republic of Mauritius, the Republic of Mozambique, the Republic of Namibia, Republic of Seychelles, the Republic of South Africa, the Kingdom of Swaziland, the United Republic of Tanzania, the Republic of Zambia and the Republic of Zimbabwe.

# Appendix 10

## Selected information on South African banks

| Table | | Page |
|---|---|---|


General note

Owing to the rounding off of figures, the sum of the separate items will sometimes differ from the total shown.

## Table 1
## Composition of total assets (R millions)

| | Cash and balances with the central bank | Short-term negotiable securities | Loans and advances to customers | Investment and trading securities | Derivative financial instruments | Other assets | Total assets |
|---|---|---|---|---|---|---|---|
| 2011: January | 68 299 | 167 894 | 2 256 270 | 216 819 | 216 039 | 130 156 | 3 055 477 |
| February | 68 985 | 170 246 | 2 267 952 | 226 910 | 217 003 | 123 230 | 3 074 325 |
| March | 76 348 | 167 285 | 2 271 068 | 230 320 | 215 958 | 115 508 | 3 076 486 |
| April | 75 985 | 171 508 | 2 259 492 | 229 327 | 240 563 | 119 744 | 3 096 619 |
| May | 74 059 | 178 171 | 2 278 473 | 232 279 | 192 666 | 118 399 | 3 074 047 |
| June | 78 784 | 185 382 | 2 306 324 | 234 045 | 189 573 | 125 537 | 3 119 645 |
| July | 75 489 | 191 684 | 2 312 773 | 230 682 | 209 500 | 132 058 | 3 152 185 |
| August | 81 140 | 195 709 | 2 369 153 | 236 194 | 263 262 | 138 708 | 3 284 166 |
| September | 80 974 | 200 282 | 2 371 382 | 243 274 | 336 979 | 136 577 | 3 369 468 |
| October | 77 969 | 214 494 | 2 393 712 | 241 736 | 311 890 | 138 193 | 3 377 994 |
| November | 81 895 | 213 439 | 2 445 288 | 244 679 | 316 340 | 143 037 | 3 444 679 |
| December | 88 695 | 208 844 | 2 467 571 | 222 024 | 278 971 | 150 261 | 3 416 366 |
| 2012: January | 81 496 | 209 867 | 2 450 576 | 239 572 | 284 198 | 138 767 | 3 404 476 |
| February | 88 397 | 205 542 | 2 462 967 | 239 457 | 259 461 | 140 314 | 3 396 139 |
| March | 83 806 | 202 919 | 2 512 818 | 248 219 | 214 924 | 137 250 | 3 399 935 |
| April | 83 776 | 201 555 | 2 472 709 | 255 591 | 208 881 | 138 583 | 3 361 095 |
| May | 84 210 | 199 871 | 2 521 567 | 258 595 | 271 962 | 142 361 | 3 478 566 |
| June | 84 287 | 203 614 | 2 556 268 | 277 460 | 251 333 | 136 576 | 3 509 537 |
| July | 81 311 | 202 985 | 2 578 598 | 277 106 | 301 582 | 128 139 | 3 569 722 |
| August | 85 452 | 203 225 | 2 588 206 | 266 050 | 280 007 | 136 140 | 3 559 080 |
| September | 87 906 | 204 146 | 2 619 968 | 266 497 | 266 156 | 142 513 | 3 587 186 |
| October | 90 380 | 199 718 | 2 624 646 | 271 974 | 263 034 | 146 053 | 3 595 806 |
| November | 93 304 | 196 571 | 2 708 420 | 272 976 | 262 525 | 154 928 | 3 688 723 |
| December | 97 673 | 197 528 | 2 691 726 | 249 580 | 253 152 | 162 985 | 3 652 645 |
| 2013: January | 93 650 | 193 129 | 2 691 588 | 280 475 | 245 043 | 146 940 | 3 650 826 |
| February | 96 379 | 198 694 | 2 728 239 | 279 724 | 230 865 | 142 388 | 3 676 288 |
| March | 94 273 | 207 879 | 2 767 394 | 269 343 | 215 055 | 147 105 | 3 701 050 |
| April | 97 086 | 216 844 | 2 754 104 | 261 770 | 242 240 | 146 121 | 3 718 165 |
| May | 96 656 | 219 841 | 2 774 102 | 261 438 | 271 771 | 145 000 | 3 768 807 |
| June | 91 999 | 227 383 | 2 826 481 | 251 564 | 237 075 | 152 880 | 3 787 383 |
| July | 97 551 | 218 864 | 2 800 142 | 246 155 | 225 397 | 150 939 | 3 739 047 |
| August | 97 107 | 217 626 | 2 856 572 | 247 045 | 234 228 | 141 330 | 3 793 909 |
| September | 89 787 | 212 048 | 2 846 672 | 253 504 | 215 944 | 148 859 | 3 766 814 |
| October | 99 090 | 211 492 | 2 828 710 | 260 005 | 210 794 | 146 606 | 3 756 696 |
| November | 98 802 | 213 270 | 2 889 927 | 255 645 | 207 195 | 149 845 | 3 814 685 |
| December | 106 685 | 214 732 | 2 901 372 | 252 617 | 215 455 | 152 335 | 3 843 195 |

## Table 2

## Composition of loans and advances to customers (R millions)

| | Home loans | Commercial mortgages | Credit cards | Lease and instalment debtors | Overdrafts | Term loans | Other | Less: Credit impairments | Loans and advances to customers |
|---|---|---|---|---|---|---|---|---|---|
| 2011: January | 818 310 | 227 413 | 56 971 | 243 360 | 104 800 | 368 013 | 493 264 | 55 860 | 2 256 270 |
| February | 821 148 | 228 059 | 57 830 | 244 697 | 107 173 | 362 180 | 502 639 | 55 776 | 2 267 952 |
| March | 821 522 | 225 912 | 57 674 | 246 486 | 109 254 | 353 908 | 511 998 | 55 688 | 2 271 068 |
| April | 821 653 | 227 624 | 58 438 | 247 013 | 111 255 | 355 257 | 493 966 | 55 714 | 2 259 492 |
| May | 823 130 | 231 439 | 58 901 | 247 848 | 106 953 | 370 447 | 495 676 | 55 920 | 2 278 473 |
| June | 823 839 | 234 289 | 59 188 | 249 728 | 107 814 | 384 985 | 501 794 | 55 312 | 2 306 324 |
| July | 823 314 | 234 963 | 59 497 | 251 176 | 105 608 | 371 297 | 521 686 | 54 768 | 2 312 773 |
| August | 824 552 | 234 991 | 59 782 | 249 152 | 104 232 | 385 814 | 565 397 | 54 767 | 2 369 153 |
| September | 825 680 | 238 545 | 60 274 | 250 965 | 109 579 | 396 207 | 544 756 | 54 624 | 2 371 382 |
| October | 825 918 | 238 775 | 60 922 | 253 456 | 112 349 | 402 257 | 554 594 | 54 561 | 2 393 712 |
| November | 826 648 | 239 332 | 61 628 | 256 039 | 108 746 | 426 810 | 580 191 | 54 106 | 2 445 288 |
| December | 826 903 | 239 920 | 61 964 | 259 472 | 117 484 | 436 830 | 579 586 | 54 588 | 2 467 571 |
| 2012: January | 830 458 | 236 341 | 63 179 | 260 755 | 121 972 | 437 906 | 555 187 | 55 222 | 2 450 576 |
| February | 831 120 | 238 309 | 64 014 | 263 021 | 128 879 | 429 636 | 563 168 | 55 179 | 2 462 967 |
| March | 832 069 | 237 870 | 64 455 | 266 129 | 140 653 | 453 619 | 573 327 | 55 304 | 2 512 818 |
| April | 827 482 | 241 549 | 65 348 | 267 552 | 129 240 | 476 187 | 521 073 | 55 722 | 2 472 709 |
| May | 828 323 | 244 600 | 66 283 | 270 926 | 125 240 | 498 342 | 544 277 | 56 424 | 2 521 567 |
| June | 828 993 | 247 076 | 67 103 | 274 641 | 128 254 | 502 143 | 566 960 | 58 901 | 2 556 268 |
| July | 829 242 | 244 971 | 67 926 | 276 797 | 123 473 | 507 342 | 587 952 | 59 105 | 2 578 598 |
| August | 830 936 | 246 301 | 68 479 | 279 624 | 125 246 | 518 728 | 577 451 | 58 558 | 2 588 206 |
| September | 831 436 | 246 911 | 69 687 | 282 506 | 129 220 | 522 610 | 597 559 | 59 960 | 2 619 968 |
| October | 832 224 | 248 458 | 70 715 | 285 866 | 127 752 | 535 666 | 584 510 | 60 545 | 2 624 646 |
| November | 833 535 | 249 858 | 80 360 | 289 601 | 124 826 | 570 183 | 621 079 | 61 022 | 2 708 420 |
| December | 833 537 | 251 679 | 81 212 | 292 462 | 136 737 | 552 623 | 604 941 | 61 464 | 2 691 726 |
| 2013: January | 834 445 | 250 116 | 82 628 | 294 957 | 137 024 | 545 296 | 609 601 | 62 479 | 2 691 588 |
| February | 837 601 | 248 023 | 83 742 | 298 111 | 143 906 | 547 559 | 632 897 | 63 599 | 2 728 239 |
| March | 837 066 | 249 545 | 83 935 | 301 742 | 149 809 | 567 762 | 641 212 | 63 676 | 2 767 394 |
| April | 837 514 | 250 427 | 84 798 | 304 770 | 145 206 | 562 169 | 633 807 | 64 587 | 2 754 104 |
| May | 839 647 | 251 600 | 85 962 | 308 225 | 139 177 | 564 596 | 650 725 | 65 830 | 2 774 102 |
| June | 840 313 | 252 925 | 86 973 | 311 764 | 145 498 | 564 238 | 691 532 | 66 763 | 2 826 481 |
| July | 841 306 | 253 862 | 87 350 | 315 661 | 138 645 | 561 020 | 669 940 | 67 642 | 2 800 142 |
| August | 842 744 | 258 523 | 88 586 | 318 949 | 142 849 | 567 694 | 707 326 | 70 099 | 2 856 572 |
| September | 843 959 | 262 210 | 89 552 | 322 578 | 144 574 | 559 835 | 691 546 | 67 582 | 2 846 672 |
| October | 845 153 | 264 338 | 92 016 | 326 487 | 139 308 | 550 814 | 678 435 | 67 841 | 2 828 710 |
| November | 845 453 | 263 245 | 93 213 | 328 950 | 141 211 | 529 368 | 756 652 | 68 165 | 2 889 927 |
| December | 845 586 | 260 842 | 93 683 | 331 214 | 143 130 | 539 589 | 756 282 | 68 953 | 2 901 372 |

# Table 3
## Composition of other loans (R millions)

| | Loans granted/ deposits placed under resale agreements | Redeemable preference shares | Factoring accounts | Trade, other bills and bankers' acceptances | Bank intra-group balances | Other | Total |
|---|---|---|---|---|---|---|---|
| 2011: January | 84 556 | 54 655 | 5 251 | 3 758 | 96 190 | 248 853 | 493 264 |
| February | 87 532 | 55 423 | 4 971 | 3 582 | 92 457 | 258 674 | 502 639 |
| March | 90 090 | 59 043 | 5 950 | 4 217 | 82 672 | 270 027 | 511 998 |
| April | 93 135 | 57 402 | 5 937 | 4 390 | 86 422 | 246 681 | 493 966 |
| May | 94 133 | 54 761 | 5 497 | 5 247 | 84 719 | 251 319 | 495 676 |
| June | 88 829 | 57 816 | 5 830 | 4 825 | 79 107 | 265 386 | 501 794 |
| July | 87 790 | 63 257 | 6 302 | 6 105 | 87 491 | 270 741 | 521 686 |
| August | 109 437 | 64 124 | 9 105 | 7 892 | 83 100 | 291 740 | 565 397 |
| September | 88 861 | 63 679 | 9 558 | 9 206 | 87 999 | 285 453 | 544 756 |
| October | 85 542 | 68 598 | 10 071 | 7 933 | 88 512 | 293 939 | 554 594 |
| November | 89 703 | 68 243 | 10 359 | 9 073 | 94 178 | 308 633 | 580 191 |
| December | 84 222 | 68 222 | 10 671 | 3 726 | 91 431 | 321 314 | 579 586 |
| 2012: January | 85 741 | 68 378 | 9 448 | 3 445 | 86 168 | 302 007 | 555 187 |
| February | 93 777 | 70 217 | 9 624 | 3 258 | 95 065 | 291 228 | 563 168 |
| March | 94 511 | 66 866 | 11 712 | 3 319 | 95 487 | 301 431 | 573 327 |
| April | 76 402 | 66 400 | 9 811 | 3 494 | 92 128 | 272 838 | 521 073 |
| May | 95 146 | 68 590 | 10 104 | 4 054 | 92 856 | 273 527 | 544 277 |
| June | 117 440 | 68 637 | 10 314 | 5 282 | 90 580 | 274 706 | 566 960 |
| July | 131 781 | 67 149 | 9 370 | 5 109 | 99 598 | 274 946 | 587 952 |
| August | 117 178 | 67 596 | 9 621 | 5 502 | 89 718 | 287 836 | 577 451 |
| September | 126 873 | 67 337 | 10 796 | 5 287 | 83 941 | 303 325 | 597 559 |
| October | 127 474 | 67 833 | 10 122 | 5 468 | 85 140 | 288 472 | 584 510 |
| November | 136 671 | 67 609 | 10 531 | 5 643 | 90 822 | 309 802 | 621 079 |
| December | 128 077 | 66 641 | 11 383 | 6 247 | 89 082 | 303 511 | 604 941 |
| 2013: January | 119 979 | 66 360 | 9 576 | 7 426 | 91 888 | 314 371 | 609 601 |
| February | 121 153 | 68 419 | 9 827 | 6 376 | 83 991 | 343 130 | 632 897 |
| March | 112 825 | 67 677 | 12 158 | 6 347 | 95 827 | 346 378 | 641 212 |
| April | 115 430 | 67 356 | 9 996 | 6 074 | 90 618 | 344 332 | 633 807 |
| May | 108 882 | 67 121 | 10 304 | 7 021 | 103 682 | 353 715 | 650 725 |
| June | 114 384 | 64 308 | 11 001 | 7 758 | 110 769 | 383 313 | 691 532 |
| July | 113 837 | 63 710 | 10 084 | 7 004 | 108 989 | 366 317 | 669 940 |
| August | 114 869 | 64 454 | 10 906 | 7 540 | 127 961 | 381 595 | 707 326 |
| September | 118 901 | 65 080 | 11 232 | 7 505 | 113 940 | 374 887 | 691 546 |
| October | 112 017 | 65 548 | 10 966 | 8 696 | 117 453 | 363 755 | 678 435 |
| November | 144 697 | 69 310 | 10 630 | 8 989 | 125 823 | 397 203 | 756 652 |
| December | 146 924 | 65 144 | 10 227 | 9 439 | 132 528 | 392 019 | 756 282 |

## Table 4
## Composition of total liabilities (R millions)

| | Deposits, current accounts and other creditors | Derivative financial instruments and other trading liabilities | Term debt instruments | Other | Total liabilities |
|---|---|---|---|---|---|
| 2011: January | 2 464 451 | 219 416 | 87 675 | 60 382 | 2 831 924 |
| February | 2 475 979 | 220 458 | 88 677 | 65 221 | 2 850 335 |
| March | 2 481 162 | 221 315 | 91 788 | 56 969 | 2 851 234 |
| April | 2 480 615 | 241 555 | 92 328 | 55 976 | 2 870 474 |
| May | 2 498 216 | 195 354 | 92 691 | 58 349 | 2 844 610 |
| June | 2 541 906 | 189 565 | 95 496 | 61 541 | 2 888 508 |
| July | 2 552 807 | 209 589 | 96 940 | 58 231 | 2 917 566 |
| August | 2 615 846 | 260 015 | 98 046 | 73 819 | 3 047 726 |
| September | 2 617 706 | 351 076 | 98 909 | 65 167 | 3 132 858 |
| October | 2 644 662 | 326 943 | 100 478 | 65 179 | 3 137 262 |
| November | 2 707 447 | 329 191 | 98 727 | 64 587 | 3 199 951 |
| December | 2 716 501 | 296 614 | 101 148 | 54 237 | 3 168 500 |
| 2012: January | 2 680 211 | 297 472 | 104 309 | 71 001 | 3 152 993 |
| February | 2 705 631 | 265 600 | 107 077 | 66 991 | 3 145 300 |
| March | 2 738 868 | 230 656 | 108 822 | 70 942 | 3 149 287 |
| April | 2 703 099 | 227 535 | 108 238 | 68 768 | 3 107 640 |
| May | 2 731 708 | 296 061 | 116 564 | 78 566 | 3 222 899 |
| June | 2 781 755 | 268 094 | 116 321 | 84 373 | 3 250 543 |
| July | 2 795 913 | 312 722 | 117 790 | 79 778 | 3 306 203 |
| August | 2 793 499 | 292 368 | 120 234 | 87 160 | 3 293 261 |
| September | 2 834 673 | 277 248 | 119 243 | 88 079 | 3 319 243 |
| October | 2 834 898 | 285 585 | 123 422 | 83 778 | 3 327 683 |
| November | 2 911 287 | 286 098 | 128 645 | 88 147 | 3 414 177 |
| December | 2 892 333 | 268 582 | 130 210 | 75 704 | 3 366 829 |
| 2013: January | 2 879 052 | 268 301 | 130 254 | 84 389 | 3 361 996 |
| February | 2 916 791 | 248 237 | 130 537 | 90 497 | 3 386 063 |
| March | 2 965 297 | 231 625 | 125 460 | 83 510 | 3 405 892 |
| April | 2 966 556 | 257 269 | 120 283 | 81 259 | 3 425 367 |
| May | 2 962 490 | 303 649 | 119 717 | 89 763 | 3 475 619 |
| June | 3 021 827 | 263 968 | 119 157 | 85 310 | 3 490 263 |
| July | 2 991 962 | 246 948 | 121 114 | 86 891 | 3 446 915 |
| August | 3 030 781 | 262 642 | 121 873 | 90 200 | 3 505 497 |
| September | 3 024 369 | 238 085 | 121 080 | 93 347 | 3 476 881 |
| October | 3 027 262 | 231 782 | 121 281 | 84 829 | 3 465 154 |
| November | 3 079 224 | 236 410 | 124 701 | 79 669 | 3 520 004 |
| December | 3 097 702 | 246 983 | 125 343 | 67 330 | 3 537 358 |

# Table 5
## Composition of selected liabilities (R millions)

| | Deposits, current accounts and other creditors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Current accounts | Savings deposits | Call deposits | Fixed and notice deposits | Negotiable certificates of deposit | Other deposits and loan accounts | Deposits received under repurchase agreements | Total |
| 2011: January | 430 649 | 124 195 | 388 824 | 715 339 | 434 042 | 277 455 | 93 946 | 2 464 451 |
| February | 443 363 | 124 328 | 389 993 | 716 537 | 435 011 | 278 431 | 88 315 | 2 475 979 |
| March | 454 265 | 125 530 | 402 157 | 723 520 | 413 365 | 277 701 | 84 624 | 2 481 162 |
| April | 435 830 | 125 772 | 415 142 | 726 677 | 399 562 | 278 087 | 99 545 | 2 480 615 |
| May | 429 840 | 126 469 | 422 609 | 755 059 | 396 875 | 271 264 | 96 099 | 2 498 216 |
| June | 459 847 | 129 106 | 411 170 | 761 268 | 392 199 | 297 327 | 90 989 | 2 541 906 |
| July | 449 035 | 130 687 | 433 858 | 800 788 | 401 385 | 241 511 | 95 544 | 2 552 807 |
| August | 448 063 | 131 418 | 432 779 | 828 339 | 406 488 | 253 524 | 115 235 | 2 615 846 |
| September | 454 799 | 135 383 | 431 720 | 841 843 | 390 839 | 260 857 | 102 265 | 2 617 706 |
| October | 463 281 | 134 965 | 458 401 | 834 969 | 382 414 | 270 582 | 100 050 | 2 644 662 |
| November | 477 858 | 139 820 | 469 699 | 845 680 | 380 035 | 278 030 | 116 325 | 2 707 447 |
| December | 522 811 | 140 981 | 471 047 | 837 572 | 379 093 | 269 467 | 95 529 | 2 716 501 |
| 2012: January | 496 981 | 137 870 | 469 746 | 832 614 | 374 820 | 266 696 | 101 484 | 2 680 211 |
| February | 511 649 | 138 075 | 472 037 | 845 850 | 360 727 | 270 217 | 107 077 | 2 705 631 |
| March | 523 978 | 139 316 | 480 703 | 856 252 | 349 598 | 281 534 | 107 488 | 2 738 868 |
| April | 497 694 | 140 352 | 476 805 | 857 650 | 356 400 | 286 062 | 88 136 | 2 703 099 |
| May | 491 865 | 142 441 | 488 308 | 864 601 | 358 180 | 299 396 | 86 917 | 2 731 708 |
| June | 528 143 | 144 379 | 466 172 | 863 394 | 353 335 | 326 269 | 100 063 | 2 781 755 |
| July | 498 866 | 145 338 | 480 167 | 882 474 | 369 956 | 319 436 | 99 677 | 2 795 913 |
| August | 501 877 | 147 610 | 495 588 | 888 963 | 368 864 | 302 536 | 88 061 | 2 793 499 |
| September | 518 118 | 147 634 | 482 393 | 883 750 | 375 411 | 324 954 | 102 413 | 2 834 673 |
| October | 500 864 | 149 063 | 487 116 | 878 766 | 381 475 | 327 165 | 110 449 | 2 834 898 |
| November | 539 428 | 153 571 | 492 754 | 884 573 | 375 837 | 348 579 | 116 545 | 2 911 287 |
| December | 562 260 | 151 816 | 486 162 | 882 834 | 359 090 | 346 995 | 103 176 | 2 892 333 |
| 2013: January | 519 188 | 150 766 | 497 793 | 898 692 | 378 465 | 340 367 | 93 780 | 2 879 052 |
| February | 552 784 | 149 317 | 494 333 | 901 233 | 372 859 | 347 071 | 99 195 | 2 916 791 |
| March | 582 230 | 150 635 | 500 708 | 892 775 | 370 727 | 370 690 | 97 532 | 2 965 297 |
| April | 548 121 | 146 510 | 503 919 | 908 189 | 387 644 | 366 556 | 105 617 | 2 966 556 |
| May | 540 645 | 148 684 | 519 915 | 914 023 | 395 010 | 345 225 | 98 989 | 2 962 490 |
| June | 597 260 | 150 548 | 527 509 | 890 768 | 382 351 | 377 781 | 95 609 | 3 021 827 |
| July | 562 408 | 152 505 | 529 465 | 910 908 | 381 013 | 357 905 | 97 758 | 2 991 962 |
| August | 569 031 | 155 441 | 544 622 | 920 342 | 381 556 | 367 179 | 92 609 | 3 030 781 |
| September | 584 754 | 156 385 | 539 929 | 907 251 | 390 527 | 356 412 | 89 112 | 3 024 369 |
| October | 567 594 | 161 283 | 537 841 | 928 373 | 395 563 | 346 076 | 90 532 | 3 027 262 |
| November | 584 021 | 168 923 | 536 405 | 936 286 | 392 182 | 365 625 | 95 784 | 3 079 224 |
| December | 630 411 | 168 432 | 533 346 | 918 391 | 371 390 | 383 019 | 92 712 | 3 097 702 |

# Table 5
## Composition of selected liabilities (R millions) (continued)

| | Derivative financial instruments and other trading liabilities | | | Term debt instruments | | |
|---|---|---|---|---|---|---|
| | Derivative financial instruments | Other trading liabilities | Total | Qualifying as capital | Other | Total |
| 2011: January | 207 745 | 11 671 | 219 416 | 57 262 | 30 412 | 87 675 |
| February | 206 751 | 13 707 | 220 458 | 57 350 | 31 327 | 88 677 |
| March | 207 854 | 13 461 | 221 315 | 57 295 | 34 493 | 91 788 |
| April | 228 351 | 13 203 | 241 555 | 56 185 | 36 143 | 92 328 |
| May | 184 768 | 10 586 | 195 354 | 56 092 | 36 599 | 92 691 |
| June | 179 129 | 10 437 | 189 565 | 56 081 | 39 415 | 95 496 |
| July | 197 886 | 11 703 | 209 589 | 56 157 | 40 783 | 96 940 |
| August | 250 121 | 9 894 | 260 015 | 56 391 | 41 654 | 98 046 |
| September | 338 105 | 12 971 | 351 076 | 56 957 | 41 952 | 98 909 |
| October | 310 944 | 15 999 | 326 943 | 56 941 | 43 537 | 100 478 |
| November | 314 033 | 15 158 | 329 191 | 54 768 | 43 958 | 98 727 |
| December | 278 955 | 17 659 | 296 614 | 57 717 | 43 432 | 101 148 |
| 2012: January | 281 431 | 16 041 | 297 472 | 60 036 | 44 273 | 104 309 |
| February | 251 613 | 13 987 | 265 600 | 60 617 | 46 461 | 107 077 |
| March | 209 835 | 20 821 | 230 656 | 62 616 | 46 206 | 108 822 |
| April | 203 463 | 24 072 | 227 535 | 62 400 | 45 838 | 108 238 |
| May | 275 295 | 20 767 | 296 061 | 62 886 | 53 678 | 116 564 |
| June | 246 079 | 22 015 | 268 094 | 62 696 | 53 625 | 116 321 |
| July | 294 640 | 18 083 | 312 722 | 63 814 | 53 976 | 117 790 |
| August | 281 378 | 10 990 | 292 368 | 64 086 | 56 149 | 120 234 |
| September | 263 667 | 13 581 | 277 248 | 64 620 | 54 623 | 119 243 |
| October | 264 550 | 21 035 | 285 585 | 68 108 | 55 314 | 123 422 |
| November | 266 094 | 20 003 | 286 098 | 72 731 | 55 914 | 128 645 |
| December | 250 495 | 18 087 | 268 582 | 74 403 | 55 807 | 130 210 |
| 2013: January | 251 128 | 17 174 | 268 301 | 72 957 | 57 297 | 130 254 |
| February | 235 979 | 12 259 | 248 237 | 73 082 | 57 455 | 130 537 |
| March | 219 562 | 12 062 | 231 625 | 71 743 | 53 717 | 125 460 |
| April | 240 887 | 16 382 | 257 269 | 67 081 | 53 202 | 120 283 |
| May | 290 833 | 12 816 | 303 649 | 67 104 | 52 613 | 119 717 |
| June | 248 502 | 15 466 | 263 968 | 67 019 | 52 138 | 119 157 |
| July | 233 611 | 13 337 | 246 948 | 68 917 | 52 197 | 121 114 |
| August | 248 984 | 13 658 | 262 642 | 69 918 | 51 955 | 121 873 |
| September | 222 947 | 15 137 | 238 085 | 68 012 | 53 068 | 121 080 |
| October | 217 246 | 14 536 | 231 782 | 67 799 | 53 481 | 121 281 |
| November | 218 881 | 17 529 | 236 410 | 68 962 | 55 738 | 124 701 |
| December | 230 748 | 16 235 | 246 983 | 68 725 | 56 618 | 125 343 |

# Table 6
## Sources of deposits (R millions)

| | Sovereigns including central banks | Public-sector entities | Local authorities | Banks | Securities firms | Corporate customers | Retail customers | Other | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2011: January | 94 932 | 161 927 | 26 922 | 260 664 | 183 508 | 1 166 795 | 522 135 | 47 569 | 2 464 451 |
| February | 100 195 | 162 620 | 25 178 | 258 218 | 189 609 | 1 173 264 | 520 615 | 46 280 | 2 475 979 |
| March | 100 432 | 156 313 | 35 494 | 246 187 | 187 794 | 1 183 758 | 523 932 | 47 252 | 2 481 162 |
| April | 94 086 | 149 930 | 29 515 | 256 790 | 189 879 | 1 186 859 | 526 766 | 46 790 | 2 480 615 |
| May | 95 603 | 145 751 | 26 664 | 241 796 | 186 746 | 1 220 940 | 531 087 | 49 630 | 2 498 216 |
| June | 129 782 | 152 637 | 20 935 | 240 494 | 185 722 | 1 209 153 | 565 055 | 38 128 | 2 541 906 |
| July | 105 892 | 157 955 | 31 673 | 242 131 | 172 007 | 1 235 432 | 569 988 | 37 730 | 2 552 807 |
| August | 112 428 | 170 885 | 30 565 | 256 389 | 182 042 | 1 245 576 | 573 635 | 44 328 | 2 615 846 |
| September | 109 392 | 164 577 | 28 039 | 254 569 | 184 716 | 1 246 296 | 589 780 | 40 337 | 2 617 706 |
| October | 115 796 | 172 761 | 27 947 | 245 042 | 188 873 | 1 260 044 | 591 307 | 42 892 | 2 644 662 |
| November | 119 106 | 165 743 | 30 283 | 278 102 | 190 905 | 1 274 593 | 601 855 | 46 861 | 2 707 447 |
| December | 143 504 | 167 287 | 33 783 | 250 745 | 206 793 | 1 261 017 | 610 761 | 42 612 | 2 716 501 |
| 2012: January | 134 732 | 170 230 | 31 793 | 248 389 | 206 068 | 1 254 152 | 605 111 | 29 736 | 2 680 211 |
| February | 161 300 | 164 973 | 32 780 | 251 938 | 198 249 | 1 257 148 | 606 515 | 32 729 | 2 705 631 |
| March | 145 142 | 161 746 | 40 940 | 260 017 | 190 534 | 1 287 639 | 623 708 | 29 142 | 2 738 868 |
| April | 140 747 | 162 170 | 36 388 | 247 554 | 191 125 | 1 258 502 | 623 928 | 42 685 | 2 703 099 |
| May | 134 553 | 163 460 | 34 516 | 260 577 | 196 655 | 1 277 545 | 630 274 | 34 128 | 2 731 708 |
| June | 180 243 | 165 524 | 29 409 | 251 875 | 197 022 | 1 283 282 | 641 196 | 33 204 | 2 781 755 |
| July | 128 691 | 172 969 | 39 965 | 258 881 | 213 569 | 1 295 426 | 655 584 | 30 828 | 2 795 913 |
| August | 138 193 | 174 417 | 38 139 | 246 553 | 206 244 | 1 298 562 | 659 115 | 32 276 | 2 793 499 |
| September | 152 247 | 179 412 | 34 857 | 257 109 | 211 808 | 1 306 749 | 660 703 | 31 788 | 2 834 673 |
| October | 147 436 | 170 020 | 32 860 | 266 540 | 205 340 | 1 314 307 | 668 537 | 29 858 | 2 834 898 |
| November | 143 828 | 166 211 | 42 033 | 293 787 | 200 272 | 1 352 481 | 681 151 | 31 526 | 2 911 287 |
| December | 151 734 | 165 036 | 41 008 | 304 984 | 198 382 | 1 329 520 | 672 253 | 29 417 | 2 892 333 |
| 2013: January | 146 939 | 170 645 | 39 880 | 292 333 | 203 341 | 1 327 373 | 665 182 | 33 358 | 2 879 052 |
| February | 169 752 | 166 218 | 42 343 | 297 566 | 212 183 | 1 332 972 | 661 332 | 34 427 | 2 916 791 |
| March | 172 799 | 153 275 | 53 000 | 314 442 | 206 435 | 1 354 863 | 673 921 | 36 561 | 2 965 297 |
| April | 131 163 | 161 877 | 50 997 | 309 825 | 212 851 | 1 381 375 | 680 089 | 38 379 | 2 966 556 |
| May | 132 492 | 154 126 | 45 858 | 277 005 | 221 379 | 1 405 584 | 689 326 | 36 721 | 2 962 490 |
| June | 170 024 | 152 615 | 38 674 | 297 073 | 224 504 | 1 404 908 | 697 758 | 36 270 | 3 021 827 |
| July | 129 257 | 158 215 | 47 058 | 281 079 | 228 841 | 1 409 123 | 701 713 | 36 675 | 2 991 962 |
| August | 141 567 | 155 688 | 44 868 | 290 378 | 220 219 | 1 436 003 | 707 911 | 34 147 | 3 030 781 |
| September | 142 358 | 170 024 | 39 632 | 269 221 | 226 616 | 1 429 184 | 709 485 | 37 849 | 3 024 369 |
| October | 138 872 | 156 233 | 40 359 | 288 521 | 227 465 | 1 418 969 | 720 489 | 36 354 | 3 027 262 |
| November | 137 566 | 151 227 | 44 520 | 304 587 | 229 460 | 1 429 283 | 746 321 | 36 261 | 3 079 224 |
| December | 170 903 | 148 320 | 46 081 | 280 959 | 216 260 | 1 468 181 | 743 001 | 23 997 | 3 097 702 |

# Table 7
## Composition of total equity (R millions)

| | Share capital | Retained earnings | Other reserves | Preference shareholders' equity | Total equity |
|---|---|---|---|---|---|
| 2011: January | 96 610 | 107 840 | 12 606 | 6 498 | 223 554 |
| February | 96 891 | 108 961 | 11 641 | 6 497 | 223 990 |
| March | 98 346 | 109 200 | 11 210 | 6 497 | 225 253 |
| April | 98 496 | 109 890 | 11 261 | 6 497 | 226 144 |
| May | 98 496 | 112 923 | 11 521 | 6 497 | 229 437 |
| June | 99 381 | 114 432 | 10 827 | 6 497 | 231 137 |
| July | 99 382 | 117 509 | 11 231 | 6 497 | 234 619 |
| August | 100 118 | 118 051 | 11 774 | 6 497 | 236 440 |
| September | 100 954 | 118 077 | 7 581 | 9 998 | 236 610 |
| October | 104 358 | 118 193 | 8 124 | 10 058 | 240 732 |
| November | 104 408 | 121 532 | 8 731 | 10 058 | 244 728 |
| December | 104 643 | 124 289 | 8 878 | 10 058 | 247 867 |
| 2012: January | 104 642 | 127 728 | 9 055 | 10 058 | 251 483 |
| February | 104 527 | 127 445 | 8 760 | 10 107 | 250 839 |
| March | 111 941 | 123 055 | 5 545 | 10 107 | 250 648 |
| April | 111 738 | 125 559 | 6 050 | 10 107 | 253 455 |
| May | 113 738 | 126 090 | 5 732 | 10 107 | 255 667 |
| June | 113 798 | 128 852 | 6 297 | 10 047 | 258 994 |
| July | 117 052 | 129 415 | 7 003 | 10 047 | 263 518 |
| August | 116 832 | 132 185 | 6 754 | 10 047 | 265 819 |
| September | 117 316 | 133 556 | 7 023 | 10 047 | 267 943 |
| October | 118 258 | 132 768 | 6 980 | 10 118 | 268 123 |
| November | 121 024 | 136 547 | 6 857 | 10 118 | 274 546 |
| December | 126 452 | 141 984 | 7 262 | 10 118 | 285 815 |
| 2013: January | 126 795 | 144 656 | 7 262 | 10 118 | 288 830 |
| February | 127 447 | 145 569 | 7 092 | 10 118 | 290 226 |
| March | 127 447 | 150 377 | 7 216 | 10 118 | 295 158 |
| April | 127 615 | 147 198 | 7 955 | 10 029 | 292 798 |
| May | 127 936 | 149 021 | 6 202 | 10 029 | 293 188 |
| June | 127 986 | 153 599 | 5 507 | 10 029 | 297 120 |
| July | 128 296 | 148 261 | 5 537 | 10 038 | 292 133 |
| August | 128 602 | 145 199 | 4 563 | 10 049 | 288 413 |
| September | 125 612 | 145 563 | 5 726 | 13 032 | 289 934 |
| October | 125 622 | 148 371 | 4 518 | 13 032 | 291 542 |
| November | 126 180 | 151 041 | 4 428 | 13 032 | 294 681 |
| December | 133 521 | 154 157 | 5 041 | 13 118 | 305 837 |

# Table 8
## Composition of off-balance-sheet items (R millions)

| | Guarantees on behalf of clients | Committed undrawn facilities | Letters of credit | Credit derivative instruments | Other | Total |
|---|---|---|---|---|---|---|
| 2011: January | 116 412 | 248 428 | 20 303 | 7 261 | 458 007 | 850 411 |
| February | 114 096 | 232 238 | 19 239 | 6 633 | 466 312 | 838 518 |
| March | 114 933 | 230 180 | 22 836 | 6 619 | 458 619 | 833 187 |
| April | 114 483 | 234 154 | 23 548 | 6 811 | 459 028 | 838 024 |
| May | 117 377 | 232 547 | 22 597 | 7 036 | 451 795 | 831 352 |
| June | 134 552 | 237 906 | 23 746 | 6 975 | 475 252 | 878 431 |
| July | 126 190 | 249 715 | 24 171 | 7 254 | 480 279 | 887 610 |
| August | 123 893 | 253 863 | 26 497 | 9 192 | 487 001 | 900 446 |
| September | 127 597 | 255 320 | 30 745 | 11 630 | 493 053 | 918 344 |
| October | 124 182 | 254 079 | 31 297 | 11 257 | 492 837 | 913 653 |
| November | 129 274 | 260 861 | 26 882 | 12 047 | 484 214 | 913 278 |
| December | 125 202 | 273 257 | 28 273 | 12 064 | 484 192 | 922 987 |
| 2012: January | 126 369 | 267 841 | 26 311 | 11 051 | 474 433 | 906 005 |
| February | 116 741 | 278 157 | 27 619 | 10 981 | 485 570 | 919 068 |
| March | 121 346 | 278 760 | 32 966 | 11 534 | 486 553 | 931 160 |
| April | 124 905 | 279 575 | 33 993 | 10 318 | 495 546 | 944 336 |
| May | 127 461 | 282 668 | 32 963 | 13 040 | 493 194 | 949 326 |
| June | 135 248 | 283 398 | 34 481 | 12 932 | 512 897 | 978 957 |
| July | 135 550 | 287 416 | 31 962 | 12 210 | 519 773 | 986 911 |
| August | 137 245 | 291 742 | 32 280 | 18 761 | 524 515 | 1 004 543 |
| September | 137 041 | 285 479 | 32 578 | 16 430 | 514 350 | 985 878 |
| October | 138 676 | 294 704 | 33 185 | 17 432 | 532 038 | 1 016 035 |
| November | 142 122 | 306 915 | 33 449 | 17 580 | 537 147 | 1 037 213 |
| December | 138 951 | 313 644 | 34 633 | 20 790 | 549 300 | 1 057 319 |
| 2013: January | 138 580 | 315 713 | 32 004 | 23 492 | 541 921 | 1 051 710 |
| February | 143 912 | 307 669 | 32 182 | 25 454 | 533 896 | 1 043 112 |
| March | 148 141 | 312 753 | 33 539 | 26 321 | 543 326 | 1 064 080 |
| April | 148 933 | 317 533 | 32 283 | 25 770 | 539 146 | 1 063 664 |
| May | 149 664 | 317 854 | 39 440 | 27 489 | 517 921 | 1 052 368 |
| June | 155 702 | 318 485 | 34 246 | 26 478 | 520 196 | 1 055 106 |
| July | 149 093 | 320 142 | 35 533 | 27 847 | 526 812 | 1 059 427 |
| August | 152 078 | 322 465 | 36 955 | 29 749 | 520 060 | 1 061 307 |
| September | 157 095 | 314 988 | 34 507 | 27 742 | 526 370 | 1 060 702 |
| October | 160 656 | 328 276 | 31 208 | 30 016 | 530 476 | 1 080 632 |
| November | 166 571 | 315 870 | 30 836 | 30 055 | 541 972 | 1 085 304 |
| December | 174 959 | 326 503 | 31 507 | 30 632 | 559 760 | 1 123 360 |

## Table 9
## Composition of the income statement (R millions)

| | Income | | Expenses | | | Operating profit/(loss) |
|---|---|---|---|---|---|---|
| | Net interest income | Non-interest income | Credit losses | Operating expenses | Indirect taxation | |
| 2011: January | 6 411 | 5 959 | 2 324 | 6 931 | 186 | 2 929 |
| February | 6 004 | 6 945 | 2 061 | 7 378 | 224 | 3 287 |
| March | 6 785 | 7 959 | 2 081 | 8 053 | 259 | 4 351 |
| April | 6 639 | 6 883 | 1 823 | 7 656 | 195 | 3 848 |
| May | 7 186 | 6 675 | 2 268 | 7 779 | 273 | 3 541 |
| June | 7 184 | 6 717 | 2 236 | 7 468 | 75 | 4 123 |
| July | 7 308 | 6 566 | 1 715 | 7 821 | 220 | 4 118 |
| August | 7 538 | 7 007 | 1 804 | 8 435 | 273 | 4 032 |
| September | 7 335 | 7 702 | 2 054 | 7 778 | 195 | 5 009 |
| October | 7 593 | 8 102 | 2 181 | 8 429 | 241 | 4 844 |
| November | 7 656 | 7 607 | 1 622 | 8 875 | 254 | 4 512 |
| December | 7 831 | 6 565 | 2 060 | 6 776 | 271 | 5 288 |
| 2012: January | 7 603 | 7 332 | 2 381 | 7 888 | 206 | 4 460 |
| February | 7 256 | 7 218 | 2 052 | 8 303 | 140 | 3 979 |
| March | 7 995 | 8 311 | 2 114 | 8 152 | 178 | 5 861 |
| April | 7 861 | 7 149 | 2 343 | 8 596 | 225 | 3 847 |
| May | 8 164 | 8 209 | 2 882 | 9 857 | 223 | 3 410 |
| June | 8 125 | 8 452 | 5 123 | 7 826 | 131 | 3 497 |
| July | 8 255 | 8 385 | 2 248 | 8 936 | 282 | 5 174 |
| August | 8 232 | 7 369 | 2 407 | 8 933 | 301 | 3 960 |
| September | 7 910 | 7 525 | 3 281 | 8 208 | 179 | 3 767 |
| October | 8 294 | 8 306 | 2 757 | 9 117 | 279 | 4 447 |
| November | 8 961 | 8 513 | 3 320 | 9 260 | 260 | 4 633 |
| December | 9 110 | 11 941 | 2 865 | 8 775 | 254 | 9 157 |
| 2013: January | 8 707 | 8 638 | 3 269 | 8 669 | 275 | 5 132 |
| February | 8 586 | 7 892 | 3 150 | 8 442 | 299 | 4 586 |
| March | 9 322 | 6 972 | 2 856 | 9 380 | 278 | 3 779 |
| April | 8 863 | 7 637 | 3 150 | 8 749 | 305 | 4 297 |
| May | 8 350 | 7 735 | 3 654 | 9 170 | 310 | 2 951 |
| June | 9 126 | 8 633 | 3 812 | 8 592 | -77 | 5 432 |
| July | 9 904 | 7 647 | 3 057 | 9 313 | 245 | 4 936 |
| August | 9 920 | 7 270 | 3 971 | 9 913 | 327 | 2 979 |
| September | 10 136 | 8 518 | 3 140 | 9 818 | 284 | 5 411 |
| October | 10 071 | 8 161 | 2 667 | 10 237 | 338 | 4 990 |
| November | 9 963 | 7 570 | 3 147 | 9 763 | 220 | 4 403 |
| December | 10 072 | 9 454 | 2 976 | 9 917 | 407 | 6 226 |

# Table 10
## Composition of interest and similar income (R millions)

| | Short-term negotiable securities | Home loans | Commercial mortgages | Credit cards | Lease and instalment debtors | Overdrafts | Term loans | Other | Government and other dated securities | Less: Interest income on trading assets allocated to trading revenue | Interest and similar income |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2011: January | 907 | 5 143 | 1 635 | 654 | 2 138 | 900 | 2 175 | 3 081 | -349 | 296 | 15 987 |
| February | 814 | 4 673 | 1 532 | 620 | 1 926 | 822 | 2 662 | 1 572 | 893 | 350 | 15 165 |
| March | 808 | 5 360 | 1 887 | 662 | 2 140 | 874 | 2 889 | 1 896 | 767 | 315 | 16 968 |
| April | 885 | 5 103 | 1 613 | 658 | 2 087 | 899 | 3 056 | 1 193 | 1 143 | 377 | 16 259 |
| May | 935 | 5 281 | 1 641 | 696 | 2 148 | 921 | 3 214 | 1 661 | 1 084 | 420 | 17 160 |
| June | 920 | 4 958 | 1 588 | 683 | 2 107 | 894 | 2 938 | 2 085 | 917 | 345 | 16 747 |
| July | 956 | 5 271 | 1 683 | 678 | 2 167 | 946 | 3 209 | 1 583 | 1 270 | 391 | 17 372 |
| August | 1 061 | 5 275 | 1 784 | 704 | 2 145 | 817 | 3 508 | 403 | 2 858 | 354 | 18 201 |
| September | 1 018 | 5 142 | 1 693 | 683 | 2 058 | 895 | 2 979 | 3 134 | -412 | 542 | 16 649 |
| October | 1 040 | 5 306 | 1 675 | 707 | 2 182 | 1 082 | 3 640 | 1 386 | 1 378 | 543 | 17 854 |
| November | 1 122 | 5 204 | 1 693 | 701 | 2 168 | 932 | 3 224 | 3 140 | 104 | 550 | 17 740 |
| December | 1 040 | 5 378 | 1 675 | 720 | 2 228 | 1 023 | 3 533 | 2 175 | 1 249 | 639 | 18 382 |
| 2012: January | 1 122 | 5 328 | 1 689 | 746 | 2 226 | 961 | 3 710 | 1 185 | 1 533 | 513 | 17 988 |
| February | 964 | 5 037 | 1 554 | 723 | 2 118 | 946 | 3 213 | 2 417 | 595 | 559 | 17 008 |
| March | 1 037 | 5 421 | 1 678 | 762 | 2 258 | 1 044 | 3 712 | 1 919 | 974 | 585 | 18 219 |
| April | 1 003 | 5 237 | 1 641 | 754 | 2 214 | 1 020 | 4 519 | 867 | 1 247 | 565 | 17 937 |
| May | 1 195 | 5 406 | 1 721 | 784 | 2 305 | 1 036 | 4 209 | 1 945 | 990 | 886 | 18 705 |
| June | 992 | 5 314 | 1 750 | 778 | 2 330 | 984 | 4 278 | 1 574 | 2 262 | 623 | 19 638 |
| July | 1 127 | 5 297 | 1 709 | 804 | 2 327 | 1 021 | 4 605 | 506 | 2 388 | 1 096 | 18 689 |
| August | 943 | 5 108 | 1 648 | 784 | 2 268 | 988 | 4 206 | 1 745 | 1 032 | 279 | 18 443 |
| September | 895 | 4 977 | 1 632 | 879 | 2 253 | 982 | 4 184 | 1 767 | 906 | 928 | 17 547 |
| October | 869 | 5 151 | 1 650 | 814 | 2 338 | 1 146 | 4 136 | 3 511 | 122 | 1 191 | 18 547 |
| November | 849 | 5 157 | 1 648 | 984 | 2 269 | 950 | 4 329 | 1 799 | 1 348 | 720 | 18 615 |
| December | 852 | 5 256 | 1 672 | 1 009 | 2 393 | 983 | 4 772 | 1 535 | 1 038 | 892 | 18 620 |

## Table 10
## Composition of interest and similar income (R millions) (continued)

| | Short-term negotiable securities | Home loans | Commercial mortgages | Credit cards | Lease and instalment debtors | Overdrafts | Term loans | Other | Government and other dated securities | Less: Interest income on trading assets allocated to trading revenue | Interest and similar income |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2013: January ................ | 886 | 5 231 | 1 620 | 997 | 2 393 | 1 027 | 4 482 | 420 | 633 | 691 | 16 999 |
| February............... | 792 | 4 692 | 1 515 | 972 | 2 212 | 1 002 | 4 337 | 3 815 | 1 153 | 879 | 19 610 |
| March................... | 502 | 5 356 | 1 555 | 996 | 2 439 | 1 146 | 4 569 | 2 478 | 780 | 524 | 19 298 |
| April...................... | 898 | 4 931 | 1 743 | 1 025 | 2 385 | 1 076 | 5 019 | 725 | 2 082 | 1 121 | 18 763 |
| May...................... | 856 | 5 216 | 1 723 | 1 061 | 2 473 | 1 116 | 4 051 | 3 975 | -705 | 1 056 | 18 709 |
| June..................... | 848 | 5 200 | 1 680 | 1 004 | 2 536 | 1 134 | 4 204 | 2 744 | 91 | 926 | 18 514 |
| July ...................... | 944 | 5 314 | 1 701 | 1 073 | 2 557 | 1 134 | 4 610 | 2 342 | 523 | 1 055 | 19 142 |
| August ................. | 894 | 5 320 | 1 695 | 1 228 | 2 542 | 1 075 | 4 853 | 2 025 | 867 | 1 233 | 19 264 |
| September ........... | 926 | 5 175 | 1 662 | 1 065 | 2 580 | 1 062 | 4 900 | 2 096 | 1 306 | 1 031 | 19 741 |
| October................ | 982 | 5 378 | 1 724 | 1 094 | 2 610 | 1 094 | 5 114 | 1 994 | 1 113 | 1 169 | 19 933 |
| November ............ | 980 | 5 193 | 1 794 | 1 062 | 2 558 | 1 041 | 4 600 | 3 560 | 485 | 1 289 | 19 982 |
| December ............ | 961 | 5 447 | 1 756 | 1 101 | 2 661 | 1 099 | 5 136 | 1 299 | 1 230 | 1 117 | 19 573 |

# Table 11
## Composition of interest expense and similar charges (R millions)

| | Current accounts | Savings deposits | Term and other deposits | Negotiable certificates of deposit | Other deposits and loans | Other liabilities | Term debt instruments | Less: Interest expense on trading liabilities allocated to trading revenue | Interest expense and similar charges |
|---|---|---|---|---|---|---|---|---|---|
| 2011: January | 1 402 | 332 | 4 355 | 2 405 | 913 | 147 | 282 | 258 | 9 577 |
| February | 1 324 | 323 | 4 291 | 2 182 | 403 | 189 | 591 | 143 | 9 161 |
| March | 1 463 | 299 | 4 746 | 2 284 | 537 | 152 | 502 | -200 | 10 183 |
| April | 1 469 | 293 | 4 634 | 2 209 | 326 | 215 | 749 | 276 | 9 620 |
| May | 1 506 | 304 | 4 809 | 2 201 | 493 | 258 | 837 | 434 | 9 974 |
| June | 1 458 | 303 | 4 476 | 2 062 | 526 | 312 | 730 | 304 | 9 562 |
| July | 1 532 | 316 | 4 824 | 2 195 | 506 | 199 | 732 | 239 | 10 065 |
| August | 1 500 | 321 | 5 389 | 2 125 | 333 | 240 | 978 | 223 | 10 664 |
| September | 1 641 | 315 | 4 359 | 1 706 | 1 415 | -114 | 505 | 513 | 9 314 |
| October | 1 495 | 349 | 4 896 | 2 630 | 454 | 137 | 869 | 569 | 10 261 |
| November | 1 541 | 338 | 4 746 | 1 676 | 1 139 | 487 | 581 | 424 | 10 084 |
| December | 900 | 329 | 4 182 | 2 003 | 1 948 | 680 | 662 | 153 | 10 550 |
| 2012: January | 1 553 | 345 | 4 760 | 2 042 | 1 180 | 177 | 661 | 332 | 10 385 |
| February | 1 484 | 322 | 4 514 | 1 862 | 965 | 150 | 622 | 168 | 9 752 |
| March | 1 577 | 342 | 4 888 | 1 930 | 1 066 | 135 | 697 | 409 | 10 224 |
| April | 1 537 | 335 | 4 822 | 1 958 | 869 | 115 | 743 | 303 | 10 076 |
| May | 1 563 | 349 | 5 278 | 1 686 | 1 066 | 87 | 809 | 297 | 10 541 |
| June | 1 071 | 346 | 5 083 | 1 646 | 2 554 | 134 | 1 057 | 379 | 11 512 |
| July | 1 431 | 346 | 4 985 | 2 412 | 482 | -157 | 1 162 | 226 | 10 434 |
| August | 1 333 | 327 | 4 801 | 1 941 | 1 399 | 202 | 747 | 539 | 10 212 |
| September | 1 261 | 318 | 4 469 | 2 074 | 973 | 481 | 771 | 708 | 9 638 |
| October | 1 330 | 328 | 4 846 | 1 696 | 1 641 | 737 | 602 | 928 | 10 252 |
| November | 1 286 | 322 | 5 186 | 1 892 | 814 | 315 | 787 | 948 | 9 653 |
| December | 887 | 340 | 5 001 | 1 760 | 640 | 493 | 1 149 | 758 | 9 510 |

## Table 11
## Composition of interest expense and similar charges (R millions) (continued)

| | Current accounts | Savings deposits | Term and other deposits | Negotiable certificates of deposit | Other deposits and loans | Other liabilities | Term debt instruments | Less: Interest expense on trading liabilities allocated to trading revenue | Interest expense and similar charges |
|---|---|---|---|---|---|---|---|---|---|
| 2013: January | 1 257 | 355 | 4 622 | 1 927 | -349 | 279 | 743 | 542 | 8 293 |
| February | 827 | 319 | 4 471 | 1 669 | 3 375 | 87 | 673 | 398 | 11 025 |
| March | 1 285 | 302 | 4 561 | 1 852 | 1 905 | 279 | 710 | 917 | 9 976 |
| April | 1 197 | 331 | 4 912 | 1 841 | 1 010 | 170 | 1 155 | 716 | 9 900 |
| May | 1 259 | 347 | 4 932 | 1 894 | 1 783 | 522 | 84 | 461 | 10 359 |
| June | 1 166 | 346 | 4 994 | 1 898 | 1 463 | -82 | 397 | 794 | 9 388 |
| July | 1 315 | 373 | 6 404 | 1 906 | -536 | 357 | 664 | 1 244 | 9 239 |
| August | 1 368 | 375 | 5 070 | 1 873 | 1 466 | -90 | 630 | 1 347 | 9 344 |
| September | 1 047 | 371 | 6 364 | 1 883 | 1 175 | -146 | 801 | 1 890 | 9 606 |
| October | 1 311 | 393 | 5 843 | 2 011 | 3 073 | -2 529 | 847 | 1 085 | 9 863 |
| November | 2 095 | 396 | 5 787 | 1 946 | 1 520 | -912 | 860 | 1 672 | 10 019 |
| December | 842 | 426 | 5 842 | 1 768 | 2 417 | -996 | 784 | 1 581 | 9 501 |

# Table 12

## Profitability ratios (12-month moving average) (per cent)

| | Return on equity | Return on assets | Cost-to-income ratio | Net interest income to assets | Non-interest revenue to assets | Operating expenses to assets | Interest and similar income to interest-earning assets | Interest expense and similar charges to funding liabilities | Net interest income ratio* |
|---|---|---|---|---|---|---|---|---|---|
| 2011: January | 14,61 | 0,97 | 56,60 | 3,12 | 2,62 | 2,88 | 8,58 | 5,15 | 3,43 |
| February | 14,89 | 1,00 | 56,61 | 3,13 | 2,64 | 2,90 | 8,51 | 5,07 | 3,45 |
| March | 14,97 | 1,01 | 56,89 | 3,15 | 2,65 | 2,93 | 8,45 | 4,99 | 3,46 |
| April | 15,17 | 1,03 | 56,87 | 3,16 | 2,67 | 2,94 | 8,39 | 4,91 | 3,48 |
| May | 15,67 | 1,08 | 56,52 | 3,20 | 2,70 | 2,96 | 8,34 | 4,83 | 3,51 |
| June | 15,12 | 1,05 | 56,77 | 3,21 | 2,69 | 2,97 | 8,29 | 4,77 | 3,52 |
| July | 15,06 | 1,05 | 56,82 | 3,24 | 2,68 | 2,97 | 8,22 | 4,68 | 3,55 |
| August | 15,30 | 1,07 | 56,68 | 3,26 | 2,70 | 2,99 | 8,18 | 4,61 | 3,57 |
| September | 15,92 | 1,12 | 55,90 | 3,30 | 2,70 | 2,96 | 8,13 | 4,52 | 3,61 |
| October | 16,49 | 1,16 | 55,43 | 3,33 | 2,74 | 2,97 | 8,09 | 4,46 | 3,63 |
| November | 16,36 | 1,15 | 55,78 | 3,37 | 2,70 | 2,98 | 8,10 | 4,43 | 3,67 |
| December | 16,71 | 1,17 | 54,88 | 3,38 | 2,64 | 2,91 | 8,09 | 4,41 | 3,68 |
| 2012: January | 17,10 | 1,20 | 54,62 | 3,40 | 2,66 | 2,91 | 8,11 | 4,41 | 3,70 |
| February | 17,11 | 1,20 | 54,67 | 3,43 | 2,64 | 2,92 | 8,12 | 4,39 | 3,73 |
| March | 17,41 | 1,22 | 54,24 | 3,44 | 2,63 | 2,89 | 8,09 | 4,36 | 3,74 |
| April | 17,23 | 1,21 | 54,32 | 3,46 | 2,62 | 2,90 | 8,10 | 4,34 | 3,76 |
| May | 16,87 | 1,19 | 54,71 | 3,47 | 2,64 | 2,94 | 8,09 | 4,32 | 3,76 |
| June | 16,96 | 1,19 | 54,11 | 3,48 | 2,67 | 2,92 | 8,13 | 4,36 | 3,77 |
| July | 17,13 | 1,20 | 53,90 | 3,48 | 2,69 | 2,92 | 8,11 | 4,33 | 3,77 |
| August | 16,96 | 1,19 | 53,86 | 3,48 | 2,69 | 2,92 | 8,06 | 4,29 | 3,77 |
| September | 16,53 | 1,17 | 53,98 | 3,48 | 2,67 | 2,91 | 8,03 | 4,27 | 3,76 |
| October | 16,13 | 1,14 | 54,08 | 3,48 | 2,66 | 2,92 | 8,00 | 4,24 | 3,76 |
| November | 16,33 | 1,16 | 53,66 | 3,50 | 2,67 | 2,91 | 7,97 | 4,19 | 3,78 |
| December | 17,74 | 1,27 | 52,86 | 3,53 | 2,81 | 2,95 | 7,93 | 4,13 | 3,80 |

## Table 12
## Profitability ratios (12-month moving average) (per cent) (continued)

| | Return on equity | Return on assets | Cost-to-income ratio | Net interest income to assets | Non-interest revenue to assets | Operating expenses to assets | Interest and similar income to interest-earning assets | Interest expense and similar charges to funding liabilities | Net interest income ratio* |
|---|---|---|---|---|---|---|---|---|---|
| 2013: January | 17,63 | 1,27 | 52,61 | 3,54 | 2,83 | 2,96 | 7,84 | 4,04 | 3,81 |
| February | 17,71 | 1,29 | 52,15 | 3,56 | 2,83 | 2,94 | 7,87 | 4,05 | 3,83 |
| March | 16,87 | 1,23 | 52,77 | 3,58 | 2,77 | 2,96 | 7,85 | 4,01 | 3,84 |
| April | 16,75 | 1,23 | 52,46 | 3,58 | 2,76 | 2,94 | 7,81 | 3,97 | 3,84 |
| May | 16,44 | 1,21 | 52,19 | 3,56 | 2,73 | 2,90 | 7,75 | 3,94 | 3,81 |
| June | 16,64 | 1,24 | 52,26 | 3,57 | 2,72 | 2,90 | 7,65 | 3,85 | 3,80 |
| July | 16,41 | 1,22 | 52,22 | 3,60 | 2,69 | 2,90 | 7,61 | 3,79 | 3,82 |
| August | 16,02 | 1,20 | 52,29 | 3,63 | 2,67 | 2,91 | 7,58 | 3,74 | 3,84 |
| September | 16,42 | 1,23 | 52,25 | 3,68 | 2,69 | 2,94 | 7,60 | 3,72 | 3,89 |
| October | 16,42 | 1,23 | 52,38 | 3,72 | 2,67 | 2,96 | 7,60 | 3,69 | 3,92 |
| November | 15,93 | 1,20 | 52,60 | 3,73 | 2,64 | 2,97 | 7,61 | 3,68 | 3,92 |
| December | 14,74 | 1,11 | 53,53 | 3,74 | 2,56 | 2,98 | 7,59 | 3,66 | 3,93 |

* 'Interest and similar income to interest-earning assets' less 'interest expense and similar charges to funding liabilities'

# Table 13
## Composition of gross operating income (R millions)

| | Net interest income | Net fee and commission income | Net trading income | Other | Gross operating income |
|---|---|---|---|---|---|
| 2011: January | 6 411 | 4 408 | 1 432 | 119 | 12 370 |
| February | 6 004 | 4 515 | 1 995 | 435 | 12 949 |
| March | 6 785 | 5 084 | 2 021 | 854 | 14 745 |
| April | 6 639 | 4 701 | 1 576 | 606 | 13 522 |
| May | 7 186 | 4 915 | 1 499 | 261 | 13 861 |
| June | 7 184 | 5 290 | 958 | 470 | 13 902 |
| July | 7 308 | 5 000 | 1 212 | 354 | 13 874 |
| August | 7 538 | 5 127 | 1 233 | 647 | 14 544 |
| September | 7 335 | 5 247 | 1 621 | 834 | 15 036 |
| October | 7 593 | 5 236 | 1 583 | 1 284 | 15 695 |
| November | 7 656 | 5 334 | 1 547 | 726 | 15 263 |
| December | 7 831 | 5 268 | 1 585 | -288 | 14 396 |
| 2012: January | 7 603 | 4 850 | 2 098 | 384 | 14 935 |
| February | 7 256 | 4 911 | 1 566 | 741 | 14 474 |
| March | 7 995 | 4 912 | 2 239 | 1 159 | 16 306 |
| April | 7 861 | 4 983 | 1 683 | 484 | 15 011 |
| May | 8 164 | 5 881 | 1 874 | 454 | 16 372 |
| June | 8 125 | 5 279 | 2 348 | 824 | 16 577 |
| July | 8 255 | 5 369 | 2 307 | 709 | 16 640 |
| August | 8 232 | 5 472 | 1 529 | 368 | 15 600 |
| September | 7 910 | 5 450 | 1 876 | 199 | 15 435 |
| October | 8 294 | 5 685 | 2 303 | 318 | 16 600 |
| November | 8 961 | 5 947 | 1 988 | 577 | 17 474 |
| December | 9 110 | 6 899 | 1 812 | 3 230 | 21 051 |
| 2013: January | 8 707 | 5 405 | 2 321 | 913 | 17 345 |
| February | 8 586 | 5 390 | 2 013 | 489 | 16 478 |
| March | 9 322 | 5 730 | 1 646 | -403 | 16 294 |
| April | 8 863 | 5 601 | 1 826 | 210 | 16 500 |
| May | 8 350 | 5 856 | 1 234 | 645 | 16 086 |
| June | 9 126 | 5 678 | 2 598 | 358 | 17 759 |
| July | 9 904 | 6 081 | 1 208 | 358 | 17 550 |
| August | 9 920 | 5 801 | 1 323 | 145 | 17 190 |
| September | 10 136 | 5 561 | 2 404 | 552 | 18 653 |
| October | 10 071 | 6 031 | 1 627 | 503 | 18 231 |
| November | 9 963 | 6 279 | 916 | 375 | 17 533 |
| December | 10 072 | 6 874 | 1 694 | 886 | 19 526 |

# Table 14
## Composition of gross operating expenses (R millions)

| | Staff | Computer processing | Travel, occupation and equipment | Marketing | Other | Operating expenses |
|---|---|---|---|---|---|---|
| 2011: January | 3 712 | 752 | 1 253 | 227 | 986 | 6 931 |
| February | 4 088 | 762 | 1 203 | 280 | 1 044 | 7 378 |
| March | 4 511 | 752 | 1 298 | 296 | 1 196 | 8 053 |
| April | 4 317 | 768 | 1 295 | 197 | 1 079 | 7 656 |
| May | 4 306 | 805 | 1 272 | 276 | 1 120 | 7 779 |
| June | 4 008 | 772 | 1 273 | 360 | 1 056 | 7 468 |
| July | 4 315 | 761 | 1 267 | 253 | 1 226 | 7 821 |
| August | 4 590 | 780 | 1 347 | 327 | 1 391 | 8 435 |
| September | 4 402 | 692 | 1 350 | 332 | 1 002 | 7 778 |
| October | 4 554 | 867 | 1 319 | 384 | 1 305 | 8 429 |
| November | 4 764 | 810 | 1 454 | 468 | 1 379 | 8 875 |
| December | 4 545 | 1 135 | 1 050 | 433 | -387 | 6 776 |
| 2012: January | 4 508 | 751 | 1 102 | 231 | 1 297 | 7 888 |
| February | 4 738 | 825 | 1 332 | 283 | 1 126 | 8 303 |
| March | 4 744 | 786 | 1 280 | 317 | 1 024 | 8 152 |
| April | 4 930 | 858 | 1 287 | 405 | 1 116 | 8 596 |
| May | 4 891 | 1 049 | 1 336 | 320 | 2 262 | 9 857 |
| June | 4 528 | 713 | 1 453 | 409 | 723 | 7 826 |
| July | 4 990 | 913 | 1 430 | 380 | 1 223 | 8 936 |
| August | 4 948 | 681 | 1 379 | 405 | 1 521 | 8 933 |
| September | 4 759 | 878 | 1 359 | 361 | 851 | 8 208 |
| October | 4 786 | 953 | 2 370 | 404 | 604 | 9 117 |
| November | 4 737 | 799 | 1 415 | 531 | 1 778 | 9 260 |
| December | 4 697 | 967 | 1 466 | 388 | 1 257 | 8 775 |
| 2013: January | 4 981 | 940 | 1 417 | 272 | 1 060 | 8 669 |
| February | 4 570 | 762 | 1 471 | 378 | 1 262 | 8 442 |
| March | 5 313 | 1 009 | 1 475 | 441 | 1 143 | 9 380 |
| April | 4 900 | 884 | 1 499 | 388 | 1 077 | 8 749 |
| May | 4 923 | 982 | 1 511 | 379 | 1 375 | 9 170 |
| June | 4 609 | 1 122 | 1 506 | 399 | 956 | 8 592 |
| July | 5 406 | 870 | 1 527 | 376 | 1 134 | 9 313 |
| August | 5 488 | 998 | 1 544 | 393 | 1 490 | 9 913 |
| September | 5 697 | 1 009 | 1 548 | 462 | 1 104 | 9 818 |
| October | 5 744 | 1 071 | 1 485 | 638 | 1 299 | 10 237 |
| November | 5 343 | 1 102 | 1 506 | 578 | 1 234 | 9 763 |
| December | 5 546 | 983 | 1 574 | 412 | 1 403 | 9 917 |

## Table 15
## Composition of qualifying capital and reserve funds (R millions)

| | Primary capital and reserve funds | Secondary capital and reserve funds | Tertiary capital and reserve funds | Total |
|---|---|---|---|---|
| 2011: January | 194 068 | 49 907 | 300 | 244 275 |
| February | 194 850 | 49 632 | 300 | 244 782 |
| March | 197 263 | 49 686 | 300 | 247 249 |
| April | 197 238 | 48 165 | 300 | 245 703 |
| May | 197 795 | 48 525 | 300 | 246 619 |
| June | 199 019 | 48 704 | 300 | 248 022 |
| July | 199 250 | 48 839 | 300 | 248 389 |
| August | 204 249 | 48 945 | 300 | 253 494 |
| September | 203 296 | 48 697 | 300 | 252 293 |
| October | 206 407 | 48 844 | 300 | 255 551 |
| November | 209 659 | 46 783 | 300 | 256 742 |
| December | 211 763 | 49 413 | 300 | 261 476 |
| 2012: January | 212 047 | 51 917 | 300 | 264 264 |
| February | 211 676 | 52 698 | 300 | 264 674 |
| March | 214 363 | 54 884 | 300 | 269 547 |
| April | 213 828 | 54 732 | 300 | 268 860 |
| May | 218 031 | 54 660 | 300 | 272 992 |
| June | 223 709 | 55 668 | 300 | 279 676 |
| July | 226 916 | 55 967 | 300 | 283 183 |
| August | 229 263 | 56 458 | 300 | 286 021 |
| September | 229 456 | 54 862 | 300 | 284 618 |
| October | 229 525 | 57 639 | 300 | 287 464 |
| November | 231 769 | 62 890 | 0 | 294 659 |
| December | 245 544 | 64 346 | 0 | 309 890 |
| | Common equity tier 1 capital and reserve funds | Additional tier 1 capital and reserve funds | Tier 2 capital and reserve funds | Total |
| 2013: January | 231 116 | 13 570 | 61 783 | 306 469 |
| February | 230 072 | 13 570 | 61 829 | 305 471 |
| March | 230 593 | 13 570 | 61 851 | 306 014 |
| April | 231 227 | 13 491 | 61 167 | 305 885 |
| May | 228 692 | 13 490 | 60 877 | 303 059 |
| June | 232 904 | 13 490 | 60 253 | 306 647 |
| July | 226 103 | 13 490 | 61 961 | 301 554 |
| August | 228 301 | 13 490 | 62 595 | 304 386 |
| September | 229 775 | 13 490 | 63 917 | 307 183 |
| October | 228 341 | 13 490 | 63 996 | 305 827 |
| November | 228 880 | 13 490 | 65 371 | 307 741 |
| December | 243 839 | 13 395 | 65 471 | 322 704 |

## Table 16
## Composition of risk-weighted exposure (R millions)

| | Credit risk | Counterparty credit risk | Operational risk | Market risk | Equity risk | Other risk | Total |
|---|---|---|---|---|---|---|---|
| 2011: January | 1 228 991 | | 219 483 | 29 957 | 81 889 | 53 828 | 1 614 148 |
| February | 1 249 827 | | 219 711 | 31 814 | 81 216 | 54 152 | 1 636 720 |
| March | 1 250 933 | | 219 909 | 32 766 | 85 062 | 52 130 | 1 640 799 |
| April | 1 232 236 | | 220 003 | 34 392 | 85 765 | 53 095 | 1 625 490 |
| May | 1 229 077 | | 220 136 | 38 212 | 86 090 | 51 916 | 1 625 431 |
| June | 1 254 799 | | 222 841 | 37 597 | 87 122 | 53 243 | 1 655 602 |
| July | 1 263 998 | | 222 931 | 35 532 | 87 018 | 54 070 | 1 663 549 |
| August | 1 283 515 | | 221 922 | 36 619 | 85 377 | 54 926 | 1 682 359 |
| September | 1 302 311 | | 222 190 | 33 562 | 86 033 | 55 154 | 1 699 250 |
| October | 1 313 809 | | 223 271 | 34 576 | 86 847 | 57 463 | 1 715 967 |
| November | 1 311 669 | | 223 361 | 37 858 | 86 868 | 59 042 | 1 718 798 |
| December | 1 329 366 | | 223 387 | 39 619 | 85 333 | 59 482 | 1 737 187 |
| 2012: January | 1 359 563 | | 223 193 | 59 655 | 89 760 | 59 191 | 1 791 361 |
| February | 1 376 117 | | 223 680 | 59 179 | 89 658 | 56 431 | 1 805 065 |
| March | 1 401 252 | | 223 776 | 60 993 | 91 406 | 56 789 | 1 834 217 |
| April | 1 395 016 | | 223 828 | 62 744 | 90 461 | 55 763 | 1 827 812 |
| May | 1 418 497 | | 223 868 | 66 978 | 93 158 | 56 648 | 1 859 149 |
| June | 1 431 529 | | 241 038 | 66 151 | 92 307 | 58 995 | 1 890 019 |
| July | 1 438 650 | | 242 319 | 80 442 | 91 572 | 58 705 | 1 911 687 |
| August | 1 449 723 | | 242 721 | 70 479 | 88 341 | 61 166 | 1 912 430 |
| September | 1 441 367 | | 242 871 | 68 518 | 87 722 | 61 576 | 1 902 054 |
| October | 1 457 285 | | 242 363 | 69 010 | 88 499 | 60 292 | 1 917 448 |
| November | 1 478 507 | | 242 381 | 67 992 | 92 269 | 67 841 | 1 948 989 |
| December | 1 489 454 | | 250 643 | 62 087 | 87 447 | 59 464 | 1 949 096 |
| 2013: January | 1 474 117 | 66 299 | 250 495 | 60 076 | 86 265 | 64 270 | 2 001 521 |
| February | 1 492 774 | 64 780 | 250 686 | 57 679 | 90 258 | 64 582 | 2 020 760 |
| March | 1 512 185 | 59 246 | 251 589 | 59 574 | 87 966 | 65 411 | 2 035 971 |
| April | 1 489 599 | 59 558 | 241 323 | 63 919 | 88 338 | 67 029 | 2 009 764 |
| May | 1 514 844 | 67 421 | 241 359 | 70 917 | 88 104 | 63 630 | 2 046 275 |
| June | 1 519 271 | 58 273 | 254 318 | 68 141 | 85 106 | 70 203 | 2 055 311 |
| July | 1 510 015 | 55 178 | 254 351 | 67 319 | 85 062 | 66 351 | 2 038 276 |
| August | 1 542 194 | 57 137 | 254 895 | 67 235 | 85 235 | 68 130 | 2 074 827 |
| September | 1 532 128 | 59 074 | 255 101 | 63 581 | 86 224 | 70 404 | 2 066 511 |
| October | 1 526 792 | 59 698 | 255 119 | 60 958 | 81 517 | 71 718 | 2 055 802 |
| November | 1 534 657 | 56 873 | 255 137 | 61 246 | 77 533 | 69 582 | 2 055 029 |
| December | 1 538 017 | 56 469 | 262 893 | 67 343 | 77 895 | 71 292 | 2 073 908 |

## Table 17
## Contractual maturity of liabilities (composition) (R millions)

| | Next day | 2 to 7 days | 8 days to 1 month | More than 1 month to 2 months | More than 2 months to 3 months | More than 3 months to 6 months | More than 6 months to 1 year | More than 1 year | Non-contractual |
|---|---|---|---|---|---|---|---|---|---|
| 2011: January | 1 123 093 | 143 559 | 240 932 | 187 170 | 111 757 | 211 083 | 255 516 | 531 233 | 264 438 |
| February | 1 167 007 | 133 794 | 231 318 | 175 629 | 114 827 | 196 215 | 261 497 | 545 151 | 261 104 |
| March | 1 179 767 | 124 431 | 220 865 | 177 938 | 108 472 | 191 726 | 262 491 | 561 890 | 261 034 |
| April | 1 141 309 | 175 081 | 217 191 | 171 531 | 99 441 | 198 242 | 254 075 | 586 834 | 264 743 |
| May | 1 146 691 | 129 094 | 246 726 | 164 304 | 102 160 | 203 922 | 262 194 | 564 280 | 256 553 |
| June | 1 222 292 | 119 915 | 206 031 | 162 628 | 112 289 | 193 590 | 279 058 | 578 508 | 249 127 |
| July | 1 209 129 | 138 630 | 191 616 | 175 923 | 111 006 | 199 480 | 302 694 | 567 950 | 257 533 |
| August | 1 276 714 | 82 383 | 230 984 | 167 794 | 117 005 | 216 627 | 302 020 | 629 719 | 263 579 |
| September | 1 229 112 | 168 414 | 231 550 | 193 688 | 106 728 | 251 841 | 312 694 | 618 022 | 259 395 |
| October | 1 265 575 | 135 205 | 225 889 | 163 188 | 140 342 | 214 819 | 312 474 | 655 477 | 264 268 |
| November | 1 350 545 | 112 747 | 207 247 | 208 626 | 143 179 | 200 201 | 304 550 | 640 010 | 274 438 |
| December | 1 299 901 | 128 650 | 287 017 | 202 754 | 106 371 | 200 052 | 274 280 | 636 912 | 276 608 |
| 2012: January | 1 312 859 | 139 572 | 239 628 | 182 955 | 99 099 | 247 861 | 250 026 | 645 142 | 294 548 |
| February | 1 367 928 | 96 807 | 226 112 | 171 787 | 121 805 | 249 573 | 242 191 | 635 811 | 290 630 |
| March | 1 331 859 | 164 935 | 204 148 | 188 544 | 124 327 | 239 093 | 248 781 | 623 478 | 284 624 |
| April | 1 306 107 | 114 553 | 254 528 | 201 101 | 123 870 | 235 993 | 248 965 | 602 312 | 284 429 |
| May | 1 322 986 | 146 854 | 241 914 | 208 605 | 125 441 | 203 817 | 287 591 | 662 523 | 289 001 |
| June | 1 351 618 | 176 476 | 215 648 | 194 592 | 121 658 | 179 695 | 303 483 | 686 658 | 290 061 |
| July | 1 358 382 | 150 600 | 225 310 | 188 741 | 103 746 | 186 357 | 314 288 | 758 802 | 303 289 |
| August | 1 338 288 | 172 125 | 214 805 | 173 004 | 111 156 | 199 220 | 323 010 | 743 022 | 299 798 |
| September | 1 387 276 | 166 968 | 191 208 | 190 482 | 74 371 | 245 090 | 308 463 | 727 751 | 312 135 |
| October | 1 398 864 | 140 968 | 208 438 | 149 536 | 118 956 | 239 514 | 314 659 | 729 086 | 312 669 |
| November | 1 386 855 | 186 929 | 158 001 | 206 390 | 167 240 | 235 809 | 292 302 | 754 337 | 316 595 |
| December | 1 378 063 | 153 287 | 271 372 | 217 652 | 122 843 | 198 910 | 277 040 | 725 929 | 321 971 |
| 2013: January | 1 366 547 | 175 164 | 209 178 | 210 918 | 106 977 | 231 449 | 291 274 | 747 749 | 326 731 |
| February | 1 411 618 | 161 486 | 207 302 | 188 354 | 128 329 | 216 310 | 293 147 | 751 945 | 332 905 |
| March | 1 452 162 | 148 192 | 208 181 | 214 802 | 101 288 | 232 754 | 296 887 | 726 568 | 330 588 |
| April | 1 420 567 | 174 855 | 220 464 | 178 325 | 114 619 | 219 691 | 305 629 | 769 826 | 327 980 |
| May | 1 414 114 | 181 125 | 223 967 | 198 614 | 135 134 | 229 893 | 340 239 | 729 057 | 331 235 |
| June | 1 511 139 | 180 142 | 216 392 | 201 993 | 118 407 | 193 858 | 335 318 | 713 064 | 331 464 |
| July | 1 511 691 | 131 738 | 236 667 | 185 671 | 106 554 | 209 083 | 325 891 | 719 320 | 327 032 |
| August | 1 467 594 | 190 153 | 251 165 | 177 501 | 146 094 | 221 329 | 315 617 | 714 973 | 327 771 |
| September | 1 492 013 | 169 665 | 217 396 | 214 864 | 94 438 | 267 721 | 303 537 | 688 619 | 336 895 |
| October | 1 494 404 | 163 897 | 226 478 | 165 301 | 127 458 | 274 716 | 294 898 | 693 600 | 332 979 |
| November | 1 502 555 | 198 601 | 169 536 | 216 379 | 152 616 | 271 818 | 278 083 | 707 029 | 335 615 |
| December | 1 560 488 | 147 095 | 239 387 | 212 217 | 145 316 | 240 086 | 265 182 | 706 291 | 350 969 |

## Table 18
## Business-as-usual maturity of liabilities (composition) (R millions)

| | Next day | 2 to 7 days | 8 days to 1 month | More than 1 month to 2 months | More than 2 months to 3 months | More than 3 months to 6 months | More than 6 months to 1 year | More than 1 year | Non-contractual |
|---|---|---|---|---|---|---|---|---|---|
| 2011: January ....... | 130 681 | 80 328 | 153 000 | 119 139 | 106 520 | 236 571 | 341 098 | 1 505 830 | 366 411 |
| February...... | 112 565 | 89 358 | 163 192 | 119 858 | 113 621 | 220 791 | 345 485 | 1 526 486 | 367 164 |
| March.......... | 115 545 | 76 336 | 150 258 | 127 112 | 99 239 | 215 229 | 341 451 | 1 557 457 | 377 586 |
| April............ | 107 959 | 96 823 | 158 155 | 113 210 | 103 906 | 227 220 | 324 639 | 1 569 899 | 377 790 |
| May............ | 113 860 | 73 203 | 158 471 | 110 178 | 96 409 | 224 789 | 312 483 | 1 586 340 | 373 117 |
| June........... | 118 102 | 66 323 | 160 173 | 104 181 | 104 176 | 214 088 | 319 047 | 1 644 312 | 366 446 |
| July ............ | 105 198 | 73 146 | 142 713 | 123 358 | 104 940 | 209 460 | 350 808 | 1 641 002 | 377 457 |
| August ........ | 124 687 | 67 034 | 162 080 | 125 330 | 104 142 | 227 011 | 358 757 | 1 701 482 | 387 077 |
| September .. | 108 296 | 89 027 | 179 437 | 134 456 | 103 981 | 258 807 | 373 261 | 1 692 296 | 405 364 |
| October....... | 119 940 | 71 343 | 174 862 | 117 885 | 123 262 | 243 665 | 384 244 | 1 716 285 | 401 598 |
| November ... | 144 776 | 70 805 | 173 189 | 141 851 | 122 401 | 237 702 | 381 684 | 1 721 465 | 424 622 |
| December ... | 108 509 | 73 934 | 217 018 | 133 252 | 112 507 | 244 260 | 360 643 | 1 714 776 | 428 960 |
| 2012: January ....... | 116 754 | 68 917 | 190 096 | 138 779 | 104 460 | 273 117 | 341 001 | 1 725 309 | 438 699 |
| February...... | 116 499 | 65 520 | 189 980 | 122 437 | 113 820 | 269 474 | 321 458 | 1 749 618 | 435 911 |
| March.......... | 110 599 | 91 131 | 162 073 | 127 413 | 103 238 | 256 703 | 319 519 | 1 782 699 | 441 407 |
| April............ | 106 063 | 57 028 | 177 636 | 125 059 | 107 251 | 244 167 | 313 653 | 1 792 896 | 451 325 |
| May............ | 113 561 | 79 321 | 187 016 | 136 070 | 105 999 | 235 108 | 321 738 | 1 778 310 | 547 434 |
| June........... | 104 423 | 88 322 | 166 376 | 119 600 | 108 463 | 219 456 | 334 472 | 1 936 129 | 451 236 |
| July ............ | 114 267 | 65 450 | 174 762 | 132 954 | 102 140 | 216 025 | 335 080 | 2 001 730 | 460 743 |
| August ........ | 97 731 | 88 170 | 171 430 | 117 887 | 97 339 | 214 415 | 342 674 | 2 085 653 | 449 182 |
| September .. | 126 317 | 76 341 | 158 525 | 116 612 | 92 552 | 240 260 | 330 753 | 2 101 688 | 457 055 |
| October....... | 115 664 | 89 193 | 209 030 | 138 518 | 98 524 | 209 008 | 300 701 | 2 086 046 | 457 614 |
| November ... | 104 347 | 112 015 | 187 157 | 153 832 | 122 171 | 209 992 | 290 249 | 2 143 643 | 473 329 |
| December ... | 102 422 | 107 013 | 237 197 | 172 029 | 106 118 | 202 578 | 306 946 | 2 039 845 | 479 201 |
| 2013: January ....... | 106 270 | 141 388 | 233 070 | 174 271 | 109 394 | 218 123 | 301 369 | 1 981 188 | 480 754 |
| February...... | 127 015 | 117 704 | 235 437 | 163 245 | 101 375 | 213 496 | 301 514 | 2 033 617 | 482 501 |
| March.......... | 121 808 | 117 029 | 238 125 | 161 876 | 94 446 | 213 770 | 307 189 | 2 057 703 | 481 340 |
| April............ | 141 711 | 127 488 | 240 663 | 153 225 | 107 348 | 200 939 | 298 843 | 2 023 863 | 482 926 |
| May............ | 107 303 | 127 628 | 254 345 | 163 450 | 113 964 | 207 414 | 319 791 | 2 062 806 | 449 698 |
| June........... | 122 134 | 122 532 | 262 894 | 173 867 | 108 605 | 219 417 | 318 091 | 2 048 200 | 439 296 |
| July ............ | 106 328 | 109 223 | 266 338 | 163 598 | 98 827 | 212 421 | 316 852 | 2 044 335 | 435 910 |
| August ........ | 102 068 | 122 766 | 269 889 | 147 901 | 115 136 | 217 326 | 319 931 | 2 082 353 | 434 866 |
| September .. | 96 176 | 109 069 | 248 095 | 167 614 | 105 327 | 233 181 | 323 389 | 2 058 924 | 443 235 |
| October....... | 91 148 | 110 525 | 257 516 | 163 371 | 112 027 | 238 964 | 305 690 | 2 047 207 | 445 326 |
| November ... | 88 504 | 125 248 | 229 265 | 171 755 | 113 053 | 231 389 | 298 438 | 2 122 453 | 451 218 |
| December ... | 115 032 | 116 242 | 255 155 | 165 631 | 117 697 | 234 638 | 319 192 | 2 076 983 | 464 702 |

## Table 19
## Concentration of short-term funding (composition) (R millions)

| | Deposit funding received from: | | | |
|---|---|---|---|---|
| | Associates | Ten largest depositors | Ten largest financial institutions | Ten largest government and parastatals |
| 2011: January | 49 987 | 228 383 | 150 237 | 90 107 |
| February | 44 197 | 235 269 | 148 750 | 109 954 |
| March | 46 679 | 244 981 | 170 094 | 92 877 |
| April | 54 914 | 224 601 | 170 612 | 88 754 |
| May | 55 681 | 220 598 | 167 045 | 82 370 |
| June | 46 480 | 254 245 | 167 465 | 114 027 |
| July | 41 465 | 212 597 | 154 359 | 86 471 |
| August | 45 354 | 239 985 | 182 259 | 94 567 |
| September | 45 765 | 220 551 | 159 450 | 86 117 |
| October | 43 046 | 240 845 | 171 160 | 108 125 |
| November | 48 256 | 221 719 | 161 915 | 97 171 |
| December | 50 019 | 264 550 | 159 192 | 143 078 |
| 2012: January | 52 938 | 259 060 | 155 670 | 149 460 |
| February | 47 345 | 264 825 | 157 449 | 152 960 |
| March | 54 232 | 250 648 | 160 014 | 127 898 |
| April | 53 023 | 254 293 | 159 195 | 132 639 |
| May | 48 284 | 236 719 | 147 856 | 123 861 |
| June | 49 954 | 272 693 | 152 547 | 157 291 |
| July | 47 767 | 226 048 | 146 036 | 111 706 |
| August | 44 587 | 238 619 | 156 566 | 119 454 |
| September | 44 677 | 227 152 | 148 736 | 120 267 |
| October | 43 044 | 221 176 | 146 012 | 112 656 |
| November | 51 101 | 196 963 | 136 147 | 94 228 |
| December | 56 878 | 247 507 | 153 948 | 133 186 |
| 2013: January | 48 435 | 214 141 | 145 909 | 107 753 |
| February | 52 227 | 280 008 | 172 599 | 140 044 |
| March | 48 000 | 272 287 | 153 176 | 135 860 |
| April | 57 534 | 237 470 | 171 818 | 106 763 |
| May | 50 982 | 233 702 | 169 679 | 93 532 |
| June | 50 031 | 278 298 | 156 859 | 146 790 |
| July | 48 066 | 233 804 | 161 976 | 103 872 |
| August | 47 184 | 275 502 | 185 729 | 121 102 |
| September | 50 476 | 268 262 | 170 371 | 125 961 |
| October | 55 182 | 255 321 | 189 099 | 103 870 |
| November | 51 457 | 219 013 | 169 079 | 90 393 |
| December | 59 077 | 273 149 | 167 160 | 143 587 |

# Table 20
## Analysis of credit risk

| | Impaired advances (R millions) | Gross loans and advances (R millions) | Specific credit impairments (R millions) | Impaired advances as a percentage of gross loans and advances (per cent) | Specific credit impairments as a percentage of gross loans and advances (per cent) | Specific credit impairments as a percentage of impaired advances (per cent) |
|---|---|---|---|---|---|---|
| 2011: January | 134 355 | 2 312 130 | 43 829 | 5,81 | 1,90 | 32,62 |
| February | 135 017 | 2 323 727 | 43 736 | 5,81 | 1,88 | 32,39 |
| March | 134 473 | 2 326 756 | 43 950 | 5,78 | 1,89 | 32,68 |
| April | 134 078 | 2 315 206 | 44 091 | 5,79 | 1,90 | 32,88 |
| May | 133 833 | 2 334 394 | 44 265 | 5,73 | 1,90 | 33,07 |
| June | 131 065 | 2 361 636 | 43 110 | 5,55 | 1,83 | 32,89 |
| July | 130 039 | 2 367 541 | 42 579 | 5,49 | 1,80 | 32,74 |
| August | 128 198 | 2 423 920 | 42 245 | 5,29 | 1,74 | 32,95 |
| September | 122 617 | 2 426 005 | 42 228 | 5,05 | 1,74 | 34,44 |
| October | 120 034 | 2 448 273 | 41 403 | 4,90 | 1,69 | 34,49 |
| November | 120 062 | 2 499 394 | 40 991 | 4,80 | 1,64 | 34,14 |
| December | 118 059 | 2 522 159 | 41 166 | 4,68 | 1,63 | 34,87 |
| 2012: January | 118 608 | 2 505 798 | 41 126 | 4,73 | 1,64 | 34,67 |
| February | 118 508 | 2 518 147 | 40 981 | 4,71 | 1,63 | 34,58 |
| March | 117 661 | 2 568 122 | 41 017 | 4,58 | 1,60 | 34,86 |
| April | 117 392 | 2 528 431 | 40 994 | 4,64 | 1,62 | 34,92 |
| May | 117 558 | 2 577 991 | 41 705 | 4,56 | 1,62 | 35,48 |
| June | 116 788 | 2 615 169 | 43 185 | 4,47 | 1,65 | 36,98 |
| July | 116 862 | 2 637 703 | 43 203 | 4,43 | 1,64 | 36,97 |
| August | 115 460 | 2 646 764 | 42 636 | 4,36 | 1,61 | 36,93 |
| September | 114 951 | 2 679 928 | 43 998 | 4,29 | 1,64 | 38,28 |
| October | 114 879 | 2 685 191 | 44 177 | 4,28 | 1,65 | 38,46 |
| November | 112 326 | 2 769 442 | 45 024 | 4,06 | 1,63 | 40,08 |
| December | 111 308 | 2 753 190 | 44 801 | 4,04 | 1,63 | 40,25 |
| 2013: January | 112 526 | 2 754 067 | 45 106 | 4,09 | 1,64 | 40,09 |
| February | 113 293 | 2 791 838 | 45 862 | 4,06 | 1,64 | 40,48 |
| March | 113 439 | 2 831 070 | 46 140 | 4,01 | 1,63 | 40,67 |
| April | 113 112 | 2 818 691 | 46 693 | 4,01 | 1,66 | 41,28 |
| May | 113 676 | 2 839 932 | 47 658 | 4,00 | 1,68 | 41,92 |
| June | 114 023 | 2 893 243 | 47 995 | 3,94 | 1,66 | 42,09 |
| July | 113 336 | 2 867 784 | 48 830 | 3,95 | 1,70 | 43,08 |
| August | 112 128 | 2 926 671 | 51 000 | 3,83 | 1,74 | 45,48 |
| September | 108 099 | 2 914 254 | 48 193 | 3,71 | 1,65 | 44,58 |
| October | 106 939 | 2 896 551 | 48 108 | 3,69 | 1,66 | 44,99 |
| November | 107 904 | 2 958 092 | 48 465 | 3,65 | 1,64 | 44,92 |
| December | 108 273 | 2 970 325 | 49 520 | 3,65 | 1,67 | 45,74 |

# Table 21

## Internal ratings-based banks: Composition of total credit exposure – Exposure at default (R millions)

| | Retail | | | Corporate | | | Other | | | Total credit exposure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) |
| 2011: January | 1 291 827 | 99 881 | 7,73 | 775 031 | 19 229 | 2,48 | 455 180 | 312 | 0,07 | 2 522 038 | 119 421 | 4,74 |
| February | 1 296 411 | 99 162 | 7,65 | 783 121 | 18 469 | 2,36 | 456 171 | 52 | 0,01 | 2 535 703 | 117 683 | 4,64 |
| March | 1 298 665 | 97 442 | 7,50 | 782 876 | 18 429 | 2,35 | 464 147 | 44 | 0,01 | 2 545 688 | 115 915 | 4,55 |
| April | 1 301 969 | 97 622 | 7,50 | 792 933 | 18 424 | 2,32 | 440 199 | 47 | 0,01 | 2 535 101 | 116 093 | 4,58 |
| May | 1 304 127 | 97 120 | 7,45 | 788 711 | 18 336 | 2,32 | 432 642 | 39 | 0,01 | 2 525 481 | 115 495 | 4,57 |
| June | 1 307 064 | 92 817 | 7,10 | 788 790 | 15 505 | 1,97 | 461 936 | 36 | 0,01 | 2 557 790 | 108 357 | 4,24 |
| July | 1 322 769 | 92 457 | 6,99 | 808 134 | 16 022 | 1,98 | 469 244 | 44 | 0,01 | 2 600 147 | 108 522 | 4,17 |
| August | 1 313 227 | 90 500 | 6,89 | 813 775 | 15 435 | 1,90 | 480 610 | 303 | 0,06 | 2 607 613 | 106 238 | 4,07 |
| September | 1 317 124 | 88 678 | 6,73 | 824 095 | 15 691 | 1,90 | 524 005 | 308 | 0,06 | 2 665 223 | 104 677 | 3,93 |
| October | 1 317 318 | 86 221 | 6,55 | 831 864 | 15 042 | 1,81 | 525 271 | 301 | 0,06 | 2 674 453 | 101 564 | 3,80 |
| November | 1 322 997 | 83 890 | 6,34 | 832 704 | 14 490 | 1,74 | 539 444 | 318 | 0,06 | 2 695 145 | 98 699 | 3,66 |
| December | 1 325 749 | 81 977 | 6,18 | 860 505 | 13 955 | 1,62 | 538 574 | 331 | 0,06 | 2 724 828 | 96 263 | 3,53 |
| 2012: January | 1 334 530 | 81 189 | 6,08 | 852 511 | 14 514 | 1,70 | 553 717 | 333 | 0,06 | 2 740 757 | 96 037 | 3,50 |
| February | 1 340 692 | 81 272 | 6,06 | 870 608 | 14 587 | 1,68 | 524 167 | 326 | 0,06 | 2 735 468 | 96 186 | 3,52 |
| March | 1 355 310 | 80 276 | 5,92 | 893 215 | 14 266 | 1,60 | 547 452 | 330 | 0,06 | 2 795 976 | 94 872 | 3,39 |
| April | 1 358 013 | 79 419 | 5,85 | 870 032 | 15 567 | 1,79 | 524 991 | 328 | 0,06 | 2 753 036 | 95 314 | 3,46 |
| May | 1 362 320 | 78 414 | 5,76 | 891 265 | 16 022 | 1,80 | 540 924 | 349 | 0,06 | 2 794 509 | 94 785 | 3,39 |
| June | 1 358 913 | 77 600 | 5,71 | 899 590 | 15 144 | 1,68 | 533 885 | 338 | 0,06 | 2 792 388 | 93 082 | 3,33 |
| July | 1 366 160 | 76 575 | 5,61 | 900 645 | 15 643 | 1,74 | 517 281 | 332 | 0,06 | 2 784 085 | 92 549 | 3,32 |
| August | 1 371 190 | 75 959 | 5,54 | 913 913 | 15 758 | 1,72 | 504 173 | 605 | 0,12 | 2 789 276 | 92 323 | 3,31 |
| September | 1 430 450 | 76 964 | 5,38 | 914 172 | 16 037 | 1,75 | 532 496 | 642 | 0,12 | 2 877 119 | 93 642 | 3,25 |
| October | 1 437 296 | 75 008 | 5,22 | 918 922 | 16 032 | 1,74 | 530 451 | 611 | 0,12 | 2 886 669 | 91 651 | 3,17 |
| November | 1 450 069 | 73 076 | 5,04 | 938 222 | 15 591 | 1,66 | 586 364 | 598 | 0,10 | 2 974 655 | 89 265 | 3,00 |
| December | 1 452 738 | 71 930 | 4,95 | 945 345 | 17 344 | 1,83 | 577 026 | 616 | 0,11 | 2 975 108 | 89 890 | 3,02 |

## Table 21

### Internal ratings-based banks: Composition of total credit exposure – Exposure at default (R millions) (continued)

| | Retail | | | Corporate | | | Other | | | Total credit exposure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) |
| 2013: January | 1 460 306 | 72 175 | 4,94 | 955 674 | 18 113 | 1,90 | 576 917 | 616 | 0,11 | 2 992 897 | 90 904 | 3,04 |
| February | 1 468 095 | 72 989 | 4,97 | 959 095 | 18 104 | 1,89 | 597 962 | 610 | 0,10 | 3 025 152 | 91 702 | 3,03 |
| March | 1 472 758 | 73 028 | 4,96 | 979 391 | 18 446 | 1,88 | 579 786 | 613 | 0,11 | 3 031 934 | 92 086 | 3,04 |
| April | 1 473 144 | 72 379 | 4,91 | 980 122 | 19 045 | 1,94 | 554 960 | 623 | 0,11 | 3 008 225 | 92 047 | 3,06 |
| May | 1 480 730 | 70 974 | 4,79 | 994 761 | 20 573 | 2,07 | 568 355 | 615 | 0,11 | 3 043 846 | 92 162 | 3,03 |
| June | 1 486 747 | 69 497 | 4,67 | 1 005 284 | 20 490 | 2,04 | 596 053 | 658 | 0,11 | 3 088 084 | 90 644 | 2,94 |
| July | 1 490 362 | 68 834 | 4,62 | 996 461 | 19 665 | 1,97 | 565 471 | 653 | 0,12 | 3 052 294 | 89 152 | 2,92 |
| August | 1 498 259 | 67 242 | 4,49 | 1 021 300 | 20 208 | 1,98 | 592 739 | 695 | 0,12 | 3 112 298 | 88 145 | 2,83 |
| September | 1 504 628 | 66 523 | 4,42 | 1 018 622 | 19 224 | 1,89 | 568 682 | 395 | 0,07 | 3 091 932 | 86 142 | 2,79 |
| October | 1 507 777 | 65 192 | 4,32 | 1 024 205 | 19 056 | 1,86 | 579 191 | 48 | 0,01 | 3 111 172 | 84 295 | 2,71 |
| November | 1 512 852 | 64 308 | 4,25 | 1 026 599 | 19 780 | 1,93 | 586 322 | 48 | 0,01 | 3 125 773 | 84 136 | 2,69 |
| December | 1 510 175 | 63 998 | 4,24 | 1 067 993 | 16 975 | 1,59 | 579 608 | 50 | 0,01 | 3 157 775 | 81 022 | 2,57 |

# Table 22

## Internal ratings-based banks: Composition of total retail credit exposure – Exposure at default (R millions)

| | Retail mortgages | | | Revolving credit | | | Retail other | | | SME retail | | | Total retail credit exposure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) |
| 2011: January ........... | 861 171 | 74 411 | 8,64 | 127 229 | 7 973 | 6,27 | 176 609 | 10 945 | 6,20 | 126 818 | 6 552 | 5,17 | 1 291 827 | 99 881 | 7,73 |
| February .......... | 862 548 | 73 564 | 8,53 | 127 164 | 8 083 | 6,36 | 178 821 | 11 108 | 6,21 | 127 879 | 6 407 | 5,01 | 1 296 411 | 99 162 | 7,65 |
| March.............. | 863 609 | 72 322 | 8,37 | 127 236 | 7 940 | 6,24 | 180 553 | 10 884 | 6,03 | 127 267 | 6 297 | 4,95 | 1 298 665 | 97 442 | 7,50 |
| April................. | 863 893 | 72 138 | 8,35 | 127 717 | 7 891 | 6,18 | 183 759 | 11 487 | 6,25 | 126 600 | 6 106 | 4,82 | 1 301 969 | 97 622 | 7,50 |
| May ................. | 865 157 | 71 571 | 8,27 | 126 725 | 7 810 | 6,16 | 186 265 | 11 696 | 6,28 | 125 980 | 6 043 | 4,80 | 1 304 127 | 97 120 | 7,45 |
| June ................ | 860 586 | 68 112 | 7,91 | 127 637 | 7 446 | 5,83 | 186 087 | 11 369 | 6,11 | 132 755 | 5 890 | 4,44 | 1 307 064 | 92 817 | 7,10 |
| July.................. | 867 779 | 67 872 | 7,82 | 128 865 | 7 104 | 5,51 | 187 586 | 11 134 | 5,94 | 138 539 | 6 347 | 4,58 | 1 322 769 | 92 457 | 6,99 |
| August............. | 857 305 | 65 933 | 7,69 | 128 973 | 6 915 | 5,36 | 187 927 | 11 365 | 6,05 | 139 022 | 6 286 | 4,52 | 1 313 227 | 90 500 | 6,89 |
| September ....... | 857 041 | 64 480 | 7,52 | 130 019 | 6 912 | 5,32 | 190 630 | 11 201 | 5,88 | 139 434 | 6 086 | 4,36 | 1 317 124 | 88 678 | 6,73 |
| October........... | 857 873 | 63 272 | 7,38 | 130 465 | 6 413 | 4,92 | 192 551 | 10 915 | 5,67 | 136 429 | 5 620 | 4,12 | 1 317 318 | 86 221 | 6,55 |
| November......... | 858 088 | 61 240 | 7,14 | 132 812 | 6 336 | 4,77 | 195 408 | 10 828 | 5,54 | 136 688 | 5 486 | 4,01 | 1 322 997 | 83 890 | 6,34 |
| December......... | 859 431 | 59 865 | 6,97 | 133 160 | 5 997 | 4,50 | 195 172 | 10 617 | 5,44 | 137 986 | 5 499 | 3,98 | 1 325 749 | 81 977 | 6,18 |
| 2012: January ........... | 859 805 | 59 866 | 6,96 | 135 446 | 5 860 | 4,33 | 197 072 | 10 102 | 5,13 | 142 206 | 5 362 | 3,77 | 1 334 530 | 81 189 | 6,08 |
| February .......... | 860 003 | 59 306 | 6,90 | 136 187 | 5 779 | 4,24 | 199 932 | 10 891 | 5,45 | 144 571 | 5 297 | 3,66 | 1 340 692 | 81 272 | 6,06 |
| March.............. | 866 440 | 58 611 | 6,76 | 142 598 | 5 802 | 4,07 | 203 000 | 10 752 | 5,30 | 143 272 | 5 111 | 3,57 | 1 355 310 | 80 276 | 5,92 |
| April................. | 866 758 | 57 797 | 6,67 | 144 302 | 5 849 | 4,05 | 203 820 | 10 569 | 5,19 | 143 133 | 5 205 | 3,64 | 1 358 013 | 79 419 | 5,85 |
| May ................. | 867 172 | 56 720 | 6,54 | 145 964 | 5 856 | 4,01 | 207 607 | 10 776 | 5,19 | 141 577 | 5 061 | 3,57 | 1 362 320 | 78 414 | 5,76 |
| June ................ | 867 485 | 55 499 | 6,40 | 139 533 | 5 901 | 4,23 | 210 434 | 11 187 | 5,32 | 141 460 | 5 014 | 3,54 | 1 358 913 | 77 600 | 5,71 |
| July.................. | 866 412 | 54 124 | 6,25 | 140 680 | 5 783 | 4,11 | 216 750 | 11 674 | 5,39 | 142 318 | 4 994 | 3,51 | 1 366 160 | 76 575 | 5,61 |
| August............. | 866 505 | 53 156 | 6,13 | 142 750 | 6 018 | 4,22 | 219 837 | 11 688 | 5,32 | 142 099 | 5 098 | 3,59 | 1 371 190 | 75 959 | 5,54 |
| September ....... | 869 594 | 52 574 | 6,05 | 147 329 | 5 978 | 4,06 | 269 068 | 13 304 | 4,94 | 144 459 | 5 108 | 3,54 | 1 430 450 | 76 964 | 5,38 |
| October........... | 870 950 | 50 561 | 5,81 | 148 862 | 5 978 | 4,02 | 272 428 | 13 350 | 4,90 | 145 057 | 5 119 | 3,53 | 1 437 296 | 75 008 | 5,22 |
| November......... | 873 110 | 48 896 | 5,60 | 151 829 | 6 051 | 3,99 | 275 953 | 13 117 | 4,75 | 149 178 | 5 012 | 3,36 | 1 450 069 | 73 076 | 5,04 |
| December......... | 872 638 | 48 117 | 5,51 | 153 344 | 6 182 | 4,03 | 278 735 | 13 269 | 4,76 | 148 021 | 4 361 | 2,95 | 1 452 738 | 71 930 | 4,95 |

## Table 22

### Internal ratings-based banks: Composition of total retail credit exposure – Exposure at default (R millions) (continued)

| | Retail mortgages | | | Revolving credit | | | Retail other | | | SME retail | | | Total retail credit exposure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) | Total exposure | Default | Default ratio (per cent) |
| 2013: January ............ | 873 664 | 48 007 | 5,49 | 156 156 | 6 291 | 4,03 | 282 096 | 13 430 | 4,76 | 148 390 | 4 447 | 3,00 | 1 460 306 | 72 175 | 4,94 |
| February ........... | 870 950 | 48 144 | 5,53 | 158 621 | 6 437 | 4,06 | 286 064 | 13 691 | 4,79 | 152 460 | 4 717 | 3,09 | 1 468 095 | 72 989 | 4,97 |
| March............... | 873 178 | 48 017 | 5,50 | 160 563 | 6 741 | 4,20 | 285 749 | 13 516 | 4,73 | 153 268 | 4 753 | 3,10 | 1 472 758 | 73 028 | 4,96 |
| April.................. | 873 509 | 47 507 | 5,44 | 158 680 | 6 240 | 3,93 | 287 733 | 13 932 | 4,84 | 153 221 | 4 700 | 3,07 | 1 473 144 | 72 379 | 4,91 |
| May .................. | 875 557 | 46 095 | 5,26 | 160 238 | 6 390 | 3,99 | 290 321 | 13 783 | 4,75 | 154 614 | 4 705 | 3,04 | 1 480 730 | 70 974 | 4,79 |
| June ................. | 876 652 | 44 473 | 5,07 | 162 553 | 6 599 | 4,06 | 292 575 | 13 729 | 4,69 | 154 968 | 4 695 | 3,03 | 1 486 747 | 69 497 | 4,67 |
| July................... | 877 863 | 43 266 | 4,93 | 163 830 | 6 744 | 4,12 | 294 529 | 14 158 | 4,81 | 154 140 | 4 666 | 3,03 | 1 490 362 | 68 834 | 4,62 |
| August............. | 878 976 | 42 314 | 4,81 | 164 902 | 6 924 | 4,20 | 296 858 | 13 365 | 4,50 | 157 522 | 4 638 | 2,94 | 1 498 259 | 67 242 | 4,49 |
| September ....... | 880 709 | 41 183 | 4,68 | 166 454 | 7 144 | 4,29 | 298 633 | 13 833 | 4,63 | 158 831 | 4 363 | 2,75 | 1 504 628 | 66 523 | 4,42 |
| October............ | 877 262 | 39 806 | 4,54 | 168 304 | 7 300 | 4,34 | 301 614 | 13 740 | 4,56 | 160 597 | 4 346 | 2,71 | 1 507 777 | 65 192 | 4,32 |
| November......... | 877 683 | 38 868 | 4,43 | 170 181 | 7 464 | 4,39 | 302 615 | 13 612 | 4,50 | 162 373 | 4 363 | 2,69 | 1 512 852 | 64 308 | 4,25 |
| December......... | 870 634 | 37 916 | 4,36 | 170 823 | 7 707 | 4,51 | 304 012 | 13 872 | 4,56 | 164 706 | 4 502 | 2,73 | 1 510 175 | 63 998 | 4,24 |

# Table 23

## Sectoral distribution of credit exposures (as a percentage of total credit exposure)

| | Agriculture | Mining | Manufacturing | Electricity | Construction | Wholesale and retail trade | Transport and communication | Finance and insurance | Real estate | Business services | Community and personal services | Private households | Other | Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2011: March.......... | 1,79 | 3,23 | 4,08 | 0,98 | 1,26 | 3,87 | 3,26 | 23,33 | 6,60 | 3,61 | 5,26 | 36,14 | 6,59 | 100,00 |
| June............ | 1,77 | 3,41 | 4,25 | 0,87 | 1,30 | 3,97 | 3,36 | 22,84 | 6,52 | 3,61 | 5,49 | 36,07 | 6,55 | 100,00 |
| September ... | 1,66 | 3,70 | 4,14 | 0,78 | 1,21 | 3,69 | 3,29 | 26,36 | 6,34 | 3,40 | 5,46 | 33,86 | 6,10 | 100,00 |
| December .... | 1,73 | 3,68 | 4,27 | 0,85 | 1,18 | 3,96 | 3,44 | 25,17 | 6,34 | 3,71 | 5,37 | 34,28 | 6,02 | 100,00 |
| 2012: March.......... | 1,75 | 3,67 | 4,46 | 0,70 | 1,25 | 4,14 | 3,32 | 24,18 | 5,19 | 3,78 | 6,53 | 36,56 | 4,45 | 100,00 |
| June............ | 1,72 | 3,73 | 4,41 | 0,72 | 1,16 | 4,26 | 3,42 | 24,67 | 5,12 | 3,68 | 6,35 | 35,85 | 4,91 | 100,00 |
| September ... | 1,64 | 3,71 | 4,29 | 0,74 | 1,20 | 4,37 | 3,03 | 25,92 | 5,29 | 3,52 | 6,04 | 35,16 | 5,11 | 100,00 |
| December .... | 1,68 | 3,98 | 4,54 | 1,07 | 1,29 | 4,48 | 3,35 | 24,45 | 5,03 | 3,72 | 6,22 | 35,08 | 5,12 | 100,00 |
| 2013: March.......... | 1,74 | 4,01 | 4,79 | 0,96 | 1,41 | 4,43 | 3,54 | 24,28 | 5,95 | 3,70 | 6,23 | 33,98 | 4,97 | 100,00 |
| June............ | 1,47 | 3,97 | 4,56 | 1,12 | 1,47 | 4,58 | 3,31 | 24,23 | 4,99 | 3,55 | 6,16 | 35,25 | 5,33 | 100,00 |
| September ... | 1,44 | 3,75 | 4,79 | 1,01 | 1,45 | 4,48 | 3,25 | 23,40 | 5,14 | 3,71 | 6,44 | 35,63 | 5,51 | 100,00 |
| December .... | 1,44 | 3,92 | 5,03 | 1,11 | 1,41 | 4,69 | 3,26 | 23,13 | 5,16 | 4,65 | 6,01 | 35,09 | 5,10 | 100,00 |

* Differences may occur due to rounding

## Geographic distribution of credit exposures (as a percentage of total credit exposure)

| | South Africa | Other African countries | Europe | Asia | North America | South America | Other | Total* |
|---|---|---|---|---|---|---|---|---|
| 2011: March........................................................................ | 89,17 | 0,49 | 6,67 | 0,59 | 1,44 | 0,26 | 1,38 | 100,00 |
| June.......................................................................... | 89,25 | 0,79 | 6,05 | 1,09 | 1,18 | 0,26 | 1,38 | 100,00 |
| September ................................................................. | 86,57 | 1,01 | 7,84 | 1,24 | 1,67 | 0,24 | 1,43 | 100,00 |
| December .................................................................. | 86,76 | 1,23 | 7,44 | 1,25 | 1,66 | 0,16 | 1,49 | 100,00 |
| 2012: March........................................................................ | 87,90 | 1,56 | 7,49 | 1,15 | 1,54 | 0,24 | 0,13 | 100,00 |
| June.......................................................................... | 87,06 | 1,52 | 8,27 | 1,10 | 1,60 | 0,27 | 0,18 | 100,00 |
| September ................................................................. | 87,15 | 1,70 | 8,02 | 0,95 | 1,74 | 0,26 | 0,17 | 100,00 |
| December .................................................................. | 87,34 | 1,92 | 7,49 | 1,02 | 1,74 | 0,30 | 0,18 | 100,00 |
| 2013: March........................................................................ | 88,17 | 1,79 | 7,12 | 0,88 | 1,36 | 0,34 | 0,35 | 100,00 |
| June.......................................................................... | 87,22 | 1,89 | 7,82 | 1,05 | 1,60 | 0,27 | 0,15 | 100,00 |
| September ................................................................. | 88,06 | 1,98 | 7,22 | 0,93 | 1,41 | 0,23 | 0,18 | 100,00 |
| December .................................................................. | 87,72 | 1,92 | 7,57 | 0,88 | 1,48 | 0,25 | 0,17 | 100,00 |

* Differences may occur due to rounding

## Table 24
## Turnover in derivative contracts (R millions)

| | Interest rate contracts | Foreign-exchange contracts | Equity and indices | Commodities | Total |
|---|---|---|---|---|---|
| 2011: January | 4 517 689 | 3 989 174 | 334 142 | 38 688 | 8 879 693 |
| February | 7 469 417 | 4 423 045 | 348 359 | 53 388 | 12 294 209 |
| March | 5 613 281 | 4 063 285 | 526 282 | 48 920 | 10 251 769 |
| April | 3 521 179 | 3 228 461 | 240 221 | 44 820 | 7 034 682 |
| May | 4 832 822 | 3 939 724 | 301 387 | 43 320 | 9 117 253 |
| June | 4 412 226 | 3 782 738 | 411 263 | 53 086 | 8 659 313 |
| July | 4 098 971 | 3 864 802 | 369 120 | 56 484 | 8 389 377 |
| August | 6 155 777 | 4 525 775 | 564 790 | 65 404 | 11 311 746 |
| September | 3 772 931 | 4 347 566 | 592 158 | 62 295 | 8 774 951 |
| October | 2 870 392 | 4 146 866 | 525 555 | 48 284 | 7 591 096 |
| November | 3 781 914 | 4 731 484 | 538 951 | 63 898 | 9 116 247 |
| December | 1 742 331 | 3 638 262 | 475 913 | 44 951 | 5 901 457 |
| 2012: January | 2 777 346 | 3 987 058 | 463 953 | 46 827 | 7 275 184 |
| February | 1 950 222 | 3 671 272 | 584 515 | 55 928 | 6 261 937 |
| March | 2 757 718 | 3 546 167 | 724 804 | 48 750 | 7 077 439 |
| April | 1 774 005 | 3 271 926 | 240 410 | 51 783 | 5 338 124 |
| May | 3 145 121 | 4 139 593 | 216 490 | 58 168 | 7 559 371 |
| June | 2 921 343 | 3 719 770 | 386 193 | 59 900 | 7 087 206 |
| July | 3 257 826 | 4 177 665 | 297 044 | 65 458 | 7 797 993 |
| August | 1 616 475 | 3 861 685 | 327 060 | 49 816 | 5 855 036 |
| September | 2 233 331 | 3 706 171 | 376 403 | 54 010 | 6 369 915 |
| October | 2 449 270 | 4 324 474 | 328 289 | 108 096 | 7 210 129 |
| November | 2 515 635 | 3 806 572 | 365 259 | 455 590 | 7 143 057 |
| December | 674 369 | 3 398 778 | 393 437 | 53 854 | 4 520 438 |
| 2013: January | 2 321 979 | 4 164 584 | 371 388 | 74 740 | 6 932 690 |
| February | 1 798 949 | 3 960 042 | 446 288 | 74 807 | 6 280 086 |
| March | 2 357 907 | 4 027 668 | 543 932 | 58 028 | 6 987 536 |
| April | 2 529 007 | 4 482 296 | 513 243 | 41 255 | 7 565 803 |
| May | 3 034 559 | 4 558 011 | 433 634 | 114 236 | 8 140 439 |
| June | 4 718 819 | 4 942 520 | 597 805 | 133 025 | 10 392 169 |
| July | 3 361 294 | 4 573 079 | 602 864 | 51 037 | 8 588 274 |
| August | 3 129 927 | 4 221 063 | 702 422 | 32 065 | 8 085 477 |
| September | 3 418 485 | 4 550 832 | 789 305 | 31 353 | 8 789 974 |
| October | 2 522 955 | 4 477 407 | 661 810 | 42 643 | 7 704 815 |
| November | 3 914 336 | 4 361 689 | 672 251 | 46 546 | 8 994 822 |
| December | 1 386 678 | 3 683 525 | 761 645 | 43 121 | 5 874 969 |

# Table 25

## Effective net open foreign-currency position (US$ millions)

| | Total foreign-currency assets | Total foreign-currency liabilities | Net spot position | Commitments to purchase foreign currency | Commitments to sell foreign currency | Mismatched forward commitments | Effective net open foreign-currency position |
|---|---|---|---|---|---|---|---|
| 2011: January | 31 445 | 23 118 | 8 328 | 280 155 | 288 648 | -8 493 | -165 |
| February | 31 719 | 23 468 | 8 251 | 286 455 | 294 808 | -8 353 | -102 |
| March | 29 914 | 22 714 | 7 200 | 276 850 | 284 192 | -7 343 | -143 |
| April | 26 488 | 21 624 | 4 864 | 274 028 | 279 108 | -5 080 | -295 |
| May | 26 901 | 21 538 | 5 363 | 273 559 | 279 024 | -5 465 | -102 |
| June | 27 688 | 21 073 | 6 615 | 280 461 | 287 162 | -6 701 | -86 |
| July | 28 033 | 20 638 | 7 395 | 287 399 | 294 815 | -7 416 | -21 |
| August | 29 739 | 21 043 | 8 696 | 307 269 | 315 856 | -8 587 | 109 |
| September | 30 532 | 20 325 | 10 208 | 327 554 | 337 494 | -9 940 | 268 |
| October | 30 530 | 20 576 | 9 955 | 335 416 | 345 508 | -10 092 | -138 |
| November | 33 583 | 20 496 | 13 087 | 335 379 | 348 423 | -13 043 | 43 |
| December | 35 070 | 21 855 | 13 215 | 311 553 | 324 504 | -12 951 | 265 |
| 2012: January | 37 879 | 23 565 | 14 314 | 291 186 | 305 362 | -14 176 | 138 |
| February | 33 576 | 23 513 | 10 063 | 296 204 | 306 561 | -10 356 | -293 |
| March | 33 904 | 25 374 | 8 530 | 335 344 | 344 258 | -8 914 | -385 |
| April | 34 391 | 25 323 | 9 068 | 341 058 | 350 767 | -9 708 | -640 |
| May | 35 631 | 25 106 | 10 525 | 279 513 | 290 101 | -10 588 | -63 |
| June | 37 869 | 25 372 | 12 497 | 284 203 | 296 771 | -12 568 | -71 |
| July | 38 481 | 25 506 | 12 974 | 299 524 | 312 499 | -12 974 | 0 |
| August | 37 148 | 24 871 | 12 277 | 303 767 | 315 779 | -12 013 | 265 |
| September | 38 246 | 26 166 | 12 080 | 313 568 | 325 240 | -11 672 | 408 |
| October | 37 766 | 26 577 | 11 190 | 305 604 | 316 581 | -10 977 | 213 |
| November | 41 035 | 30 293 | 10 742 | 297 596 | 308 096 | -10 501 | 241 |
| December | 39 853 | 30 676 | 9 177 | 282 796 | 291 774 | -8 978 | 199 |
| 2013: January | 39 532 | 32 943 | 6 589 | 218 460 | 225 875 | -7 415 | -826 |
| February | 41 355 | 32 991 | 8 364 | 220 509 | 229 426 | -8 917 | -552 |
| March | 40 160 | 32 306 | 7 854 | 200 220 | 208 922 | -8 702 | -848 |
| April | 41 466 | 32 712 | 8 753 | 207 035 | 215 695 | -8 660 | 94 |
| May | 42 793 | 33 146 | 9 647 | 210 914 | 220 314 | -9 400 | 247 |
| June | 41 884 | 31 652 | 10 232 | 215 784 | 225 925 | -10 141 | 91 |
| July | 41 187 | 30 895 | 10 291 | 214 682 | 224 777 | -10 095 | 196 |
| August | 42 345 | 32 109 | 10 236 | 218 802 | 229 128 | -10 326 | -89 |
| September | 40 421 | 31 013 | 9 408 | 227 072 | 236 353 | -9 281 | 127 |
| October | 39 573 | 30 412 | 9 161 | 220 322 | 229 477 | -9 155 | 6 |
| November | 39 953 | 30 954 | 8 999 | 240 318 | 249 207 | -8 889 | 110 |
| December | 38 909 | 31 221 | 7 688 | 233 274 | 240 865 | -7 591 | 97 |

# References

Basel Committee on Banking Supervision, press release issued in terms of "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" (Basel: Basel Committee, 16 December 2010).

Basel Committee on Banking Supervision, press release issued in terms of "Basel III: International Framework for Liquidity Risk Management, Standards and Monitoring" (Basel: Basel Committee, 16 December 2010).

# Abbreviations

| | |
|---|---|
| AEG | Accounting Experts Group |
| AFSG | Aggregation Feasibility Study Group |
| AMA | advanced measurement approach |
| AML | anti-money laundering |
| BASA | Banking Association of South Africa |
| CABS | Community of African Bank Supervisors |
| CCB | countercyclical capital buffer |
| CCP | central counterparty |
| CET1 | common equity tier 1 |
| CFT | the combating of the financing of terrorism |
| CMF | Committee on Financial Markets |
| CMG | Capital Monitoring Group |
| EDTF | Enhanced Disclosure Task Force |
| EME | emerging-market economy |
| ESAAMLG | Eastern and Southern Africa Anti-Money Laundering Group |
| FATF | Financial Action Task Force |
| FIC | Financial Intelligence Centre |
| FSB | Financial Stability Board |
| FX | foreign exchange |
| FSI | Financial Stability Institute |
| G-20 | Group of Twenty |
| HQLA | high-quality liquid assets |
| ICAAP | internal capital adequacy assessment process |
| IRB | internal ratings-based |
| IT | information technology |
| LCR | liquidity coverage ratio |
| LGD | loss given default |
| ML | money laundering |
| MoU | memorandum of understanding |
| MRC | minimum required capital |
| NSFR | net stable funding ratio |
| NT | National Treasury |
| OECD | Organisation for Economic Co-operation and Development |
| OTC | over the counter |
| PD | probability of default |
| PDG | Policy Development Group |
| PVP | payment-versus-payment |

| | |
|---|---|
| QE | quantitative easing |
| QIS | quantitative impact study |
| RCAP | Regulatory Consistency Assessment Programme |
| RWA | risk-weighted assets |
| RO | Representative Office |
| SADC | Southern African Development Community |
| SAICA | South African Institute of Chartered Accountants |
| SBG | Standard Bank Group |
| SIFI | systemically significant financial institution |
| SIG | Supervision and Implementation Group |
| SIG-BB | Supervision and Implementation Group Banking Book |
| SIG-TB | Supervision and Implementation Group Trading Book |
| SSBS | Southern African Development Community Subcommittee of Banking Supervisors |
| STA | standardised approach |
| TBG | Trading Book Group |
| TF | terrorism financing |
| TFSA | Task Force on Standardised Approaches |
| TR | trade repository |
| TSA | the standardised approach |
| US | United States |
| WGC | Working Group on Capital |
| WGOR | Working Group on Operational Risk |

# Glossary

| | |
|---|---|
| Basel Committee | Basel Committee on Banking Supervision |
| the Bank | the South African Reserve Bank (the Bank) |
| the Banks Act | Banks Act, 1990 (Act No. 94 of 1990) |
| the Banks Amendment Act | Banks Amendment Act, 2013 (Act No.22 of 2013) |
| the Banks Bill | Banks Amendment Bill, 2012 |
| the Basel III framework | "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" and "Basel III: International Framework for Liquidity Risk Management, Standards and Monitoring" |
| the Bill | Financial Sector Regulation Bill, 2013 |
| the Core Principles | Core Principles for Effective Banking Supervision (Core Principles) |
| the Department | the Bank Supervision Department of the South African Reserve Bank |
| the FIC Act | Financial Intelligence Centre Act, 2001 (Act No.38 of 2001) |
| the Protocol | Finance and Investment Protocol of the Southern African Development Community |
| the Registrar | Registrar of Banks |
| the Regulations | Regulations relating to Banks |
| the RO Regulations | Regulations relating to Representative Offices of Foreign Banking Institutions |