

Contents

Chapter 1: Registrar of Banks' review	1
1.1 Introduction	1
1.2 Bank Supervision Department's strategic focus areas	2
1.3 High-level overview of key banking-sector trends	3
1.4 Authorisation to establish a bank, and the registration and cancellation of the registration of banks	5
1.5 Group structures:the approval of local and foreign expansions by South African banking groups	6
1.6 Enforcement.....	6
1.7 Regulatory developments affecting the domestic banking sector	9
1.8 Key international developments, recommendations and focus areas.....	12
1.9 Participation in international regulatory and supervisory forums	13
1.10 Participation in international surveys	20
1.11 Participation in domestic regulatory and supervisory forums	20
1.12 Regional cooperation and interaction.....	21
1.13 Issues to receive particular attention in 2018.....	22
1.14 Expression of gratitude	22
Chapter 2: Overview of supervisory activities	23
2.1 Introduction.....	23
2.2 Themes for 2017	24
2.3 Credit risk	26
2.4 Market risk	27
2.5 Operational risk.....	29
2.6 Asset and liability management risk	32
2.7 Capital management.....	33
2.8 Pillar 3: disclosure	34
2.9 Consolidated supervision.....	35
2.10 Anti-money laundering and combating the financing of terrorism.....	35
2.11 Recovery planning	36
2.12 Risk data aggregation and risk reporting.....	37
2.13 Thematic on-site reviews.....	37
Chapter 3: Developments relating to banking legislation	39
3.1 Introduction.....	39
3.2 The Banks Act 94 of 1990.....	39
3.3 Update on the amendments to the Regulations relating to Banks	39
Appendices	
1. Registered banks, local branches of foreign banks and mutual banks as at 31 December 2017	42
2. Authorisation to establish, registration and cancellation of registration of banks during the period 1 January 2017 to 31 December 2017.....	44
3. Registered controlling companies as at 31 December 2017	45
4. Foreign banks with approved local representative offices.....	46

5. Circulars, directives, guidance notes and proposed directives issued in 2017	48
6. Exemptions and exclusions from the application of the Banks Act 94 of 1990	49
7. Memorandums of understanding between the Bank Supervision Department of the South African Reserve Bank and foreign supervisors as at 31 December 2017	50
8. Summary of matters communicated by the Basel Committee on Banking Supervision	52
Figures	
1.1 Total asset structure of the South African banking sector	3
1.2 Inspections relating to illegal deposit-taking schemes	9
1.3 Structure of the Basel Committee on Banking Supervision, 2017	14
2.1 Composition of risk-weighted exposure	23
2.2 Credit risk methodologies applied by banks as at 31 December 2017	26
2.3 Market risk methodologies applied by banks as at 31 December 2017	28
2.4 Operational risk methodologies applied by banks as at 31 December 2017	30
Tables	
1.1 Banking entities registered in South Africa	3
1.2 Selected indicators for the South African banking sector	4
1.3 South African banking sector: number of approvals for local and foreign expansions granted in terms of section 52 of the Banks Act 94 of 1990	6
1.4 Penalties imposed on banks in 2017	7
1.5 Inspections relating to illegal deposit-taking schemes	8
2.1 On-site inspections	36
Abbreviations	55

