

**Updated in March 2022**

**Effective Date:** Engagements where the terms of engagement have been agreed on or after 1 January 2022.

**Note that this illustrative report is a template and changes may be made hereto to the extent required, provided they are consistent with the standard and terms of the engagement. Where substantive changes are made to the illustrative report, firms should consider their own internal policies and procedures to ensure compliance with reporting requirements.**

**Note that the illustrative report was updated for the following:**

- **Conforming and consequential amendments to the IAASB’s International Standards arising from the IAASB’s Quality Management Standards.**
  - **Effective date:**
    - a) **Audits and reviews of financial statements for periods beginning on or after 15 December 2022; and**
    - b) **Other assurance and related services engagements beginning on or after 15 December 2022.**
- **The International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements.**
  - **Effective date:**
    - a) **For agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022.**

The Chief Executive Officer  
Prudential Authority  
South African Reserve Bank  
PO Box 8432  
Pretoria  
0001

Dear Sir

**REPORT OF THE INDEPENDENT AUDITOR TO THE PRUDENTIAL AUTHORITY (THE “PA”) ON THE STATUTORY RETURNS OF XYZ MUTUAL BANK (THE “BANK”) IN TERMS OF THE MUTUAL BANKS ACT, 1993 (THE “ACT”) AND THE REGULATIONS RELATING TO MUTUAL BANKS (THE “REGULATIONS”)**

The respective Parts A to F reports, attached to this report, are made for the purpose of our compliance with the reporting requirements of Regulations 6(1), 6(2)(a), 6(2)(b) and 6(6) of the Regulations in relation to the statutory returns (the returns) submitted to the PA by the Bank during the year ended *[insert the year-end date]*.

## **Directors' Responsibility for the Returns**

The directors are responsible for ensuring the Bank's compliance with the provisions of the Act and the Regulations, including the preparation and submission of the relevant statutory financial statements and the returns to the PA, during the year ended *[insert the year-end date]*; and for such internal control as the directors determine is necessary to enable the preparation of returns that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to issue our reports, under Regulations 6(1), 6(2)(a), 6(2)(b) and 6(6) of the Regulations in respect of the returns submitted to the PA by the Bank and which are set out in Parts A to F, that express our audit opinion, review conclusion and limited assurance conclusions; to perform certain agreed-upon procedures on the respective returns, based on our audit, review, limited assurance and agreed-upon procedures engagements, performed in accordance with International Standards on Auditing ("ISAs"), International Standards on Review Engagements ("ISREs"), International Standards on Assurance Engagements ("ISAEs") and International Standards on Related Services ("ISRSs"), as applicable; and to report on such additional matters as required by the PA and as set out in the respective Parts A to F reports.

We completed our audit of the statutory financial statements of the Bank for the financial year ended *[insert the year-end date]*, on which we issued an unmodified opinion *[adjust as applicable]* on *[insert the date the auditor's report was signed]*. Our audit of the financial statements was performed in accordance with ISAs.

In forming our audit opinion, review conclusion, limited assurance conclusions and reporting our findings contained in the respective Parts A to F reports, we have, where appropriate, drawn on evidence obtained in the course of our audit of the financial statements and performed such additional year-end procedures we considered necessary to complete our examination of the returns of the Bank submitted to the PA during the year ended on *[insert the year-end date]*.

## **Opinion, Conclusions and Findings**

Our respective audit opinion, review conclusion, limited assurance conclusions and findings from our agreed-upon procedures are expressed in the respective individual Parts A to F of our reports as attached. We have *[initialled/stamped]* the returns referred to in our reports for identification purposes.

## **Basis of Preparation of the Returns and Restriction on Use and Distribution**

The returns were prepared by the directors of the Bank on the basis indicated in the respective Parts A to F reports for the purpose of the Bank's compliance with the relevant requirements of the Act and the Regulations, and reporting thereon to the PA. As a result, these returns may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the directors of the Bank.

Should you wish to discuss the contents of the respective Parts A to F reports in any further detail, please contact *[Name of the Regulatory Partner(s) and telephone number(s)]*.

Yours faithfully,

*[Auditor's signature]*

*[Name of the individual registered auditor]*

*[Capacity, if not a sole practitioner,*

*e.g. Director/Partner]*

Registered Auditor

*[Date of the auditor's report]*

*[Auditor's address]*

## PART A: INDEPENDENT AUDITOR'S REPORT ON DI RETURNS

**Independent Auditor's Report on the Following Year-end DI Returns: DI 100 (Balance sheet); DI 110 (Off-balance sheet activities); DI 200 (Income statement); DI 310 (Minimum reserve balance and liquid assets); DI 400 (Capital adequacy); DI 500 (Credit risk)**

### Opinion

We have audited the following year-end DI returns of the Bank submitted to the PA for *[insert the year-end date]*: DI 100 (lines 1-16, columns 1-4; lines 17-31, line 33, line 34, columns 1-4; and lines 35-76, columns 1 and 4); DI 110 (lines 1-4, columns 1 and 10; and line 9, columns 1 and 10); DI 200 (lines 1-66, excluding column 1); DI 310 (lines 1-6, column 1); DI 400 (lines 14-31, line 34, lines 36-37 and line 40); and DI 500 (lines 9-12) (the "Part A returns"), for the purpose of complying with Regulations 6(1) and 6(2)(a).

In our opinion, the Part A returns of the Bank for *[insert the year-end date]* are prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**IF A QUALIFIED OPINION IS EXPRESSED, REPLACE THE ABOVE TWO PARAGRAPHS WITH THE FOLLOWING:**

### Qualified Opinion

We have audited the following year-end DI returns of the Bank submitted to the PA for *[insert the year-end date]*: DI 100 (lines 1-16, columns 1-4; lines 17-31, lines 33-34, columns 1-4; and lines 35-76, columns 1 and 4); DI 110 (lines 1-4, columns 1 and 10; and line 9, columns 1 and 10); DI 200 (lines 1-66, excluding column 1); DI 310 (lines 1-6 column 1); DI 400 (lines 14-31, line 34, lines 36-37 and line 40); and DI 500 (lines 9-12) (the "Part A returns") for the purpose of complying with Regulations 6(1) and 6(2)(a).

In our opinion, except for the effects of the matter(s) described in the Basis for Qualified Opinion section of our report, the Part A returns of the Bank for *[insert the year-end date]* are prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**IF A QUALIFIED OPINION IS EXPRESSED, ALSO ADD THE FOLLOWING:**

### Basis for Qualified Opinion

Our basis for qualification has been noted in Appendix A<sup>1</sup>, attached to this report, as item XX relating to *[state the relevant DI returns]*. Then continue with: "We conducted our audit ...", as noted below.

---

<sup>1</sup> "Appendix A" is usually attached to the reports and it documents all matters noted by the auditor, including the qualification matters. Refer to the requirements of ISA 705 (*revised*), *Modifications to the opinion in the independent auditor's report*, to ensure that the documentation of the qualification matters complies with that standard.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *[Auditor’s/Auditors’, delete as appropriate] Responsibilities for the Audit of the Part A Returns* section of our report. We are independent of the *[Entity/Entities/Bank/Branch, delete as appropriate]*, in accordance with the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (“IRBA Code”) and other independence requirements applicable to performing audits of the BA returns in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [qualified]<sup>2</sup> opinion.

### **IF THERE ARE OTHER MATTER ITEMS, THEN ADD THE FOLLOWING:**

#### **Other Matter(s)**

The terms of engagement for our audit of the Part A returns address, among others, the application of materiality. In this regard, we draw your attention to Appendix A, which includes details of a misstatement/misstatements, and that in itself exceeds the applicable materiality threshold, but does/do not cause a material misstatement of Part A returns and a related qualification. Our opinion is not *[include “further” if the opinion is qualified]* modified in respect of this matter.

### **Emphasis of Matter<sup>3</sup> – Basis of Preparation of the Part A Returns and Restriction on Use and Distribution**

The Part A returns of the Bank were prepared for the purpose of the Bank’s compliance with the relevant requirements of the Act and the Regulations, and reporting thereon to the PA. As a result, the Part A returns may not be suitable for another purpose. Our opinion is not *[include “further” if the opinion is qualified]* modified in respect of this matter.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the directors of the Bank.

### **Other Information**

The directors are responsible for the other information. The other information comprises all lines in the returns not referred to in our opinion paragraph above as well as the information covered by Parts B to F and does not include the Part A returns and our auditor’s report thereon.

Our opinion on the Part A returns does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Part A returns, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part A returns or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If,

---

<sup>2</sup> To be included in the case of a qualified opinion.

<sup>3</sup> The DI returns relating to these Part A returns should include a disclosure/explanation on the basis of preparation.

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. *[We have nothing to report in this regard OR Where there are inconsistencies that are reported in Parts B to F<sup>4</sup>, a cross-reference should be made, if applicable, to where those are reported (amend as appropriate)].*

### **Responsibilities of the Directors for the Part A Returns**

The directors are responsible for ensuring the Bank's compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part A returns to the PA, for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 6(2)(a); and for such internal control as the directors determine is necessary to enable the preparation of the Part A returns that are free from material misstatement, whether due to fraud or error.

In preparing the Part A returns, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting; unless the directors either intend to liquidate the Bank or cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Part A Returns**

Our objectives, in accordance with Regulation 6(1), are to obtain reasonable assurance about whether the Part A returns as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these Part A returns.

As part of an audit, in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Part A returns, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting; and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Part A returns or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

---

<sup>4</sup> This paragraph must remain for the Part A returns. .

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- [Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Bank to express an opinion on the Part A returns. We are responsible for the direction, supervision and performance of the Mutual Bank audit. We remain solely responsible for our audit opinion<sup>5</sup>.]

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence; and communicated with them all the relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards<sup>6</sup>.]

---

<sup>5</sup> This bullet point remains for a Bank or Bank solo, including the term “group audit”, if there is an aggregation process in arriving at the Bank or Bank Solo Part A returns. Where there is no such aggregation or consolidation process, this bullet point should be removed.

<sup>6</sup> This paragraph is to be included when an entity within the Group being reported on is a listed entity.

## **PART B: INDEPENDENT AUDITOR'S REVIEW REPORT ON DI RETURNS**

**Independent Auditor's Review Report on the Following Year-end DI Returns: DI 100 (Balance Sheet); DI 110 (Off-balance sheet activities); DI 300 (Liquidity risk); DI 310 (Minimum reserve balance and liquid assets); DI 400 (Capital adequacy); DI 401 (Consolidated balance sheet); DI 403 (Foreign operations); DI 430 (Trading risk); DI 500 (Credit risk); DI 520 (Assets bought in); DI 525 (Funding of local governments); DI 600 (Currency risk); DI 700 (Restriction on investments, loans and advances); and DI 702 (Return regarding investments and interests held)**

We have reviewed the following year-end DI returns of the Bank submitted to the PA for *[insert the year-end date]*: DI 100 (lines 1-16, columns 5-6; line 32, line 34, columns 5-6; lines 35-63, columns 2-3 and line 76, column 2-3); DI 110 (lines 1-8, columns 2 and 10; and lines 5-8, column 1); DI 300 (lines 1-14 and lines 21-36); DI 310 (lines 1-6, column 3; line 9 and lines 12-26); DI 400 (lines 1-7, column 8; and lines 38-39); DI 401 (lines 1-42 and lines 46-55); DI 403 (lines 1-4, line 7, lines 18-21, lines 29-37 and lines 39-43); DI 430 (lines 1-7, columns 1 and 4; and lines 8-19); DI 500 (lines 2-8 and lines 13-23); DI 520 (lines 1-2); DI 525 (lines 1-21); DI 600 (lines 13-24); DI 700 (lines 1-16); and DI 702 (lines 1-2 and lines 3-4, columns 4-5) (the "Part B returns"), for the purpose of complying with Regulation 6(2)(a).

### **Directors' Responsibility for the Part B Returns**

The directors are responsible for ensuring the Bank's compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part B returns to the PA, for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 6(2)(a); and for such internal control as the directors determine is necessary to enable the preparation of the Part B returns that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to report on the Part B returns in accordance with Regulation 6(1) and to express a conclusion on those returns, based on our review. We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, *Review of Interim Financial information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent auditor of the entity.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Part B returns are not prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a). This standard also requires us to comply with relevant ethical requirements.

A review of the Part B returns, in accordance with ISRE 2410, is a limited assurance engagement. A review includes performing procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures; and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these Part B returns.



**IF A QUALIFIED CONCLUSION IS EXPRESSED, ADD THE FOLLOWING:**

**Basis for Qualified Conclusion**

Our basis for qualification has been noted in Appendix A<sup>7</sup>, attached to this report, as item(s) XX relating to *[state the relevant DI returns]*.

**Qualified Conclusion**

Based on our review, except for the effect(s) of the matter(s) described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Part B returns of the Bank for *[insert the year-end date]* are not prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Part B returns of the Bank for *[insert the year-end date]* are not prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**IF THERE ARE OTHER MATTER ITEMS, THEN ADD THE FOLLOWING:**

**Other Matter(s) – Matter(s) Exceeding the PA Reporting Thresholds**

The terms of the engagement for our review of the Part B returns address, among others, the application of materiality. We draw your attention to the matter(s) exceeding the PA reporting threshold noted as item(s) XXX of the attached Appendix A that affects/affect the Part B return(s) but does/do not have a material effect on the preparation of the Part B returns in accordance with Regulation 6(2)(a). Our conclusion is not *[include “further” if the conclusion is qualified]* modified in respect of this/these matter/matters.

**Basis of Preparation of the Part B Returns and Restriction on Use and Distribution<sup>8</sup>**

Without *[include “further” if the conclusion is qualified]* modifying our conclusion, we emphasise that the Part B returns of the Bank were prepared for the purpose of reporting to the PA. As a result, the Part B returns may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the directors of the Bank.

---

<sup>7</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor, including the qualification matters. Refer to the requirements of ISA (Revised), *Modifications to the opinion in the independent auditor’s report*, for guidance regarding the documentation of the qualification matters.

<sup>8</sup> Note: Contrary to the Part A returns, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

## PART C: LIMITED ASSURANCE REPORT ON RISK RETURNS AT YEAR-END

**Independent Auditor’s Limited Assurance Report on the Following Year-end DI Returns: DI 100 (Balance sheet); DI 110 (Off-balance sheet activities); DI 200 (Income statement); DI 310 (Minimum reserve balance and liquid assets); DI 400 (Capital adequacy); DI 401 (Consolidated balance sheet); DI 402 (Counterparty risk); DI 403 (Foreign operations of South African banks); DI 410 (Interest rate mismatch); DI 420 (Market risk); DI 430 (Trading risk); DI 500 (Credit risk); DI 505 (Report of large exposures); DI 510 (Large exposures); DI 525 (Funding of local governments); DI 600 (Currency risk); DI 701 (Asset-backed securitisation) and DI 702 (Investments and interests held)**

We have undertaken a limited assurance engagement on the following information contained in the year-end DI returns of the Bank, submitted to the PA for *[insert the year-end date]*: DI 100 (lines 35-76, columns 4-10); DI 110 (lines 1-9, columns 3-9; and lines 10-11); DI 200 (lines 67-69); DI 310 (lines 8, 10 and 11, columns 1-2); DI 400 (lines 1-9, columns 1-7 and 9; lines 10-13, lines 32-33, line 35 and lines 41-45); DI 401 (lines 43-45 and lines 56-58), (lines 1-24); DI 402 (lines 1-24); DI 403 (line 6, lines 8-17, line 22, line 38 and lines 44-59); DI 410 (lines 1-16); DI 420 (lines 1-8); DI 430 (lines 1-7, columns 2-3); DI 500 (line 1 and lines 26-27); DI 505 (line 1); DI 510 (lines 1-2); DI 525 (lines 22-24); DI 600 (lines 1-12); DI 701 (lines 1-9); and DI 702 (line 3, columns 1-3) (the “Part C returns”), for the purpose of complying with Regulations 6(1) and 6(2)(a).

### Directors’ Responsibility for the Part C Returns

The directors are responsible for ensuring the Bank’s compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part C returns to the PA, for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 6(2)(a); and for such internal control as the directors determine is necessary to enable the preparation of the Part C returns that are free from material misstatement, whether due to fraud or error.

**[For engagements beginning before 15 December 2022] *[Delete this block, if not applicable]***

#### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (“IRBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The *[firm applies/firms apply]* International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and, accordingly, *[maintains/maintain]* a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (“IRBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The [firm applies/firms apply] International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditor’s Responsibility**

Our responsibility is to report on the Part C returns, in accordance with Regulation 6(1), and to express a limited assurance conclusion on those returns, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (“ISAE”) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (“ISAE 3000 (Revised)”). That standard requires that we plan and perform our engagement to obtain limited assurance about whether anything has come to our attention that would cause us to believe that the information contained in the Part C returns is not prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the Bank’s use of the provisions set out in Regulation 6(2)(a) as the basis for the preparation of the Part C returns; assessing the risks of material misstatement of the Part C returns, whether due to fraud or error; responding to the assessed risks as necessary in the circumstances; and evaluating the overall presentation of the Part C returns. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

### **Summary of Work Performed**

Our work performed included:

- Making inquiries primarily of persons responsible for financial and accounting matters, risk management and regulatory returns and applying analytical procedures;

- Inspecting evidence to support the completeness and accuracy of information extracted from the management systems and other information of the Bank to the returns; and
- Re-performing calculations of information reflected in the relevant lines of the DI returns, based on risk weightings or other requirements of non-modelled approaches derived from models and extracted from the management systems; and where the information differed from the accounting policies applied in the management accounts and statutory Financial Statements, ascertaining that the amounts reflected in the above returns had been classified or calculated on the basis required by the relevant Regulation(s).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the information contained in the Part C returns has been prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**IF A QUALIFIED LIMITED ASSURANCE CONCLUSION IS EXPRESSED, ADD THE FOLLOWING:**

**Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>9</sup>, attached to this report, as item(s) XX relating to *[state the relevant DI returns]*.

**Qualified Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, except for the effect(s) of the matter(s) described in the preceding paragraph, nothing has come to our attention that causes us to believe that the information contained in the Part C returns of the Bank for *[insert the year-end date]* is not prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**Limited Assurance Conclusion *[Delete, if the report is qualified]***

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information contained in the Part C returns of the Bank, for *[insert the year-end date]* is not prepared, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**IF THERE ARE OTHER MATTER ITEMS, THEN ADD THE FOLLOWING:**

**Other Matter(s) – Matters Exceeding the PA Reporting Thresholds**

The terms of our limited assurance engagement of the Part C returns address, among others, the application of materiality. We draw your attention to the matter(s) exceeding the PA reporting threshold, noted as item(s) XXX on the attached Appendix A, that affects/affect the Part C return(s) but does/do not have a material effect on the preparation of the Part C returns in accordance with

<sup>9</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor, including the qualification matters. Refer to the requirements of ISA 705 (Revised), *Modifications to the opinion in the independent auditor’s report*, for guidance regarding the documentation of the qualification matters.

Regulation 6(2)(a). Our conclusion is not *[include “further” if the conclusion is qualified]* modified in respect of this/these matter/matters.

#### **Other Information<sup>10</sup>**

The directors are responsible for the other information. The other information comprises all lines in the returns not referred to in our conclusion paragraph above as well as the information covered by Parts A to B and D to F reports, and does not include the Part C returns and our auditor’s report thereon.

Our conclusion on the Part C returns does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our limited assurance engagement of the Part C returns, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part C returns or our knowledge obtained in the limited assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we have considered the options available under ISAE 3000 (Revised) and determined that we will report the inconsistency through the inclusion of this paragraph. *[Where there are inconsistencies that are reported in Parts A to F, a cross-reference should be made to where those are reported.]*

#### **Basis of Preparation of the Part C Returns and Restriction on Use and Distribution<sup>11</sup>**

Without *[include “further” if the conclusion is qualified]* modifying our conclusion, we emphasise that the Part C returns of the Bank were prepared for the purpose of reporting to the PA. As a result, the Part C returns may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the directors of the Bank.

---

<sup>10</sup> Although other information is always required to be considered under ISAE 3000 (Revised), there are several ways in which the auditor can respond to it. The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor should use his/her professional judgement as to whether this paragraph is necessary for inclusion, depending on how the auditor addresses the requirements of this standard under paragraphs 62 and A143.

<sup>11</sup> Note: Contrary to the Part A returns, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

## **PART D: LIMITED ASSURANCE REPORT ON RISK RETURNS AT YEAR-END DERIVED FROM INTERNAL MODELS**

### **Independent Auditor's Limited Assurance Report on the Following Year-end DI Returns: DI 300 (Liquidity risk); DI 403 (Foreign operations of South African banks); DI 410 (Interest rate mismatch); DI 420 (Market risk); and DI 500 (Credit risk)**

We have undertaken a limited assurance engagement on the following information derived from internal models and risk information sources used by management and contained in the year-end DI returns of the Bank, and which has been extracted from the financial and other information in the Bank's general ledger, management accounts and management risk information (the "underlying records") and submitted to the PA for *[insert the year-end date]*: DI 300 (lines 15-20); DI 403 (line 5 and lines 23-28); DI 410 (lines 22-25); DI 420 (lines 9-22); and DI 500 (lines 24-25) (the "Part D returns"), for the purpose of complying with Regulations 6(1) and 6(2)(a).

### **Directors' Responsibility for the Part D Returns**

The directors are responsible for ensuring the Bank's compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part D returns to the PA, for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 6(2)(a); and for such internal control as the directors determine is necessary to enable the preparation of the Part D returns that are free from material misstatement, whether due to fraud or error.

### **Inherent Limitations**

The information in the above returns is predominantly derived from the internal risk models implemented by the Bank, based on the criteria established by the Regulations and those specified by management. The models are complex and significant elements are based on source data input into the models that is unaudited. In addition, the model outputs are based on methodologies and underlying assumptions that may be subjective. We have not assessed the mathematical accuracy or appropriateness of these methodologies or reasonableness of the underlying assumptions.

Our work performed did not extend to obtaining evidence to validate the methodologies within the models or the integrity of the underlying source data from which the information in the above returns has been calculated. Accordingly, we are unable to conclude on the completeness, validity or accuracy of the risk information included in these returns, beyond the fact that it is prepared from risk information and models used by management. In these circumstances, we are unable to conclude on the preparation of the information contained in the Part D returns, beyond whether the information has been properly extracted from the underlying records, in all material respects, in accordance with the Act and the provisions specified in Regulation 6(2)(a).

**[For engagements beginning before 15 December 2022]** *[Delete this block, if not applicable]*

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (“IRBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

The [firm applies/firms apply] International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and, accordingly, [maintains/maintain] a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (“IRBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

The [firm applies/firms apply] International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Auditor’s Responsibility**

Our responsibility is to report on the Part D returns in accordance with Regulation 6(1) and to express a limited assurance conclusion on those returns, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (“ISAE 3000 (Revised)”). That standard requires that we plan and perform our engagement to obtain limited assurance about whether anything has come to our attention that would cause us to believe that the information contained in the Part D returns is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the Bank's use of the provisions set out in Regulation 6(2)(a) as the basis for the preparation of the Part D returns; assessing the risks of material misstatement of the Part D returns, whether due to fraud or error; responding to the assessed risks as necessary in the circumstances; and evaluating the overall presentation of the Part D returns. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and/or reporting policies, and agreeing or reconciling with underlying records.

### **Summary of Work Performed**

Our work performed included:

- Making inquiries, primarily of persons responsible for financial and accounting matters, risk management and regulatory returns, to ascertain which internal models have been implemented by the Bank for the above risk areas and, inter alia, considering the:
  - design and implementation of general and application computer controls over data flows from the underlying source systems to the risk systems;
  - design and implementation of general and application computer controls over data flows to/from the risk systems and the internal models;
  - mapping of data flows from the underlying source systems to the risk systems, to ensure completeness of data flow to the risk systems;
  - reconciliation of risk systems information to financial reporting systems that ensure the validity, accuracy and completeness of the data maintained in the risk systems and the information reflected in the management accounts and accounting records; and
  - reconciliation of data flows to/from the risk systems and the internal models.
- Comparing and agreeing risk information from the risk systems to the information disclosed in the DI returns.
- Re-performing outside-of-model calculations, substantive analytical procedures and inspecting supporting documents considered necessary to evaluate compliance with the Regulations in the preparation of the returns. This included, inter alia, evaluating the outside-of-model assumptions applied and the interpretations of management to ensure definitions and classifications are in accordance with the Regulations applicable to the specific lines in the DI returns.
- Considering material matters coming to our attention with regard to financial regulatory reporting and compliance reported in accordance with Regulation 6(3) that might materially affect the preparation of risk information in the DI returns.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would



have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the information in the Part D returns has been properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**IF A QUALIFIED LIMITED ASSURANCE CONCLUSION IS EXPRESSED, ADD THE FOLLOWING:**

**Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>12</sup>, attached to this report, as item(s) XX relating to *[state the relevant DI returns]*.

**Qualified Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined above, except for the effect(s) of the matter(s) described in the paragraph above, nothing has come to our attention that causes us to believe that the information contained in the Part D returns of the Bank for *[insert the year-end date]* and derived from internal models implemented by the Bank and risk information sources used by management is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**Limited Assurance Conclusion *[Delete, if the report is qualified]***

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined above, nothing has come to our attention that causes us to believe that the information contained in the Part D returns of the Bank for *[insert the year-end date]* and derived from internal models implemented by the Bank and risk information sources used by management is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 6(2)(a).

**IF THERE ARE OTHER MATTER ITEMS, THEN ADD THE FOLLOWING:**

**Other Matter(s) – Matters Exceeding the PA Reporting Thresholds**

The terms of our limited assurance engagement of the Part D returns address, among others, the application of materiality. We draw your attention to the matter(s) exceeding the PA reporting threshold noted as item(s) XXX of the attached Appendix A that affects/affect the Part D return(s) but does/do not have a material effect on the preparation of the Part D returns in accordance with Regulation 6(2)(a). Our conclusion is not *[include “further” if the conclusion is qualified]* modified in respect of this/these matter/matters.

<sup>12</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor, including the qualification matters. Refer to the requirements of ISA 705 (Revised), *Modifications to the opinion in the independent auditor’s report*, for guidance regarding the documentation of the qualification matters.

### **Other Information<sup>13</sup>**

The directors are responsible for the other information. The other information comprises all lines in the returns not referred to in our conclusion paragraph above, as well as the information covered by Parts A to C and E to F reports, and does not include the Part D returns and our auditor's report thereon.

Our conclusion on the Part D returns does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our limited assurance engagement of the Part D returns, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part D returns or our knowledge obtained in the limited assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we have considered the options available under ISAE 3000 (Revised) and determined that we will report the inconsistency through the inclusion of this paragraph. *[Where there are inconsistencies that are reported in Parts A to F, a cross-reference should be made, if applicable, to where those are reported.]*

### **Basis of Preparation of the Part D Returns and Restriction on Use and Distribution**

Without *[include "further" if the conclusion is qualified]* modifying our conclusion, we emphasise that the Part D returns of the Bank, based on the standardised or advanced approaches specified, were prepared for the purpose of reporting to the PA. As a result, the Part D returns may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the directors of the Bank.

---

<sup>13</sup> Although other information is always required to be considered under ISAE 3000 (Revised), there are several ways in which the auditor can respond to it. The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor should use his/her professional judgement as to whether this paragraph is necessary for inclusion, depending on how the auditor addresses the requirements of this standard under paragraphs 62 and A143.

## **PART E: RETURNS RELATING TO THE MONTHS OTHER THAN AT YEAR-END: AGREED UPON PROCEDURES ENGAGEMENT**

### **Agreed-Upon Procedures Report on Returns for Months Other than at Year-end**

#### **Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our Part E report on the returns for the months other than at year-end is provided, in accordance with Regulation 6(2)(b), solely for the purpose of, and may not be suitable for another purpose, assisting the PA in evaluating whether or not:

- The returns for the months other than at year-end are consistent with the information contained in the Bank's management accounts;
- The reported prudential limits/ratios<sup>14</sup> on any resubmitted returns result in any non-compliance with the required regulatory limit and that the resubmitted returns validate to other returns in accordance with the PA validation rules;
- There were any changes to the regulatory reporting system and what the reasons for such changes were;
- Any qualification, other matter and housekeeping matters in the preceding year's BA returns Appendix A findings were resolved at the end of the current year;
- The months other than at year-end are affected by any qualification, other matter and housekeeping matters included in the current year's DI return Appendix A findings;
- In instances where any information in the returns for months other than at year-end excluding the DI 900 return is generated using spreadsheets, the risks normally associated with the use of spreadsheets, such as version control, change controls and data recovery are mitigated; and
- The *[Bank/Branch, delete as appropriate]* has implemented any guidance and interpretations in the preparation of the returns for months other than at year-end.

This report is intended solely for the directors of the Bank and the PA, and should not be used by, or distributed to, any other parties.

#### **Responsibilities of the Directors and the PA**

The directors and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The directors are responsible for the subject matter on which the agreed-upon procedures are performed.

#### **Auditor's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing of the procedures that have been

---

<sup>14</sup> Prudential limits and ratios, such as Capital ratio, minimum reserve requirement, Liquid asset requirement, limits relating to negotiable instruments, Restrictions on investments in immovable property and shares, restrictions on investments in loans and advanced to certain associates, Net open foreign currency position limit.

agreed with the directors of the Bank, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**[For engagements beginning before 15 December 2022]** *[Delete this block, if not applicable]*

#### **Professional Ethics and Quality Control**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and, accordingly, maintains/maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

#### **Professional Ethics and Quality Management**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] the International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Procedures and Findings

We have performed the procedures described in the table below, which were agreed upon with the directors of the Bank, on the returns for the months other than at year-end.

No.	Procedures	Findings
1.	Obtain from <i>[state the name and designation of the individual]</i> the monthly reconciliations of the DI 100, DI 110 and DI 200 to the management accounts of the Bank for all months other than at year-end and perform the following procedures:	<p><b>POSSIBLE FINDING:</b></p> <p>We obtained from <i>[state the name and designation of the individual]</i> the reconciliations of the DI 100, DI 110 and DI 200 to the management accounts for all months other than at year-end and performed the following procedures:</p>
1.1.	Inspect the monthly reconciliations for any reconciling items noted between the DI 100, DI 110 and DI 200 and the management accounts for all months other than at year-end; and	<p><b>POSSIBLE FINDING:</b></p> <p>We inspected the reconciliations and noted <i>[no reconciling items/reconciling items]</i> between the DI 100, DI 110 and DI 200 and the management accounts for all months other than at year-end.</p>
1.2.	Where reconciling items were noted in procedure 1.1, inquire of <i>[state the name and designation of the individual]</i> as to the reasons for the reconciling items and document their reasons.	<p><b>POSSIBLE FINDING:</b></p> <p>We inquired from <i>[state the name and designation of the individual]</i> and the reasons for the reconciling items are <i>[insert management's explanation for reconciling items]</i>.</p> <p style="text-align: center;">OR</p> <p>Not applicable, as no reconciling items were noted.</p>
2.	<p>Obtain all resubmitted returns made during the year for the other months after the date of the preceding year-end, excluding the current year-end and the DI 900 returns, and perform the following procedures:</p> <p>a) Inquire from <i>[state the name and designation of the individual]</i> and document their reasons for the resubmission.</p>	<p><b>POSSIBLE FINDING:</b></p> <p>We obtained all resubmitted return(s) made during the year for the other months after the date of the preceding year-end, excluding the DI 900 returns and the current year-end, from management and performed the following procedures:</p> <p>a) We inquired from <i>[state the name and designation of the individual]</i> and the reason(s) for the resubmission(s) <i>[is/are]</i> <i>[insert management's reasons for the resubmission]</i>.</p>

No.	Procedures	Findings
	<p>b) Inspect the reported prudential limits/ratios<sup>15</sup> on the resubmitted DI 130, DI 310, DI 400 and DI 700 returns and compare the reported prudential limit/ratio to the required regulatory limit. Document any non-compliance issues identified.</p>	<p>b) We inspected the reported prudential limits/ratios on the resubmitted DI 130, DI 310, DI 400 and DI 700 returns and compared the reported prudential limit/ratio to the required regulatory limit. [No non-compliance issues were identified / The following non-compliance issues were identified:]  <i>[insert the details of non-compliance].</i></p>
3.	<p>Inquire from <i>[state the name and designation of the individual]</i> whether any changes to the regulatory reporting system were implemented during the year. If such changes were implemented, inquire from management what these changes related to and the reasons for the changes. Document management's responses.</p>	<p><b>POSSIBLE FINDING:</b> We inquired from <i>[state the name and designation of the individual]</i> who indicated that no changes to the regulatory reporting system were implemented during the year.</p> <p style="text-align: center;">OR</p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated the following:</p> <ul style="list-style-type: none"> <li>• Changes were implemented to the regulatory reporting system during the year.</li> <li>• The changes related to: <i>[insert management's response].</i></li> <li>• The reason(s) for the changes was/were <i>[insert management's response].</i></li> </ul>
4.	<p>Inspect the preceding year's DI returns Appendix A findings letter from the external auditor, and note whether the findings included any qualification, other matters and housekeeping matters.</p> <p>Inquire from <i>[state the name and designation of the individual]</i> whether or not any of these matters are not resolved at the end of the current year.</p>	<p><b>POSSIBLE FINDING</b> We inspected the preceding year's DI returns Appendix A findings from the external <i>[auditor/auditors, delete as appropriate]</i> and noted [no qualifications, other matters and housekeeping matters] / [qualifications, other matters and housekeeping matters].</p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated that [all findings have been resolved] / [not all findings have been resolved].</p>

<sup>15</sup> Prudential limits and ratios, such as capital ratio, minimum reserve requirement, Liquid asset requirement, limits relating to negotiable instruments, Restrictions on investments in immovable property and shares, restrictions on investments in loans and advanced to certain associates, Net open foreign currency position limit.

No.	Procedures	Findings
5.	<p>Inspect the current year's DI returns Appendix A findings from the external auditor, and note whether the findings include any qualification, other matters and housekeeping matters.</p> <p>Inquire from <i>[state the name and designation of the individual]</i> whether or not the months other than at year-end are affected by the qualifications, other matters and housekeeping matters.</p>	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the current year's DI returns Appendix A findings and noted [no qualifications, other matters and housekeeping matters] / [noted qualifications, other matters and housekeeping matters].</p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated that the months other than at year-end [are/are not] affected by the qualifications, other matters and housekeeping matters.</p>
6.	<p>a) Inquire from <i>[state the name and designation of the individual]</i> whether any information contained in the DI returns, excluding the DI 900 return, is generated using spreadsheets.</p> <p>b) Inquire from <i>[state the name and designation of the individual]</i> how the risks normally associated with the use of spreadsheets are mitigated, and record management's responses.</p>	<p><i>POSSIBLE FINDING:</i></p> <p>(a) We inquired from <i>[state the name and designation of the individual]</i> who indicated that [information reflected in the DI returns, excluding the DI 900 return, is generated using spreadsheets] / [[information reflected in the DI returns, excluding the DI 900 return, is not generated using spreadsheets].</p> <p>(b) We inquired from <i>[state the name and designation of the individual]</i> and note their responses as follows:  <i>[insert management's responses]</i></p>
7.	<p>Obtain from <i>[state the name and designation of the individual]</i> copies of correspondence between the Bank and the PA, about DI reporting interpretations and errors and perform the following procedure:  <i>[We list the matters identified and include the details of procedures performed and the results thereof.]</i></p>	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from the <i>[state the name and designation of the individual]</i> copies of correspondence between the <i>Bank</i> and the PA, about DI reporting interpretations and errors and performed the following procedures:</p> <p style="text-align: center;">OR</p> <p>There was no correspondence between the <i>Bank</i> and the PA about DI reporting interpretations and errors.</p>
7.1	<p>Inquire from <i>[state the name and designation of the individual]</i> whether they have implemented the PA interpretations and errors referred to in procedure 7 above</p>	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> and [they have implemented the interpretations and errors</p>

No.	Procedures	Findings
	in the preparation of the DI returns for the months other than at year-end.	referred to in procedure 7 above in the preparation of the DI returns for the months other than at year-end] / [they have not implemented the PA interpretations and errors referred to in procedure 7 above in the preparation of the DI returns for the months other than at year-end].



## **PART F: AGREED-UPON PROCEDURES ENGAGEMENTS**

### **1. Agreed-Upon Procedures Report on the Reconciliation of the DI 900 (Economic returns) to the DI 100 (Balance sheet) Returns**

#### **Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our Part F report, on the reconciliation of the DI 900 to the DI 100, is provided in accordance with Regulation 6(6) solely for the purpose of assisting the PA in evaluating whether or not all DI 900 and DI 100 forms submitted by the Bank during the financial year ended *[insert the year-end date]* were in fact reconcilable with each other and may not be suitable for another purpose. This report is intended solely for the directors of the Bank and the PA, and should not be used by, or distributed to, any other parties.

#### **Responsibilities of the Directors and the PA**

The directors and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The directors are responsible for the subject matter on which the agreed-upon procedures are performed.

#### **Auditor's Responsibility**

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the directors of the Bank, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**[For engagements beginning before 15 December 2022] *[Delete this block, if not applicable]***

#### **Professional Ethics and Quality Control**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The *[firm applies/firms apply]* International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related*

*Services Engagements*; and, accordingly, maintains/maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

**Professional Ethics and Quality Management**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] the International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Procedures and Findings**

We have performed the procedures described in the table below, which were agreed upon with the directors of the Bank, on the reconciliation between the DI 900 and DI 100 returns.

No	Procedure	Findings
1.	<p>Inspect the reconciliations prepared by the Bank between the DI 900 returns and the DI 100 returns for each month during the financial year ended <i>[insert the year-end date]</i> and note whether there are any reconciling items between the DI 900 returns and DI 100 returns.</p> <p>Where reconciling items were noted, include the details of the reconciling items as a schedule to the report and <i>[initial/stamp]</i> the schedule for identification purposes.</p>	<p><i>POSSIBLE FINDINGS:</i></p> <p>We inspected the reconciliations prepared by the Bank between the DI 900 returns and DI 100 returns for each month during the financial year ended <i>[insert the year-end date]</i> and noted no reconciling items.</p> <p style="text-align: center;"><i>OR</i></p> <p>We inspected the reconciliations prepared by the Bank between the DI 900 returns and DI 100 returns for each month during the financial year ended <i>[insert the year-end date]</i> and noted reconciling items between the DI 900 returns and DI 100 returns. Details of the reconciling items are set out in the attached schedule,</p>

No	Procedure	Findings
		which we have <i>[initialed/stamped]</i> for identification purposes.

**2. Agreed-Upon Procedures Report on the DI 310 (Minimum reserve balance and liquid assets – pledged or otherwise encumbered), and the DI 020 (Appointments of directors or executive officers), in accordance with Regulation 39**

**Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our Part F report, on the year-end DI 310 and DI 020 returns, is provided in accordance with Regulation 6(6) solely for the purpose of assisting the PA in evaluating whether any instances of non-compliance with the provisions of Regulation 22(4), as it relates to the DI 310 return, and Regulations 33 and 39, as they relate to the DI 020 return, were identified and may not be suitable for another purpose. This report is intended solely for the directors of the Bank and the PA, and should not be used by, or distributed to, any other parties.

**Responsibilities of the Directors and the PA**

The directors and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The directors are responsible for the subject matter on which the agreed-upon procedures are performed.

**Auditor’s Responsibility**

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the directors of the Bank, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**[For engagements beginning before 15 December 2022] [Delete this block, if not applicable]**

**Professional Ethics and Quality Control**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and, accordingly, maintains/maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

**Professional Ethics and Quality Management**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] the International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm/firms to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Procedures and Findings**

We have performed the procedures described in the table below, which were agreed upon with the directors of the Bank, on the DI 310 and DI 020 returns.

No	Procedures	Findings
1.	Obtain from <i>[state the name and designation of the individual]</i> the year-end DI 310 return for the month <i>[insert the month and year]</i> and perform the following procedure:	We obtained from <i>[state the name and designation of the individual]</i> the year-end DI 310 return for the month <i>[insert the month and year]</i> and performed the following procedure:
1.1	For all financial instruments reflected in the underlying calculation for the year ended <i>[insert the year-end date]</i> lines 14-19, column 1, of the DI 310 return, obtain the documents of title or third-party confirmation and inspect the title documents or third-party confirmation	<b>POSSIBLE FINDING:</b> For all financial instruments reflected in the underlying calculation for the year ended <i>[insert the year-end date]</i> of lines 14–19, column 1, of the DI 310 return, we obtained and inspected the title documents or third-party confirmations and noted that the

No	Procedures	Findings
	and note whether the financial instruments are in the name of the Bank.	financial instruments are in the name of the Bank.
2.	<p>Obtain a confirmation directly from <i>[insert the department]</i> at the South African Reserve Bank (the “SARB”) of the:</p> <ul style="list-style-type: none"> <li>• assets pledged by the Bank to secure facilities; and</li> </ul> <p>the amount of the facilities utilised at close of business on <i>[insert the date]</i> in respect of which the assets were pledged and perform the following procedure:</p>	<p>We obtained a confirmation directly from the <i>[insert the department]</i> at the South African Reserve Bank (the “SARB”) of the:</p> <ul style="list-style-type: none"> <li>• assets pledged by the Bank to secure facilities; and</li> <li>• the amount of the facilities utilised at close of business on <i>[insert the date]</i> in respect of which the assets were pledged and performed the following procedure:</li> </ul>
2.1	Compare the amount of the facilities utilised at <i>[insert the date]</i> as per the confirmation obtained in procedure 2 and inspect that these were deducted from the assets assessed in procedure 1.1 in the calculation of lines 14-19, column 1, of the DI 310 return and note any exceptions.	<p><i>POSSIBLE FINDING:</i></p> <p>We compared the amount of the facilities utilised at <i>[insert the date]</i> as per the confirmation obtained in procedure 2 and inspected that these were deducted from the assets assessed in procedure 1.1 in the calculation of lines 14-19, column 1, of the DI 310 return and noted no exceptions.</p> <p style="text-align: center;"><i>OR</i></p> <p>There were no pledged assets or utilised facilities as per the SARB confirmation at <i>[insert the date]</i>.</p>
3.	Obtain a written representation from the directors <i>[insert the name(s) of the director(s)]</i> of the Bank, acknowledging that the liquid assets reflected in lines 14-19, column 1, of the DI 310 return obtained in procedure (1) were not pledged or encumbered, in contravention of Regulation 22(4).	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained a written representation from the directors <i>[insert the name(s) of the director(s)]</i> of the Bank, acknowledging that the liquid assets reflected in lines 14-19, column 1, of the DI 310 return obtained in procedure (1) were not pledged or encumbered, in contravention of Regulation 22(4).</p>
4.	Obtain from the Company Secretary the DI 020 return(s) that was/were submitted to the PA from management.	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from the Company Secretary the DI 020 return(s) that was/were submitted to the PA during the year under review from <i>[state the name and designation of the individual]</i>.</p>

No	Procedures	Findings
5.	Obtain from the Company Secretary <i>[state the name and designation of the individual]</i> a list of all directors that includes details of the chairman of the board, as well as the appointment dates of all directors.	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from the Company Secretary <i>[state the name and designation of the individual]</i> a list of all directors that includes details of the chairman of the board as well as the appointment dates of all directors.</p>
6.	For an existing bank, perform the following procedures:	
6.1.	Inspect the declaration made in the DI 020 return(s) and note if the declaration was made by <i>[insert the name]</i> , the chairman of the board; and	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the declaration made in the DI 020 return(s) and the declaration <i>[was/was not]</i> made by the chairman of the board.</p> <p style="text-align: center;">OR</p> <p>Not applicable, as the DI 020 return is in respect of a new bank.</p>
6.2.	Where the declaration was not made by the chairman of the board, inquire from management <i>[state the name and designation of the individual]</i> if the declaration was made by the chairman's duly appointed representative. Obtain documentation from <i>[state the name and designation of the individual]</i> which authorises the individual to sign the declaration, and document the information so presented by <i>[state the name and designation of the individual]</i> .	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated that the declaration <i>[was made/was not made]</i> by the chairman's duly appointed representative <i>[state the name and designation of the individual]</i> and documented the information so presented <i>[specify documentation]</i> to us as authorising the individual to sign the declaration.</p> <p style="text-align: center;">OR</p> <p>Not applicable. The declaration was signed by the chairman of the board.</p>
7.	For a new bank, inspect the declaration made in the form DI 020 return(s) and document the name of the party that made the declaration.	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the declaration made in the form DI 020 return(s). It was signed by <i>[insert the name of the party that made the declaration]</i>.</p> <p style="text-align: center;">OR</p> <p>Not applicable as the DI 020 return is in respect of an existing bank.</p>
8.	For appointed directors, inspect the date of the declaration contained in the DI 020 return(s) and note if it was made	<p><i>POSSIBLE FINDING:</i></p>

No	Procedures	Findings
	at least 30 days prior to the date of the director being appointed.	We inspected the date of the declaration contained in form DI 020 return(s) and noted that it [was/was not, <i>delete as appropriate</i> ] made at least 30 days prior to the appointment date of the director, as indicated on the list of directors obtained from the Company Secretary.
9.	For DI returns submitted that do not relate to new appointments, inquire of management as to whether the submission was in respect of a request from the PA.	<i>POSSIBLE FINDING:</i> For DI returns submitted that do not relate to new appointments, we inquired of management and the submission was in respect of a request from the PA.