

Updated in November 2025

Effective Date: Periods beginning on or after 15 December 2024.

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.

The Part A illustrative report was updated to incorporate the International Auditing and Assurance Standards Board's [\*Narrow Scope Amendments to ISA 700 \(Revised\) as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities.\*](#)

The Chief Executive Officer  
Prudential Authority  
South African Reserve Bank  
PO Box 8432  
Pretoria  
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Dear Sir/Madam

**REPORT OF THE INDEPENDENT *[AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE]*<sup>1</sup> TO THE PRUDENTIAL AUTHORITY (THE "PA") ON THE STATUTORY RETURNS OF *[NAME OF BANK CONTROLLING COMPANY]* AND ITS SUBSIDIARIES ("GROUP"), *[NAME OF BANK]* AND ITS SUBSIDIARIES ("BANK CONSOLIDATED"), *[NAME OF BANK]* ("BANK") AND *[NAME OF BANK]*, EXCLUDING ITS FOREIGN BRANCHES ("BANK SOLO") (COLLECTIVELY THE "ENTITIES") OR *[NAME OF BANK – APPLICABLE TO A STANDALONE BANK]* ("BANK") OR *[NAME OF SOUTH AFRICAN BRANCH OF A FOREIGN BANK]* ("BRANCH") IN TERMS OF THE BANKS ACT NO. 94 OF 1990 (THE "ACT") AND THE REGULATIONS RELATING TO BANKS (THE "REGULATIONS")**

The respective Parts A to G reports, attached to this report, are made for the purpose of our compliance with the reporting requirements of Regulations 46(1), 46(2)(a), 46(2)(b), 46(6), 46(7) and 46(8) of the Regulations, in relation to the relevant statutory returns (the "returns") submitted to the PA by the *[Entities/Bank/Branch, delete as appropriate]* during the year ended *[insert the year-end date]*.

***[Directors'/Branch Executive Management's, delete as appropriate]*<sup>2</sup> Responsibilities for the Returns**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* 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/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of returns that are free from material misstatement, whether due to fraud or error.

***[Auditor's/Auditors', delete as appropriate]* Responsibilities**

Our responsibility is to issue our reports under Regulations 46(1), 46(2)(a), 46(2)(b), 46(6), 46(7) and 46(8) of the Regulations, in respect of the returns submitted to the PA by the *[Entity/Entities/Bank/Branch, delete as appropriate]*, which are set out in Parts A to G, attached to this report, that express our audit opinion, review conclusion and limited assurance conclusions; and to perform certain agreed-upon procedures on the respective returns, based on our audit, review, limited

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<sup>1</sup> Use the plural form when more than one firm is appointed as auditor, for example, in joint audit situations. Apply consistently throughout the report.

<sup>2</sup> Use "directors" or "branch executive management" consistently throughout the report.

assurance and agreed-upon procedures engagements performed in accordance with the International Standards on Auditing (“ISAs”), the International Standards on Review Engagements (“ISREs”), the International Standards on Assurance Engagements (“ISAEs”) and the 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 G reports.

We completed our audit of the *[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]* 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/auditors’ report was signed]* *[(collectively the “financial statements”)]*<sup>3</sup>. Our audit of the financial statements was performed in accordance with the ISAs.

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

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<sup>3</sup> Tailor as applicable, depending on the financial statements issued per the Companies Act by the reporting entity/entities. The statutory financial statements should be appropriately identified, based on the manner in which the entities report.

## Opinion, Conclusions and Findings

Our respective audit opinion, review conclusion, limited assurance conclusions and findings from our agreed-upon procedures are expressed in the individual Parts A to G of our reports, as attached. We have *[initialled/stamped]* the relevant 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/branch executive management, delete as appropriate]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]* on the basis indicated in the respective Parts A to G reports, for the purpose of the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* 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/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]*.

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

Yours faithfully,

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*[Auditor's Signature]*

*[Name of the Individual Registered Auditor]*

*[Capacity, If Not a Sole Practitioner, e.g. Director or Partner]*

*Registered Auditor*

*[Date of the Auditor's Report]*

*[Auditor's Address]*

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*[Auditor's Signature]*

*[Name of the Individual Registered Auditor]*

*[Capacity, If Not a Sole Practitioner, e.g. Director or Partner]*

*Registered Auditor*

*[Date of the Auditor's Report]*

*[Auditor's Address]*

## PART A: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] REPORT ON THE YEAR-END RETURNS

### Opinion

We have audited the year-end returns, as specified by the PA in Directive XX of YYYY<sup>4</sup>, as the Part A BA Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] submitted to the PA for [insert the year-end date] (the "Part A Returns"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

In our opinion, the Part A Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] for [insert the year-end date] are prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED<sup>5</sup> OPINION IS EXPRESSED, REPLACE THE ABOVE TWO PARAGRAPHS WITH THE FOLLOWING:**

#### Qualified Opinion

We have audited the year-end BA returns, as specified by the PA in Directive XX of YYYY<sup>6</sup>, as the Part A Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] submitted to the PA for [insert the year-end date] (the "Part A Returns"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

In our opinion, except for the effects of the matter(s) described in the Basis for Qualified Opinion section below, the Part A Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] for [insert the year-end date] are prepared, in all material respects, in accordance with the provisions specified in Regulation 46(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>7</sup>, attached to this report, as item XX relating to [state the relevant BA returns].

Then continue with: "We conducted our audit ...", as noted below.

### Basis for Opinion

We conducted our audit in accordance with the 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

<sup>4</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

<sup>5</sup> In the case of a disclaimer of opinion, or an adverse opinion, the auditor would have to amend the wording of the report in accordance with the requirements of ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.

<sup>6</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

<sup>7</sup> "Appendix A" is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised), to ensure that the documentation of the qualification matters complies with that standard.

Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (“IRBA Code”), as applicable to audits of financial statements of public interest entities<sup>8</sup>, 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>9</sup> opinion.

**IF THERE ARE OTHER MATTER<sup>10</sup> ITEMS, THEN ADD THE FOLLOWING, WHERE APPLICABLE:**

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part A Returns, in accordance with Regulation 46(2)(a). Our conclusion is not [further]<sup>11</sup> modified in respect of [this/these matter(s)].

**Emphasis of Matter<sup>12</sup> – Basis of Preparation of the Part A Returns and Restriction on Use and Distribution**

The Part A Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] were prepared for the purpose of the [Entity’s/Entities’/Bank’s/Branch’s, delete as appropriate] 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 [further]<sup>13</sup> 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/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate] of the [Entity/Entities/Bank/Branch, delete as appropriate].

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<sup>8</sup> The inclusion of the statement “as applicable to audits of financial statements of public interest entities” should not be interpreted as a classification of the regulatory returns as financial statements. Rather, it reflects alignment with existing audit practices, where firms are already applying independence requirements that are applicable to the audit of financial statements of public interest entities in the audit of these returns.

<sup>9</sup> To be included in the case of a qualified opinion.

<sup>10</sup> This section is to be considered in conjunction with the SAICA Guide, *Materiality Guidelines for Regulatory Assurance Engagements performed in accordance with Regulation 46 relating to Banks*, paragraphs 28-29, as well as the general principles of ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs*. The Interpretive Matter(s) wording above is still applicable for entities that have interpretive Other Matters.

<sup>11</sup> To be included in the case of a qualified opinion.

<sup>12</sup> The BA returns relating to this Part A Returns should include a disclosure/explanation on the basis of preparation.

<sup>13</sup> To be included in the case of a qualified opinion.

## Other Information

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises the information in the BA returns, as specified by the PA in Directive XX of YYYY<sup>14</sup>, as well as the information covered by the Parts B to I reports, but does not include the Part A Returns and our *[auditor's/auditors', delete as appropriate]* 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, 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 the auditor(s) has/have concluded that there is an uncorrected material misstatement of the other information, include a statement that describes the uncorrected material misstatement of the other information. Where matters that gave rise to modified opinions/conclusions in the Parts B to I<sup>15</sup> reports are indicative of an uncorrected material misstatement of the other information, the description of the uncorrected material misstatement may include a cross-reference to those matters. (Amend as appropriate.)]*

## Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* for the Part A Returns

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* 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 46(2)(a); and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) 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/branch executive management, delete as appropriate]* are/is responsible for assessing the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* ability to continue as *[a going concern/going concerns, delete as appropriate]*, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the *[directors/branch executive management, delete as appropriate]* either intend(s) to liquidate the *[Entity/Entities/Bank/Branch, delete as appropriate]* or cease operations, or have no realistic alternative but to do so.

<sup>13</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

<sup>15</sup> This paragraph must remain in for the Part A Returns. In respect of the Part B report, auditors should consider the requirements of ISRE 2410, paragraph 36; and for Parts C, D and E reports, they should consider the requirements of ISAE 3000 (Revised), paragraphs 63 and A143.

***[Auditor's/Auditors', delete as appropriate] Responsibilities for the Audit of the Part A Returns***

Our objectives, in accordance with Regulation 46(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/auditors', delete as appropriate]* report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the 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 *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* internal control.
- Conclude on the appropriateness of the *[directors'/branch executive management's, delete as appropriate]* 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 *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* ability to continue as *[a going concern/going concerns, delete as appropriate]*. If we conclude that a material uncertainty exists, we are required to draw attention in our *[auditor's/auditors', delete as appropriate]* 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/auditors', delete as appropriate]* report. However, future events or conditions may cause the *[Entity/Entities/Bank/Branch, delete as appropriate]* to cease to continue as *[a going concern/going concerns, delete as appropriate]*.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the *[directors/branch executive management, delete as appropriate]*.
- [Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the *[Entity/Entities/Bank/Branch, delete as appropriate]*, to express an opinion on the Part A Returns. We are responsible for the

direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion<sup>16</sup>].

We communicate with the *[directors/branch executive management, delete as appropriate]* 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/branch executive management, delete as appropriate]* with a statement that we have complied with the 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, the actions taken to eliminate threats or the safeguards applied<sup>17</sup>.]

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<sup>16</sup> This bullet point remains for a Bank or Bank Solo, including the term “group audit”, if there is an aggregation or consolidation process in arriving at the Bank or Bank Solo Part A Returns; or if ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*, is followed. Where there is no such aggregation or consolidation process, this bullet point should be removed.

<sup>17</sup> This paragraph is to be included when an entity within the group being reported on is a listed entity, irrespective of the exchange on which it is listed.

## **PART B: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] REVIEW REPORT ON THE YEAR-END RETURNS**

We have reviewed the year-end returns, as specified by the PA in Directive XX of YYYY<sup>18</sup>, as the Part B returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]* submitted to the PA for *[insert the year-end date]* (the "Part B Returns"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

### **Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* for the Part B Returns**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* 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 46(2)(a), and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of Part B Returns that are free from material misstatement, whether due to fraud or error.

### ***[Auditor's/Auditors', delete as appropriate]* Responsibilities for the Part B Returns**

Our responsibility is to report on the Part B Returns in accordance with Regulation 46(1) and to express a conclusion on those returns, based on our review. We conducted our review, in accordance with the 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/auditors, delete as appropriate]* 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 46(2)(a). That standard also requires us to comply with the 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; 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 the International Standards on Auditing. Accordingly, we do not express an audit opinion on these Part B Returns.

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<sup>18</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Part B Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] for [insert the year-end date] are not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED<sup>19</sup> CONCLUSION IS EXPRESSED, REPLACE THE ABOVE CONCLUSION WITH THE FOLLOWING:**

### **Basis for Qualified Conclusion**

Our basis for qualification has been noted in Appendix A<sup>20</sup>, attached to this report, as item(s) XX relating to [state the relevant BA returns].

### **Qualified Conclusion**

Based on our review, except for the effect(s) of the matter(s) described in the Basis for Qualified Conclusion section above, nothing has come to our attention that causes us to believe that the Part B Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] for [insert the year-end date] are not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF THERE ARE OTHER MATTER ITEMS<sup>21</sup>, THEN ADD THE FOLLOWING, WHERE APPLICABLE:**

### **Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part B Returns, in accordance with Regulation 46(2)(a). Our conclusion is not [further]<sup>22</sup> modified in respect of [this/these matter(s)].

<sup>19</sup> In the case of a disclaimer of opinion, or an adverse opinion, the auditor would have to amend the wording of the report in accordance with the requirements of ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.

<sup>20</sup> "Appendix A" is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised), to ensure that the documentation of the qualification matters complies with that standard.

<sup>21</sup> This section is to be considered in conjunction with the SAICA Guide, *Materiality Guidelines for Regulatory Assurance Engagements performed in accordance with Regulation 46 relating to Banks*, paragraphs 28-29, as well as the general principles of ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs*. The Interpretive Matter(s) wording above is still applicable for entities that have interpretive Other Matters.

<sup>22</sup> To be included in the case of a qualified limited assurance conclusion.

## Other Information

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises the information in the BA returns, as specified by the PA in Directive XX of YYYY<sup>23</sup>, as well as the information covered by the Parts A and C to I reports, but does not include the Part B Returns and our *conclusion* thereon.

Our limited assurance conclusion on the Part B 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 B Returns, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part B Returns or otherwise appears to be materially misstated. Based on the work we have performed, *[we have nothing to report in this regard OR Where the auditor(s) has/have concluded that there is an uncorrected material misstatement of the other information, include a statement that describes the uncorrected material misstatement of the other information. Where matters that gave rise to modified opinions/conclusions in the Parts A and C to I reports are indicative of an uncorrected material misstatement of the other information, the description of the uncorrected material misstatement may include a cross-reference to those matters. (Amend as appropriate.)]*

## Basis of Preparation of the Part B Returns and Restriction on Use and Distribution<sup>24</sup>

Without *[further]*<sup>25</sup> modifying our conclusion, we emphasise that the Part B Returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]* 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/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]*.

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<sup>23</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

<sup>24</sup> Note: Contrary to the Part A report, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

<sup>25</sup> To be included in the case of a qualified conclusion.

## **PART C: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] LIMITED ASSURANCE REPORT ON RISK RETURNS AT YEAR-END**

We have undertaken a limited assurance engagement on the non-modelled information contained in the year-end returns, as specified by the PA in Directive XX of YYYY<sup>26</sup>, as the Part C returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]*, based on the Standardised, Internal Ratings or other regulatory model-based approaches, as approved or accepted by and submitted to the PA for *[insert the year-end date]* (the "Part C Returns"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

### **Responsibilities of the [Directors/Branch Executive Management, delete as appropriate] for the Part C Returns**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* 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 46(2)(a); and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of the Part C Returns that are free from material misstatement, whether due to fraud or error.

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

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered 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]* 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 the applicable legal and regulatory requirements.

### **[Auditor's/Auditors', delete as appropriate] Responsibilities for the Part C Returns**

Our responsibility is to report on the Part C Returns in accordance with Regulation 46(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 are not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

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<sup>26</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* use of the provisions set out in Regulation 46(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; observations of the processes performed; an inspection of documents; analytical procedures; evaluating the appropriateness of the quantification methods and reporting policies; and agreeing or reconciling the Part C Returns with the underlying records.

### **Summary of Work Performed**

Our work performed included:

- Making inquiries primarily of the 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 and other information systems of the *[Entity/Entities/Bank/Branch, delete as appropriate]* in the returns; and
- Re-performing calculations of information contained in the Part C Returns, based on risk weightings or other requirements of non-modelled approaches, and extracted from management systems; and where the information differed from the accounting policies applied in the management accounts and the statutory financial statements of the *[Entity/Entities/Bank/Branch, delete as appropriate]*, ascertaining that the amounts contained in the Part C Returns had been classified or calculated on the basis required by the relevant Regulations.

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 46(2)(a).

### **Limited Assurance Conclusion**

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 non-modelled information contained in the Part C Returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]* for *[insert the year-end date]*, based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, is not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED<sup>27</sup> LIMITED ASSURANCE CONCLUSION IS EXPRESSED, THEN REPLACE THE ABOVE PARAGRAPH WITH THE FOLLOWING TWO:**

**Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>28</sup>, attached to this report, as item(s) XX relating to [state the relevant BA 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 Basis for Qualified Limited Assurance Conclusion section in the Part C report above, nothing has come to our attention that causes us to believe that the non-modelled information contained in the Part C Returns of the [Entity/Entities/Bank/Branch, delete as appropriate] for [insert the year-end date], based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, is not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF THERE ARE OTHER MATTER<sup>29</sup> ITEMS, THEN ADD THE FOLLOWING, WHERE APPLICABLE:**

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part C Returns, in accordance with Regulation 46(2)(a). Our limited assurance conclusion is not [further]<sup>30</sup> modified in respect of [this/these matter(s)].

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<sup>27</sup> In the case of a disclaimer of opinion, or an adverse opinion, the auditor would have to amend the wording of the report in accordance with the requirements of ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.

<sup>28</sup> "Appendix A" is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised) and to the requirements in paragraphs 73-77 of ISAE 3000 (Revised), to ensure that the documentation of the qualification matters complies with these standards.

<sup>29</sup> This section is to be considered in conjunction with the SAICA Guide, *Materiality Guidelines for Regulatory Assurance Engagements performed in accordance with Regulation 46 relating to Banks*, paragraphs 28-29, as well as the general principles of ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs*. The Interpretive Matter(s) wording above is still applicable for entities that have interpretive Other Matters.

<sup>30</sup> To be included in the case of a qualified limited assurance conclusion.

### **Other Information<sup>31</sup>**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises the information in the BA returns, as specified by the PA in Directive XX of YYYY<sup>32</sup>, as well as the information covered by the Parts A to B and D to I reports, but does not include the Part C Returns and our limited assurance conclusion thereon.

Our limited assurance 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 otherwise appears to be materially misstated. Based on the work we have performed, *[we have nothing to report in this regard OR Where the auditor(s) has/have concluded that there is an uncorrected material misstatement of the other information, include a statement that describes the uncorrected material misstatement of the other information. Where matters that gave rise to modified opinions/conclusions in the Parts A to B and D to I reports are indicative of an uncorrected material misstatement of the other information, the description of the uncorrected material misstatement may include a cross-reference to those matters. (Amend as appropriate.)]*

### **Basis of Preparation of the Part C Returns and Restriction on Use and Distribution<sup>33</sup>**

Without *[further]*<sup>34</sup> modifying our limited assurance conclusion, we emphasise that the Part C Returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]* were prepared on the Standardised, Internal Ratings or other regulatory model-based approaches specified 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/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]*.

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<sup>31</sup> The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor(s) should use their professional judgement as to whether this paragraph is necessary for inclusion, depending on how they address the requirements of this standard under paragraphs 62 and A143.

<sup>32</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

<sup>33</sup> Note: Contrary to the Part A Returns, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

<sup>34</sup> To be included in the case of a qualified limited assurance conclusion.

## **PART D: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] LIMITED ASSURANCE REPORT ON RISK RETURNS AT YEAR-END DERIVED FROM INTERNAL MODELS**

We have undertaken a limited assurance engagement on the model-derived information from internal models and risk information sources used by management and contained in the year-end BA returns, as specified by the PA in Directive XX of YYYY<sup>35</sup>, as the Part D returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]*, based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, as approved or accepted by the PA, that have been extracted from the financial and other information in the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* general ledger, management accounts and management risk information (the "underlying records") and submitted to the PA for *[insert the year-end date]* (the "Part D Returns"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

### **Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* for the Part D Returns**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Entity's/Entities'/Bank's/Branch's, delete as appropriate]* 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 46(2)(a); and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of Part D Returns that are free from material misstatement, whether due to fraud or error.

### **Inherent Limitations**

The information in the returns referred to in the Part D Returns above is predominantly derived from internal risk models implemented by the *[Entity/Entities/Bank/Branch, delete as appropriate]*, based on the advanced approaches specified to meet 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 which is unaudited. In addition, the model outputs are based on methodologies and underlying assumptions which may be subjective. We have not assessed the mathematical accuracy or appropriateness of these methodologies or the 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 Part D 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 46(2)(a).

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<sup>35</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

## **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered 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] 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 the applicable legal and regulatory requirements.

### ***[Auditor’s/Auditors’, delete as appropriate]* Responsibilities for the Part D Returns**

Our responsibility is to report on the Part D Returns in accordance with Regulation 46(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 46(2)(a).

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the *[Entity’s/Entities’/Bank’s/Branch’s, delete as appropriate]* use of the provisions set out in Regulation 46(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; observations of the processes performed; an inspection of documents; analytical procedures; evaluating the appropriateness of the quantification methods and/or reporting policies; and agreeing or reconciling the Part D Returns with the underlying records.

### **Summary of Work Performed**

Our work performed included:

- Making inquiries primarily of the persons responsible for financial and accounting matters, risk management and regulatory returns, to ascertain which internal models have been implemented by the *[Entity/Entities/Bank/Branch, delete as appropriate]* for the abovementioned 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 the validity, accuracy and 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 contained 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 BA returns.
  - Re-performing out-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 out-of-model assumptions applied and the interpretations of management to ensure definitions and classifications are in accordance with the Regulations applicable to the Part D Returns.
  - Considering material matters that have come to our attention with regard to financial regulatory reporting and the compliance reported in accordance with the provisions specified in Regulation 46(3) that might materially affect the preparation of risk information in the BA 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 contained in the Part D Returns has been properly extracted from the underlying records of the *[Entity/Entities/Bank/Branch, delete as appropriate]*, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

### **Limited Assurance Conclusion**

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 model-derived information contained in the Part D Returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]* for *[insert the year-end date]* – based on the Standardised, Internal Ratings or other regulatory model-based approaches and derived from the internal models implemented by the *[Entity/Entities/Bank/Branch, delete as appropriate]* and risk information sources used by management, for *[insert the year-end date]* – is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED<sup>36</sup> LIMITED ASSURANCE CONCLUSION IS EXPRESSED, THEN REPLACE THE ABOVE PARAGRAPH WITH THE FOLLOWING TWO:**

**Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>37</sup>, attached to this report, as item(s) XX relating to *[state the relevant BA 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 Basis for Qualified Limited Assurance Conclusion section in the Part D report above, nothing has come to our attention that causes us to believe that the model-derived information contained in the Part D Returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]* for *[insert the year-end date]* – based on the Standardised, Internal Ratings or other regulatory model-based approaches specified and derived from the internal models implemented by the *[Entity/Entities/Bank/Branch, delete as appropriate]* 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 46(2)(a).

**IF THERE ARE OTHER MATTER ITEMS<sup>38</sup>, THEN ADD THE FOLLOWING, WHERE APPLICABLE:**

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part D Returns, in accordance with Regulation 46(2)(a). Our limited assurance conclusion is not *[further]*<sup>39</sup> modified in respect of *[this/these matter(s)]*.

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<sup>36</sup> In the case of a disclaimer of opinion, or an adverse opinion, the auditor would have to amend the wording of the report in accordance with the requirements of ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.

<sup>37</sup> "Appendix A" is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised) and to the requirements in paragraphs 73-77 of ISAE 3000 (Revised), to ensure that the documentation of the qualification matters complies with these standards.

<sup>37</sup> This section is to be considered in conjunction with the SAICA Guide, *Materiality Guidelines for Regulatory Assurance Engagements performed in accordance with Regulation 46 relating to Banks*, paragraphs 28-29, as well as the general principles of ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs*. The Interpretive Matter(s) wording above is still applicable for entities that have interpretive Other Matters.

<sup>39</sup> To be included in the case of a qualified limited assurance conclusion.

### **Other Information**<sup>40</sup>

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises the information in the BA returns, as specified by the PA in Directive XX of YYYY<sup>41</sup>, as well as the information covered by the Parts A to C and E to I reports, but does not include the Part D Returns and our limited assurance conclusion thereon.

Our limited assurance 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 otherwise appears to be materially misstated. Based on the work we have performed, *[we have nothing to report in this regard OR Where the auditor(s) has/have concluded that there is an uncorrected material misstatement of the other information, include a statement that describes the uncorrected material misstatement of the other information. Where matters that gave rise to modified opinions/conclusions in the Parts A to C and E to I reports are indicative of an uncorrected material misstatement of the other information, the description of the uncorrected material misstatement may include a cross-reference to those matters. (Amend as appropriate.)]*

### **Basis of Preparation of the Part D Returns and Restriction on Use and Distribution**<sup>42</sup>

Without *[further]*<sup>43</sup> modifying our limited assurance conclusion, we emphasise that the Part D Returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]* were prepared based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, 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/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]*.

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<sup>40</sup> The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor should use their professional judgement as to whether this paragraph is necessary for inclusion, depending on how they address the requirements of this standard under paragraphs 62 and A143.

<sup>41</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

<sup>42</sup> Note: Contrary to the Part A Returns, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

<sup>43</sup> To be included in the case of a qualified limited assurance conclusion.

## **PART E: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] LIMITED ASSURANCE REPORT ON BA 325 DAILY MARKET RISK RETURNS**

We have undertaken a limited assurance engagement on the information contained in the selected daily BA 325 returns, as specified by the PA in Directive XX of YYYY<sup>44</sup>, as the Part E returns of *[Bank/Branch, delete as appropriate]*, based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, as approved or accepted by the PA, that has been extracted from the unaudited financial and other information in the *[Bank's/Branch's, delete as appropriate]* general ledger, management accounts and management risk information (the "underlying records") (the "Part E Returns"), for the purpose of complying with Regulations 46(1) and 46(2)(b).

### **Scope of Limited Assurance Engagement**

Our engagement was undertaken in order to evaluate whether, on the basis of our work performed, the information in the Part E Returns selected has been properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(b).

As our engagement in respect of the Part E Returns selected does not coincide with our audit of the *[Bank's/Branch's, delete as appropriate]* statutory financial statements, our work performed for this engagement is performed without reference to our audit of those financial statements. Consequently, we are unable to draw on evidence obtained in the course of our statutory audit to the same extent as we might have done for the purposes of reporting on the Part E Returns for the year-end included in our reports in Part C and/or Part D. In addition, we are unable, and are not required, to perform procedures to enable us to report on whether the returns are prepared using the same accounting policies as those applied in the *[Bank's/Branch's, delete as appropriate]* statutory financial statements.

In respect of the risk information that forms part of the underlying records that is predominantly derived from internal risk models implemented by the *[Bank/Branch, delete as appropriate]*, based on the advanced approaches, we have not, and were not required to perform, any additional procedures regarding that information.

In these circumstances, our procedures performed were to compare the information, contained in the daily BA 325 returns selected, to the underlying records; and, to the extent considered appropriate, we have made inquiries of the persons responsible for financial and accounting matters and the returns, and applied analytical and other review procedures with respect to the preparation of the selected returns, to obtain limited assurance about whether the information contained in the Part E Returns has been properly extracted from the unaudited, historical financial and other information in the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(b).

### **Responsibilities of the [Directors/Branch Executive Management, delete as appropriate] for the Part E Returns**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Bank's/Branch's, delete as appropriate]* compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part E Returns to the PA, throughout the financial year ending *[insert the year-end date]*, in accordance with the provisions set

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<sup>44</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

out in Regulation 46(2)(b); and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of the Part E Returns that are free from material misstatement, whether due to fraud or error.

### **Inherent Limitations**

Information in the Part E Returns is predominantly derived from internal risk models implemented by the *[Bank/Branch, delete as appropriate]*, based on the advanced approaches specified to meet 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 which is unaudited. In addition, the model outputs are based on methodologies and underlying assumptions which 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 Part E 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 E 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 46(2)(b).

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

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered 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]* 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 the applicable legal and regulatory requirements.

### ***[Auditor’s/Auditors’, delete as appropriate]* Responsibilities of the Part E Returns**

Our responsibility is to report on the Part E Returns in accordance with Regulation 46(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 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 E Returns is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(b).

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the *[Bank's/Branch's, delete as appropriate]* use of the provisions set out in Regulation 46(2)(b) as the basis for the preparation of the Part E Returns; assessing the risks of material misstatement of the Part E 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 E 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; observations of the processes performed; an inspection of documents; analytical procedures; evaluating the appropriateness of the quantification methods and reporting policies; and agreeing or reconciling the Part E Returns with the underlying records.

### **Summary of Work Performed**

Our work performed included:

- Haphazardly selecting a sample of daily BA 325 returns from each month of the financial year for the following days: *[insert the specific days for which returns were selected, or the selected returns attached]*.
- Making inquiries primarily of the persons responsible for financial and accounting matters and the regulatory returns, and applying analytical and other review procedures to the extent considered appropriate with respect to the information incorporated in the Part E Returns that has been extracted from the underlying records to assess the extent of compliance with the requirements of Regulation 46(2)(b), including ascertaining whether:
  - There has been any change in the internal models implemented by the *[Bank/Branch, delete as appropriate]* affecting the Part E Returns;
  - There have been any changes in general or application controls over the data flows to/from the underlying source systems to the risk systems and reconciliations of data flows; and
  - Reconciliations of data flows to/from the risk systems and internal models and from 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 contained in the management accounts and accounting records are performed regularly.
- Inspecting evidence to support the completeness and accuracy of the information incorporated in the Part E Returns selected that has been extracted from the underlying records and where these appeared to differ from the accounting policies applied in the management accounts and statutory financial statements of the *[Bank/Branch, delete as appropriate]*, inquiring whether the amounts contained in the returns had been calculated on the basis required by Regulation 46(2)(b) and that applied to the Part E Returns at year-end.
- Re-performing calculations of information incorporated in the Part E Returns selected, based on risk weightings, or derived from models and that has been extracted from the underlying product information systems, to determine whether the returns are prepared on the same basis as that applied at year-end and to assess the extent of compliance with Regulation 46(2)(b).

- Considering material matters that have come to our attention with regard to financial regulatory reporting and compliance in our Parts C and D reports, as well as reported in accordance with Regulation 46(3), that might materially affect the preparation of risk information in the Part E 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 E Returns has been properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(b).

### **Limited Assurance Conclusion**

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 E Returns of the *[Bank/Branch, delete as appropriate]*, for the dates specified above, based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, is not properly extracted from the unaudited, historical financial and other information in the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(b).

**IF A QUALIFIED<sup>45</sup> LIMITED ASSURANCE CONCLUSION IS EXPRESSED, THEN REPLACE THE ABOVE PARAGRAPH WITH THE FOLLOWING TWO:**

#### **Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>46</sup>, attached to this report, as item(s) XX relating to *[state the relevant BA 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 Basis for Qualified Limited Assurance Conclusion section in the Part E report above, nothing has come to our attention that causes us to believe that the information contained in the Part E Returns of the *[Entity/Entities/Bank/Branch, delete as appropriate]*, for the dates specified above, based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, is not properly extracted from the unaudited, historical financial and other information in the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(b).

<sup>45</sup> In the case of a disclaimer of opinion, or an adverse opinion, the auditor would have to amend the wording of the report in accordance with the requirements of ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.

<sup>46</sup> "Appendix A" is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised) and to the requirements in paragraphs 73-77 of ISAE 3000, to ensure that the documentation of the qualification matters complies with these standards.

**IF THERE ARE OTHER MATTER<sup>47</sup> ITEMS, THEN ADD THE FOLLOWING, WHERE APPLICABLE:**

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part E Returns in accordance with Regulation 46(2)(a). Our limited assurance conclusion is not *[further]*<sup>48</sup> modified in respect of [this/these matter(s)].

**Other Information<sup>49</sup>**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises the information in the BA returns, as specified by the PA in Directive XX of YYYY<sup>50</sup>, as well as the information covered by the Parts A to D and F to I reports, but does not include the Part E Returns and our limited assurance conclusion thereon.

Our limited assurance conclusion on the Part E 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 E Returns, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part B Returns or otherwise appears to be materially misstated. Based on the work we have performed, *[we have nothing to report in this regard OR Where the auditor(s) has/have concluded that there is an uncorrected material misstatement of the other information, include a statement that describes the uncorrected material misstatement of the other information. Where matters that gave rise to modified opinions/conclusions in the Parts A to D and F to I reports are indicative of an uncorrected material misstatement of the other information, the description of the uncorrected material misstatement may include a cross-reference to those matters. (Amend as appropriate.)]*

**Basis of Preparation of the Part E Returns and Restriction on Use and Distribution<sup>51</sup>**

Without *[further]*<sup>52</sup> modifying our limited assurance conclusion, we emphasise that the Part E Returns of the *[Bank/Branch, delete as appropriate]* were prepared based on the Standardised, Internal Ratings or other regulatory model-based approaches specified for the purpose of reporting to the PA. As a result, the Part E Returns may not be suitable for another purpose.

<sup>47</sup> This section is to be considered in conjunction with the SAICA Guide, *Materiality Guidelines for Regulatory Assurance Engagements performed in accordance with Regulation 46 relating to Banks*, paragraphs 28-29, as well as the general principles of ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs*. The Interpretive Matter(s) wording above is still applicable for entities that have interpretive Other Matters.

<sup>48</sup> To be included in the case of a qualified limited assurance conclusion.

<sup>49</sup> The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor should use their professional judgement as to whether this paragraph is necessary for inclusion, depending on how they address the requirements of this standard under paragraphs 62 and A143.

<sup>50</sup> The auditor should update this reference, based on the Directive in force and applicable to the reporting engagement.

<sup>51</sup> Note: Contrary to the Part A Returns, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

<sup>52</sup> To be included in the case of a qualified limited assurance conclusion.

Our report is provided 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/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

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

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

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

Our Part F report on the returns for the months other than at year-end *[insert the date]* is provided in accordance with Regulation 46(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 the year-end are consistent with the information contained in the *[Bank's/Branch's, delete as appropriate]* management accounts;
- The reported prudential limits/ratios<sup>53</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 BA return Appendix A findings;
- In instances where any information in the returns for months other than at year-end, excluding the BA 900 return, is generated using spreadsheets, the risks normally associated with the use of spreadsheets, such as version control, change controls and data recovery have been mitigated; and
- The *[Bank/Branch, delete as appropriate]* has implemented any guidance and interpretations in the preparation of the returns for quarters other than at year-end.

This report is intended solely for the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA and should not be used by, or distributed to, any other parties.

#### **Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA**

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* are/is responsible for the subject matter on which the agreed-upon procedures are performed.

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<sup>53</sup> Prudential limits and ratios, such as CET1, Tier 1 and Total CAR, LCR, NSFR; leverage 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.

## ***[Auditor's/Auditors', delete as appropriate]* 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 the procedures that have been agreed with the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* 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.

The 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.

## **Professional Ethics and Quality Management**

We have complied with the ethical requirements of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered 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)*. 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 the 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/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*, in respect of the returns for the months other than the year-end *[insert the date]*.

<b>No.</b>	<b>Procedures</b>	<b>Findings</b>
1.	Obtain from <i>[state the name and designation of the individual]</i> the monthly reconciliations of the BA 100, BA 110 and BA 120 to the management accounts of the bank for all months other than at year-end and perform the following procedures:	<b>POSSIBLE FINDING:</b> We obtained from <i>[state the name and designation of the individual]</i> the monthly reconciliations of the BA 100, BA 110 and BA 120 to the management accounts for all months other than at year-end and performed the following procedures:
1.1.	Inspect the monthly reconciliations for any reconciling items noted between the BA 100, BA 110 and BA 120 and the management accounts for all months other than at year-end; and	<b>POSSIBLE FINDING:</b> We inspected the monthly reconciliations. [No reconciling items / Reconciling items] were noted between the BA 100, BA 110 and BA 120 and the management accounts for all months other than at year-end.

No.	Procedures	Findings
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><i>POSSIBLE FINDING:</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated the following reason(s) for the reconciling items:</p> <p><i>[Insert management's explanation for the reconciling items].</i></p> <p style="text-align: center;"><i>OR</i></p> <p>Not applicable, as no reconciling items were noted.</p>
2.	<p>Obtain all resubmitted return(s) made during the year for the other months after the date of the preceding year-end, excluding the current year-end, the daily BA 325 and BA 900 series returns, from management 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) Inspect the reported prudential limits/ratios<sup>54</sup> on the resubmitted BA 130, BA 300, BA 310, BA 600 and BA 700 returns and compare the reported prudential limit/ratio to the required regulatory limit. Document any non-compliance issues identified.</p>	<p><i>POSSIBLE FINDING:</i></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 current year-end, the daily BA 325 and BA 900 series returns, from management and performed the following procedures:</p> <p>a) We inquired from management and the reason(s) for the resubmission(s) [is/are]:</p> <p><i>[Insert management's reason(s) for the resubmission.]</i></p> <p>b) We inspected the reported prudential limits/ratios on the resubmitted BA 130, BA 300, BA 310, BA 600 and BA 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:]</p> <p><i>[Insert the details of non-compliance.]</i></p>
3.	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 what the reasons for the changes were. Document management's responses.	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired of <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;"><i>OR</i></p> <p>We inquired of <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> </ul>

<sup>54</sup> Prudential limits and ratios, such as CET1, Tier 1 and Total CAR, LCR, NSFR; leverage 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 advances to certain associates; net open foreign currency position limit.

No.	Procedures	Findings
		<ul style="list-style-type: none"> <li>• The changes related to <i>[insert management's response]</i>.</li> <li>• The reason(s) for the changes were <i>[insert management's response]</i>.</li> </ul>
4.	<p>Inspect the preceding year's BA returns Appendix A findings from the external <i>[auditor/auditors, delete as appropriate]</i>, 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 findings were not resolved at the end of the current year.</p>	<p><b>POSSIBLE FINDING:</b></p> <p>We inspected the preceding year's BA 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>
5.	<p>Inspect the current year's BA returns Appendix A findings from the external <i>[auditor/auditors, delete as appropriate]</i> and note whether the findings include any qualification, other matters and housekeeping matters.</p> <p>Inquire from management whether or not the months other than at year-end are affected by these qualifications, other matters and housekeeping matters.</p>	<p><b>POSSIBLE FINDING:</b></p> <p>We inspected the current year's BA 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 the months other than at year-end <i>[are/are not]</i> 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 BA returns, excluding the BA 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><b>POSSIBLE FINDING:</b></p> <p>a) We inquired from <i>[state the name and designation of the individual]</i> who indicated that [information reflected in the BA returns, excluding the BA 900 return, is generated using spreadsheets] / [information reflected in the BA returns, excluding the BA 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 response as follows:</p> <p><i>[Insert management's responses.]</i></p>
7.	<p>Obtain from the <i>[state the name and designation of the individual]</i> copies of correspondence between the <i>[Bank/Branch, delete as appropriate]</i> and the PA about BA reporting interpretations and errors, and perform the following procedure:</p>	<p><b>POSSIBLE FINDING:</b></p> <p>We obtained from the <i>[state the name and designation of the individual]</i> copies of correspondence between the <i>[Bank/Branch, delete as appropriate]</i> and the PA, about BA reporting interpretations and errors, and performed the following procedures:</p>

No.	Procedures	Findings
		<p style="text-align: center;"><i>OR</i></p> <p>There was no correspondence between the <i>[Bank/Branch, delete as appropriate]</i> and the PA about BA 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 in the preparation of the BA returns for the months other than at year-end and document their response.</p>	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> and <i>[they have implemented the PA interpretations and errors referred to in procedure 7 above in the preparation of the BA 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 BA returns for the months other than at year-end].</i></p>

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

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

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

Our Part G report on the reconciliation of the BA 900 to the BA 100 returns is provided in accordance with Regulation 46(7), solely for the purpose of assisting the PA in evaluating whether or not all forms BA 900 and BA 100 returns submitted by the *[Bank/Branch/Entity/Entities, delete as appropriate]* during the financial year ended *[insert the financial 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/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and PA and should not be used by, or distributed to, any other parties.

#### **Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA**

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* are/is responsible for the subject matter on which the agreed-upon procedures are performed.

#### ***[Auditor's/Auditors', delete as appropriate]* 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 the procedures that have been agreed with the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* 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.

The 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.

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

We have complied with the ethical requirements of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered 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)*. 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 the 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/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*, on the reconciliation between the BA 900 and BA 100 returns.

No.	Procedure	Findings
1.	<p>Inspect the reconciliations prepared by the <i>[Bank/Bank Solo/Branch, delete as appropriate]</i> between the BA 900 and BA 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 BA 900 and BA 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 <i>[Bank/Bank Solo/Branch, delete as appropriate]</i> between the BA 900 and BA 100 returns for each month during the financial year ended <i>[insert the year-end date]</i> and noted no reconciling items between the BA 900 and BA 100 returns.</p> <p style="text-align: center;"><i>OR</i></p> <p>We inspected the reconciliations prepared by the <i>[Bank/Bank Solo/Branch, delete as appropriate]</i> between the BA 900 and BA 100 returns for each month during the financial year ended <i>[insert the year-end date]</i> and noted reconciling items between the BA 900 and BA 100 returns. Details of the reconciling items are set out in the attached schedule, which we have <i>[initialed/stamped]</i> for identification purposes.</p>

### 2. Agreed-Upon Procedures Report on the BA 310 (Minimum Reserve Balance and Liquid Assets – Pledged or Otherwise Encumbered) and the BA 020 (Appointments of *[Directors/Branch Executive Management, delete as appropriate]* or Executive Officers) Returns

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

Our Part G report on the year-end BA 310 and BA 020 returns is provided in accordance with Regulation 46(8), solely for the purpose of assisting the PA in evaluating whether there are instances of non-compliance with the provisions of Regulation 27(6) as it relates to the BA 310 return and Regulations 42(1)(a) and 42(1)(b) as it relate to the BA 020 return, and may not be suitable for another purpose. This report is intended solely for the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA and should not be used by, or distributed to, any other parties.

#### Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* are/is responsible for the subject matter on which the agreed-upon procedures are performed.

***[Auditor’s/Auditors’, delete as appropriate] 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 the procedures that have been agreed with the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* 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.

The 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.

**Professional Ethics and Quality Management**

We have complied with the ethical requirements of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered 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)*. 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 the 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/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*, in respect of BA 310 and BA 020 returns.

No.	Procedures	Findings
1.	Obtain from <i>[state the name and designation of the individual]</i> the year-end BA 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 BA 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 16-23, column 2, of the BA 310 return, obtain the documents of title or third-party confirmation, inspect the title documents or third-party confirmation and note	<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 16-23, column 2, of the BA 310 return, we obtained and inspected the documents of title or third-party confirmations and noted that the financial

	whether the financial instruments are in the name of the <i>[Bank/Branch, delete as appropriate]</i> .	instruments are in the <i>[Bank's/Branch's, delete as appropriate]</i> name.
2.	Obtain a confirmation directly from the [insert the department] at the South African Reserve Bank (the "SARB") of the: <ul style="list-style-type: none"> <li>• Assets pledged by the <i>[Bank/Branch, delete as appropriate]</i> to secure facilities; and</li> <li>• The amount of the facilities utilised at close of business on [insert the date], in respect of which the assets were pledged</li> </ul> and perform the following procedure:	We obtained a confirmation directly from the [insert the department] at the South African Reserve Bank (the "SARB") of the assets pledged by the <i>[Bank/Branch, delete as appropriate]</i> to secure facilities, and the amount of the facilities utilised at close of business on [insert the date] and performed the following procedure:
2.1	Compare the amount of the facilities utilised at [insert the date], 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 16-23, column 2, of the BA 310 return and note any exceptions.	<p><i>POSSIBLE FINDING:</i></p> <p>We compared the amount of the facilities utilised at [insert the date], 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 16-23, column 2, of the BA 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 [insert the date].</p>
3.	Obtain from <i>[state the name and designation of the individual]</i> a written representation acknowledging that the liquid assets reflected in lines 16-23, column 2, of the BA return obtained in procedure 1 were not pledged or encumbered in contravention of Regulations 27(6)(a) and 27(6)(b) during the period specified in Regulation 27(5).	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from <i>[state the name and designation of the individual]</i> a written representation acknowledging that the liquid assets reflected in lines 16-23, column 2, of the BA return obtained in procedure 1 were not pledged or encumbered in contravention of Regulations 27(6)(a) and 27(6)(b) during the period specified in Regulation 27(5).</p>
4.	Obtain from the Company Secretary the BA 020 return(s) that were submitted to the PA during the year under review from <i>[state the name and designation of the individual]</i> .	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from the Company Secretary the BA 020 return(s) that were submitted to the PA during the year under review from <i>[state the name and designation of the individual]</i>.</p>
5.	Obtain from <i>[state the name and designation of the individual]</i> a list of all directors and executive officers that indicates who the chairperson of the board is, as well as the appointment dates of all directors and executive officers.	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from <i>[state the name and designation of the individual]</i> a list of all directors and executive officers that indicates who the chairperson of the board is, as well as the appointment dates of all directors and executive officers.</p>
6.	For an existing bank, perform the following procedures:	

6.1.	Inspect the declaration made in the form BA 020 return(s) submitted during the year, and document whether the declaration was made by [insert the name], the chairperson of the board; and	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the declaration made in the form BA 020 return(s) submitted during the year, and the declaration [was/was not] made by [insert the name], the chairperson of the board.</p> <p style="text-align: center;"><i>OR</i></p> <p>Not applicable, as the BA 020 return(s) is/are in respect of a new bank.</p>
6.2.	<p>Where the declaration made in procedure 6.1 above was not made by the chairperson of the board, inquire from [state the name and designation of the individual] if the declaration was made by the chairperson's duly appointed representative.</p> <p>Obtain documentation from [state the name and designation of the individual] which authorises the individual to sign the declaration, and document the information so presented by [state the name and designation of the individual].</p>	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from [state the name and designation of the individual] who indicated that the declaration made in procedure 6.1 above [was made/was not made] by the chairperson's duly appointed representative. [State the name and designation of the individual] presented [specify the documentation] to us as authorising the individual to sign the declaration.</p> <p style="text-align: center;"><i>OR</i></p> <p>Not applicable. The declaration was signed by the chairperson of the board.</p>
7.	For a new bank, inspect the declaration made in the form BA 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 BA 020 return(s). It was signed by [insert the name of the party that made the declaration].</p> <p style="text-align: center;"><i>OR</i></p> <p>Not applicable, as the BA 020 return(s) is/are in respect of an existing bank.</p>
8.	For directors and executive officers appointed during the year, as indicated in the list obtained from the Company Secretary, inspect the date of the declaration contained in the form BA 020 return(s) and document if it was made at least 30 days prior to the date of the director or executive officer being appointed.	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the date of the declaration contained in the form BA 020 return(s) and noted that it [was/was not, delete as appropriate] made at least 30 days prior to the appointment date of the director or executive officer, as indicated on the list of directors and executive officers obtained from the Company Secretary.</p>
9.	Inspect the list of directors obtained from the Company Secretary and note the number of directors that were reappointed during the year. Document whether 12 or more months have lapsed between the date of resignation and the date of reappointment, as indicated on the list of directors obtained from the Company Secretary.	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the list of directors obtained from the Company Secretary and noted [insert the number] directors that were reappointed during the year. For all directors that were reappointed, we noted that 12 or more months have lapsed between the date of resignation and the date of reappointment, as indicated on the list of directors obtained from the Company Secretary. [Document any exceptions.]</p>

### **3. Agreed-Upon Procedures Report on the BA 125 (Return Regarding Shareholders)<sup>55</sup>**

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

Our Part G report for the year-end BA 125 return is provided in accordance with Regulations 46(1) and 46(6), solely for the purpose of assisting the PA in identifying significant domestic or foreign shareholders holding more than 1% of the issued shares that control or may potentially control the Bank or Controlling Company, based on the aggregate voting rights attaching to the total number and nominal value of individual classes of shares, convertible debentures and other instruments issued by the Bank, with and without voting rights, as contained in the *[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]* of the Bank, recorded in the share register and reported in the BA 125 return, as required by Regulation 21 as at the financial year-end. This Part G 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 of the Bank and the PA**

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

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

#### ***[Auditor's/Auditors', delete as appropriate]* 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 the procedures that have been agreed with the directors of the Bank or Controlling Company 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.

The 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.

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

We have complied with the ethical requirements of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered 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)*. 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

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<sup>55</sup> Not applicable in respect of the Branches, as BA 125 is not required for these entities, per the Branch Regulations.

system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and the 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, in respect of the BA 125 (Return Regarding Shareholders).

No.	Procedures	Findings
1.	<p>a) Agree the total number and nominal value of issued shares (columns 8 and 12) by class of share, with and without voting rights, to the <i>[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]</i> of the Bank.</p> <p>b) Where reconciling items were noted in procedure 1(a), 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>	<p><i>POSSIBLE FINDING:</i></p> <p>a) The total number and nominal value of issued shares (columns 8 and 12) by class of share, with and without voting rights <i>[agrees/does not agree]</i> with the <i>[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]</i> of the Bank.</p> <p>b) No reconciling items were noted</p> <p style="text-align: center;"><i>OR</i></p> <p>We inquired of <i>[state the name and designation of the individual]</i> who indicated the following reasons for the reconciling items:</p> <p><i>[Insert the details of the reconciling item(s).]</i></p>
2.	Cast and cross-cast the return for accuracy.	<p><i>POSSIBLE FINDING:</i></p> <p>[The return casted and cross-casted / The return did not cast and cross-cast.]</p>
3.	Obtain from <i>[state the name and designation of the individual]</i> their analysis of shareholders derived from the share register and agree this to the amounts disclosed in the return by the number of shareholders, the number of shares (to the nearest '000) and the nominal value of shares (to the nearest R'000) (columns 1-3, 5-7 and 9-11).	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from <i>[state the name and designation of the individual]</i> their analysis of shareholders derived from the share register and agreed the amounts disclosed in the return by the number of shareholders, the number of shares (to the nearest '000) and the nominal value of shares (to the nearest R'000) (columns 1-3, 5-7 and 9-11).</p>

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

Dear Sir/Madam

**REPORT OF THE APPOINTED [AUDITOR/AUDITORS, DELETE AS APPROPRIATE] TO THE PRUDENTIAL AUTHORITY (THE “PA”) ON THE SIGNIFICANT WEAKNESSES IN THE SYSTEM OF INTERNAL CONTROLS, IN RESPECT OF CORPORATE GOVERNANCE, INTERNAL CONTROLS AND GOING CONCERN AND [INSERT THE BILATERAL ENGAGEMENT UNDERTAKEN] OF [NAME OF BANK CONTROLLING COMPANY] AND [NAME OF BANK] (COLLECTIVELY THE “ENTITIES”) OR [NAME OF BANK – APPLICABLE TO THE STANDALONE BANK OR FOREIGN BRANCHES] (THE “BANK”) IN TERMS OF THE BANKS ACT NO. 94 OF 1990 (THE “ACT”) AND THE REGULATIONS RELATING TO BANKS (THE “REGULATIONS”)**

The respective Parts H to I reports attached to this report are made for the purpose of our compliance with the requirements of Regulations 46(3) and 46(4) of the Regulations on the significant weaknesses in the system of internal control; and Regulations 39(19) and 40(5)(d) of the Regulations in respect of corporate governance, internal controls and going concern (and Regulations [xx] of the Regulations on [insert the bilateral engagement undertaken]).

The respective Parts H to I reports attached to this report are not made in respect of an assurance engagement within the scope of the International Framework for Assurance Engagements. We have not followed any pronouncement, as issued by the International Auditing and Assurance Standards Board, for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in Regulations 46(3), 46(4), 39(19) and 40(5)(d) and [insert the regulation for the bilateral engagement undertaken] on which we are required to report under these Regulations.

**Restriction on Use and Distribution**

The respective Parts H to I reports attached to this report are provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our reports are not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Entities, delete as appropriate]*.

Should you wish to discuss the contents of the respective Parts H to I reports attached to this report in any further detail, please contact *[Name(s) of the Partner(s) and telephone number(s)]*.

Yours faithfully,

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*[Partner's Signature]*

*[Name of the Individual Registered Auditor]*

*[Capacity, If Not a Sole Practitioner, e.g. Director or Partner]*

*[Date of the Partner's Report]*

*[Partner's Work Address]<sup>56</sup>*

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*[Partner's Signature]*

*[Name of the Individual Registered Auditor]*

*[Capacity, If Not a Sole Practitioner, e.g. Director or Partner]*

*[Date of the Partner's Report]*

*[Partner's Work Address]*

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<sup>56</sup> Each firm to determine the appropriate sign-off, although as these Parts are outside of the pronouncements of the International Auditing and Assurance Standards Board, it would generally be in the partner's personal capacity.

## **PART H: REPORT UNDER REGULATIONS 46(3) AND 46(4) OF THE REGULATIONS RELATING TO BANKS: SIGNIFICANT WEAKNESSES IN THE SYSTEM OF INTERNAL CONTROLS**

### **Report of the Appointed *[Auditor/Auditors, delete as appropriate]*, Other than an Assurance Report, in respect of Significant Weaknesses in the System of Internal Controls**

This report is made to the PA under the requirements of Regulations 46(3) and 46(4) of the Regulations Relating to Banks (the “Regulations”), in respect of the following matters in relation to the *[Bank/Entities/Entity/Branch, delete as appropriate]*, in our capacity as the appointed *[auditor/auditors, delete as appropriate]* of the *[Bank/Entities/Entity/Branch, delete as appropriate]*:

Regulation 46(3):

*... annually report to the PA on any significant weaknesses in the system of internal controls relating to (a) financial regulatory reporting and (b) compliance with the Act and the Regulations, that came to the auditor’s attention while performing the necessary auditing procedures to enable us to furnish our report to the PA required under Regulation 46(2) of the Regulations.*

Regulation 46(4):

*... annually... report to the PA on any significant weaknesses in the system of internal controls that came to the auditor’s attention while performing the necessary auditing procedures as regards the policies, practices and procedures of the bank relating to (a) the granting of loans (b) the making of investments, (c) the ongoing management of the loan and investment portfolios and (d) the relevant credit impairments or loan loss provisions and reserves.*

This report is not made in respect of an assurance engagement within the scope of the International Framework for Assurance Engagements. We have not followed any pronouncement, as issued by the International Auditing and Assurance Standards Board (“IAASB”), for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in Regulations 46(3) and 46(4) on which we are required to report under these Regulations.

### **Background Information**

The Banks Act No. 94 of 1990 and the Regulations do not define the term “*significant weakness*”. As part of our audit of the *[Bank’s/Entities’/Entity’s/Branch’s, delete as appropriate]* statutory financial statements performed in accordance with the International Standards on Auditing and our audit, review and other assurance engagements performed in accordance with the relevant International Engagement Standards issued by the IAASB in respect of the BA returns in accordance with Regulation 46(1) and the requirements specified in Regulation 46(2) (“our specified engagements”), we obtained an understanding of the *[Bank/Entities/Entity/Branch, delete as appropriate]* and *[its/their environment/environments]*, including *[its/their]* internal controls, for the purpose of identifying and assessing the risk of material misstatement of those statutory financial statements and the BA returns.

In the course of performing our audit of the *[Bank’s/Entities’/Entity’s/Branch’s, delete as appropriate]* statutory financial statements, we complied with the International Standard on Auditing (ISA) 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, which requires the *[auditor/auditors, delete as appropriate]* to communicate appropriately to those charged with governance and management any significant deficiencies in internal control that the

[auditor/auditors, delete as appropriate] identified during the audit of the [Bank's/Entities'/Entity's/Branch's, delete as appropriate] statutory financial statements.

ISA 265 defines “deficiencies in internal control” as:

1. Deficiency in internal control – This exists when:
  - A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the statutory financial statements on a timely basis; or
  - A control necessary to prevent, or detect and correct, misstatements in the statutory financial statements on a timely basis is missing.
2. Significant deficiency in internal control – A deficiency or combination of deficiencies in internal control that, in the [auditor's/auditors', delete as appropriate] professional judgement, is of sufficient importance to merit the attention of those charged with governance.

Our work performed for the purpose of completing our specified engagements was not designed to express an opinion or conclusion on the design and/or operating effectiveness of the internal controls.

*[For the PA's information, we set out in Appendix XXX to this report an extract of those significant deficiencies in internal control that we identified during our specified engagements and communicated to the [directors/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate] of the [Bank/Branch, delete as appropriate] on [date].]*

OR

*[For the PA's information, we set out in Appendix XXX to this report the statutory audit report(s) to the audit committee(s), which includes the significant findings identified during the specific engagement and communicated to the audit committee(s) of the [Bank/Branch/Entity/Entities, delete as appropriate] on [date].]*

### **Restriction on Use and Distribution**

This report is provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our report is not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the [directors/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate] of the [Bank/Entities/Entity/Branch, delete as appropriate].

**Guidance (to be removed from the report before issue):** *The matters to be included in Appendix XXX above relate only to those significant items that are reported to the audit committee(s) or equivalent management committee (in the case of foreign branches). This appendix can be:*

- *An extract from the audit committee document;*
- *Attached as a separate document to accompany this report; or*
- *Those significant control matters included in the Report to Management or equivalent report, where no audit committee document was prepared.*

*It is not expected that matters of a housekeeping nature be reported.*

## **PART I: REPORTS UNDER THE REGULATIONS RELATING TO BANKS IN RESPECT OF CORPORATE GOVERNANCE, INTERNAL CONTROLS AND GOING CONCERN**

### **Part I(1): Report of the Appointed *[Auditor/Auditors, delete as appropriate]*, Other than an Assurance Report, in respect of Corporate Governance in Accordance with the Requirements Specified in Regulation 39(18)**

This report is made to the PA under the requirements of Regulation 39(19) of the Regulations Relating to Banks (the “Regulations”), in respect of the following matters in relation to the *[Bank/Entity/Entities/Branch, delete as appropriate]*, in our capacity as the appointed *[auditor/auditors, delete as appropriate]* of the *[Bank/Entity/Entities/Branch, delete as appropriate]*.

Regulation 39(19) requires the *[auditor/auditors, delete as appropriate]* to “*annually review the process followed by the board of directors in assessing the corporate governance arrangements, including the management of risk and capital and their assessment of capital adequacy, and report to the PA whether any matters have come to their attention to suggest that they do not concur with the findings reported by the board of directors...*” in the *[board of directors'/branch executive management's, delete as appropriate]* documented assessment required under Regulation 39(18) (“the findings documented by the *[board(s)/executive management]*”). If we do not concur with the findings documented by the *[board(s)/executive management]*, we are required to provide our reasons thereof.

This report is not made in respect of an assurance engagement within the scope of the International Framework for Assurance Engagements. We have not followed any pronouncement, as issued by the International Auditing and Assurance Standards Board (“IAASB”), for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in Regulation 39(19) on which we are required to report.

### ***[Directors'/Branch Executive Management's, delete as appropriate]* Responsibility relating to Corporate Governance Processes**

Regulation 39(1) provides that the *[board(s) of directors/branch executive management, delete as appropriate, or board(s)/executive management]* of the *[Bank/Entity/Entities/Branch, delete as appropriate]* is(are) ultimately responsible for ensuring that an adequate and effective process of corporate governance is established and maintained under Regulation 39:

- Which is consistent with the nature, complexity and risk inherent in the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* on-balance sheet and off-balance sheet activities; and
- That responds to changes in the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* environment and conditions.

Under Regulation 39(2), this process includes the maintenance of effective risk management and capital management by the *[Bank/Entity/Entities/Branch, delete as appropriate]*.

Under Regulation 39(18)(a), the *[board(s)/executive management]* is(are) also required to assess and document, at least annually, whether the processes relating to corporate governance, internal controls, risk management, capital management and capital adequacy implemented by the *[Bank/Entity/Entities/Branch, delete as appropriate]* successfully achieve the objectives specified by the *[board(s)/executive management]*.

Appendix A to this report contains a description of the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* corporate governance arrangements, including the management of risk and capital, extracted from *[identify the document that contained the directors'/branch executive management's documented assessment under Regulation 39(18)(a), for example, the Integrated Risk Report]*.

### **Inherent Limitations**

Due to the inherent limitations of any process of corporate governance, errors or fraud may not be prevented or detected, and because of the complexity and risk inherent in a *[bank's/entity's/entities'/branch's, delete as appropriate]* activities, the process of internal controls, risk management, capital management and capital adequacy assessment implemented may not successfully achieve the objectives determined by the *[board(s)/executive management]*. Furthermore, the projections of the findings of the *[board(s)/executive management]*, from its annual assessment of the corporate governance, internal controls, risk management, capital management and capital adequacy, on future periods are subject to the risk that the overall effectiveness may become inadequate, as a result of changes in circumstances; or that the degree of compliance with the laid-down corporate governance, internal controls, risk management, capital management and capital adequacy processes may deteriorate.

### **Our Responsibility and Summary of Our Work**

We have read the findings documented by the *[board(s)/executive management]* and we have exercised our professional judgement in assessing those findings and performing the procedures set out in Appendix B to this report, for the purpose of reporting to the PA under Regulation 39(19).

*[In line with the scope of our work described above and pursuant to Regulation 39(19), we have no matters to report.*

OR

*In line with the scope of our work described above and pursuant to Regulation 39(19), we report that a matter has/matters have come to our attention, as set out in Appendix B to our Report, together with our reasons for not concurring with those findings – refer to [include item references].*

OR

*In line with the scope of our work described above and pursuant to Regulation 39(19), we include Appendix XXX, being the statutory audit report presented to the Audit Committee of the *[Bank/Entity/Entities/Branch, delete as appropriate]* on the *[insert the date]* and refer you to our Appendix A report that a matter has/matters have come to our attention, which highlights/highlight *[include item references or further detail]* and may affect the *[board/executive management]* in meeting its objectives.]*

### **Restriction on Use and Distribution**

This report is provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our report is not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Entity/Entities/Branch, delete as appropriate]*.

## **Appendix A to Report I(1)**

Set out below is the *[board's/executive management's]* documented assessment of the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* processes relating to corporate governance, internal controls, risk management, capital management and capital adequacy implemented by the *[Bank/Entity/Entities/Branch, delete as appropriate]*; and whether these processes successfully achieved the objectives specified by the *[board/executive management]*, as required under Regulation 39(18) of the Regulations. This information has been extracted from *[identify the document that contains the directors'/branch executive management's description, for example, the Integrated Risk Report]*.

## Appendix B to Report I(1)

The following procedures were performed:

No.	Procedures	Results of the Procedures Performed	Management Comment
1.	<p>Inspect supporting documentation and enquire from management as to which board-appointed committee was tasked with the responsibility of compliance with Regulation 39(18) in the following areas:</p> <ul style="list-style-type: none"> <li>• Overall responsibility for setting objectives and the assessment thereof;</li> <li>• Corporate governance; and</li> <li>• Management of risk and capital, including the assessment of capital adequacy.</li> </ul>		
2.	<p>Obtain the objectives as set by the board document their date of approval of the set objectives.</p>		
3.	<p>Obtain from management a description of the assessment process followed by the Bank, in order to determine whether the objectives as specified by the board in respect of corporate governance, internal controls, risk management, capital management and capital adequacy, and implemented by the Bank, were successfully achieved.</p>		
4.	<p>Obtain the minutes of the board meeting where the objectives were assessed, and the assessment that was approved.</p> <ul style="list-style-type: none"> <li>• Document the areas assessed, who performed the assessment and the date of the assessment.</li> <li>• Document whether management's assessment highlighted any areas of concern.</li> </ul>		
5.	<p>Enquire from management as to whether the PA requested a copy of the assessment of the adequacy of the process; and, where applicable, inspect the correspondence and document the date thereof.</p>		
6.	<p>Enquire from the statutory auditors whether their testing resulted in any findings being reported to the audit committee or other similar committee in respect of corporate governance, risk and capital; and, where applicable, document the finding that was reported.</p>		

## **Part I(2): Report of the Appointed [Auditor/Auditors, delete as appropriate], Other than an Assurance Report, in respect of Internal Controls and Going Concern**

This report is made to the PA under the requirements of Regulation 40(5)(d) of the Regulations, in respect of the following matters in relation to the *[Bank/Entity/Entities/Branch, delete as appropriate]*, in our capacity as the appointed *[auditor/auditors, delete as appropriate]* of the *[Bank/Entity/Entities/Branch, delete as appropriate]*.

This Regulation requires the external *[auditor/auditors, delete as appropriate]* of a bank to report annually to the PA in accordance with the requirements specified in Regulation 40(5)(d), whether or not the *[auditor/auditors, delete as appropriate]* concurs/concur with the annual reports made by the *[directors/branch executive management, delete as appropriate]* to the PA in accordance with Regulation 40(5)(a) and (b) (“the annual reports made by the *[directors/branch executive management, delete as appropriate]*”), included as Appendix A to this report; and if not, to provide reasons thereof.

This report is not made in respect of an assurance engagement within the scope of the International Framework for Assurance Engagements. We have not followed any pronouncement, as issued by the IAASB, for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters on which we are required to report under Regulation 40(5)(d).

### **Internal Controls**

#### ***[Directors’/Branch Executive Management’s, delete as appropriate] Responsibility for Internal Controls***

Under Regulation 40(5)(a) of the Regulations, the *[directors/branch executive management, delete as appropriate]* are/is responsible for reporting annually to the PA on the *[Bank’s/Entity’s/Entities’/Branch’s, delete as appropriate]* internal controls; its maintenance of high ethical standards by the *[Bank/Entity/Entities/Branch, delete as appropriate]* employees; its implementation of the required compensation policies under Regulation 39(16)(a); and whether any material malfunction (as defined and documented by the *[board of directors/branch executive management, delete as appropriate]* and submitted to the PA) has occurred in the functioning of the aforementioned controls, procedures and systems during the period under review, in accordance with Regulation 40(5)(a)(vi).

### **Our Responsibility and Summary of Our Work**

For the purposes of completing our audit of the *[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]*, and our audit, review and other assurance engagements work performed in respect of the BA returns in accordance with Regulation 46(1) and the requirements specified in Regulation 46(2) (“our specified engagements”), we obtained an understanding of the *[Bank/Entity/Entities/Branch, delete as appropriate]* and *[its/their environment/environments]*, including *[its/their]* internal controls, for the purpose of identifying and assessing the risk of material misstatement of the *[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]* and the BA returns. For the PA’s information, we

have set out in the Part H report and the appendix thereto an extract of significant deficiencies in internal control identified during our specified engagements and communicated to the *[directors/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management delete as appropriate]* of the *[Bank/Entity/Entities/Branch, delete as appropriate]* on *[date]*.

We have read the *[annual report/annual reports, delete as appropriate]* made by the *[directors/branch executive management, delete as appropriate]* under Regulation 40(5)(a); and we have exercised our professional judgement in the context of our understanding of the *[Bank/Entity/Entities/Branch, delete as appropriate]* and *[its/their environment/envirionments]*, including *[its/their]* internal controls, obtained in our specified engagements described above, for the purpose of reporting to the PA under Regulation 40(5)(d).

We emphasise that our procedures performed for the purposes of completing our specified engagements were not designed to express an opinion or conclusion on the operating effectiveness of those internal controls, or whether internal controls based on established policies and procedures are implemented by trained skilled personnel in accordance with Regulation 40(5)(a)(ii); nor to assess whether the bank implemented and continuously maintained compensation policies, processes and practices that, as a minimum, comply with the requirements specified in Regulation 39(16)(a); and nor to assess whether all the employees of *[Bank/Entity/Entities/Branch, delete as appropriate]* maintained high ethical standards, thereby ensuring that the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* business practices were conducted in a manner that was above reproach, in accordance with Regulation 40(5)(a)(iv).

*[In line with the scope of our work described above and pursuant to Regulation 40(5)(d), we have no matters to report.]*

OR

*[In line with the scope of our work described above and pursuant to Regulation 40(5)(d), we report that the following matter has/matters have come to our attention:*

- *[Insert the matter(s) or reference to the matter(s), delete and amend as appropriate.]*

### **Going Concern**

#### ***[Directors'/Branch Executive Management's, delete as appropriate] Responsibility for Going Concern***

Under Regulation 40(5)(b) of the Regulations, the *[directors/branch executive management, delete as appropriate]* are/is required to annually report to the PA that there is no reason to believe that the *[Bank/Entity/Entities/Branch, delete as appropriate]* will not be *[a going concern/going concerns, delete as appropriate]* in the year ahead; and, if that is not so, to disclose and explain the reasons for so reporting.

### **Our Responsibility and Summary of Our Work**

We completed our audit of the *[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]* 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/auditors' report was signed]*.

For the purpose of our audit of those statutory financial statements and for the purposes of our Part A report, we considered the appropriateness of the *[directors'/branch executive management's]* use of the going concern assumption for the preparation of those statutory financial statements, and whether there were identified events or conditions and related business risks that gave rise to a material uncertainty that may cast significant doubt on the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* ability to continue as *[a going concern/going concerns, delete as appropriate]* in the year ahead. The *[auditor/auditors, delete as appropriate]* cannot predict future events or conditions that may cause the *[Bank/Entity/Entities/Branch, delete as appropriate]* to cease to continue as *[a going concern/going concerns, delete as appropriate]*. Accordingly, the absence of any reference in the audited *[[Group statutory financial statements and Bank statutory financial statements] OR [Bank statutory financial statements]]* of the *[Entity/Entities/Bank/Branch, delete as appropriate]* and in our *[auditor's/auditors', delete as appropriate] [report/reports, delete as appropriate]* on those statutory financial statements to a material uncertainty in relation to going concern is not a guarantee as to the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* ability to continue as *[a going concern/going concerns, delete as appropriate]* in the year ahead.

We have read the annual *[report/reports, delete as appropriate]* made by the *[directors/branch executive management, delete as appropriate]* under Regulation 40(5)(b), and we have exercised our professional judgement in the context of our work performed for the purpose of completing our audit(s) of the *[Bank's/Entity's/Entities'/Branch's, delete as appropriate]* statutory financial statements described above, for the purpose of reporting to the PA under Regulation 40(5)(d).

*[In line with the scope of our work described above and pursuant to Regulation 40(5)(d), we have no matters to report.*

OR

*In line with the scope of our work described above and pursuant to Regulation 40(5)(d), we report that the following matter has/matters have come to our attention:*

- *[Insert the matter(s) or reference to the matter(s), delete and amend as appropriate.]*

### **Restriction on Use and Distribution**

This report is provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our report is not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, subcommittee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Entity/Entities/Branch, delete as appropriate]*.

## **Appendix A to Report I(2)**

*Relevant extracts from the annual reports made by the [directors/branch executive management, delete as appropriate] to the PA in accordance with Regulation 40(5)(a) and (b).*