



March 15, 2018

**Circular no. C-06-2556**

Attn:

**Banking corporations and credit card companies**

**Re: Capital Adequacy and Measurement—the Standardized Approach—Credit Risk**  
(Proper Conduct of Banking Business Directive no.203)

### **Introduction**

1. In view of the enquiries that have accumulated from banking corporations, and after consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have decided to amend this Directive.

### **Changes to the Directive**

#### **2. Claims secured by residential property—Section 72**

The weights for loans fully secured by mortgages on a residential asset were updated, so that a risk weight of 60 percent was set for loans with an LTV ratio exceeding 60 percent, for loans extended after the publication of this Circular.

### **Explanation**

We found it proper to reduce the capital allocation required for loans extended from this point henceforth to purchase a home at a high loan to value (LTV) ratio, and thus make it easier for young couples and for homeowners upgrading their home who buy homes with a high LTV.

### **Effective date**

3. The changes to this directive shall go into effect with its publication.

### **Update of file**

4. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

#### **Remove page**

(10/17) [5] 203-1-86

#### **Insert page**

(3/18) [6] 203-1-86

Respectfully,

Dr. Hedva Ber  
Supervisor of Banks