



MEMORANDUM TO BANKING INSTITUTIONS

1. Reference is made to the Reserve Bank **Circular to Banking Institutions No. 04-2009/BSD “Minimum Equity Capital Implementation Plan”** dated 8 June 2009, wherein banking institutions whose paid up equity capital did not comply with the respective prescribed levels were required to submit detailed recapitalisation plans.
2. As supervisory authorities, we note that most banking institutions’ core capital is largely comprised of **owner occupied properties**. In addition, a number of institutions submitted desk top directors’ valuations of owner occupied properties.
3. For prudential purposes, we advise that for owner occupied properties to be considered as core capital, they should be supported by recent **professional valuation reports** in United States Dollars.

4. Pursuant to the above, all banking intuitions who submitted desk top valuation reports for owner occupied properties are required to **submit professional valuation reports for the same by 30 June 2009.**
5. Further, banking institutions are also required to disclose status of their capitalization in the half year ended June 2009 financial statements publications.

Be guided accordingly,

A handwritten signature in blue ink, consisting of a series of loops and curves, positioned above a dotted line.

**N. MATARUKA
SENIOR DIVISION CHIEF
BANK LICENSING, SUPERVISION & SURVEILLANCE**

23 JUNE 2009