

2003-08-07

**TO ALL BANKS, BRANCHES OF FOREIGN BANKS AND MUTUAL BANKS**

**BANKS ACT CIRCULAR 11/2003**

**RISK WEIGHTING OF THE INTERNATIONAL FINANCE CORPORATION**

**1. INTRODUCTION**

The International Finance Corporation (“IFC”) is the private-sector arm of the World Bank Group and finances investments with its own resources and by mobilising capital in the international financial markets. Thus far, a risk weighting of 100 per cent was assigned to the IFC in terms of the Regulations relating to Banks (“the Regulations”). After due consideration of the current and proposed new Basel Capital Accord, it was decided to assign a lower risk weighting to the IFC.

**2. NEW RISK WEIGHTING ASSIGNED TO THE IFC IN TERMS OF REGULATION 21(6)(c) OF THE REGULATIONS**

This Office hereby wishes to advise that, with the consent of the Minister of Finance and in terms of regulation 21(6)(c) of the Regulations, a risk weighting of 20 per cent has been assigned to the IFC. This risk weighting applies as from the reporting period following the date of this circular.

**3. ACKNOWLEDGEMENT OF RECEIPT**

Two additional copies of this circular are enclosed for the use of your institution's independent auditors. The attached acknowledgement of receipt, duly completed and signed by both the chief executive officer of the institution and the said auditors, should be returned to this Office at the earliest convenience of the aforementioned signatories.

E M Kruger

**Acting Registrar of Banks**

The previous circular issued was Banks Act Circular 10/2003 dated 23 June 2003.