Circulars

08 Nov 1999

Loan Classification and Provisioning

Our Ref.: B1/15C (96)

8 November 1999

The Chief Executive
All Authorised Institutions

Dear Sir,

Loan Classification and Provisioning

I am enclosing an advance copy of an article on Loan Classification and Provisioning that will appear in the HKMA Quarterly Bulletin later this month.

The idea behind the article is to try to give institutions practical advice on how to improve their loan classification system and how to ensure that their provisioning is adequate. This is essentially a restatement of existing policy, but hopefully in a more "user-friendly" form.

Please circulate the article to staff members who are involved in loan classification and provisioning. You might also find it useful to carry out a "self-assessment" of your institution's practices in these areas. While the HKMA will continue to address such areas in on-site examinations, it is the responsibility of the Board of the institution, through its management, to ensure that appropriate policies and procedures in these areas are in place and are operating effectively on an ongoing basis.

Yours faithfully,

Y K Choi
Executive Director
(Banking Supervision)

Last revision date : 01 August 2011