



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR

MEMORANDUM NO. M-2022-041

To : **All BSP-Supervised Financial Institutions (BSFIs)**

Subject : **Extension of BSP Prudential Relief Measure on the Relaxation in the Credit Risk Weight for Loans to MSMEs under the BSP's Risk-Based Capital Adequacy Frameworks**

The Monetary Board, in its Resolution No. 1378 dated 16 September 2022, approved the amendments to the BSP relief measure on the relaxation of the credit risk weight for loans to Micro-, Small- and Medium Enterprises (MSMEs) under the BSP's Risk-Based Capital Adequacy Frameworks to encourage lending to MSMEs and ensure their continued access to financial services.

BSP Memorandum No. M-2020-034 dated 28 April 2020, as amended by BSP Memorandum No. M-2022-004 dated 17 January 2022, is further amended to read as follows:

The following exposures to MSMEs, as defined under the Basel III Risk-Based Capital Adequacy Framework¹ and the Basel 1.5 Risk-Based Capital Adequacy Framework² shall be assigned a credit risk weight of 50 percent:

- a. MSME exposures that meet the criteria of a qualified MSME portfolio, and
- b. Current MSME exposures that do not qualify as a highly diversified MSME portfolio.

The provisions on the use of credit risk mitigation under Appendix 59/Q-45 of the Manual of Regulations for Banks (MORB)/Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) as well as claims with eligible collateral or guarantees under Appendix 62 of the MORB shall continue to apply.

The foregoing provisions shall apply until 30 June 2023.

For guidance and implementation.

Digitally signed by Chuchi G.
Fonacier
Date: 2022.09.23 15:22:34 +08'00'

CHUCHI G. FONACIER
Deputy Governor

23 September 2022

¹ Appendix 59/Q-45 of the MORB/MORNBFI for universal/commercial banks (UBs/KBs), as well as their subsidiary banks/quasi-banks

² Appendix 62 of the MORB for thrift banks, rural banks and cooperative banks that are not subsidiaries of UBs/KBs.