



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

Circular No. 374
Series of 2003

Pursuant to Monetary Board Resolution No. 284 dated 27 February 2003, the implementing rules and regulations of Section 9 and the second Paragraph of Section 13 of R.A. No. 9178, otherwise known as the "Barangay Micro Business Enterprises (BMBEs) Act of 2002" are hereby issued as follows:

Section 1. Credit Delivery – Pursuant to the provisions of Section 9 of R.A. 9178, the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), the Small Business Guarantee and Finance Corporation (SBGFC), and the Peoples Credit and Finance Corporation (PCFC) shall set up a special credit window that will service the financing needs of duly registered BMBEs consistent with BSP policies, rules and regulations. Said special credit window shall service the credit needs of BMBEs either through retail or wholesale lending, or both, as the concerned financial institutions may deem consistent with their corporate policies and objectives. The Government Service Insurance System (GSIS) and the Social Security System (SSS) shall likewise set up special credit window that will serve the financing needs of their respective members who may wish to establish a BMBE.

Said financial institutions are encouraged to wholesale funds to accredited private financial institutions including community based organizations such as cooperatives, non-government organizations (NGOs) and people's organizations engaged in granting credit, for relending to BMBEs.

Private banking and other financial institutions are hereby encouraged to lend to BMBEs.

Section 2. Interest on loans to BMBEs – Interest on BMBE loans shall be just and reasonable as may be determined by management of the concerned entity to be consistent with its credit policies.

Section 3. Amortization of loans to BMBEs – The schedule of loan amortization shall take into consideration the projected cash flow of the borrowers. Thus, loans granted to BMBEs may, at the discretion of the lender, be amortized daily, weekly, monthly or at such interval as the conditions of the business of the BMBEs may warrant.

Section 4. Waiver of Documentary Requirements - Banks and other financial institutions shall not require from duly registered BMBE borrowers the submission of income tax returns as a condition to the grant of loans considering that

MAG-IMPOK SA BANGKO

BMBEs are exempted from income tax for income arising from their operations. They may, at their discretion, also waive the requirement of submission of financial statements from BMBEs: Provided, That before granting any loan, banks shall undertake reasonable measures to determine that the borrower is capable of fulfilling his/its commitments.

Section 5. Incentives to Participating Financial Institutions – To encourage BMBE lendings, the following incentives shall be granted to banks and other financial institutions as may be applicable:

- a. All loans from whatever sources granted to BMBEs under this Act shall be considered as part of alternative compliance to Presidential Decree No. 717 (Agri-Agra Law) or to Republic Act No. 6977, otherwise known as the "Magna Carta for Small and Medium Enterprises", as amended. For purposes of compliance with Presidential Decree No. 717 and Republic Act No. 6977, as amended, loans granted to BMBEs under R.A. No. 9178 shall be computed at twice the amount of the outstanding balance of the loans: Provided, That loans used as alternative compliance with PD 717 which were computed at twice their outstanding balance shall no longer be eligible as compliance with R.A. 6977 during the same period and vice versa: Provided, further That said loans may be used as alternative compliance with PD 717 and R.A. No. 6977, as amended at the same time at the maximum amount of 100% of their outstanding balance: Provided, still further, that funds loaned by government financial institutions to accredited private banking and other financial institutions for relending to BMBEs shall be eligible as part of alternative compliance to P.D. 717 or to R.A. No. 6977, as amended, at the maximum amount of 100% of their outstanding balance.
- b. Any existing laws to the contrary notwithstanding, interests, commission and discounts derived from the loans by the LBP, DBP, PCFC, SBGFC granted to BMBEs as well as loans extended by the GSIS and SSS to their respective member-employees under R.A. No. 9178 and this Implementing Rules and Regulations shall be exempt from gross receipt tax (GRT).
- c. As an exception to the general moratorium on the establishment of new banking offices, banks may, subject to compliance with applicable BSP rules and regulations, also be allowed to establish branches that will cater primarily to the credit needs of BMBEs: Provided, that at least seventy percent (70%) of the deposits generated by said branches shall be lent out to BMBEs and their outstanding loans to BMBEs shall at all times be at least fifty percent (50%) of their gross loan portfolio.

Section 6. Credit guarantee – The SBGFC and the Quedan and Rural Credit Guarantee Corporation (Quedancor) under the Department of Agriculture, in case of agri-business activities, shall set up a special guarantee window to provide credit guarantee to BMBEs under their respective guarantee programs.

Section 7. Records – The LBP, DBP, PCFC and SBGFC shall maintain separate records of loans granted to BMBEs and the GSIS and SSS shall maintain records of loans extended to their respective members who wish to establish BMBEs.

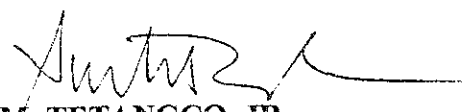
Section 8. Submission of Reports to BSP – Banks shall submit a quarterly report on loans granted to BMBEs as attachment to the quarterly Report on Compliance with the Mandatory Credit Allocation with Small and Medium Enterprises and to the quarterly Report on the Utilization of Loanable Funds Generated Which Were Set Aside for Agrarian Reform Credit/Agricultural Credit, to the Supervisory Reports and Studies Office, within fifteen (15) banking days after the end of each reference quarter (Annex “A” and “B”).

Section 9. Reports to Congress – As provided under Section 9 of R.A. 9178, the LBP, DBP, PCFC, SBGFC, SSS, GSIS and Quedancor shall report annually to the appropriate Committees of both Houses of Congress the status of their implementation of the provisions of Section 9 of R.A. No. 9178.

Section 10. Administrative sanctions – Pursuant to the provisions of the second paragraph of Section 13 of R.A. No. 9178, any violation by the concerned government financial institution of the provisions of Section 9 of said Act shall be subject to a fine of not less than Five Hundred Thousand Pesos (P500,000.00) to be imposed by the BSP and which shall be payable to the BMBE Development Fund. In case of a banking institution, the foregoing fine shall be without prejudice to the administrative sanctions provided for under Section 37 of R.A. No. 7653 (The New Central Bank Act).

Section 11. Effectivity - This Circular shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Officer-In-Charge

March 11 _____, 2003

< Name of Bank here >

Name of Bank

00

Bank Industry Code

0000

Bank Code

**CONSOLIDATED REPORT ON THE UTILIZATION OF
LOANABLE FUNDS GENERATED WHICH WERE SET ASIDE
FOR AGRARIAN REFORM CREDIT/OTHER AGRICULTURAL CREDIT**
As of Quarter Ended _____

mm/dd/yyyy <== type date with this format

A. Total Loanable Funds Generated

1. Deposit Liabilities 2/

2. Deposit of Banks (net of Due from Other Banks) 3/

Bills Payable 4/

Less:

a. RPs with Bangko Sentral ng Pilipinas (BSP)
by accredited government securities dealers
for inventory financingb. Interbank call loans with maturities not
exceeding 15 days

c. Proceeds from BSP rediscounting

d. Proceeds from special financing programs
or for specific on-lending purposese. Proceeds from special BSP credit
accommodations in the form of emergency
advances, overnight RPs and availment of
overdraft facilities

3. Net Amount - Bills Payable

4. Total Capital Accounts 5/

5. Total Collections from Loan Portfolio Outstanding
as of May 31, 1975 (Schedule A)

6. Total Bank's Funds

Less:

7. Bank Premises, Furniture, Fixture and
Equipment (Net Book Value)

8. Real and Other Property Owned or Acquired

9. Other Assets (Excluding Inter-Office Float Items)

10. Required Reserves Against -

a. Deposit Liabilities

b. Deposit Substitutes

c. Others (Specify)

Liquidity reserve for government deposits

Security for trust duties

Total

11. Provision for liquidity (15% of Total Deposits and
Demand Liabilities) 6/12. Loans to export-oriented small-scale cottage
industries involving accounts not exceeding
P1 million

13. Total Deductions

14. Total Loanable Funds Generated

Rec. No.	Amount on Date of Report	Amount on 1/ May 31, 1975	Increase/ Decrease
10			0.00
20			0.00
30			0.00
31			0.00
32			0.00
33			0.00
34			0.00
35			0.00
36	0.00	0.00	0.00
40			0.00
45			0.00
50	0.00	0.00	0.00
55			0.00
60			0.00
65			0.00
70			0.00
71			0.00
72			0.00
73			0.00
74			0.00
75	0.00	0.00	0.00
80			0.00
85			0.00
90	0.00	0.00	0.00
100			0.00

< Name of Bank here >
Name of Bank

00 6000
Bank Industry Code Bank Code

**CONSOLIDATED REPORT ON THE UTILIZATION OF
LOANABLE FUNDS GENERATED WHICH WERE SET ASIDE
FOR AGRARIAN REFORM CREDIT/OTHER AGRICULTURAL CREDIT**
As of Quarter Ended

mm/dd/yyyy <== type date with this format

B. 25% of Total Loanable Funds Generated (A.14)

1. Distributed as follows:

- 10% Agrarian Reform Loan
- 15% Other Agricultural Credit Loans
- Total (B.1)

2. Report of Utilization/Compliance:

- a. Direct Loans to Farmers' Associations/
Cooperatives for High Value Crops projects
under Sec. 8 of R.A. 7900 (Schedule B) 7/
- b. Agrarian Reform Loans (Schedule C)
- c. Other Agricultural Credit Loans (Schedule D)
- d. Development Loan Incentives under Sec. 9
of R.A. 7721 dated 5-15-94 (Schedule E) 8/
- e. Loans to BMBEs (Schedule G)
- f. Other allowable alternative compliance 9/
ERAP Bonds
Unused AGRI/AGRA for Socialized/Low Cost Hsng
Pag-ibig Bonds
LGU Bonds
10-year Agra Reform Bonds issued thru LBP
Quendancor Equity
Other Government Securities
Spl. Purpose Treasury Bonds (SPTBs)
Zero Coupon Bond Issue by HGC
- Total (B.2)

Excess/(Deficiency) (B.2 - B.1) ^{10/}

	10%	15%	Total
105	0.00		0.00
110		0.00	0.00
115	0.00	0.00	0.00
120			0.00
125	0.00		0.00
130		0.00	0.00
135			0.00
136			0.00
140	0.00	0.00	0.00
141			0.00
142			0.00
143			0.00
144			0.00
145			0.00
146			0.00
147			0.00
148			0.00
149			
150	0.00	0.00	0.00
160	0.00	0.00	0.00

Footnotes:

- 1/ This column must be "nil" for banks/branches of foreign banks established after May 31, 1975.
- 2/ Including NOW accounts but excluding Foreign Currency Deposits under RA 6426 and Circular No. 1389, as amended, deposits of the Bureau of Treasury representing revenue collections of the Bureau of Internal Revenue and Bureau of Customs and deposits of banks.
- 3/ Report only the excess of Deposits of Banks (demand, savings, NOW and time) over Due from Other Banks - Local
- 4/ Excluding FCDU/EFCDU.
- 5/ For local branches of foreign banks, this refers to Assigned Capital, Undivided Profits and Net Due to Head Office/Branches/Agencies Abroad but not to exceed four (4) times the amount of Assigned Capital; three (3) times in the case of branches of foreign banks with EKB license.
- 6/ Demand liabilities refers to all liabilities that are due and demandable within 30 days from date of report.
- 7/ Applicable to DBP, LBP and to qualified banks participating in the High Value Crops Development Program, as provided in the implementing rules and regulations of RA 7900 (Joint Administrative Order #1 of the Department of Agriculture dated April 23, 1996; if total loans represent 5% or more of loanable funds (A.14), bank is exempted or shall be deemed to have complied with PD No. 717, otherwise, include in B2.
- 8/ For banks incorporated under Philippine laws only; not applicable to branches of foreign banks.
- 9/ Other allowable alternative compliance (e.g., investment in government securities, equity investments in specified entities, rediscounts, etc., as may be authorized after March 1999 by the Monetary Board).
- 10/ Excess utilization/compliance of 10% agra portion may be added to and considered as utilization of the 15% other agricultural credit loans.

Deadline: 15 banking days after end
of reference quarter

Main Report

<Type the bank name here>

Name of Bank

<Type the address here>

Address

00

Bank Industry Code

0001

Bank Code

REPORT ON COMPLIANCE WITH MANDATORY CREDIT ALLOCATION
REQUIRED UNDER R. A. 6877 (As amended by R. A. No. 8289)As of March 31, 2003

(Please enter the reference date here)

Rec. No.	Parent Bank	Subsidiary Bank 1/				Sub Total	Total
		000000 (Bank A)	000000 (Bank B)	000000 (Bank C)	000000 (Bank D)		
5	0.00					0.00	0.00
10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20	0.00					0.00	0.00
25	0.00					0.00	0.00
30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35	0.00					0.00	0.00
40	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60						0.00	0.00
65						0.00	0.00
70						0.00	0.00
75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80						0.00	0.00
85						0.00	0.00
90						0.00	0.00
91						0.00	0.00
95						0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00

I. NET LOAN PORTFOLIO (Schedule 1A)

II. MINIMUM AMOUNT REQUIRED TO BE
SET ASIDE AND MADE AVAILABLE FOR:A. SMALL ENTERPRISES (SEs) CREDIT
(P. (Item 1) x 6%)B. MEDIUM ENTERPRISES (MEs) CREDIT
(P. (Item 1) x 2%)III. BREAKDOWN OF COMPLIANCE OF LOANS
TO SMALL AND MEDIUM ENTERPRISES

A. DIRECT COMPLIANCE

1. Loans to Small Enterprises (Sch. 1A)
 - a. Loans to SEs rediscouted (Sch. 2A)
 - Net Eligible Loans to SEs
2. Loans to Medium Enterprises (Sch. 1A)
 - a. Loans to MEs rediscouted (Sch. 2B)
 - Net Eligible Loans to MEs

TOTAL DIRECT COMPLIANCE (Total of A.1 + A.2)

B. INDIRECT COMPLIANCE

1. Small Enterprises (SEs)
 - a. Unvalued Committed Credit Lines
 - b. Holdings of SBGFC Instruments
 - Less: Rediscouts (Sch. 2C)
 - Net Holdings
- c. Equity Investments in and/or loans by member banks to BAP Credit Guarantee Corporation (BCGC) to the extent of the member bank's proportionate share to total outstanding loans granted by BCGC to SEs
- d. Equity Investments in SBGFC of Land Bank and other GFIs
- e. Equity Investments in VCCs
- f. Loans granted to export traders, including those not guaranteed by SBGFC and to domestic traders and import traders, subj. to compliance with the total asset size reqmt. and provided further that in case of import traders, the importation of raw materials form part of the raw material input to a finished product
- g. Loans to BMBEs (Sch. 3)

TOTAL INDIRECT COMPLIANCE (SEs)

Main Report

1) Enter the bank name here
Name of Bank

2) Enter the address here
Address

3) Enter the bank code here
Bank Industry Code

4) Enter the bank code here
Bank Code

REPORT ON COMPLIANCE WITH MANDATORY CREDIT ALLOCATION
REQUIRED UNDER R. A. 6977 (As amended by R. A. No. 8289)

As of March 31, 2013
(Please enter the reference date here)

Rec. No.	Parent Bank	Subsidiary Bank 1/				Subtotal	Total
		(Bank A)	(Bank B)	(Bank C)	(Bank D)		
105					0.00	0.00	0.00
110					0.00	0.00	0.00
115					0.00	0.00	0.00
120		0.00	0.00	0.00	0.00	0.00	0.00
125					0.00	0.00	0.00
130					0.00	0.00	0.00
135					0.00	0.00	0.00
140					0.00	0.00	0.00
145		0.00	0.00	0.00	0.00	0.00	0.00
150		0.00	0.00	0.00	0.00	0.00	0.00
155		0.00	0.00	0.00	0.00	0.00	0.00
160		0.00	0.00	0.00	0.00	0.00	0.00
165		0.00	0.00	0.00	0.00	0.00	0.00
170		0.00	0.00	0.00	0.00	0.00	0.00
180		0.00	0.00	0.00	0.00	0.00	0.00
185		0.00	0.00	0.00	0.00	0.00	0.00
190		0.00	0.00	0.00	0.00	0.00	0.00
195		0.00	0.00	0.00	0.00	0.00	0.00
200		0.00	0.00	0.00	0.00	0.00	0.00
205		0.00	0.00	0.00	0.00	0.00	0.00
210		0.00	0.00	0.00	0.00	0.00	0.00
215		0.00	0.00	0.00	0.00	0.00	0.00
220		0.00	0.00	0.00	0.00	0.00	0.00
225		0.00	0.00	0.00	0.00	0.00	0.00
230		0.00	0.00	0.00	0.00	0.00	0.00
235		0.00	0.00	0.00	0.00	0.00	0.00
240		0.00	0.00	0.00	0.00	0.00	0.00
245		0.00	0.00	0.00	0.00	0.00	0.00

2. Medium Enterprises (MEs)
a. Unvalued Committed Credit Lines
b. Holdings of SBGFC Instruments
Less: Redemptions (Sch. 2C)
Net Holdings
c. Equity Investments in and/or loans by member banks to BAP Credit Guarantee Corporation (BOGC) to the extent of the member bank's proportionate share to total outstanding loans granted by BOGC to MEs
d. Equity Investments in SBGFC of Land Bank and other GFIs
e. Equity Investments in VOCs
f. Loans granted to export traders, including those not guaranteed by SBGFC and to domestic traders and import traders, sub. to compliance with the total asset size requirement, and provided further that in case of import traders, the importation of raw materials form part of the raw material input to a finished product
g. Loans to SMEs (Sch. 3)
TOTAL INDIRECT COMPLIANCE (MEs)
C. FUNDS SET ASIDE FOR:
1. Small Enterprises 2/
a. Cash on Hand
b. Due from BSP
2. Medium Enterprises 2/
a. Cash on Hand
b. Due from BSP
TOTAL FUNDS SET ASIDE Total of C.1 + C.2)
D. TOTAL FUNDS GRANTED/AVAILABLE AND SET ASIDE FOR:
1. Small Enterprises (SEs)
(Items III A.1 + III B.1 + III C.1)
2. Medium Enterprises (MEs)
(Items III A.2 + III B.2 + III C.2)
IV. EXCESS/DEFICIENCY
A. Total Funds Granted/Available/
Set Aside for SEs (Items III D.1)
Less: Minimum Amount Required to be Set Aside and Made Available for SE Credit (Item II A)
Excess/Deficiency
B. Total Funds Granted/Available/
Set Aside for MEs (Items III D.2)
Less: Minimum Amount Required to be Set Aside and Made Available for ME Credit (Item II B)
Excess/Deficiency
V. PERCENT OF COMPLIANCE
Direct - SEs (Item III A.1/Item I)
Direct - MEs (Item III A.2/Item I)
Indirect - SEs (Item III B.1/Item I)
Indirect - MEs (Item III B.2/Item I)
Funds Set Aside - SEs (Item III C.1/Item I)
Funds Set Aside - MEs (Item III C.2/Item I)
Total Compliance
SEs ((Item III A.1 + Item III B.1 + Item III C.1)/Item I)
MEs ((Item III A.2 + Item III B.2 + Item III C.2)/Item I)

1/ Number of columns depend on the number of subsidiary banks. Enter the bank code of the subsidiary banks (if any).
2/ Amounts reflected shall only be those which are free, unencumbered, not hypothecated and not utilized or earmarked for other purpose.

< Name of Bank here >

Name of Bank

00

0000

Bank Industry Code

Bank Code

REPORT ON LOANS GRANTED TO BMBEs ^{1/}
As of Quarter Ended

mm/dd/yyyy <== type date with this format

	Rec. No.	Seq. No.	Outstanding Loans to BMBEs	Amount Utilized as Additional Compliance	
				with SME	with PD 717
Total Loans Granted to BMBEs					
I. Loans Directly Granted to BMBEs	10				
A. Own Funds	20				
1.		01			
9999.		9999			
B. Funds from GFIs	30				
1.		01			
9999.		9999			
II. Loans Granted to accredited private FIs for relending to BMBEs	40				
1.		01			
9999.		9999			
III. Total Loans Granted to BMBEs (I + II)	100				
IV. Utilized as Compliance					
Distributed as follows:					
Direct loans to BMBEs (200%) ^{2/}	110				
Direct loans to BMBEs (100%) ^{3/}	115				
Loans to private FIs (100%) ^{4/}	120				
Total	130				

1/ Attached to Report on Compliance with Mandatory Credit Allocation Required under R.A. 6977, as amended by R. A. 8289, if used as compliance with Magna Carta for SMEs or to the Report on the Utilization of Loanable Funds Generated Which Were Set Aside for Agrarian Reform/Other Agricultural Credit, if used as compliance with P.D. 717 (Agri-Agra loans).

2/ Loans granted to BMBEs utilized as compliance with R. A. 6977, which were computed at twice their outstanding balance are no longer eligible as compliance with P.D. 717 during the same period, or vice versa.

3/ Loans granted to BMBEs utilized as compliance with R. A. 6977, which were computed at 100% of their outstanding balance may still be eligible as compliance with P. D. 717 during the same period, and vice versa.

4/ Loans granted by GFIs to accredited private financial institutions for purposes of financing BMBEs shall be taken up at 100% of outstanding balance.