



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 475 Series of 2005

Pursuant to the Monetary Board Resolution No. 140 dated 3, February 2005, approving the amendments to (a) Circular No. 280 dated 29 March 2001, as amended, on the guidelines on the adoption of the risk-based capital adequacy framework, and (b) Circular No. 360 dated 3 December 2002 on the guidelines to incorporate market risk in the risk-based capital adequacy framework, the provisions of the Manual of Regulations for Banks are hereby amended, as follows:

- A. Subsection X116.2 of the Manual is hereby amended to revise the risk weights applicable for claims on foreign incorporated and Philippine incorporated private enterprises, and past due claims, as follows:

"x x x

20% risk weight –

- (1) Checks and other cash items;
- (2) Claims on or portions of claims guaranteed by or collateralized by securities issued by non-central government public sector entities of foreign countries with the highest credit quality as defined in Subsec. X116.3;
- (3) Claims on or portions of claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality as defined in Subsec. X116.3;
- (4) Claims on or portions of claims guaranteed by foreign incorporated banks with the highest credit quality as defined in Subsec. X116.3;
- (5) **Claims on Philippine incorporated private enterprises with the highest credit quality as defined in Subsec. X116.3;**
- (6) **Claims on foreign incorporated private enterprises with the highest credit quality as defined in Subsec. X116.3;**
- (7) Loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation (SBGFC): *Provided*, That loans to exporters to the extent guaranteed by the Guarantee Fund for Small and Medium Enterprises (GFSME) outstanding as of the date of the effectivity of the merger of the SBGFC and GFSME shall continue to have a zero percent risk weight: *Provided, further*, That the zero percent

PANANALAPING MATATAG, BANSANG PANATAG

- risk weight shall not apply to loans renewed after the merger of the SBGFC and the GFSME; and
- (8) Foreign currency checks and other cash items denominated in currencies acceptable as international reserves;

50% risk weight –

- (1) Loans for housing purpose, fully secured by first mortgage on residential property that is or will be occupied or leased out by the borrower, **which are not classified as non-performing**; and
- (2) Local government unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue Allotment of the LGU and guaranteed by the LGU Guarantee Corporation;

75% risk weight –

- (1) Defined small and medium enterprise (SME) and microfinance loan portfolio x x x
- (2) **Non-performing loans for housing purpose, fully secured by first mortgage on residential property that is or will be occupied or leased out by the borrower; *Provided*, That risk weighting for such loans shall be increased to 100% in 2007;**

125% risk weight –

- (1) **All non-performing loans (except non-performing loans for housing purpose, fully secured by first mortgage on residential property that is or will be occupied or leased out by the borrower) and all non-performing debt securities; *Provided*, That risk weighting for such exposures shall be increased to 150% in 2007;**

100% risk weight –

All other assets including, among others, the following:

- (3) Claims on central governments and central banks of foreign countries other than those with the highest credit quality;
- (4) Claims on Philippine local government units;
- (5) Claims on non-central government public sector entities of foreign countries other than those with the highest credit quality;
- (6) Claims on government-owned or controlled commercial corporations;
- (7) Claims on Philippine incorporated banks/quasi-banks other than those with the highest credit quality;
- (8) Claims on foreign incorporated banks other than those with the highest credit quality;

- (9) **Claims on Philippine incorporated private enterprises and claims on foreign incorporated private enterprises other than those with the highest credit quality;**
- (10) Loans to companies engaged in speculative residential building or property development;
- (11) Equity investments (except those deducted from capital);
- (12) Bank premises, furniture, fixtures and equipment (net);
- (13) Appraisal increment – bank premises, furniture, fixtures and equipment (net);
- (14) Real and other properties owned or acquired (net);
- (15) Foreign currency notes and coins on hand not acceptable as international reserves;
- (16) Gold bullion held in either own vaults, or in another's vaults on an allocated basis, that is not offset by gold bullion liabilities; and
- (17) Foreign currency checks and other cash items not denominated in foreign currencies acceptable as international reserves;

except those which are deducted from capital, as follows:

- (1) Unsecured credit accommodations, both direct and indirect, to DOSRI;
- (2) Deferred income tax;
- (3) Goodwill;
- (4) Sinking fund for redemption of limited life redeemable preferred stock with the replacement requirement upon redemption;
- (5) Sinking fund for redemption of limited life redeemable preferred stock without the replacement requirement upon redemption (limited to the balance of redeemable preferred stock after applying the cumulative discount factor);
- (6) Equity investments in unconsolidated subsidiary banks and other financial allied undertakings, but excluding insurance companies;
- (7) Investments in debt capital instruments of unconsolidated subsidiary banks;
- (8) Equity investments in subsidiary insurance companies and non-financial allied undertakings;
- (9) Reciprocal investments in equity of other banks/enterprises;
- (10) Reciprocal investments in unsecured subordinated term debt instruments of other banks/quasi-banks in excess of the lower of (i) an aggregate ceiling of 5% of total Tier 1 capital of the bank; or (ii) 10% of the total outstanding unsecured subordinated term debt issuance of the other bank/quasi-bank; and
- (11) Net due "from" head office, branches, subsidiaries and other offices outside the Philippines, if any (for foreign bank branches).

x x x."

- B. Subsection X116.3 of the Manual is hereby amended to include the definition of a non-performing debt security, a private enterprise, a private enterprise with a highest credit quality, and to clarify the use of credit ratings for regulatory capital purposes, as follows:

"x x x

- I. *Claims on foreign country and foreign incorporated bank/private enterprise and Philippine incorporated bank/quasi bank/private enterprise with the highest credit quality.* This refers to claims on a country, bank or private enterprise given the highest credit ratings by any of the following BSP-recognized credit rating agencies:

International rating agencies:

Rating agency	Highest rating
Moody's	"Aa3" and above
Standard & Poor's	"AA-" and above
FitchRatings	"AA-" and above
And such other rating agencies as may be approved by the Monetary Board	

Domestic rating agencies:

Rating agency	Highest rating
PhilRatings	"PRS Aa" and above
And such other rating agencies as may be approved by the Monetary Board	

Provided: That for purposes of this Circular;

- Any reference to credit rating shall refer to issue-specific rating; the issuer rating may be used only if the claim being risk-weighted is a senior obligation of the issuer and is of the same denomination applicable to the issuer rating (e.g., local currency issuer rating may be used for risk weighting local currency denominated senior claims), or in cases of guarantees;
- For loans, risk weighting shall depend on either the rating of the borrower or the rating of the unsecured senior obligation of the borrower: Provided, That the loan is of the same denomination applicable to the borrower rating or rating of the unsecured senior obligation;
- Domestic debt issuances may be rated by BSP-recognized domestic or international credit rating agencies who may use a

national rating scale acceptable to the BSP, while international debt issuances should be rated by BSP-recognized international credit rating agencies only; and

- If a claim has only one rating by any of the BSP recognized rating agencies, that rating shall be used to determine the risk weight of the claim; in cases where there are two or more ratings which map into different risk weights, the higher of the two lowest risk weights should be used.

X X X

jj. Private enterprises. This refers to all commercial companies whether organized in the form of a corporation, partnership, or sole proprietorship.

kk. Non-performing debt securities. This refers to debt securities as described below:

- For zero-coupon debt securities, and debt securities with quarterly, semi-annual, or annual coupon payments, they shall be considered non-performing when principal and or coupon payment is unpaid for thirty (30) days or more after due date.
- For debt securities with monthly coupon payments, they shall be considered non-performing when three (3) or more coupon payments are in arrears: Provided, however, That when the total amount of arrearages reaches twenty percent (20%) of the total outstanding balance of the debt security, the total outstanding balance of the debt security shall be considered as non-performing.

X X X."

- C. Subsection 1116.5 of the Manual is hereby amended to revise the specific risk capital charge of certain trading book positions. Accordingly, Items 17 and 29 (for universal banks and commercial banks with expanded derivatives authority) and Items 16 and 26 (for universal banks and commercial banks without expanded derivatives authority) of the Instructions for Accomplishing the Report on Computation of the Adjusted Risk-Based Capital Adequacy Ratio Covering Combined Credit Risk and Market Risk, are hereby amended, as follows:

"X X X

Item 17/16:

Debt securities issued by foreign countries, foreign incorporated banks and Philippine incorporated banks/quasi-banks with the "highest credit quality", as well as all other debt securities with the "highest credit quality" refer to rates/debt securities given the highest credit ratings by any of the following BSP-recognized credit rating agencies:

International rating agencies:

Rating agency	Credit rating
Moody's	"Aa3" and above
Standard and Poor's	"AA-" and above
FitchRatings	"AA-" and above
And such other rating agencies as may be approved by the Monetary Board	

Domestic rating agencies:

Rating agency	Credit rating
PhilRatings	"PRS Aa" and above
And such other rating agencies as may be approved by the Monetary Board	

Provided; That:

- Any reference to credit rating shall refer to issue-specific rating; the issuer rating may be used only if the claim being risk-weighted is a senior obligation of the issuer and is of the same denomination applicable to the issuer rating (e.g., local currency issuer rating may be used for risk weighting local currency denominated claims), or in cases of guarantees;
- Domestic debt issuances may be rated by BSP-recognized domestic or international credit rating agencies who may use a national rating scale acceptable to the BSP, while international debt issuances should be rated by BSP-recognized international credit rating agencies only; and
- If a debt security only has one rating by any of the BSP-recognized rating agencies, that rating should be used to determine the specific risk weight of the debt security. In cases where there are two or more ratings which map into different risk weights, the higher of the two lowest risk weights should be used.

x x x

Item 29/26:

The unadjusted specific risk charge is graduated into six broad categories by type of issuer or issue rating, as follows:

Government and multilateral development banks*	0.00%
Qualifying**	0.25% (residual maturity of 6 months or less)
	1.00% (residual maturity of over 6 months to 24 months)
	1.60% (residual maturity of over 24 months)
LGU bonds***	4.00%
Others	8.00%

* "Government and multilateral development banks" refers to the issuers/issues as described under items 1.1 to 1.3 in Part I.1 of the Report.

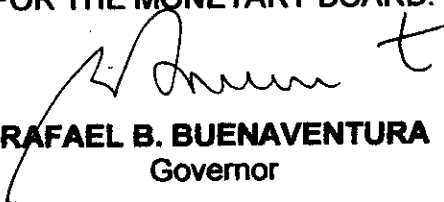
** "Qualifying" refers to issues as described under items 1.4 to 1.7 in Part I.1 of the Report.

*** "LGU bonds" refers to bonds issued by local government units (LGUs) covered by Deed of Assignment of Internal Revenue Allotment of the LGU and guaranteed by LGU Guarantee Corporation.

x x x."

- D. The revised Part II of the prescribed report forms on the computation of the Risk-Based Capital Adequacy Ratio Covering Credit Risk, incorporating the abovementioned amendments to Circular No. 280, are attached as Annex "A" (for universal banks, commercial banks and thrift banks) and Annex "A-1" (for rural banks and cooperative banks). The revised Part I.1 of the prescribed report forms on the Computation of the Adjusted Risk-Based Capital Adequacy Ratio Covering Combined Credit Risk and Market Risk, incorporating the abovementioned amendments to Circular No. 360, is attached as Annex "B" (for universal banks and commercial banks).
- E. This Circular supersedes Circular No. 394 and Circular No. 403 dated 6 August 2003 and 19 September 2003, respectively.
- F. The provisions of this Circular shall take effect fifteen (15) days after the Circular's publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
 Governor

14 February 2005

Revised February 2005

DEADLINE : 15 banking days after
end of reference
quarter (solo basis)

30 banking days
after end of reference
quarter (consolidated
basis)

SUBMISSION : Original copy to SED I/
SED II/SED III

FOR UNIVERSAL BANKS, COMMERCIAL BANKS AND THRIFT BANKS

(Name of Bank)	(Code)
(Address)	

COMPUTATION OF THE RISK-BASED CAPITAL ADEQUACY RATIO
COVERING CREDIT RISKS

(Indicate if for Solo Basis or Consolidated Basis)

As of _____

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

I solemnly swear that all matters set forth in this report and all its supporting schedules are true and correct, to the best of my knowledge and belief.

(Signature of President/Senior/
Executive Vice President)

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of
20____, affiant exhibiting to me his Community Tax
Certificate No. _____ issued at _____ on
_____ 20____.

Notary Public
Until December 31, 20____
PTR No. _____
Place _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

PART II. RISK-WEIGHTED ON-BALANCE SHEET ASSETS (Amounts in P0.000 million)

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
A.	0% Risk Weight --			
(1)	Cash on hand			
(2)	Claims on or portions of claims guaranteed by or collateralized by securities issued by Philippine national government and BSP			
(a)	Due from BSP			
(b)	TAS – loans			
	i) GS purchased under resale agreement			
	ii) GS purchased under certificate of assignment/participation with recourse			
	iii) GS purchased under reverse repurchase agreement with BSP			
(c)	TAS – investments			
	i) GS purchased			
	ii) GS sold under repurchase agreements			
(d)	ASS – GS			
(e)	IBODI			
	i) GS			
	ii) Agrarian reform credit – PD 717			
(f)	Loans and discounts secured by CBCI and other GS			
(g)	Agrarian reform/other agricultural credit and alternative development incentive loans secured by CBCI and other GS			
(h)	Others			

Item	Nature of item	Book Value	X Risk Weight (in %)	= Risk Weighted Amount
(3)	Claims on or portions of claims guaranteed by or collateralized by securities issued by multilateral development banks			
(4)	Claims on or portions of claims guaranteed by or collateralized by securities issued by central governments and central banks of foreign countries with the highest credit quality as defined in Subsec. X116.3			
(5)	Loans and discounts to the extent covered by hold-out on, or assignment of, deposits/deposit substitutes maintained with the lending bank			
(6)	Agrarian reform/other agricultural credit and alternative development incentive loans to the extent covered by hold-out on, or assignment of, deposits/deposit substitutes maintained with the lending bank			
(7)	Loans or acceptances under LCs to the extent covered by margin deposits			
(a)	Customers' liability on bills/drafts under LCs/TRs to the extent covered by margin deposit			
(b)	Customers' liability on acceptances outstanding to the extent covered by margin deposit			
(8)	Portions of STD loans covered by IGLF guarantee			
(9)	Real estate mortgage loans to the extent guaranteed by the HGC			
(10)	Loans to the extent covered by the TIDCORP			
(11)	Loans to exporters to the extent guaranteed by the GFSME outstanding as of the date of the effectivity of the merger of the SBGFC and the GFSME, except those renewed after the merger of the SBGFC and the GFSME			
(12)	Foreign currency notes and coins on hand acceptable as international reserves			
(13)	Gold bullion held either in own vaults, or in another's vaults on an allocated basis, to the extent it is offset by gold bullion liabilities			
(14)	Sub-total (Sum of A(1) to A(13))		0	0

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
B. 20% Risk Weight -				
(1)	Checks and other cash items			
(2)	Claims on or portions of claims guaranteed by or collateralized by securities issued by non-central government public sector entities of foreign countries with the highest credit quality as defined in Subsec. X116.3			
(3)	Claims on or portions of claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality as defined in Subsec. X116.3			
(4)	Claims on or portions of claims guaranteed by foreign incorporated banks with the highest credit quality as defined in Subsec. X116.3			
(5)	Claims on Philippine incorporated private enterprises with the highest credit quality as defined in Subsec. X116.3			
(6)	Claims on foreign incorporated private enterprises with the highest credit quality as defined in Subsec. X116.3			
(7)	Loans to exporters to the extent guaranteed by SBGFC			
(8)	Foreign currency checks and other cash items denominated in currencies acceptable as international reserves			
(9)	Sub-total (Sum of B(1) to B(8))		20	
C. 50% Risk Weight -				
(1)	Loans for housing purpose, fully secured by first mortgage on residential property that is or will be occupied or leased out by the borrower, which are not classified as non-performing			
(2)	LGU bonds which are covered by Deed of Assignment of IRA of the LGU and guaranteed by LGUGC			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(3)	Sub-total (Sum of C(1) to C(2))		50	
D. 75% Risk Weight –				
(1)	Direct loans component of defined SME and microfinance loan portfolio		75	
(2)	Non-performing loans for housing purpose, fully secured by first mortgage on residential property that is or will be occupied or leased out by the borrower (to be increased to 100% in 2007)		75	
(3)	Sub-total (Sum of D(1) to D(2))		75	
E. 125% Risk Weight –				
(1)	All other non-performing loans and all non-performing debt securities (to be increased to 150% in 2007)		125	
F. 100 % Risk Weight –				
(1)	Other assets (Total assets, gross of general loan loss provision less sum of A(14), B(9), C(3), D(3) and E(1))			
F.1	Deductions From Other Assets			
(1)	Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI			
(2)	Deferred income tax			
(3)	Goodwill			
(4)	Sinking fund for redemption of limited life redeemable preferred stock (to the extent deducted from capital)			
(5)	Equity investments in unconsolidated subsidiary banks and other subsidiary financial allied undertakings, but excluding insurance companies (for solo basis)			
(6)	Investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis)			
(7)	Equity investments in subsidiary insurance companies and subsidiary non-financial allied undertakings			
(8)	Reciprocal investments in equity of other banks/enterprises			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(9)	Reciprocal investments in unsecured subordinated term debt instruments of other banks, in excess of the lower of (i) an aggregate ceiling of 5% of total Tier 1 capital of the bank; or (ii) 10% of the total outstanding unsecured subordinated term debt issuance of the other bank.			
(10)	Net due "from" head office, branches, subsidiaries, and other offices outside the Philippines, if any (for foreign bank branches)			
(11)	Total book value of credit-linked notes and similar products (Refer to Schedule A)			
(12)	Total Deductions (Sum of F.1(1) to F.1(11))			
F.2	Net Other Assets (F(1) minus F.1(12))		100	
G. TOTAL BOOK VALUE, GROSS OF GENERAL LOAN LOSS PROVISION (Sum of A(14), B(9), C(3), D(3), E(1) and F(1))				
H. TOTAL RISK-WEIGHTED CREDIT-LINKED NOTES AND SIMILAR PRODUCTS (Refer to Schedule A)				
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS (Sum of A(14), B(9), C(3), D(3), E(1), F.2 and H)				

Revised February 2005

DEADLINE : 15 banking days after
end of reference
quarter (solo basis)

30 banking days
after end of reference
quarter (consolidated
basis)

SUBMISSION : Original copy to SED IV

FOR RURAL BANKS AND COOPERATIVE BANKS

(Name of Bank)		(Code)
(Address)		

COMPUTATION OF THE RISK-BASED CAPITAL ADEQUACY RATIO
COVERING CREDIT RISKS

(Indicate if for Solo Basis or Consolidated Basis)

As of _____

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

I solemnly swear that all matters set forth in this report and all its supporting schedules are true and correct, to the best of my knowledge and belief.

(Signature of President/Senior/
Executive Vice President)

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of
20____, affiant exhibiting to me his Community Tax
Certificate No. _____ issued at _____ on
_____ 20____.

Notary Public
Until December 31, 20____
PTR No. _____
Place _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

PART II. RISK-WEIGHTED ON-BALANCE SHEET ASSETS (Amounts in P0.000 million)

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
A. 0% Risk Weight –				
(1)	Cash on hand			
(2)	Claims on or portions of claims guaranteed by or collateralized by securities issued by Philippine national government and BSP			
(a)	Due from BSP			
(b)	TAS – loans			
	i) GS purchased under resale agreement			
	ii) GS purchased under certificate of assignment/participation with recourse			
	iii) GS purchased under reverse repurchase agreement with BSP			
(c)	TAS – investments			
	i) GS purchased			
	ii) GS sold under repurchase agreements			
(d)	ASS – GS			
(e)	IBODI			
	i) GS			
	ii) Agrarian reform credit – PD 717			
(f)	Loans and discounts secured by CBCI and other GS			
(g)	Agrarian reform/other agricultural credit and alternative development incentive loans secured by CBCI and other GS			
(h)	Others			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(3)	Claims on or portions of claims guaranteed by or collateralized by securities issued by multilateral development banks			
(4)	Claims on or portions of claims guaranteed by or collateralized by securities issued by central governments and central banks of foreign countries with the highest credit quality as defined in Subsec. X116.3			
(5)	Loans and discounts to the extent covered by hold-out on, or assignment of, deposits/deposit substitutes maintained with the lending bank			
(6)	Agrarian reform/other agricultural credit and alternative development incentive loans to the extent covered by hold-out on, or assignment of, deposits/deposit substitutes maintained with the lending bank			
(7)	Loans or acceptances under LCs to the extent covered by margin deposits			
(a)	Customers' liability on bills/drafts under LCs/TRs to the extent covered by margin deposit			
(b)	Customers' liability on acceptances outstanding to the extent covered by margin deposit			
(8)	Portions of STD loans covered by IGLF guarantee			
(9)	Real estate mortgage loans to the extent guaranteed by the HGC			
(10)	Loans to the extent covered by the TIDCORP			
(11)	Loans to exporters to the extent guaranteed by the GFSME outstanding as of the date of the effectivity of the merger of the SBGFC and the GFSME, except those renewed after the merger of the SBGFC and the GFSME			
(12)	Foreign currency notes and coins on hand acceptable as international reserves			
(13)	Gold bullion held either in own vaults, or in another's vaults on an allocated basis, to the extent it is offset by gold bullion liabilities			
(14)	Sub-total (Sum of A(1) to A(13))		0	0

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
B. 20% Risk Weight -				
(1)	Checks and other cash items			
(2)	Claims on or portions of claims guaranteed by or collateralized by securities issued by non-central government public sector entities of foreign countries with the highest credit quality as defined in Subsec. X116.3			
(3)	Claims on or portions of claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality as defined in Subsec. X116.3			
(4)	Claims on or portions of claims guaranteed by foreign incorporated banks with the highest credit quality as defined in Subsec. X116.3			
(5)	Claims on Philippine incorporated private enterprises with the highest credit quality as defined in Subsec. X116.3			
(6)	Claims on foreign incorporated private enterprises with the highest credit quality as defined in Subsec. X116.3			
(7)	Loans to exporters to the extent guaranteed by SBGFC			
(8)	Foreign currency checks and other cash items denominated in currencies acceptable as international reserves			
(9)	Sub-total (Sum of B(1) to B(8))		20	
C. 50% Risk Weight -				
(1)	Loans for housing purpose, fully secured by first mortgage on residential property that is or will be occupied or leased out by the borrower, which are not classified as non-performing			
(2)	LGU bonds which are covered by Deed of Assignment of IRA of the LGU and guaranteed by LGUGC			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(3)	Sub-total (Sum of C(1) to C(2))		50	
D. 75% Risk Weight –				
(1)	Direct loans component of defined SME and microfinance loan portfolio		75	
(2)	Non-performing loans for housing purpose, fully secured by first mortgage on residential property that is or will be occupied or leased out by the borrower (to be increased to 100% in 2007)		75	
(3)	Sub-total (Sum of D(1) to D(2))		75	
E. 125% Risk Weight –				
(1)	All other non-performing loans and all non-performing debt securities (to be increased to 150% in 2007)		125	
F. 100 % Risk Weight –				
(1)	Other assets (Total assets, gross of general loan loss provision less sum of A(14), B(9), C(3), D(3) and E(1))			
F.1	Deductions From Other Assets			
(1)	Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI			
(2)	Deferred income tax			
(3)	Goodwill			
(4)	Sinking fund for redemption of limited life redeemable preferred stock (to the extent deducted from capital)			
(5)	Equity investments in unconsolidated subsidiary banks (for solo basis)			
(6)	Investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis)			
(7)	Equity investments in subsidiary insurance companies and subsidiary non-financial allied undertakings			
(8)	Reciprocal investments in equity of other banks/enterprises			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(9)	Reciprocal investments in unsecured subordinated term debt instruments of other banks, in excess of the lower of (i) an aggregate ceiling of 5% of total Tier 1 capital of the bank; or (ii) 10% of the total outstanding unsecured subordinated term debt issuance of the other bank.			
(10)	Net due "from" head office, branches, subsidiaries, and other offices outside the Philippines, if any (for foreign bank branches)			
(11)	Total Deductions (Sum of F.1(1) to F.1(10))			
F.2	Net Other Assets (F(1) minus F.1(11))		100	
G. TOTAL BOOK VALUE, GROSS OF GENERAL LOAN LOSS PROVISION (Sum of A(14), B(9), C(3), D(3), E(1) and F(1))				
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS (Sum of A(14), B(9), C(3), D(3), E(1) and F.2)				

Revised February 2005

DEADLINE : 15 banking days after
end of reference
quarter (solo basis)

30 banking days
after end of reference
quarter (consolidated
basis)

SUBMISSION : Original copy to SED I/
SED II/SED III

FOR UNIVERSAL BANKS AND COMMERCIAL BANKS

(Name of Bank)	(Code)
(Address)	

COMPUTATION OF THE ADJUSTED RISK-BASED CAPITAL ADEQUACY RATIO
COVERING COMBINED CREDIT RISK AND MARKET RISK

(Indicate if for Solo Basis or Consolidated Basis)

As of _____ (Quarter-End)

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

I solemnly swear that all matters set forth in this report and all its supporting schedules are true and correct, to the best of my knowledge and belief.

(Signature of President/Senior/
Executive Vice President)

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of
_____, 20____, affiant exhibiting to me his Community Tax
Certificate No. _____ issued at _____ on
_____ 20____.

Notary Public
Until December 31, 20____
PTR No. _____
Place _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

In 0.000 Million Pesos									
Item	Nature of item ²	Positions	Govern- ment and Multi- lateral Develop- ment Banks	Qualifying			LGU Bonds and Debt Securities Issued by Phil. Banks (Items 1.9 and 1.10)	Credit- Linked Notes and Similar Products	TOTAL
				Residual					
				6 months or less	Over 6 months to 24 months	Over 24 months			
1.1	Debt securities issued by the Philippine national government and BSP	Long							
		Short							
1.2	Debt securities issued by central governments and central banks of foreign countries with the highest credit quality	Long							
		Short							
1.3	Debt securities issued by multilateral development banks	Long							
		Short							
1.4	Debt securities issued by non-central government public sector entities of foreign countries with the highest credit quality	Long							
		Short							
1.5	Debt securities issued by Philippine Incorporated banks/quasi-banks with the highest credit quality	Long							
		Short							
1.6	Debt securities issued by foreign incorporated banks with the highest credit quality	Long							
		Short							
1.7	Other debt securities with the highest credit quality	Long							
		Short							
1.8	LGU bonds covered by Deed of Assignment of Internal Revenue Allotment and guaranteed by LGU Guarantee Corporation	Long							
		Short							
1.9	All other debt securities in the trading book not included under 1.1 to 1.8 above	Long							
		Short							
	TOTAL	Long							
		Short							
	Risk Weight		0.00%	0.25%	1.00%	1.60%	4.00%	8.00%	
SPECIFIC RISK CAPITAL CHARGE FOR CREDIT-LINKED NOTES AND SIMILAR PRODUCTS (Refer to Schedule A)									
SPECIFIC RISK CAPITAL CHARGE FOR DEBT SECURITIES AND DEBT DERIVATIVES (ON GROSS POSITION, I.E., LONG PLUS SHORT)									

1/ Debt securities in items 1.1 to 1.9 include cash positions, such as:

- (a) GS purchased
- (b) GS sold under repurchase agreement
- (c) GS purchased under resale agreement
- (d) GS purchased under certificate of assignment/participation with recourse
- (e) GS purchased under reverse repurchase agreement with the BSP
- (f) Private debt securities/CPs purchased
- (g) Private debt securities/CPs sold under repurchase agreement
- (h) Private debt securities/CPs purchased under resale agreement
- (i) Private debt securities/CPs purchased under certificate of assignment/participation with recourse
- (j) TAS – equity – non-convertible preferred shares which trade like debt securities (for UBs)
- (k) UA – debt securities (for UBs)
- (l) UA – equity – non-convertible preferred shares which trade like debt securities (for UBs)
- (m) ASS – government
- (n) ASS – private
- (o) ASS – foreign

as well as underlying of debt derivative contracts. (However, interest rate and currency swaps, FRAs, forward foreign exchange contracts and interest rate futures will not be subject to a specific risk charge.)

For debt related options, either the delta weighted positions shall be reported above, or if the bank engages in purchase of options only as defined in the Instructions for Accomplishing the Report, the options shall be carved out and reported under Part IV.1.1.

2/ Excluding CLNs and similar products