



Bangko Sentral ng Pilipinas

Office of the Governor

CIRCULAR NO. 480
Series of 2005

Pursuant to Monetary Board Resolution No. 22 dated 6 January 2005, Subsection X269.1 and Subsection X269.2 of the Manual of Regulations for Banks, as amended by Circular No. 354 dated 4 October 2002 are hereby amended as follows:

Subsec. X269.1 shall be deleted and subsec. X269.2 shall be renumbered as subsec X269.1 to read, as follows:

§ X269.1 Rediscounting Line. The rediscounting availments of all eligible banks shall be drawn against their rediscounting line to be based on their total credit score under the new Credit Information System (CRIS), which shall consider the following factors:

- a. Management and Risk Assessment
 - (1) Management
 - (2) Risk Management System
- b. Financial Indicators
 - (1) Capital Adequacy
 - (2) Asset Quality
 - (3) Profitability
 - (4) Liquidity
- c. Credit Experience
 - (1) Repayment record
 - (2) Compliance with other Terms and Conditions

The CRIS guidelines shall be reviewed on a regular basis to maximize its effectiveness in managing the credit risk of the BSP.

The DLC or the appropriate RLCU shall conduct a credit rating of all banks applying for a rediscounting line. The term of the line shall be for one (1) year unless sooner cancelled or revoked by DLC or RLCU, renewable annually upon submission of application at least one (1) quarter before expiry of said line. Should there be special circumstances or urgency in the intervening period, a review of the rediscounting line of the bank concerned will be made immediately. The approval of the line/renewal of the same shall be subject to the bank's full compliance with the prescribed eligibility requirements provided in

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Subsection X268.1. The Director of the DLC or Branch Operations shall approve the rediscounting line of the applicant bank.

- a. Basis. The rediscounting line of the applicant bank shall be based on its total credit score obtained as follows:

CRIS Score	Rediscounting Line
90.1 to 100	200% of Net Worth
80.1 to 90.0	150% of Net Worth
70.1 to 80.0	125% of Net Worth
60.1 to 70.0	100% of Net Worth
50.1 to 60.0	75% of Net Worth
<50	50% of Net Worth

- b. Application Procedure. Banks applying for a rediscounting line shall submit their application in the prescribed form to the DLC or the appropriate RLCU, together with the following documents:

- (1) Board Resolution duly signed by the Board of Directors of the applicant bank, authorizing the bank to apply for a rediscounting line with the BSP and designating at least two (2) officers authorized to endorse PNs/EBs and sign all papers pertaining to rediscounting in the prescribed BSP Forms;
- (2) Consolidated Statement of Condition as of the end of month immediately preceding the date of application together with the related Statement of Income and Expenses;
- (3) Consolidated Daily Report of Condition (CDRC) covering the past two (2) consecutive weeks immediately preceding the date of application;
- (4) For rural and cooperative banks, a tripartite depository agreement by and among the applicant bank, designated depository bank (duly concurred by its Head Office) and the DLC/LCU;
- (5) Articles of Incorporation (for new applicants only);
- (6) Organizational Chart;
- (7) List of Board of Directors and Principal Officers (top three Executive Officers)/Education/Training and Work Experience;

- (8) Consolidated Statement of Condition as of the preceding four (4) calendar years ending cut-off date;
- (9) Consolidated Statement of Income and Expenses covering the preceding four (4) calendar years; and
- (10) Annual Report/Audited Financial Statements for the immediately preceding year.

This Circular shall take effect fifteen (15) days following its publication in a national newspaper of general circulation.

For the Monetary Board:



RAFAEL B. BUENAVENTURA
Governor

15 March 2005