



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 364 Series of 2003

Pursuant to Monetary Board Resolution Nos. 1700 and 1769 dated November 21, 2002 and December 5, 2002, respectively, approving the amendment to Circular No. 280 dated 29 March 2001, so as to reduce to seventy-five percent (75%) the risk weight applicable to small and medium enterprises (SMEs) and microfinance loan portfolios that meet prudential standards, the provisions of the Manual of Regulations for Banks are hereby amended as follows:

1. A new provision on on-balance sheet assets that shall be 75% risk-weighted is hereby inserted before the "100% risks weight –" portion of Subsection X116.2.a of the Manual, as follows:

75 % risk weight –

- (1) Defined small and medium enterprise (SME) and microfinance loan portfolio that meets the following criteria:

For individual claims that may form part of the SME and microfinance loan portfolio -

- i. Claim must be on a small or medium business enterprise as defined under existing BSP regulations; and
- ii. Claims must be in the form of:
 - Direct loans; or
 - Unavailed portion of committed credit lines and other business facilities such as outstanding guarantees issued and unused letters of credit, provided that the credit equivalent amounts thereof shall be determined in accordance with Subsection X116.2.b of the Manual of Regulations for Banks.

MAG-IMPOK SA BANGKO

For the SME and microfinance loan portfolio -

- i. It must be a highly diversified portfolio, i.e., it has at least 500 borrowers that are distributed over a number of industries; and
- ii. The past due ratios of the defined SME and microfinance loan portfolio for each of the immediately preceding three (3) years do not exceed 5%.

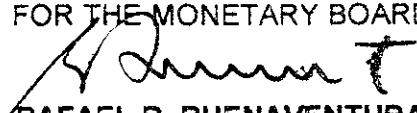
For the bank -

- i. It must have adequate risk management process approved by the Board of Directors, including as a minimum, a rigorous credit approval process and an adequate loan tracking system that allows timely monitoring of loan releases, collection and arrearages, and any restructuring and refinancing; and
- ii. The bank must be financially sound and in compliance with major prudential requirements, particularly the following –
 - CAMELS composite rating of at least "3" and management score of at least "3" in its latest BSP examination; and
 - Minimum applicable capital adequacy ratio.

2. The revised prescribed report forms on the Computation of Risk-Based Capital Adequacy Ratio Covering Credit Risks incorporating the amendments to Circular No. 280 are attached as Annex "A" (for universal banks, commercial banks and thrift banks) and Annex "B" (for rural banks and cooperative banks).

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
Governor

January 9, 2003

Revised January 2003

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/SED IV

FOR UNIVERSAL BANKS, COMMERCIAL BANKS AND THRIFT BANKS

(Name of Bank)	(Code)
(Address)	

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

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 I. QUALIFYING CAPITAL (Amounts in P0.000 million)

Item	Nature of Item	Amount	Amount
A. Tier 1 (Core) Capital			
(1)	Paid up common stock		
(2)	Paid-up perpetual and non-cumulative preferred stock		
(3)	Common stock dividends distributable		
(4)	Perpetual and non-cumulative preferred stock dividends distributable		
(5)	Surplus		
(6)	Surplus reserves		
(7)	Undivided profits (for domestic banks only)		
(8)	Minority interest in the equity of subsidiary financial allied undertakings which are less than wholly-owned (for consolidated basis)		
(9)	Assigned capital (for foreign bank branches)		
(10)	Net due "to" head office, branches, subsidiaries, and other offices outside the Philippines, inclusive of earnings not yet remitted to head office per Subsec. X121.5.c (for foreign bank branches) (limited to an amount prescribed under Subsec. X121.6)		
A.1 Deductions from Tier 1			
(1)	Common stock treasury shares (for consolidated basis)		
(2)	Perpetual and non-cumulative preferred stock treasury shares		
(3)	Net unrealized losses on underwritten listed equity securities purchased		
(4)	Unbooked valuation reserves and other capital adjustments based on the latest ROE as approved by the Monetary Board		
(5)	Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI		
(6)	Deferred income tax		
(7)	Goodwill		
(8)	Net due "from:" head office, branches, subsidiaries and other offices outside the Philippines, if any (for foreign bank branches)		
(9)	Total Deductions (Sum of A.1(1) to A.1(8))		

Item	Nature of Item	Amount	Amount
A.2	TOTAL TIER 1 CAPITAL (Sum of A (1) to A(10) minus A.1(9))		
	B. Tier 2 (Supplementary) Capital		
	B.1 Upper Tier 2 Capital		
(1)	Paid-up perpetual and cumulative preferred stock		
(2)	Paid-up limited life redeemable preferred stock		
(3)	Perpetual and cumulative preferred stock dividends distributable		
(4)	Limited life redeemable preferred stock dividends distributable		
(5)	Appraisal increment reserve – bank premises, as authorized by the Monetary Board		
(6)	Net unrealized gains on underwritten listed equity securities purchased (subject to a 55% discount)		
(7)	General loan loss provision (limited to 1.25% of gross risk-weighted assets computed per Part V, Item B(4))		
(8)	Unsecured subordinated debt with a minimum original maturity of at least 10 years (subject to a cumulative discount factor of 20% per year during the last 5 years to maturity, i.e., 20% if the remaining life is 4 years to less than 5 years, 40% if the remaining life is 3 years to less than 4 years, etc.)		
(9)	Deposit for common stock subscription		
(10)	Deposit for perpetual and non-cumulative preferred stock subscription		
B.1.1	Deductions from Upper Tier 2		
(1)	Perpetual and cumulative preferred stock treasury shares (for consolidated basis)		
(2)	Limited life redeemable preferred stock treasury shares (for consolidated basis)		
(3)	Sinking fund for redemption of limited life redeemable preferred stock		
(4)	Total Deductions (Sum of B.1.1(1) to B.1.1.(3))		
B.1.2	Total Upper Tier 2 Capital (Sum of B.1(1) to B.1(10) minus B.1.1(4))		

Item	Nature of Item	Amount	Amount
B.2 Lower Tier 2 Capital			
(1)	Unsecured subordinated debt with a minimum original maturity of at least 5 years (subject to a cumulative discount factor of 20% per year during the last 5 years to maturity, i.e., 20% if the remaining life is 4 years to less than 5 years, 40% if the remaining life is 3 years to less than 4 years, etc.)		
(2)	Deposit for perpetual and cumulative preferred stock subscription		
(3)	Deposit for limited life redeemable preferred stock subscription		
(4)	Total Lower Tier 2 Capital (Sum of B.2(1) to B.2(3))		
(5)	Eligible Amount of Lower Tier 2 Capital (limited to 50% of total Tier 1 capital per Part I, Item A.2)		
B.3	TOTAL TIER 2 CAPITAL (Sum of B.1.2 and B.2(5))		
B.4	ELIGIBLE AMOUNT OF TIER 2 CAPITAL (limited to 100% of total Tier 1 capital per Part I, Item A.2)		
C.	GROSS QUALIFYING CAPITAL (Sum of A.2 and B.4)		
C.1	Deductions from Gross Qualifying Capital		
(1)	Investments in equity of unconsolidated subsidiary banks and other subsidiary financial allied undertakings, but excluding insurance companies (for solo basis)		
(2)	Investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis)		
(3)	Investments in equity of subsidiary insurance companies and subsidiary non-financial allied undertakings		
(4)	Reciprocal investments in equity of other banks/enterprises		
(5)	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		
(6)	Total Deductions (Sum of C.1(1) to C.1(5))		
TOTAL QUALIFYING CAPITAL (C minus C.1(6))			

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) <i>Agrarian reform credit – PD 717</i>			
(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 central governments and central banks of foreign countries with the highest credit quality as defined in Subsec. X116.3			
(4)	Loans and discounts to the extent covered by hold-out on, or assignment of, deposits/deposit substitutes maintained with the lending bank			
(5)	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			
(6)	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			
(7)	Portions of STD loans covered by IGLF guarantee			
(8)	Real estate mortgage loans to the extent guaranteed by the HGC			
(9)	Loans to the extent covered by the TIDCORP			
(10)	Loans to exporters to the extent guaranteed by the GFSME			
(11)	Foreign currency notes and coins on hand acceptable as international reserves			
(12)	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			
(13)	Sub-total (Sum of A(1) to A(12))		0	0
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			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(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 or portions of claims guaranteed by or collateralized by securities issued by multilateral development banks			
(6)	Loans to exporters to the extent guaranteed by SBGFC			
(7)	Foreign currency checks and other cash items denominated in currencies acceptable as international reserves			
(8)	Sub-total (Sum of B(1) to B(7))		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			
(2)	LGU bonds which are covered by Deed of Assignment of IRA of the LGU and guaranteed by LGUGC			
(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	
E. 100 % Risk Weight –				
(1)	Other assets (Total assets, gross of general loan loss provision less sum of A(13), B(8), C(3)) and D(1))			
E.1	Deductions From Other Assets			
(1)	Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI			
(2)	Deferred income tax			

Item	Nature of item	Book Value	X Risk Weight (in %)	= Risk Weighted Amount
(3)	Goodwill			
(4)	Sinking fund for redemption of limited life redeemable preferred stock			
(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			
(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 E.1(1) to E.1(10))			
E.2	Net Other Assets (E(1) minus E.1(11))		100	
F. TOTAL BOOK VALUE, GROSS OF GENERAL LOAN LOSS PROVISION (Sum of A(13), B(8), C(3), D(1) and E(1))				
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS (Sum of A(13), B(8), C(3), D(1) and E.2)				

PART III. RISK-WEIGHTED OFF-BALANCE SHEET EXPOSURES (Amounts in ₱0.000 million)

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
A.	Direct credit substitutes (e.g. general guarantees of indebtedness and acceptances)					
(1)	Outstanding guarantees issued - foreign loans					
(a)			100		0	0
(b)			100		20	
(c)			100		50	
(d)			100		75	
(e)			100		100	
(2)	Outstanding guarantees issued - other than foreign loans and shipside bonds/airway bills					
(a)			100		0	0
(b)			100		20	
(c)			100		50	
(d)			100		75	
(e)			100		100	

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
(3)	Export LCs - confirmed					
	(a)		100		0	0
	(b)		100		20	
	(c)		100		50	
	(d)		100		75	
	(e)		100		100	
	Sub-total					
B.	Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions)					
(1)	Standby LCs – domestic (net of margin deposit) established as a guarantee that a business transaction will be performed					
	(a)		50		0	0
	(b)		50		20	
	(c)		50		50	
	(d)		50		75	
	(e)		50		100	

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
(2)	Standby LCs – foreign (net of margin deposit)					
	(a)		50		0	0
	(b)		50		20	
	(c)		50		50	
	(d)		50		75	
	(e)		50		100	
	Sub-total					
C.	Trade-related contingencies (e.g., documentary credits collateralized by the underlying shipments)					
(1)	Outstanding guarantees issued – shipside bonds/airway bills					
	(a)		20		0	0
	(b)		20		20	
	(c)		20		50	
	(d)		20		75	
	(e)		20		100	

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
(2)	Domestic LCs outstanding (net of margin deposit)					
	(a)		20		0	0
	(b)		20		20	
	(c)		20		50	
	(d)		20		75	
	(e)		20		100	
(3)	Sight import LCs (net of margin deposit)					
	(a)		20		0	0
	(b)		20		20	
	(c)		20		50	
	(d)		20		75	
	(e)		20		100	
(4)	Usance import LCs (net of margin deposit)					
	(a)		20		0	0
	(b)		20		20	
	(c)		20		50	
	(d)		20		75	
	(e)		20		100	

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
(5)	Deferred LCs (net of margin deposit)					
	(a)		20		0	0
	(b)		20		20	
	(c)		20		50	
	(d)		20		75	
	(e)		20		100	
(6)	Revolving LCs (net of margin deposit) arising from movement of goods and/or services					
	(a)		20		0	0
	(b)		20		20	
	(c)		20		50	
	(d)		20		75	
	(e)		20		100	
Sub-total						

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
D.	Sale and repurchase agreements (to the extent not included in the balance sheet)					
(1)			100		0	0
(2)			100		20	
(3)			100		50	
(4)			100		100	
	Sub-total					
E.	Assets sales with recourse (to the extent not included in the balance sheet)					
(1)			100		0	0
(2)			100		20	
(3)			100		50	
(4)			100		100	
	Sub-total					
F.	Forward asset purchases					
(1)			100		0	0
(2)			100		20	
(3)			100		50	
(4)			100		100	
	Sub-total					

^{1/} According to type of asset, and not according to type of counterparty with whom the transaction has been entered into.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight <u>1/</u> (In %)	= Risk Weighted Amount
G.	Forward forward deposits					
	(1)		100		0	0
	(2)		100		20	
	(3)		100		50	
	(4)		100		100	
	Sub-Total					
H.	Partly-paid shares and securities					
	(1)		100		0	0
	(2)		100		20	
	(3)		100		50	
	(4)		100		100	
	Sub-total					
I.	Note issuance facilities and revolving underwriting facilities					
	(1)		50		0	0
	(2)		50		20	
	(3)		50		50	
	(4)		50		100	
	Sub-total					

1/ According to type of asset, and not according to type of counterparty with whom the transaction has been entered into.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight 1/ (In %)	= Risk Weighted Amount
J.	Other commitments with an original maturity of more than 1 year					
	(1) Underwritten accounts unsold					
	(a)		50		0	0
	(b)		50		20	
	(c)		50		50	
	(d)		50		100	
	(2) Others (Specify)					
	(a)		50		0	0
	(b)		50		20	
	(c)		50		50	
	(d)		50		75	
	(e)		50		100	
	Sub-total					
K.	Other commitments with an original maturity of up to 1 year, or which can be unconditionally cancelled at any time					
	(1) Committed credit line for CP issues		0	0	0	0
	(2) Others (Specify)		0	0	0	0
	Sub-total					0

1/ According to obligor, or if relevant, the qualified guarantor or nature of collateral.

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
L.	Other contingent accounts not involving credit risk					
(1)	Inward bills for collection		0	0	0	0
(2)	Outward bills for collection		0	0	0	0
(3)	Items held for safekeeping/custodianship		0	0	0	0
(4)	Trust department accounts		0	0	0	0
(5)	Late deposits/payments received		0	0	0	0
(6)	Items held as collaterals		0	0	0	0
(7)	Travelers' checks		0	0	0	0
(8)	Others		0	0	0	0
	Sub-total					0
	TOTAL RISK-WEIGHTED OFF- BALANCE SHEET EXPOSURES					

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral.

PART IV. RISK-WEIGHTED INTEREST RATE AND EXCHANGE RATE-RELATED CONTINGENCIES
(Amounts in P0.000 million)

Item	Nature of item					
A.	Interest Rate Contracts <u>1/</u>					
A.1	With a residual maturity of 1 year or less					
	Notional Amount	Current Credit Exposure (Mark-to-market valuation, if positive)	+ Potential Future Credit Exposure (Notional Amount X 0.0%)	= Credit Equiv. Amount	X Risk Weight <u>2/</u> (In %)	= Risk Weighted Amount
(1)			0		0	0
(2)			0		20	
(3)			0		50	
Sub-total						
A.2	With a residual maturity of more than 1 year to 5 years					
	Notional Amount	Current Credit Exposure (Mark-to-market valuation, if positive)	+ Potential Future Credit Exposure (Notional Amount X 0.5%)	= Credit Equiv. Amount	X Risk Weight <u>2/</u> (In %)	= Risk Weighted Amount
(1)					0	0
(2)					20	
(3)					50	
Sub-total						

^{1/} Exclude instruments which are traded on exchange where they are subject to daily receipt and payment of cash variation margin; no potential future credit exposure shall be calculated for single currency floating/floating interest rate swaps, the credit exposure on these contracts would be evaluated solely on the basis of their mark-to-market valuation.

^{2/} According to obligor, or if relevant, the qualified guarantor or nature of collateral, provided that a 50% risk weight shall be applied in respect of obligors which would otherwise attract a 100% risk weight.

A.3

With a residual maturity of more than 5 years

	Notional Amount	Current Credit Exposure (Mark-to-market valuation, if positive)	+ Potential Future Credit Exposure (Notional Amount X 1.5%)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
(1)					0	0
(2)					20	
(3)					50	
Sub-total						
Total						

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral, provided that a 50% risk weight shall be applied in respect of obligors which would otherwise attract a 100% risk weight.

B. Exchange Rate Contracts ^{1/}

B.1 With a residual maturity of 1 year or less

	Notional Amount	Current Credit Exposure (Mark-to-market valuation, if positive)	+ Potential Future Credit Exposure (Notional Amount X 1.0%)	= Credit Equiv. Amount	X Risk Weight ^{2/} (In %)	= Risk Weighted Amount
(1)					0	0
(2)					20	
(3)					50	
Sub-total						

B.2 With a residual maturity of more than 1 year to 5 years

	Notional Amount	Current Credit Exposure (Mark-to-market valuation, if positive)	+ Potential Future Credit Exposure (Notional Amount X 5.0%)	= Credit Equiv. Amount	X Risk Weight ^{2/} (In %)	= Risk Weighted Amount
(1)					0	0
(2)					20	
(3)					50	
Sub-total						

^{1/} Exclude (1) instruments which are traded on exchange where they are subject to daily receipt and payment of cash variation margin, and (2) exchange rate contracts with original maturity of 14 calendar days or less.

^{2/} According to obligor, or if relevant, the qualified guarantor or nature of collateral, provided that a 50% risk weight shall be applied in respect of obligors which would otherwise attract a 100% risk weight.

B.3 With a residual maturity of more than 5 years						
	Notional Amount	Current Credit Exposure (Mark-to-market valuation, if positive)	+ Potential Future Credit Exposure (Notional Amount X 7.5%)	= Credit Equiv. Amount	X Risk Weight ^{1/} (in %)	= Risk Weighted Amount
(1)					0	0
(2)					20	
(3)					50	
Sub-total						
Total						
TOTAL RISK-WEIGHTED INTEREST RATE AND EXCHANGE RATE-RELATED CONTINGENCIES						

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral, provided that a 50% risk weight shall be applied in respect of obligors which would otherwise attract a 100% risk weight.

PART V. CALCULATION OF RISK-BASED CAPITAL ADEQUACY RATIO (Amounts in R0,000 million)

Item	Nature of Item	Amount	Amount
A. Total Qualifying Capital (Part I)			
B. Calculation of Total Risk Weighted Assets			
(1)	Total risk-weighted on-balance sheet assets (Part II)		
(2)	Total risk-weighted off-balance sheet exposures (Part III)		
(3)	Total risk-weighted interest rate and exchange rate-related contingencies (Part IV)		
(4)	Gross risk-weighted assets (Sum of B(1) to B(3))		
B.1	Deductions:		
(1)	General loan-loss provision (in excess of the amount permitted to be included in upper Tier 2 per Part I, Item B.1(7))		
(2)	Unbooked valuation reserves and other capital adjustments affecting asset accounts based on the latest report of examination as approved by the Monetary Board		
(3)	Total Deductions (Sum of B.1(1) and B.1(2))		
	Total Risk-Weighted Assets (B(4) minus B.1(3))		
RISK-BASED CAPITAL ADEQUACY RATIO (A divided by B multiply by 100%)			

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

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
Certificate No. _____ 20____, affiant exhibiting to me his Community Tax
_____ 20____. issued at _____ on

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

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

PART I. QUALIFYING CAPITAL (Amounts in P0.000 million)

Item	Nature of Item	Amount	Amount
A. Tier 1 (Core) Capital			
(1)	Paid up common stock		
(2)	Paid-up perpetual and non-cumulative preferred stock		
(3)	Common stock dividends distributable		
(4)	Perpetual and non-cumulative preferred stock dividends distributable		
(5)	Surplus		
(6)	Surplus reserves		
(7)	Undivided profits (for domestic banks only)		
(8)	Minority interest in the equity of subsidiary financial allied undertakings which are less than wholly-owned (for consolidated basis)		
(9)	Assigned capital (for foreign bank branches)		
(10)	Net due "to" head office, branches, subsidiaries, and other offices outside the Philippines, inclusive of earnings not yet remitted to head office per Subsec. X121.5.c (for foreign bank branches) (limited to an amount prescribed under Subsec. X121.6)		
A.1 Deductions from Tier 1			
(1)	Common stock treasury shares (for consolidated basis)		
(2)	Perpetual and non-cumulative preferred stock treasury shares		
(3)	Net unrealized losses on underwritten listed equity securities purchased		
(4)	Unbooked valuation reserves and other capital adjustments based on the latest ROE as approved by the Monetary Board		
(5)	Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI		
(6)	Deferred income tax		
(7)	Goodwill		
(8)	Net due "from" head office, branches, subsidiaries, and other offices outside the Philippines, if any (for foreign bank branches)		
(9)	Total Deductions (Sum of A.1(1) to A.1(8))		

Item	Nature of Item	Amount	Amount
A.2	TOTAL TIER 1 CAPITAL (Sum of A (1) to A(10) minus A.1(9))		
B. Tier 2 (Supplementary) Capital			
B.1 Upper Tier 2 Capital			
(1)	Paid-up perpetual and cumulative preferred stock		
(2)	Paid-up limited life redeemable preferred stock		
(3)	Perpetual and cumulative preferred stock dividends distributable		
(4)	Limited life redeemable preferred stock dividends distributable		
(5)	Appraisal increment reserve – bank premises, as authorized by the Monetary Board		
(6)	Net unrealized gains on underwritten listed equity securities purchased (subject to a 55% discount)		
(7)	General loan loss provision (limited to 1.25% of gross risk-weighted assets computed per Part IV, Item B(3))		
(8)	Unsecured subordinated debt with a minimum original maturity of at least 10 years (subject to a cumulative discount factor of 20% per year during the last 5 years to maturity, i.e., 20% if the remaining maturity is 4 years to less than 5 years, 40% if the remaining maturity is 3 years to less than 4 years, etc.)		
(9)	Deposit for common stock subscription		
(10)	Deposit for perpetual and non-cumulative preferred stock subscription		
B.1.1	Deductions from Upper Tier 2		
(1)	Perpetual and cumulative preferred stock treasury shares (for consolidated basis)		
(2)	Limited life redeemable preferred stock treasury shares (for consolidated basis)		
(3)	Sinking fund for redemption of limited life redeemable preferred stock		
(4)	Total Deductions (Sum of B.1.1(1) to B.1.1.(3))		
B.1.2	Total Upper Tier 2 Capital (Sum of B.1(1) to B.1(10) minus B.1.1(4))		

Item	Nature of Item	Amount	Amount
B.2 Lower Tier 2 Capital			
(1)	Unsecured subordinated debt with a minimum original maturity of at least 5 years (subject to a cumulative discount factor of 20% per year during the last 5 years to maturity, i.e., 20% if the remaining life is 4 years to less than 5 years, 40% of the remaining life is 3 years to less than 4 years, etc.)		
(2)	Deposit for perpetual and cumulative preferred stock subscription		
(3)	Deposit for limited life redeemable preferred stock subscription		
(4)	Total Lower Tier 2 Capital (Sum of B.2(1) to B.2(3))		
(5)	Eligible Amount of Lower Tier 2 Capital (limited to 50% of total Tier 1 capital per Part I, Item A.2)		
B.3	TOTAL TIER 2 CAPITAL (Sum of B.1.2 and B.2(5))		
B.4	ELIGIBLE AMOUNT OF TIER 2 CAPITAL (limited to 100% of total Tier 1 capital per Part I, Item A.2)		
C.	GROSS QUALIFYING CAPITAL (Sum of A.2 and B.4)		
C.1	Deductions from Gross Qualifying Capital		
(1)	Investments in equity of unconsolidated subsidiary banks (for solo basis)		
(2)	Investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis)		
(3)	Investments in equity of subsidiary insurance companies and subsidiary non-financial allied undertakings		
(4)	Reciprocal investments in equity of other banks/enterprises		
(5)	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.		
(6)	Total Deductions (Sum of C.1(1) to C.1(5))		
TOTAL QUALIFYING CAPITAL (C minus C.1(6))			

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 central governments and central banks of foreign countries with the highest credit quality as defined in Subsec. X116.3			
(4)	Loans and discounts to the extent covered by hold-out on, or assignment of, deposits/deposit substitutes maintained with the lending bank			
(5)	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			
(6)	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			
(7)	Portions of STD loans covered by IGLF guarantee			
(8)	Real estate mortgage loans to the extent guaranteed by the HGC			
(9)	Loans to the extent covered by the TIDCORP			
(10)	Loans to exporters to the extent guaranteed by the GFSME			
(11)	Foreign currency notes and coins on hand acceptable as international reserves			
(12)	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			
(13)	Sub-total (Sum of A(1) to A(12))		0	0
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			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(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 or portions of claims guaranteed by or collateralized by securities issued by multilateral development banks			
(6)	Loans to exporters to the extent guaranteed by SBGFC			
(7)	Foreign currency checks and other cash items denominated in currencies acceptable as international reserves			
(8)	Sub-total (Sum of B(1) to B(7))		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			
(2)	LGU bonds which are covered by Deed of Assignment of IRA of the LGU and guaranteed by LGUGC			
(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	
E. 100 % Risk Weight –				
(1)	Other assets (Total assets, gross of general loan loss provision less sum of A(13), B(8), C(3) and D(1))			
E.1	Deductions From Other Assets			
(1)	Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI			
(2)	Deferred income tax			

Item	Nature of item	Book Value	X Risk Weight (In %)	= Risk Weighted Amount
(3)	Goodwill			
(4)	Sinking fund for redemption of limited life redeemable preferred stock			
(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			
(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 E.1(1) to E.1(10))			
E.2	Net Other Assets (E(1) minus E.1(11))		100	
F. TOTAL BOOK VALUE, GROSS OF GENERAL LOAN-LOSS PROVISION (Sum of A(13), B(8), C(3), D(1) and E (1))				
TOTAL RISK WEIGHTED ON-BALANCE SHEET ASSETS (Sum of A(13), B(8), C(3), D(1) and E.2)				

PART III. RISK-WEIGHTED OFF-BALANCE SHEET EXPOSURES (Amounts in R0.000 million)

Item	Nature of item	Notional Principal Amount	X Credit Conversion Factor (In %)	= Credit Equiv. Amount	X Risk Weight ^{1/} (In %)	= Risk Weighted Amount
A.	Contingent accounts not involving credit risk					
(1)	Inward bills for collection		0	0	0	0
(2)	Outward bills for collection		0	0	0	0
(3)	Items held for safekeeping/custodianship		0	0	0	0
(4)	Trust department accounts		0	0	0	0
(5)	Late deposits/payments received		0	0	0	0
(6)	Items held as collaterals		0	0	0	0
(7)	Travelers' checks		0	0	0	0
(8)	Others		0	0	0	0
TOTAL RISK WEIGHTED OFF-BALANCE SHEET EXPOSURES						0

^{1/} According to obligor, or if relevant, the qualified guarantor or nature of collateral.

PART IV. CALCULATION OF RISK-BASED CAPITAL ADEQUACY RATIO (Amounts in R0.000 million)

Item	Nature of Item	Amount	Amount
A. Total Qualifying Capital (Part I)			
B. Calculation of Total Risk Weighted Assets			
(1)	Total risk-weighted on-balance sheet assets (Part II)		
(2)	Total risk-weighted off-balance sheet exposures (Part III)	0	
(3)	Gross risk-weighted assets (Sum of B(1) and B(2))		
B.1	Deductions:		
(1)	General loan-loss provision (in excess of the amount permitted to be included in upper Tier 2 per Part I, Item B.1(7))		
(2)	Unbooked valuation reserves and other capital adjustments affecting asset accounts based on the latest report of examination as approved by the Monetary Board		
(3)	Total Deductions (Sum of B.1(1) and B.1(2))		
	Total Risk-Weighted Assets (B(3) minus B.1(3))		
RISK-BASED CAPITAL ADEQUACY RATIO (A divided by B multiply by 100%)			