

GENERAL LOAN LOSS PROVISION

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With reference to Circular No. 143 dated October 1, 1997, as amended, please be informed that the general loan loss provision shall be computed as follows:

Gross Loan Portfolio P xxx

Less: Exclusions

1) Interbank Loans Receivable P xxx

2) Current loans guaranteed by SBGFC, Phil. Export Guarantee, Guarantee Fund for SMEs & other government guarantee corporations xxx

3) Loans considered non-risk under existing regulations xxx

Total Exclusions P xxx

Loan Portfolio, net of exclusions P xxx

Less: 1) Specific Provisions for Classified Loans (at least equal to the BSP recommended specific loan lossprovisions based on latest examination P xxx

Net Loan Portfolio P xxx

Prescribed Percentage for General Loan Loss

Provisioning based on Circular No. 164

dated April 13, 1998:

1% by 10.01.98

1 ½% by 04.01.99

2% by 10.01.99

General Loan Loss Provision P xxx

The same formula shall be adopted for loan loss provisioning with respect to loans granted by the trust department of banks either directly or thru various trust funds/managed funds.

Please be guided accordingly.

Adopted: 13 July 1998

(SGD.) ALBERTO V. REYES

Deputy Governor

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