

RISK WEIGHTING OF BANK LOANS TO THE EXTENT GUARANTEED BY THE AGRICULTURAL GUARANTEE FUND POOL (AGFP)

BSP CIRCULAR NO. 750, March 01, 2012

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Pursuant to monetary Board resolution no. 276 dated 16 February 2012, pertinent provisions of the Manual of Regulations of Banks (MORB) on the risk weighting of bank loans to the extent guaranteed by the Agricultural Guarantee Fund Pool (AGFP) created under Administrative Order No. 225-A dated 26 May 2008, are hereby amended.

Section 1. Part III of Appendix 63b (Appendix to Sec. X115) of the MORB on the credit risk-weighted assets under the risk-based capital adequacy framework for the Philippine banking system is hereby amended, as follows:

“Part III. Credit risk-weighted assets

“x x x

“Other Assets

16. The standard risk weight for all other assets, including bank premises, furniture, fixtures and equipment, will be 100%, except in the following cases:

“x x x

c) Loans to small farmer and fisherfolk engaged in palay and/or food production projects/activities to the extent guaranteed by the Agricultural Guarantee Fund Pool (AGFP) created under Administrative Order no. 225-A dated 26 May 2008, which shall be risk weighted at twenty percent (20%): Provided, That a separate fund is maintained to guarantee the loans originated by banks: Provided, further, that the maximum allowable leveraging ratio of the fund maintained to guarantee bank loans shall be three (3), i.e., the maximum amount of loans guaranteed by the fund is thrice the amount of money in the fund: Provided, furthermore, That the fund maintained to guarantee bank loans is invested in assets that a zero percent (0%) risk-weighted under this risk-based capital adequacy framework;

“x x x”

Section 2. Part III of Appendix 63c of the MORB on credit risk-weighted assets under the risk-based capital adequacy framework for stand-alone thrift banks, rural banks and cooperative banks is hereby amended as follows:

“Part III. Credit risk-weighted assets

“x x x

“A. On-Balance Sheet Assets

“x x x

“b. 20% risk weight –

“x x x

“ix. Loans to small farmer and fisherfolk engaged in palay and/or food production projects/activities to the extent guaranteed by the Agricultural Guarantee Fund Pool (AGFP) created under Administrative Order no. 225-A dated 26 May 2008: Provided, That a separate fund is maintained to guarantee the loans originated by banks: Provided, further, That the maximum allowable leveraging ratio of the fund maintained to guarantee bank loans shall be three (3), i.e., the maximum amount of loans guaranteed by the fund is thrice the amount of money in the fund: Provided, furthermore, That the fund maintained to guarantee bank loans is invested in assets that are zero percent (0%) risk- weighted under this risk-based capital adequacy framework.

“x x x”

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

For the Monetary Board:

(SGD.) AMANDO M. TETANGCO, JR.
Governor

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