

[BSP CIRCULAR NO. 750, March 01, 2012]

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

*Adopted: 01 March 2012
Date Filed: 21 March 2012*

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"