

[BSP CIRCULAR LETTER, July 13, 1998]

GENERAL LOAN LOSS PROVISION

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