

**SMALL AND MEDIUM ENTERPRISE UNIFIED LENDING OPPORTUNITIES FOR
NATIONAL GROWTH BANK ACCREDITATION APPLICATION FOR RURAL AND THRIFT
BANKS ELIGIBILITY AND DOCUMENTARY REQUIREMENTS**

(Appendix to Sec. 332)

Requirements	Documents to be submitted
a. CAMELS rating should be at least "3.0"	Latest report of Bangko Sentral bank examination
b. Compliance with the ten percent (10%) maximum ratio of DOSRI past due loans	Copy of quarterly report submitted to Bangko Sentral
c. No loan with LBP and Bangko Sentral, Quedancor, PBSP, SBGFC, PhilExim, DBP, and SSS in arrears. Rediscounting privileges with Bangko Sentral and LBP not suspended	Credit investigation report by GFI credit and appraisal management unit or department
d. Past due loans and items in litigation is not in excess of the industry average plus two percent (2%) but not to exceed twenty five percent (25%) (based on latest quarterly report of Bangko Sentral)	Copy of the Consolidated Statement of Condition and Income & Expense as submitted to Bangko Sentral
e. Not deficient in loan loss provisions/reserves	Certification from Bangko Sentral
f. Ratio of acquired assets to total assets is not more than industry average plus two percent (2%) but not to exceed fifteen percent (15%)	Copy of the latest computation of the risk-based capital adequacy ratio cover for credit risk under applicable and existing risk-based capital adequacy framework
g. Positive results of operations in the last preceding calendar year. If such is negative, the average income of the past two (2) or three (3) years should at least be positive	Copy of latest interim financial statements as submitted to Bangko Sentral
h. Not deficient in bank reserves for the last six (6) months preceding the filing of application	Copy of weekly report submitted to Bangko Sentral or Bangko Sentral certification
i. Ratio of accrued interest receivables to surplus (free) plus undivided profits is less than 100%	Copy of latest interim financial statements as submitted to Bangko Sentral
j. The bank is owned and managed by the same persons (key officers) at least for the last two (2) years	Applicant's records
k. No derogatory information gathered on the officers and directors of the bank	GFI Credit and Appraisal Management Unit or Department
l. Compliance with corporate governance	Applicant's reply to questionnaire on comparison of Bangko Sentral mandated practices with actual practices

LENDING FEATURES OF SHORT-TERM LOANS

Loan Purpose	Export Financing (Export Packing Credit)	Credit Line (Temporary Working Capital)
Target Industries	All industries except trading of imported goods, of liquor and cigarettes, extractive industries	All industries except trading of imported goods, of liquor and cigarettes, in extractive industries
Eligible Enterprises	At least sixty percent (60%) Filipino-owned whose assets are not more than P100 million, excluding the value of the land	At least sixty percent (60%) Filipino- owned whose assets are not more than P100 million, excluding the value of the land
Maximum Financing	Seventy percent (70%) of the value of LC/PO; maximum of P5.0 million	Seventy percent (70%) of working capital requirement; maximum of P5.0 million
Interest Rate ¹	Nine percent (9.00%)	Nine percent (9.00%)
Repayment term	Maximum of one (1) year	Maximum of one (1) year
Collateral ²	Post dated check Registered/Unregistered REM/CHM Assignment of LC or PO Assignment of life insurance Guarantee cover	Post dated check Registered/Unregistered REM/CHM Assignment of life insurance Guarantee cover Corporate Guarantee (if franchisee) Assignment of lease rights (if franchisee)
Evaluation and Service Fees	P2,000 for every P1 million Plus front-end fee of one-half of one percent ($\frac{1}{2}$ of 1%) of approved loan	P2,000 for every P1 million Plus front-end fee of one-half of one percent ($\frac{1}{2}$ of 1%) of approved loan
<i>Financial Profile of the Borrower</i>		
Debt-Equity Ratio	At most 80:20 after the loan	At most 80:20 after the loan At most 70:30 (if franchisee)
Profitability	Positive income for last year. (If past year's income is negative, the average income of past two (2) or three (3) years should be positive)	Positive income for last year. (If past year's income is negative, the average income of past two (2) or three (3) years should be positive)
Other Ratios	Based on industry standards	Based on industry standards

SMALL AND MEDIUM ENTERPRISE UNIFIED LENDING OPPORTUNITIES FOR NATIONAL GROWTH LENDING FEATURES OF LONG-TERM LOANS

Loan Purpose	a. Purchase of equipment b. Building construction c. Purchase of lot d. Purchase of inventories – permanent working capital
Target Industries	All industries except trading of imported goods, of liquor and cigarettes, in extractive industries and in housing projects
Eligible Enterprises	At least sixty percent (60%) Filipino-owned whose assets are not more than P100.0 million, excluding the value of the land

Maximum Financing	Eighty percent (80%) of the incremental project cost; maximum of P5.0 million
Interest Rate	3-year T-Bond rate + 2% (3-year loan) ³ 5-year T-Bond rate + 2% (5-year loan) ⁴
Repayment Term	Maximum of five (5) years, inclusive of maximum one (1) year grace period on principal monthly amortization
Collateral ⁵	Post dated check Registered/Unregistered REM/CHM Assignment of life insurance Corporate guarantee (if franchisee) Assignment of lease rights (if franchisee)
Evaluation and Service Fees	P2,000 for every P1.0 million Plus front-end fee of ½ of 1% of approved loan and commitment fee of 125% of unavailed balance

Financial Profile of the Borrower:

Debt-Equity Ratio	At most 80:20 after the loan At most 70:30 (if franchisee)
Profitability	Positive income for last year. (If past year's income is negative, the average income of past two (2) or three (3) years should be positive)
Other Ratios	Based on industry standards

Footnotes

1. Applicable to all loan applications with complete requirements received up to 30 June 2003. A GFI committee shall be set up to review the pricing thereafter on a quarterly basis.
2. The Program will not decline a loan only on the basis of inadequate collateral. However, the borrower must be willing to mortgage all available business and personal collateral, including assets to be acquired from the loan to secure the borrowing.
3. Based on yield of bonds with three (3) or five (5) year remaining loan tenor as per MART 1 of Bloomberg. As of 22 January 2003, MART 1-Bloomberg, 3-year term loan has a yield of 9.25% and 5 year term loan has a yield of 10.75%. With a premium of 2%, the 3-year rate will be set at 11.25% and the 5-year rate at 12.75%.
4. Based on yield of bonds with three (3) or five (5) year remaining loan tenor as per MART 1 of Bloomberg. As of 22 January 2003, MART 1-Bloomberg, 3-year term loan has a yield of 9.25% and 5 year term loan has a yield of 10.75%. With a premium of 2%, the 3-year rate will be set at 11.25% and the 5-year rate at 12.75%.
5. The Program will not decline a loan only on the basis of inadequate collateral. However, the borrower must be willing to mortgage all available business and personal collateral, including assets to be acquired from the loan to secure the borrowing.