



BANGKO SENTRAL NG PILIPINAS

**OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR**

MEMORANDUM NO. M-2017- 040

To : ALL BANKS

Subject : Regulatory Relief for Banks Affected by the Armed Conflict in Marawi City

The Monetary Board, in its Resolution No. 2042 dated 7 December 2017, approved to grant temporary regulatory relief measures to banks with head offices and/or branches/extension offices/microfinance-oriented banking offices located in the province of Lanao del Sur, in view of the armed conflict in Marawi City which commenced on 23 May 2017.

The temporary relief shall be in the form of the following, whenever applicable:

- a. During the temporary grace period for payment or upon their restructuring and subject to reporting to Bangko Sentral ng Pilipinas (BSP), exclusion of the loans of borrowers in affected areas, which should have been reclassified as past due loans (PDL) under Section X306 of the Manual of Regulations for Banks, as amended, on 23 May 2017 (the date when the armed conflict in Marawi City commenced) and those becoming past due up to 31 May 2018, from the computation of PDL ratio; and for this purpose, waiver of BSP documentary requirements for restructuring of loans; provided that, the bank will adopt appropriate and prudent operational control measures;
- b. For all types of credits extended to individuals and businesses directly affected by the armed conflict, allowing, subject to BSP prior approval, the booking of allowances for credit losses on a staggered basis over a maximum period of five (5) years on loans outstanding as of 23 May 2017;
- c. Non-imposition of monetary penalties for delays incurred in the submission of all supervisory reports due to be submitted from 23 May to 31 December 2017; and
- d. Allowing banks to provide financial assistance to their officers and employees who were affected by the armed conflict even if the purpose of such assistance is not identified as eligible for credit accommodation under their existing BSP-approved Fringe Benefit Programs (FBPs). Provided that, banks that shall change any of the provisions of the earlier BSP-approved program shall subsequently submit for approval of the BSP, the board-approved purposes for the grant of loans, advances, or any other forms of credit accommodations to their officers to

the appropriate supervising department for regularization pursuant to Circular No. 969 dated 22 August 2017.

Banks not operating in Lanao del Sur but with exposures to residents of the said province may avail of the above relief measures subject to approval by the BSP.

For information and guidance.


CHUCHI G. FONACIER
Deputy Governor

21 December 2017