



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 244
Series of 2000

The Monetary Board, in its Resolution No. 616 dated April 18, 2000, approved a separate single borrower's limit (SBL) of 35% of unimpaired capital and surplus for the wholesale lending activities of government banks to participating financial institutions (PFIs) for relending to end-user borrowers, subject to the following guidelines:

- a. Government banks' SBL of 35% of unimpaired capital and surplus shall apply only to loans granted to PFIs on a wholesale basis for on-lending to end-user borrowers;
- b. The 35% SBL shall apply only to loan programs funded by multilateral, international or local developmental agencies, organizations or institutions specially designed for wholesale lending activities of government banks;
- c. The end-user borrowers of the PFIs shall be subject to the 25% SBL, not to the increased ceiling of 35%; and
- d. Government banks shall observe the minimum criteria for accrediting PFIs and for the grant/renewal of credit lines to accredited PFIs as set forth in Annex A.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


ALBERTO V. REYES
Officer-in-Charge

May 18, 2000

ITAGUYOD ANG PHILIPPINES 2000



MAG-IMPOK SA BANGKO

For PFIs operating for three (3) years or less as of date of filing of the application for accreditation -

- ♦ Operating profitably for two (2) consecutive years prior to filing of application for accreditation

3. Capital

- ♦ Compliance with minimum capital accounts of P400.0 million or BSP required minimum capitalization applicable to the category where the PFI belongs, whichever is higher.

4. Non-performing loans ratio for six (6) consecutive months prior to the filing of application for accreditation shall not exceed the industry ratio which may be obtained from the Supervisory Reports and Studies Office of the Bangko Sentral ng Pilipinas.

5. Ownership/Management

For PFIs operating for three (3) years or less as of date of filing of the application for accreditation -

- ♦ Domestic bank owned by reputable individuals/institutions and managed by reputable and experienced bankers
- ♦ Philippine branch of a foreign bank carrying an international investment grade rating acceptable to the government bank with the foreign bank's (Head office/parent bank) unconditional and irrevocable guarantee on loan availments of Philippine branch or subsidiary

II. Grant and Renewal of Credit Lines to Accredited PFIs

1. Government banks shall provide credit lines for a specified term to each accredited PFI based on the results of the quantitative and qualitative evaluation guidelines to be formulated in accordance with credit policies and procedures approved by the bank's Board of Directors and/or as prescribed by the institutions, organizations or agencies which provide the funds.
2. PFIs shall be subject to quantitative and qualitative evaluation as well as the accreditation criteria when applying for renewal of credit lines.
3. Government banks may suspend the release of funds to PFIs that failed to meet any of the quantitative and qualitative evaluation guidelines and/or the accreditation criteria.

ANNEX "A"

Minimum Criteria for Accreditation of Participating Financial Institutions (PFIs)
In Government Bank's Wholesale Lending Program

I. Accreditation Criteria

For accreditation purposes, PFIs shall initially be evaluated/appraised on the basis of the following pre-qualifying criteria:

1. The PFI shall submit a certification on the following:
 - a. Compliance with the prescribed minimum capital to risk assets ratio of 10%, minimum capitalization, legal and liquidity reserve requirements for deposit liabilities, deposit substitutes, common trust funds (CTFs) and Trust and Other Fiduciary Accounts (TOFA) -Others, liquidity floor requirement for government funds held, and ceilings on credit accommodations to directors, officers, stockholders and their related interests (DOSRI), for six (6) consecutive months prior to the filing of application for accreditation.
 - b. As of application date, the PFI has generally complied with the orders or instructions of the Monetary Board and/or BSP Management, more particularly:
 - ◀ Set-up of the required general loan loss and specific provisioning requirements
 - ◀ Correction of major violations and previous years' exceptions noted in the latest BSP examination
 - c. The PFI has no past due obligations with the BSP or with any government financial institution.
 - d. The PFI's accounting records, systems, procedures and internal control systems are satisfactorily maintained.
2. Profitability

For PFIs operating for more than three (3) years as of date of filing of the application for accreditation -

- ◆ Operating profitably for three (3) consecutive years prior to the filing of application for accreditation.