



Circular No. 501
Series of 2005

Section 1. Writing-off of loans as bad debts. The first paragraph of Item "a" and Item "c" of Subsection X306.5 of the MORB shall read as follows:

"a. *Approval by board of directors.* Banks, upon approval by their board of directors may write-off loans, other credit accommodations, advances, and other assets, regardless of amount, against allowance for probable losses (valuation reserves) or current operations as soon as they are satisfied that such loans, other credit accommodations, advances and other assets are worthless as follows:

"b. x x x x x x x x x

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Section 2. Write-offs of microfinance loans as bad debts. Subsec. X306.6 shall read as follows:

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become past due in accordance with Subsec. X306.1h may be written-off, in conformity with the provisions of Subsec. X306.5: *Provided*, That the notice of write-off and attachments required under Item "c" of Subsec. X306.5 are filed within thirty (30) days after every write-off of loans."

This Circular shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

01 December, 2005