



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 734

Series of 2011

Subject : Amendment to the Regulations on Single Borrower's Limit

Pursuant to Monetary Board Resolution No. 1148 dated 29 July 2011, Item "g" of Section X303 of the Manual of Regulations for Banks (MORB) on credit exposure limits to a single borrower is hereby amended to read as follows:

"Loans and other credit accommodations and usual guarantees by a bank to any non-bank entity, whether locally or abroad, shall be subject to the limits as herein prescribed.

"Loans and other credit accommodations as well as deposits and usual guarantees by a bank to any other bank, whether locally or abroad, shall be subject to the limits as herein prescribed or P100.0 million, whichever is higher: *Provided*, That the lending bank shall exercise proper due diligence in selecting a depository bank and shall formulate appropriate policies to address the corresponding risks involved in the transactions.

"Deposits of RBs/Coop Banks with government-owned or controlled financial institutions like the LBP and the DBP shall not be covered by the SBL imposed under R.A. No. 8791.

"In municipalities and cities where there are no government banks, the deposits of RBs/Coop Banks in private banks in said areas shall not be subject to the SBL imposed under R.A. No. 8791. Deposits in private banks located in municipalities/cities where there are government banks shall be subject to the limits as prescribed in the second paragraph hereof.

"The outstanding balance of the demand deposit account in a private depository bank being used by the TBs/RBs/Coop Banks with authority to accept/create demand or current deposits, to fund checks cleared through the said private depository bank shall also be exempt from the SBL imposed under R.A. No. 8791 even if there is a government-owned or controlled financial institution in the area."

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

A handwritten signature in black ink, appearing to read 'Amando M. Tetangco, Jr.', with a long horizontal flourish extending to the right.

AMANDO M. TETANGCO, JR.
Governor

16 August 2011