



Bangko Sentral ng Pilipinas

MAYNLA, PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 248
Series of 2000

The Monetary Board, in its Resolution No. 707 dated May 5, 2000, approved the following amendments to Circular No. 202 dated May 27, 1999 and Circular No. 143 dated October 1, 1997:

SECTION 1. Section 1 of Circular No. 202 is hereby amended to read as follows:

"SECTION 1. *Non-performing loans – Definition.*

Non-performing loans shall, as a general rule, refer to loan accounts whose principal and/or interest is unpaid for thirty (30) days or more after due date or after they have become past due in accordance with existing rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual or annual installments, in which case the total outstanding balance thereof shall be considered non-performing.

In the case of loans payable in monthly installments, the total outstanding balance thereof shall be considered non-performing when three (3) or more installments are in arrears.

In the case of loans payable in daily, weekly or semi-monthly installments, the total outstanding balance thereof shall be considered non-performing at the same time that they become past due in accordance with the criteria under Circular No. 143 dated October 1, 1997, i.e., the entire outstanding balance of the loan/receivable shall be considered as past due when the total amount of arrearages reaches ten percent (10%) of the total loan/receivable balance.

Restructured loans shall be considered non-performing in accordance with existing rules and regulations.



All items in litigation as defined in the Manual of Accounts for Banks shall be considered non-performing loans."

SECTION 2. Section 1 of Circular No. 143 is hereby amended to read as follows:

Section 1. Item e of Subsec. X305.1 of the Manual of Regulations for Banks is hereby amended to read as follows:

"Loans/receivables payable in installments – the total outstanding balance thereof shall be considered past due in accordance with the following schedule:

Mode of Payment	Minimum Number of Installments in Arrears
Monthly	3
Quarterly	1
Semestraly	1
Annually	1

Provided, however, that when the total amount of arrearages reaches twenty per cent (20%) of the total outstanding balance of the loan/receivable, the total outstanding balance of the loan/receivable shall be considered as past due, regardless of the number of installments in arrears: Provided further, that for modes of payments other than those listed above (e.g., daily, weekly or semi-monthly), the entire outstanding balance of the loan/receivable shall be considered as past due when the total amount of arrearages reaches ten per cent (10%) of the total loan receivable balance.

For this purpose, the term 'installments' shall refer to principal and/or interest amortizations that are due on several dates as indicated/specified in the loan documents."

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, Jr.
Officer-in-Charge

June 26, 2000

This Circular supersedes all previous BSP issuances which are inconsistent herewith and shall take effect immediately.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Officer-in-Charge

June 26, 2000