



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1233 Series of 2026

Subject: Amendments to Regulations on Credit Risk Transfer Arrangements

The Monetary Board, in its Resolution No. 387 dated 6 May 2026, approved the amendments to Section 362 of the Manual of Regulations for Banks (MORB) on credit risk transfer arrangements.

Section 1. Section 362 of the MORB, as amended by Circular No. 1227 dated 5 January 2026, shall be further amended to read, as follows:

362. CREDIT EXPOSURE LIMITS TO A SINGLE BORROWER

xxx

Guarantees. The following requirements must be complied with in order for a guarantee to be recognized as an effective credit risk transfer arrangement:

- a. xxx;
- b. The guarantee must be provided by eligible guarantors enumerated under paragraphs 47 and 49, Part V of Appendix 59 or paragraph 8, Part III of Appendix 62, as applicable to covered banks.

In addition to the guarantee issued by eligible guarantors recognized above, guarantees, in the form of standby letter of credit, demand guarantee, or counter-guarantee, between bank's head office and its branch/es or between bank's branches that are located in different jurisdictions may be considered as an effective credit risk transfer arrangement subject to the following conditions:

- (1) xxx
- (2) xxx
- (3) The total credit risk-weighted amount of exposures that shall be covered by guarantees extended by the head office and branches shall not exceed 100.0 percent of the outstanding balance of the total loan portfolio of the Philippine bank concerned as of end of the preceding month.

For this purpose, the *total credit risk-weighted amount* shall be computed by applying the risk weight of the head office or branch located in different jurisdictions, which issued the intrabank guarantees, to the (i) banking book exposures, and/or (ii) credit equivalent amount of off-balance sheet exposures, both to the extent covered by the said guarantee, following the risk weights provided in Part V of Appendix 59 or Part III of Appendix 62, as applicable.

Meanwhile, the *total loan portfolio* shall comprise of interbank loans, receivable loans and receivables arising from reverse repurchase with the

Bangko Sentral and other banks, and loans and receivables – others, gross of allowance for credit losses; and

c. x x x

Where the bank's exposure is covered by a guarantee considered as an effective credit risk transfer arrangement as defined above, the bank shall apply the risk weight of the guarantor to the guaranteed portion of the credit exposure following the risk weights provided in Part V of Appendix 59 or Part III of Appendix 62, as applicable to covered banks.

Credit derivatives. x x x

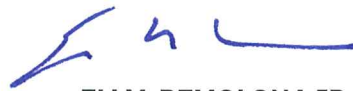
a. xxx

x x x

Where the bank's exposure is covered by a credit derivative considered as an effective credit risk transfer arrangement as defined above, the bank shall apply the risk weight of the protection seller to the protected portion of the exposure being hedged following the risk weights provided in Part V of Appendix 59. xxx

Section 2. This Circular shall take effect fifteen (15) calendar days after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



ELI M. REMOLONA JR.
Governor

18 May 2026