



BANGKO SENTRAL NG PILIPINAS

MEMORANDUM NO. M-2022-004

OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR

To : **All BSP-Supervised Financial Institutions (BSFIs)**

Subject : **Extension of BSP Prudential Relief Measures**

The Monetary Board, in its Resolution No. 65 dated 13 January 2022, approved the amendments to BSP regulations on the prudential relief measures for BSFIs affected by COVID-19 to sustain momentum of bank lending and ensure continued access to financial services by the public, including vulnerable sectors of the economy.

Section 1. Amendment to the Relief Measure on the Relaxation in the Credit Risk Weight for Loans to Micro-, Small- and Medium Enterprises (MSMEs) under the BSP's Risk-Based Capital Adequacy Frameworks. Memorandum No. M-2020-034 dated 28 April 2020 is hereby amended to read as follows:

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The provisions on the use of credit risk mitigation under Appendix 59/Q-45 of the Manual of Regulations for Banks (MORB)/Manual of Regulations for Non-Bank Financial Institutions (MORNBFIs) as well as claims with eligible collateral or guarantees under Appendix 62 of the MORB shall continue to apply.

The foregoing provisions shall apply until 31 December 2022.

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Section 2. Amendment to the Relief Measure on the Reduction in the Minimum Liquidity Ratio (MLR) of Stand-Alone Thrift Banks, Rural Banks and Cooperative Banks. Memorandum No. M-2020-020 dated 7 April 2020, as amended by Memorandum No. M-2020-085 dated 1 December 2020, is hereby further amended to read as follows:

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The reduction in the MLR and the arrangements set forth in this memorandum shall be effective until 31 December 2022, unless otherwise revoked by the BSP.

Section 3. Amendment to the Relief Measure on the Single Borrower's Limit. Memorandum No. M-2020-011 dated 19 March 2020, as amended by Memorandum No. M-2020-057 dated 21 July 2020 and Memorandum No. M-2021-026 dated 26 April 2021, is hereby further amended to read as follows:

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The additional operational relief measures that are available to BSFIs are as follows:

1. Increase in the single borrower's limit (SBL). Increase in the SBL under Section 362 of the Manual of Regulations for Banks (MORB)/Section 342-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFIs) from 25 percent to 30 percent until 31 December 2022, pursuant to national interest.
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Section 4. Amendment to the Regulatory Relief on the Non-imposition of Sanctions for Breach in Single Borrower's Limit by Foreign Bank Branches Established Prior to Republic Act No. 10641. Memorandum No. M-2021-002 dated 4 January 2021, is hereby amended to read as follows:

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In view of the lapse of the transitory period for the Single Borrower's Limit (SBL) pursuant to Section 103 of the Manual of Regulations for Banks (MORB), as amended by Circular No. 1073 dated 10 February 2020, existing foreign bank branches established in the Philippines prior to Republic Act No. 10641 that breach the SBL shall not be subject to sanctions prescribed under Section 362 of the MORB until 31 December 2022: *Provided*, That the amount of the new loan, credit accommodation, or guarantee extended as well as the restructured, renewed, and refinanced existing credit exposures, beginning 01 January 2021 until 31 December 2022, shall not exceed the prescribed percentage limit¹ using as reference point twice the level of capital as defined under Section 103 of the MORB (Capital requirements of foreign bank).

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- ¹ Pursuant to the provisions of this Memorandum, the SBL is increased from 25 percent to 30 percent until 31 December 2022, pursuant to national interest.

Section 5. Amendment to the Regulatory Relief through Temporary Relaxation of the Maximum Borrowing Limit of Pawnshops. Memorandum No. M-2020-050 dated 15 June 2020, is hereby amended to read as follows:

The Monetary Board, in its Resolution No. 743 dated 11 June 2020, approved the grant of regulatory relief for pawnshops through the relaxation of their maximum borrowing limit by increasing the allowed percentage of their total borrowings to pledge loans from 50 percent¹ to 70 percent until 31 December 2022.

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- ¹ As prescribed under Section 201-P of the Manual of Regulations for Non-Bank Financial Institutions

For guidance and implementation.

 Digitally signed by
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CHUCHI G. FONACIER
Deputy Governor

17 January 2022