



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 820
Series of 2013

Subject : Additional Special Regulatory Reliefs to Banks in Areas Severely Affected by Tropical Depression "Yolanda"

The Monetary Board, in its Resolution No. 1962 dated 26 November 2013 approved to grant additional special regulatory reliefs (in addition to the standard regulatory and rediscounting reliefs provided for under Memorandum No. M-2013-050 dated 15 November 2013) to all banks¹ with head offices (HO) and/or branches in the areas "severely affected" by tropical storm "Yolanda" (international code name "Haiyan").

Section 1. Statement of Policy. The BSP aims to provide affected banks a set of additional special regulatory reliefs that are intended to translate into direct, immediate and measurable improvements in the quality of life of calamity victims, particularly bank clients.

Section 2. Scope and Coverage. All banks with HO and/or branches located in the following areas which were "severely affected" by tropical depression "Yolanda" and declared under a state of national calamity under Proclamation No. 682 dated 11 November 2013:

- a. Palawan in Region IV-B;
- b. Iloilo, Aklan and Capiz in Region VI;
- c. Cebu in Region VII; and
- d. Samar provinces and Leyte in Region VIII.

Section 3. Available Reliefs. The additional special regulatory reliefs shall be in the following form:

a. Staggered Booking of Losses Arising from Loan Write-Offs

Banks shall be allowed to book losses on affected loans outstanding as of 7 November 2013 that are condoned and written off (partially or in full), staggered over a period of 5 years.

Banks are required however, to disclose the regulatory relief in relevant reports in accordance with existing BSP rules and regulations.

Borrowers who benefited from the debt relief may be allowed to avail of new loans subject to appropriate credit underwriting standards.

¹ Universal, Commercial, Thrift, Rural and Cooperative Banks

b. Staggered Booking of Losses Arising from Write-Down of Bank Premises, Furniture, Fixture and Equipment and ROPA

Impairment losses arising from the need to write down Bank Premises, Furniture, Fixture and Equipment, and Real and Other Properties Acquired (ROPA) as of 7 November 2013 that are rendered economically useless by typhoon Yolanda, may be recognized over a staggered period over 5 years. The write-off shall be properly disclosed in the relevant reports in accordance with BSP existing rules and regulations.

c. Condonation of Annual Supervisory Fees of Thrift, Rural and Cooperative Banks

Banks with HO in the affected areas mentioned above may request for condonation of the Annual Supervisory Fee for the assessable year 2014. The BSP, after due consideration of the severity of losses incurred by the concerned bank, may condone the supervisory fees for up to 5 years, subject to application.

d. Flexibility on Branch Relocation and Temporary Offices

1. Temporary Relocation of Affected Banking Offices

Banks may relocate affected offices and branches to more viable locations within the province with a minimum of BSP intervention.

Banks availing of temporary relocation of offices to cities/municipalities of higher classification² within the province, for instances where the capital requirement under Subsec. X111.1 of the Manual of Regulations for Banks (MORB) is not met, shall be temporarily relieved from compliance with the additional capital requirement for a period of 6 months.

Applications for relocation of affected offices and branches to municipalities outside the province shall be evaluated on a case-to-case basis³.

The 45-days' prior notice requirement for temporary closure of offices⁴ in affected areas is hereby waived for offices that have been de facto closed since 8 November 2013. Banks are directed to post a notice to the effect that said office has been temporarily closed, together with information on the new location to service clients.

² E.g., from Medellin, Cebu (4th class municipality with capital requirement of P10 million) to Bogu City (all other cities except Cebu and Davao cities with capital requirement of P25 million)

³ To cover situations such as relocation to an adjoining municipality that is part of another province (e.g., from Tacloban, Leyte, to Basey, Samar, which are adjacent municipalities of different provinces).

⁴ Required under Subsec. X151.10, MORB

2. *Establishment of Temporary Banking Offices in Affected Areas*

Banks in affected areas may be authorized to establish temporary banking offices for a period not exceeding 6 months.

e. *Relaxation of Reporting Requirements*

Thrift banks, rural banks and cooperative banks with HO in the affected areas mentioned above shall be allowed to defer their submission of periodic reports for 6 months.

Banks with branches in the affected areas may defer the submission of branch reports for a period of 6 months. The HO may submit consolidated reports without the report of the affected branches for a period of 6 months.

f. *Relaxation on the Presentation of Required Clients' Documents*

Industry associations or federations are enjoined to come up with common guidelines for the reconstitution of documents (both clients and banks) for adoption of member banks in the severely affected areas. The common guidelines shall include measures addressing clients' concerns such as relaxation in the presentation of required documents when accessing financial services without sacrificing appropriate controls.

Section 4. Availment. Banks in the "severely affected" areas may avail themselves of the additional special regulatory reliefs by submitting a letter-request to the appropriate supervising department of the BSP, specifying the particular reliefs they will be availing of, together with the justifications therefor.

Section 5. Sanctions. In the event that the availing bank is found to have abused the policy, the additional special reliefs granted shall be reversed and set aside, and the availing bank shall be subject to appropriate sanctions.

This Circular shall take effect immediately upon publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

6 December 2013