AMENDMENT TO REGULATIONS ON SINGLE BORROWER'S LIMIT

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Pursuant to Monetary Board Resolution No. 1611 dated 15 November 2010, the following provisions of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended.

Section 1. Item "b" of Sec. X303 of the MORB on credit exposure limits to a single borrower is hereby amended, as follows:

> "Sec. X303 Credit Exposure Limits to a Single Borrower
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> "x x x
>
> "b. The total amount of loans, credit accommodations and guarantees prescribed in the first paragraph may be increased for each of the following circumstances:
>
> 1. By an additional ten percent (10%) of the net worth of such bank; Provided, That the additional liabilities are adequately secured by trust receipts, shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable goods which must be fully covered by insurance; and
>
> 2. By an additional twenty-five percent (25%) of the net worth of such bank; Provided, That the additional loans, credit accommodations and guarantees are for the purpose of undertaking infrastructure and/or development projects under the Public-Private Partnership (PPP) Program of the government duly certified by the Secretary of Socio-Economic Planning; Provided, further, That the total exposures of the bank to any borrower pertaining to such infrastructure and/or development projects under the PPP Program shall not exceed twenty-five percent (25%) of the net worth of such bank; Provided, furthermore, that the additional twenty-five percent (25%) shall only be allowed for a period of three (3) years from the effectivity of this Circular: Provided, finally, That the credit risk concentration arising from total exposures to all borrowers pertaining to such infrastructure and/or development projects under the PPP Program shall be considered by the bank in its internal assessment of capital adequacy relative to its overall risk profile and operating environment. Said loans, credit accommodations and guarantees based on the contracted amount as of the end of the three (3)-year period shall not be increased but may be reduced and once reduced, said exposures shall not be increased thereafter."

Section 2. The following shall be added as third paragraph of Sec. 4303Q of the MORNBFI on loan limit to a single borrower:

> "Sec. 4303Q Loan Limit to a Single Borrower.
>
> "x x x
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> "The total amount of loans, credit accommodations and guarantees prescribed in the first paragraph may be increased by an additional twenty-five percent (25%) of the net worth of such quasi-bank; Provided, That the additional loans, credit accommodations and guarantees are for the purpose of undertaking infrastructure and/or development projects under the Public- Private Partnership (PPP) Program of the government duly certified by the Secretary of Socio-Economic Planning; Provided, further, That the total exposures of the

> quasi-bank to any borrower pertaining to such infrastructure and/or development projects under the PPP Program shall not exceed twenty- five percent (25%) of the net worth of such quasi-bank; Provided, furthermore, that the additional twenty-five percent (25%) shall only be allowed for a period of three (3) years from the effectivity of this Circular; Provided, finally, That the credit risk concentration arising from total exposures to all borrowers pertaining to such infrastructure and/or development projects under the PPP Program shall be considered by the quasi-bank in its internal assessment of capital adequacy relative to its overall risk profile and operating environment. Said loans, credit accommodations and guarantees based on the contracted amount as of the end of the three (3)-year period shall not be increased but may be reduced and once reduced, said exposures shall not be increased thereafter.
>
> "x x x"

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

Adopted: 6 December 2010

FOR THE MONETARY BOARD:

(SGD.) AMANDO M. TETANGCO, JR.
Governor

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