

GUIDELINES ON THE COMPUTATION OF THE LOANS-TO-DEPOSITS RATIO AND PROPOSED AMENDMENTS TO THE BRANCH REPORTORIAL REQUIREMENTS

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The Monetary Board, in its Resolution No. 653 dated 29 May 2008, approved the following guidelines on: (a) the computation of the loans-to-deposits ratio of banks amending Section X393 and its Subsections X393.1 to X393.5 of the Manual of Regulations for Banks (MORB); and (b) the amendments to the branch reportorial requirements:

Section 1. Section X393 and its Subsections X393.1 to X393.5 of the MORB are hereby amended to read, as follows:

"Section X393 Loans-to-Deposits Ratio (LDR). The following policies and guidelines shall govern the LDR of head offices and branches.

"Subsection X393.1 Statement of Policy. It is the policy of the BSP to promote healthy competition within the banking system as well as provide enhanced banking statistics necessary for informed decision-making. It is in this view that amendments to existing regulations on the LDR and reportorial requirements are hereby issued.

"Subsection X393.2 Regional LDR. An individual bank's regional LDR is a measure of the extent of its lending activity vis-a-vis deposits generated in a region. On an aggregate basis, the regional LDR for the banking system is an indicator of the level of bank deposits which have been transformed into investments in a region. The latter may be used by banks as benchmark in assessing their regional lending and deposit operations as against that of the industry and their peer group.

"Subsection X393.3 Computation of the Regional LDR. The individual bank's regional LDR shall be computed by dividing a bank's aggregate loans by its aggregate deposit liabilities on a per region basis as the same reporting cut-off date. A bank shall be guided by the following in computing for its regional LDR:

a. Loans shall be reported by a bank in the region where the loan proceeds were utilized or channeled to, i.e., location of the end-users.

b. Deposits, on the other hand, shall be reported by a bank in the region wherein these were generated.

For purposes of this Section, loans shall refer to the amortized cost of a bank's total loan portfolio, excluding "Loans to BSP", "Interbank Loans Receivable" and loans granted by a bank's FCDU/EFCDU. Deposits, on the other hand shall refer to a bank's total deposit liabilities, excluding FCDU/EFCDU deposits.

Subsections X393.4 and X393.5 are hereby deleted.

Section 2. Reportorial Requirements. The bank head office shall submit a Report of Selected Branch Accounts on a semestral basis (Annex A[*]), which may likewise be accessed at the BSP website (www.bsp.gov.ph).

The report, which shall be considered a Category A-3 report, shall be submitted within 20 banking days after the end of the reference semester.

The reportorial requirement shall become effective starting with the 31 December 2008 semestral report. Details on the mode and manner of submission of the report shall be covered by a separate issuance.

The quarterly Statement of Condition (SOC) and Statement of Income and Expenses (SIE) together with their supporting schedules submitted on a per branch basis shall continue to be submitted in accordance with the mode and frequency of submission provided under existing regulations until the reporting period ending 31 December 2008. Thereafter, both the SOC and SIE shall no longer be submitted.

Section 3. Amendment of Inconsistent Provisions of MORB. Appendix 5 of the MORB on the Standard Pre-Qualification Requirements for the Grant of Banking Authorities is hereby amended to exclude compliance with the LDR as a pre-condition for the grant of special banking authorities.

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: 18 June 2008

FOR THE MONETARY BOARD:

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

[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman Quezon City.

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