

AMENDMENT OF SUBSECTIONS X306.5 AND X306.6 OF THE MANUAL OF REGULATIONS FOR BANKS (MORB) ON THE WRITING-OFF OF LOANS INCLUDING MICROFINANCE LOANS, AS BAD DEBTS

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The Monetary Board, in its Resolution No. 1188 dated 8 September 2005, approved the amendment of Subsections X306.5 and X306.6 of the Manual of Regulations for Banks (MORB) on the writing-off of loans including microfinance loans as bad debts as follows:

SECTION 1. Writing-off of loans and bad debts. The first paragraph of item “a” and Item “c” of Subsection X306.5 of the MORB shall read as follows:

“Subsec. X306.5 Write-off of loans as bad debts.

“a. Approval by board of directors. Banks, upon approval by their board of directors may write-off loans, other credit accommodations, advances, and other assets, regardless of amount, against allowance for probable losses (valuation reserves) or current operations as soon as they are satisfied that such loans, other credit accommodations, advances and other assets are worthless as follows:

“xxx xxx xxx

“b. xxx xxx xxx

“c. Reporting requirements. Notice of write-off of loans, other credit accommodations, advances, and other assets shall be submitted in the prescribed form to the supervising and examining department concerned within thirty (30) days after every write-off with (i) a sworn statement signed by the President of the bank or officer of equivalent rank that write-off did not include transactions with DOSRI and (ii) a copy of board resolution approving the write-off.

“xxx xxx xxx

“d. Verification of write-offs. Write-offs of loans shall be subject to verification during examination.”

SECTION 2. Write-offs of microfinance loans as bad debts. Subsec. X306.6 shall

read as follows:

“Subsec. X306.6 Writing-off microfinance loans as bad debts. Microfinance loans, regardless of amount that have become past due in accordance with Subsec. X306.1h may be written-off, in conformity with the provisions of Sub- sec. X306.5: Provided, That the notice of write-off and attachments required under Item “c” of Subsec. X306.5 are filed within thirty (30) days after every write-off of loans.”

This Circular shall take effect fifteen (15) days following its publication in a news- paper of general circulation.

Adopted: 01 Dec. 2005

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

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