ALLOWANCE FOR LOAN LOSSES

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Pursuant to Monetary Board Resolution No. 726 dated May 20, 1998, the second paragraph of Subsecs. __306.5 (Books I to III) and 4306.5 (Book IV) of the Manual of Regulations for Banks and Other Financial Intermediaries is hereby amended as follows:

> "In addition to the allowance for probable losses required by the Bangko Sentral ng Pilipinas in accordance with the foregoing guidelines, a general provision for loan losses not linked to individually identified uncollectible accounts shall also be set up equivalent to 2% of gross loan portfolio, less interbank loans, LOANS GUARANTEED BY THE SMALL BUSINESS GUARANTEE AND FINANCE CORPORATION, PHILIPPINE EXPORT GUARANTEE, GUARANTEE FUND FOR SMALL AND MEDIUM ENTERPRISES AND OTHER GOVERNMENT GUARANTEE CORPORATIONS,. PROVIDED THESE LOANS ARE NOT PAST DUE, and loans which are considered non-risk under existing laws/rules/regulations.

This Circular shall take effect immediately.

Adopted: 29 May 1998

(SGD.) GABRIEL C. SINGSON
Governor

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