



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR

MEMORANDUM NO. M-2021-026

To : **All BSP-Supervised Financial Institutions (BSFIs)**

Subject : **Amendments to the Credit-Related Regulatory Relief Measures for BSFIs Affected by the Corona Virus Disease 2019 (COVID-19)**

The Monetary Board, in its Resolution No. 497 dated 22 April 2021, approved amendments to BSP regulations on the credit-related regulatory relief measures for BSFIs affected by COVID-19 as an interim measure pending the full operationalization of the Financial Institutions Strategic Transfer (FIST) Act in 2021.

As a general policy, BSFIs are encouraged to offer less onerous payment terms or restructure loan accounts with the consent of borrowers. In restructuring affected loan accounts, the original loan contractual terms and conditions should be modified in accordance with a formal restructuring agreement. The restructuring arrangement should be based on terms agreed upon by the bank and the borrower, considering, among others, the latter's paying capacity and cash flows or sources of repayment, including the changes in the timing and amount of their borrower's cash flows.

Section 1. Amendments to the regulatory relief measure on the exclusion of eligible loans from the past due (PD) and non-performing loan (NPL) classification. The following loans of affected borrowers which have been granted a temporary grace period or restructured by the BSFI, in view of the COVID-19:

- a. Loans which should have been reclassified as PD as of 8 March 2020, and
- b. Loans that have become PD or non-performing, six (6) months from 8 March 2020 up to 31 March 2021,

may be excluded from the PD and NPL classification until 31 December 2021, subject to reporting by the BSFI to the BSP, in accordance with the following timelines pursuant to the guidelines under Memorandum No. M-2020-061 dated 03 August 2020:

- a. Starting from the reporting period ending 30 April 2021, in the case of the supplemental report that will accompany the Solo Financial Reporting Package, and
- b. Starting from the reporting period ending 30 June 2021, in the case of the supplemental report that will accompany the Capital Adequacy Report.

Section 2. Amendments to the Relief Measure on the Single Borrower's Limit.
Memorandum No. M-2020-011 dated 19 March 2020, as amended by Memorandum No. M-2020-057 dated 21 July 2020, is hereby further amended to read as follows:

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The additional operational relief measures that are available to BSFIs are as follows:

1. Increase in the single borrower's limit (SBL). Increase in the SBL under Section 362 of the Manual of Regulations for Banks (MORB)/Section 342-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) from 25 percent to 30 percent until 31 December 2021, pursuant to national interest.
2. xxx

For guidance.

CHUCHI G. FONACIER
Deputy Governor

26 April 2021