

[**BSP CIRCULAR NO. 244, May 18, 2000**]

UNIMPAIRED CAPITAL

The Monetary Board, in its Resolution No. 616 dated April 18, 2000, approved a separate single borrower's limit (SBL) of 35% of unimpaired capital and surplus for the wholesale lending activities of government banks to participating financial institutions (PFIs) for relending to end-user borrowers, subject to the following guidelines:

- a. Government banks' SBL of 35% of unimpaired capital and surplus shall apply only to loans granted to PFIs on a wholesale basis for on-lending to end-user borrowers;
- b. The 35% SBL shall apply only to loan programs funded by multilateral, international or local developmental agencies, organizations or institutions specially designed for wholesale lending activities of government banks;
- c. The end-user borrowers of the PFIs shall be subject to the 25% SBL, not to the increased ceiling of 35%; and
- d. Government banks shall observe the minimum criteria for accrediting PFIs and for the grant/renewal of credit lines to accredited PFIs as set forth in Annex A.

This Circular shall take effect immediately.

Adopted: 18 May 2000

(SGD.) ALBERTO V. REYES
Officer-in-Charge

ANNEX A

Minimum Criteria for Accreditation of Participating Financial Institutions (PFIs) In Government Bank's Wholesale Lending Program

I. Accreditation Criteria

For accreditation purposes, PFIs shall initially be evaluated/appraised on the basis of the following pre-qualifying criteria:

1. The PFI shall submit a certification on the following:
 - a. Compliance with the prescribed minimum capital to risk assets ratio of 10%, minimum capitalization, legal and liquidity reserve requirements for deposit liabilities, deposit substitutes, common trust funds (CTFs) and Trust and Other Fiduciary Accounts (TOFA) -Others, liquidity floor requirement for government funds held, and ceilings on credit