

101-B AUTHORITY OF THRIFT BANKS TO ISSUE FOREIGN LETTERS OF CREDIT
AND PAY/ACCEPT/NEGOTIATE IMPORT/EXPORT DRAFTS/BILLS OF EXCHANGE

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With prior Monetary Board approval, TBs may be authorized to issue foreign letters of credit (LCs) and pay/accept/negotiate import/export drafts/bills of exchange, subject to compliance with the following conditions (at the time of application unless otherwise indicated):

- a. Minimum capital requirement of P1.0 billion;
- b. Ten percent (10%) risk-based capital adequacy ratio (CAR);
- c. CAMELS composite rating not lower than “3”, with Management component score not lower than “3” in the latest examination of the bank;
- d. Risk management system appropriate to its operations, characterized by clear delineation of responsibility for risk management, adequate risk measurement system, appropriately structured risk limits, effective internal control system and complete, timely and efficient risk reporting system;
- e. Articles of incorporation which shall include among its powers or purposes, the issuance of foreign LCs and payment/acceptance/negotiation of import/export drafts/bills of exchange (which may be submitted any time prior to engaging in said activities);
- f. Correspondent banking relationship or arrangement with reputable foreign banks (which should be in place prior to engaging in said activities);
- g. Appointment of the officer with actual experience of at least two (2) years as in-charge or at least as assistant in-charge of import and export financing operations in a UB/KB who will be in-charge of the said operations (prior to engaging in said activities);
- h. Appointment of bank personnel with actual experience and/or specific training in import and export financing operations who will handle the said operations (prior to engaging in said activities);
- i. No net weekly regular and liquidity reserve deficiencies during the twelve (12) week period immediately preceding the date of application;
- j. No deficiency in asset and liquid asset cover for FCDU liabilities for three (3) months immediately preceding the date of application;

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- k. No deficiency in liquidity floor requirement for government funds held during the twelve (12)-week period immediately preceding the date of application;
- l. No float items outstanding for more than sixty (60) calendar days in the “Due From/To Head Office/Branches/Offices” and “Due from Bangko Sentral” accounts exceeding one percent (1%) of the total resources as of end of month preceding the date of application;
- m. No unbooked allowance for credit losses;
- n. Compliant with ceilings on loans, other credit accommodations and guarantees to directors, officers, stockholders, and their related interests (DOSRI) for the quarter immediately preceding the date of application;
- o. Compliant with the single borrower’s limit (SBL);
- p. Compliant with the limit on real estate and improvements, including bank equipment;
- q. No uncorrected findings of unsafe or unsound banking;
- r. Generally compliant with banking laws, rules and regulations, orders or instructions of the Monetary Board and/or Bangko Sentral Management; and
- s. No past due obligations with the Bangko Sentral or with any FI.

Application for authority of thrift banks to issue foreign letters of credit and pay/accept/negotiate import/export drafts/bills of exchange. An application for authority to issue foreign LCs and pay/accept/negotiate import/export drafts/bills of exchange shall be signed by the president of the bank or officer of equivalent rank and shall be accompanied by a certified true copy of the resolution of the bank’s board of directors authorizing the application.