

350 APPLICABILITY TO GOVERNMENT BORROWINGS IN GOVERNMENT-OWNED OR -CONTROLLED BANKS

The provisions of Secs. 341 to 347 shall also apply to loans, other credit accommodations, and/or guarantees granted to the National Government or Republic of the Philippines, its political subdivisions and instrumentalities as well as GOCCs, subject to the following clarifications:

- a. Loans, other credit accommodations, and/or guarantees to the Republic of the Philippines and/or its agencies/departments/ bureaus shall be considered: (1) non-risk; and (2) not subject to any ceiling;

Investments in Global Peso Notes (GPNs) shall be excluded by government financial institutions in determining compliance with DOSRI ceilings;

- b. Loans, other credit accommodations, and/or guarantees to: (1) GOCCs; and (2) corporations where the Republic of the Philippines, its agencies/departments/ bureaus, and/or GOCCs own at least twenty percent (20%) of the subscribed capital stock shall be considered indirect borrowings of the Republic of the Philippines and shall form part of the individual ceiling as well as the aggregate ceiling: *Provided*, That the following loans, other credit accommodations, and/or guarantees to GOCCs and corporations where the Republic of the Philippines, its agencies/ departments/bureaus, and/or GOCCs own at least twenty percent (20%) of the subscribed capital stock, shall be excluded from the thirty percent (30%) ceiling on unsecured loans under Secs. 344 and 345:

- (1) Loans, other credit accommodations, and/or guarantees for the purpose of undertaking infrastructure and other priority programs and projects consistent with the Philippine Development Plan/Public Investment Program of the National Government, duly certified as such by the Secretary of Socio-Economic Planning;
- (2) Loans, other credit accommodations, and/or guarantees granted to PFIs in the lending programs of the government wherein the funds borrowed are intended for relending to other PFIs or end-user borrowers; and
- (3) Loans, other credit accommodations, and/or guarantees granted for the purpose of providing (i) wholesale and retail loans to the agricultural sector and micro, small and medium enterprises (MSMEs); and/or (ii) rediscounting and guarantee facilities for loans granted to the said sector or enterprises;

- c. Loans, other credit accommodations, and/or guarantees granted to state universities and

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colleges (SUCs) shall be excluded from the thirty percent (30%) ceiling on unsecured loans under Secs. 344 and 345;

- d. In view of the fiscal autonomy granted under R.A. No. 7653 and the independence prescribed under the Constitution, the Bangko Sentral shall be considered an independent entity, hence, not a related interest of the Republic of the Philippines and/or its agencies/departments/ bureaus. Loans, other credit accommodations and guarantees of the Bangko Sentral shall be considered: (1) non-risk; and (2) not subject to any ceiling;
- e. LGUs shall be considered separate from the Republic of the Philippines, other government entities, and from one another due to the full autonomy in the exercise of their proprietary functions and in the management of their economic enterprises granted to them under the Local Government Code of the Philippines, subject to certain limitations provided by law, hence, not a related interest of the Republic of the Philippines and/or its agencies/departments/bureaus;
- f. Local Water Districts (LWDs), although GOCCs, shall be considered separate from the Republic of the Philippines, other government entities, and from one another due to their fiscal independence from the national government, hence, not a related interest of the Republic of the Philippines and/or its agencies/department/bureaus, for purposes of these regulations;
- g. A director who acts as a government representative in the lending institution shall not be excluded in the deliberation as well as in the determination of majority of the directors in cases of loans, other credit accommodations, and guarantees to the Republic of the Philippines and/or its agencies/departments/bureaus; and
- h. A director of the lending institution shall be excluded in the deliberation as well as in the determination of majority of the directors in cases of loans, other credit accommodations, and guarantees to the borrowing government entity other than the Republic of the Philippines, its agencies, departments or bureaus where said director is also a director, officer or stockholder under existing DOSRI regulations.

(Circular Nos. 914 dated 23 June 2016)