

MINIMUM CRITERIA FOR ACCREDITATION OF PARTICIPATING FINANCIAL INSTITUTIONS (PFIs) IN GOVERNMENT BANKS WHOLESALE LENDING PROGRAM
(Appendix to Sec. 362 on Limit for Wholesale Lending Activities of Government Banks)

I. Accreditation Criteria

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

a. The PFI shall submit a certification on the following:

- (1) Compliance with the prescribed minimum capital to risk assets ratio of ten percent (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 accommodations to directors, officers, stockholders and their related interests (DOSRI), for six (6) consecutive months prior to the filing of application for accreditation.
- (2) As of application date, the PFI has generally complied with the orders or instructions of the Monetary Board and/or Bangko Sentral Management, more particularly:
 - (a) Set-up of the required general loan loss and specific provisioning requirements.; and
 - (b) Correction of major violations and previous years' exceptions noted in the latest Bangko Sentral examination.
- (3) The PFI has no past due obligations with the Bangko Sentral or with any government financial institution.
- (4) The PFI's accounting records, systems, procedures and internal control systems are satisfactorily maintained.

b. Profitability

- (1) For PFIs operating for more than three (3) years as of date of filing of the application for accreditation - Operating profitably for three (3) consecutive years prior to the filing of application for accreditation.
- (2) For PFIs operating for less than three (3) years as of date of filing of the application for accreditation - Operating profitably for two (2) consecutive years prior to the filing of

application for accreditation.

c. Capital

Compliance with minimum capital accounts of P400.0 million or Bangko Sentral required minimum capitalization applicable to the category where the PFI belongs, whichever is higher.

d. Non-performing loans ratio for six (6) consecutive months prior to the filing of application for accreditation shall not exceed the industry ratio which may be obtained from the SRSO of the Bangko Sentral.

e. Ownership/Management

For PFIs operating for less than three (3) years as of date of filing of the application for accreditation –

- (1) Domestic bank owned by reputable individuals/institutions and managed by reputable and experienced bankers.
- (2) Philippine branch of a foreign bank carrying an international investment grade rating acceptable to the government bank with foreign bank's (Head Office/parent bank) unconditional and irrevocable guarantee on loan availments of Philippine branch or subsidiary.

II. Grant and Renewal of Credit Lines to Accredited PFIs

- a. Government banks shall provide credit lines for a specified term to each accredited PFI based on the results of the quantitative and qualitative evaluation guidelines to be formulated in accordance with credit policies and procedures approved by the bank's Board of Directors and/or as prescribed by the institutions, organizations or agencies which provide the funds.
- b. PFIs shall be subject to quantitative and qualitative evaluation as well as the accreditation criteria when applying for renewal of credit lines.
- c. Government banks may suspend the release of funds to PFIs that failed to meet any of the quantitative and qualitative evaluation guidelines and/or the accreditation criteria.