

**ADDITIONAL SPECIAL REGULATORY RELIEFS TO BANKS IN AREAS SEVERELY
AFFECTED BY TROPICAL DEPRESSION “YOLANDA”**

**(Footnote to Sec. 105 on Establishment/Relocation/Voluntary Closure/Sale of
Branches/Branch-lite Units and Other Offices, Opening of branches/branch-lite units, Sec.
109 on Appreciation or increase in book value, 382, 921, and 1101)**

Statement of Policy. The Bangko Sentral aims to provide affected banks a set of additional special regulatory reliefs that are intended to translate into direct, immediate and measurable improvements in the quality of life of calamity victims, particularly bank clients.

Scope and Coverage. All banks¹ with head offices (HO) and/or branches located in the following areas which were “severely affected” by tropical depression “Yolanda” and declared under a state of national calamity under Proclamation No. 682 dated 11 November 2013:

- a. Palawan in Region IV-B;
- b. Iloilo, Aklan and Capiz in Region VI;
- c. Cebu in Region VII; and
- d. Samar provinces and Leyte in Region VIII.

Available Reliefs. The additional special regulatory reliefs shall be in the following form:

a. *Staggered Booking of Losses Arising from Loan Write-Offs*

Banks shall be allowed to book losses on affected loans outstanding as of 07 November 2013 that are condoned and written off (partially or in full), staggered over a period of 5 years.

Banks are required, however, to disclose the regulatory relief in relevant reports in accordance with existing Bangko Sentral rules and regulations.

- b. Borrowers who benefited from the debt relief may be allowed to avail of new loans subject to appropriate creditunderwriting standards. Staggered Booking of Losses Arising from Write-Down of Bank Premises, Furniture, Fixture and Equipment and ROPA Impairment losses arising from the need to write down Bank Premises, Furniture, Fixture and Equipment, and Real and Other Properties Acquired (ROPA) as of 07 November 2013 that are rendered economically useless by Typhoon Yolanda, may be recognized on a staggered period of five (5) years. The write-off shall be properly disclosed in the relevant reports in accordance with Bangko Sentral existing rules and regulations.

- c. *Condonation of Annual Supervisory Fees of TB, RB and Coop Banks.* Banks with HO in the affected

areas may request for condonation of the Annual Supervisory Fee for the assessable year 2014. The Bangko Sentral, after due consideration of the severity of losses incurred by the bank concerned, may condone the supervisory fees for up to 5 years, subject to application.

d. Flexibility on Branch Relocation and Temporary Offices

1. Temporary Relocation of Affected Banking Offices

Banks may relocate affected offices and branches to more viable locations within the province with a minimum of Bangko Sentral intervention.

Banks availing of temporary relocation of offices to cities/municipalities of higher classification² within the province, for instances where the capital requirement under Sec. 121 (*Minimum capitalization*) of this Manual is not met, shall be temporarily relieved from compliance with the additional capital requirement for a period of 6 months.

Applications for relocation of affected offices and branches to municipalities outside the province shall be evaluated on a case-to-case basis³.

The 45-day prior notice requirement for temporary closure of offices⁴ in affected areas is hereby waived for offices that have been de facto closed since 8 November 2013. Banks are directed to post a notice to the effect that said office has been temporarily closed, together with information on the new location to service clients.

2. Establishment of Temporary Banking Offices in Affected Areas

Banks in affected areas may be authorized to establish temporary banking offices for a period not exceeding 6 months.

e. Relaxation of Reporting Requirements. TBs, RBs and Coop Banks with HO in the affected areas shall be allowed to defer their submission of periodic reports for 6 months.

Banks with branches in the affected areas may defer the submission of branch reports for a period of 6 months. The HO may submit consolidated reports without the report of the affected branches for a period of 6 months.

f. Relaxation on the Presentation of Required Clients' Documents

Industry associations or federations are enjoined to come up with common guidelines for the

reconstitution of documents (both clients and banks) for adoption of member banks in the severely affected areas. The common guidelines shall include measures addressing clients' concerns such as relaxation in the presentation of required documents when accessing financial services without sacrificing appropriate controls.

Availment. Banks in the "severely affected" areas may avail themselves of the additional special regulatory reliefs by submitting a letter-request to the appropriate supervising department of the Bangko Sentral, specifying the particular reliefs they will be availing of, together with the justifications therefor.

Sanctions. In the event that the availing bank is found to have abused the policy, the additional special reliefs granted shall be reversed and set aside, and the availing bank shall be subject to appropriate sanctions.

(Circular No. 827 dated 28 February 2014)

Footnotes

1. Universal, Commercial, Thrift, Rural and Cooperative Banks
2. E.g., from Medellin, Cebu (4th class municipality with capital requirement of P10 million) to Bogo City (all other cities except Cebu and Davao cities with capital requirement of P25 million)
3. To cover situations such as relocation to an adjoining municipality that is part of another province (e.g., from Tacloban, Leyte, to Basey, Samar, which are adjacent municipalities of different provinces).
4. Required under Sec. 105 (*Opening of branches/branch-lite units*).