



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1176 Series of 2023

Subject: Amendments to the Rules and Regulations on the Reserves Against Deposits and Deposit Substitute Liabilities of Banks

The Monetary Board, in its Resolution No. 777 dated 16 June 2023, approved the following amendments to the Manual of Regulations for Banks (MORB) on the rules and regulations governing the reserves against deposit and deposit substitute liabilities of banks.

Section 1. Section 251 of the MORB on *Required reserves against deposit and deposit substitute liabilities*, as amended by Circular Nos. 1154 dated 14 September 2022 and 1175 dated 23 June 2023, is hereby further amended to read, as follows:

251 ACCOUNTS SUBJECT TO RESERVES; AMOUNTS REQUIRED

The following rules and regulations shall govern the reserves against deposit and deposit substitute liabilities.

Required reserves against deposit and deposit substitute liabilities. The rates of required reserves against deposit and deposit substitute liabilities in local currency of banks effective reserve week 30 June 2023 shall be as follows:

Reservable Liabilities	UBs/KBs	Digital Banks	TBs	RBs/Coop Banks
xxx	xxx	xxx	xxx	xxx
i. Peso deposits lodged under Due to foreign banks	9.5%	6%	NA	NA
j. Peso deposits lodged under Due to Head Office/Branches/Agencies Abroad (Philippine branch of a foreign bank)	9.5%	6%	NA	NA
xxx	xxx	xxx	xxx	xxx

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Section 2. Section 252 of the MORB on *Allowable modes of alternative compliance*, as amended by Circular No. 1155 dated 21 September 2022, is hereby further amended to read, as follows:

252 COMPOSITION OF RESERVES

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Allowable modes of alternative compliance. The following alternative modes of compliance with the required reserves against deposit and deposit substitute liabilities shall be allowed:

- Peso-denominated loans that are granted to micro-, small-, and medium enterprises (MSMEs), as defined under Sec. 332 (*Definition of Terms*),

excluding banks and NBQBs that meet the definition of a small- and medium-enterprise, subject to the following conditions:

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The use of MSME loans as allowable alternative compliance with the reserve requirement shall be available to banks from 24 April 2020 to 30 June 2023. In the case of TBs, RBs, and Coop banks, the outstanding MSME loans of these banks that are utilized as alternative compliance with the reserve requirement as of 30 June 2023 shall remain eligible for such purpose until said loans are fully paid but not later than 31 December 2025: *Provided, however,* that such MSME loans which subsequently become past due or non-performing, as defined under Sec. 304, or are extended, renewed, or restructured, shall no longer be eligible as alternative compliance with the reserve requirement. The outstanding balance of MSME loans that are utilized by these banks as compliance with the required reserves as of 30 June 2023 shall not be increased but may be reduced and once reduced, said loans shall not be increased thereafter. New MSME loans granted after 30 June 2023 by banks shall not be eligible as alternative compliance with the reserve requirement under this Section.

- b. Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs that meet the definition of a large enterprise, subject to the following conditions:

xxx

The use of loans to a large enterprise as allowable alternative compliance with the reserve requirements shall be available to banks from 29 May 2020 to 30 June 2023. In the case of TBs, RBs, and Coop banks, the outstanding loans to a large enterprise of these banks that are utilized as alternative compliance with the reserve requirement as of 30 June 2023 shall remain eligible for such purpose until said loans are fully paid but not later than 31 December 2025: *Provided, however,* that such loans to a large enterprise which subsequently become past due or non-performing, as defined under Sec. 304, or are extended, renewed, or restructured, shall no longer be eligible as alternative compliance with the reserve requirement. The outstanding balance of loans to a large enterprise that are utilized by these banks as compliance with the required reserves as of 30 June 2023 shall not be increased but may be reduced and once reduced, said loans shall not be increased thereafter. New loans to a large enterprise granted after 30 June 2023 by banks shall not be eligible as alternative compliance with the reserve requirement under this Section.

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Section 3. This Circular shall take effect on 30 June 2023 after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


FELIPE M. MEDALLA
Governor

29 June 2023