

MINIMUM CAPITAL REQUIREMENTS FOR EXPANDED COMMERCIAL BANKS/ THRIFT BANKS/ RURAL BANKS

BSP CIRCULAR NO. 156, March 19, 1998

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The Monetary Board, in its Resolution No. 374 dated March 12, 1998, approved the following amendments to Books I, II and III of the Manual of Regulations for Banks and Other Financial Intermediaries:

SECTION 1. The provisions of Subsec. 1106.1 (Book I) are hereby amended to read as follows:

"Minimum capital for expanded commercial banks. All expanded commercial banks, including those already in operation as well as those to be established hereafter, shall have capital accounts of at least P 5.4 billion each.

The foregoing minimum capital requirement shall immediately apply to applications filed after (date of MB Resolution).

Expanded commercial banks which are existing, or which are newly authorized but not yet operating, or banks from which completed applications to operate under an expanded commercial banking authority have been received as of (date of MB Resolution) but pending action by the Bangko Sentral ng Pilipinas (BSP) are hereby allowed the following time frame within which to meet the above minimum capital requirement:

P 4.500 billion on or before December 24, 1998

P 4.950 billion on or before December 31, 1999

P 5.400 billion on or before December 31, 2000

Provided, That for the P 4.950 billion and P 5.400 billion minimum capital, they shall submit to the BSP a capital build-up program for this purpose within three (3) months from the date of this Circular: Provided, further, That for expanded commercial banks which are listed in the Philippine Stock Exchange, or are in the process of listing, as certified by the Securities and Exchange Commission, shall have an additional six (6) month period to meet the minimum capital requirement."

SECTION 2. The provisions of Subsec. 1106.2 (Book 1) are hereby amended to read, as follows:

"Minimum capital for commercial banks. All commercial banks, including those already in operation as well as those to be established hereafter, shall have capital accounts of at least P 2.8 billion each.

The foregoing minimum capital requirement shall immediately apply to applications filed after (date of MB Resolution).

Commercial banks which are existing, or which are newly authorized but not yet operating, or persons from whom completed applications to establish commercial banks have been received as of (date of MB Resolution) but pending action by the Bangko Sentral ng Pilipinas (BSP) are hereby allowed the following time frame within which to meet the minimum capital requirement:

P 2.000 billion on or before December 24, 1998

P 2.400 billion on or before December 31, 1999

P 2.800 billion on or before December 31, 2000

Provided, That for the P 2.400 billion and P 2.800 billion minimum capital, they shall submit to the BSP a capital build-up program for this purpose within three (3) months from the date of this Circular: Provided, further, That for commercial banks which are listed in the Philippine Stock Exchange, or are in the process of listing, as certified by the Securities and Exchange Commission, shall have an additional six (6) month period to meet the minimum capital requirement."

SECTION 3. The provisions of Subsec. 2106 (Book II) are hereby amended to read, as follows:

"Minimum capitalization. A thrift bank shall have minimum capital accounts as follows:

- a. With head office within Metro Manila — P 400 million
- b. With head office outside Metro Manila — P 64 million

The foregoing minimum capital requirement shall immediately apply to applications filed after (date of MB Resolution)."

SECTION 4. The provisions of Item a of Subsec. 2106.2 (Book II) are hereby amended to read, as follows:

"Capital build-up program for thrift banks not meeting the required minimum capital accounts.

- a. Thrift banks which are existing, or which are newly authorized but not yet operating, or persons from whom completed applications to establish thrift banks have been received as of (date of MB Resolution) but pending action by the Bangko Sentral ng Pilipinas (BSP) are hereby allowed the following time frame within which to meet the above minimum capital requirement:

With head office within Metro Manila

P 250 million on or before December 24, 1998

P 325 million on or before December 31, 1999

P 400 million on or before December 31, 2000

With head office outside Metro Manila

P 52 million on or before December 31, 1999

P 64 million on or before December 31, 2000

Provided, That for the P 325 million, P 400 million, P 52 million and P 64 million minimum capital, they shall submit to the BSP a capital, build-up program for this purpose within three (3) months from the date of this Circular: Provided, further, That for thrift banks which are listed in the Philippine Stock Exchange, or are in the process of listing, as certified by the Securities and Exchange Commission, shall have an additional six (6) month period to meet the minimum capital requirement."

SECTION 5. The provisions of Subsec. 3106 (Book III) are hereby amended to read, as follows:

"Minimum capitalization. — Except in the City of Manila, Kalookan City, Quezon City, Pasay City, Mandaluyong City and Makati City, and the municipalities of Malabon, Navotas, San Juan and Parañaque, and in the cities of Cebu and Davao, a new rural bank may be established in any city or municipality.

The minimum capitalization requirements of rural banks shall be as follows:

- a) In the City of Manila, Kalookan City, Quezon City, Pasay City, Mandaluyong City and Makati City, and the municipalities of Malabon, Navotas, San Juan and Parañaque (existing rural banks) P 32 million
- b) In the cities of Cebu and Davao (existing rural banks) P 16 million
- c) In first, second and third class cities and first class municipalities P 8 million

d) In fourth, fifth and sixth class cities and in second, third and fourth class municipalities P 4.8 million

e) In fifth and sixth class municipalities P 3.2 million

The foregoing minimum capital requirement shall immediately apply to applications filed after (date of MB Resolution).

Rural banks which are existing, or which are newly authorized but not yet operating, or persons from whom completed applications to establish rural banks have been received as of (date of MB Resolution) but pending action by the Bangko Sentral ng Pilipinas (BSP) are hereby allowed the following time frame within which to meet the above minimum capital requirement:

Location of Head Office/Branches On or before December 31, 1999 On or before December 31, 2000

a) In the City of Manila, Kalookan City, Quezon City, Pasay City, Mandaluyong City and Makati City and the municipalities of Malabon, Navotas, San Juan and Parañaque P 26 million P 32 million

b) In the cities of Cebu and Davao P 13 million P 16 million

c) In first, second and third class cities and first class municipalities P 6.5 million P 8 million

d) In fourth, fifth and sixth class cities and in second, third and fourth class municipalities P 3.9 million P 4.8 million

e) In fifth and sixth class municipalities P 2.6 million P 3.2 million

Provided, That they shall submit to the BSP a capital build-up program for this purpose within three (3) months from the date of this Circular.

If the prescribed minimum capital necessitates an increase in the authorized capital stock, the rural bank shall cause the corresponding amendments to its articles of incorporation and submit the same to the BSP together with its capital build-up program.

It shall be the responsibility of the rural bank's board of directors and senior management to ensure full compliance with the bank's capital build-up program. Any or all of the following sanctions, among others, may be imposed on a rural bank which fails to (i) comply with the minimum requirement; or (ii) submit its capital build-up program within the prescribed deadline or to comply with its approved capital build-up program:

- a) Suspension of branching privileges;
- b) Prohibition against granting of new unsecured loans to directors, officers, stockholders and related interests;
- c) Denial of access to the rediscounting window of the BSP; and
- d) Denial of application to accept government deposits."

This Circular shall take effect immediately.

Adopted: 19 March 1998

(SGD.) GABRIEL C. SINGSON
Governor

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