

TRUST RULES

BSP MEMORANDUM, December 01, 1998

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Pursuant to the provisions of Monetary Board Resolution No. 1586 dated November 17, 1998, the Rules and Regulations on Trust, Other Fiduciary Business and Investment Management Activities (Trust Rules) are hereby further amended as follow:

SECTION 1. Item No. 1 of Subsec. _404.1 is hereby amended to read as follows:

"1. The applicant has complied with the required minimum capital accounts as follows:

Expanded Commercial

Banks (EKBs) and

Commercial Banks (KBs) The amount required under existing regulations or such amount as may be required by the Monetary Board in the future.

Branches of foreign banks Permanently assigned capital plus "Net Due to Head Office" account which shall not exceed four (4) times the amount of such permanently assigned capital as required under Sections 5 and 7 of BSP Circular No. 51.

Thrift Banks The amount required under existing regulations for Thrift Banks with head offices in Metro Manila or such amounts as may be required by the Monetary Board in the future.

Investment Houses P 250 million or such amount as may be required by the Monetary Board or other Regulatory Agency in the future.

SECTION 2. Item No. 5 of Subsec. _404.1 is hereby amended to read as follows:

"5. The applicant bank/investment house shall also meet the following additional requirements:

- a. Its operations during the year immediately preceding the filing of the application have been profitable, i.e. its rate of return on equity is at least 10%;
- b. It has continuously complied with its net worth-to-risk assets ratio, liquidity floor, and ceilings on DOSRI loans during the last six (6) months immediately preceding the date of application;
- c. It has not incurred net weekly reserve deficiency against deposits and deposit substitutes during the last six (6) months immediately preceding the date of application;
- d. It has complied with the 20% aggregate limit on real estate loans during the last six (6) months immediately preceding the date of application (for KBs and EKBs only);
- e. The ratio of its total non-performing loans to its gross loan portfolio as of the date of filing, application does not exceed the industry average as of the end of the quarter immediately preceding the date of application;
- f. It has complied with the loans to deposits ratio for the two (2) quarters immediately preceding the date of application;

g. It has complied with the mandatory allocation of credit resources to small and medium enterprises during the last two (2) quarters immediately preceding the date of application;

h. It does not have any past due obligation with the Bangko Sentral or with any government or non-government financial institution;

i. It has not engaged in unsafe and unsound banking practice/s during the year immediately preceding the date of application;

j. It has corrected as of date of application the violations noted in its latest examination related to (a) single borrower's loan limit; (b) investment in bank premises and other fixed assets; and (c) all other ceilings prescribed by the Bangko Sentral;

k. It does not have float items outstanding for more than sixty (60) calendar days in the "Due From/To Head Office/Branches" accounts and the "Due From Bangko Sentral: account exceeding one percent (1%) of its total resources as of the end of the month immediately preceding the date of application; and

l. It has shown substantial compliance with the other pertinent laws, rules and regulations, policies and instructions of the Bangko Sentral; has not been cited for serious violations or exceptions affecting its solvency, liquidity and profitability.

"Compliance with the foregoing as well as with other requirements under existing regulations shall be maintained up to the time the trust license is granted. A bank or an investment house that fails in this respect shall be required to show compliance for another test period of the same duration."

These amendments shall take effect immediately.

Adopted: 1 Dec. 1998

(SGD.) GABRIEL C. SINGSON

Governor

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