

AMENDMENTS TO BOOK III OF THE MANUAL OF REGULATIONS FOR BANKS AND OTHER FINANCIAL INTERMEDIARIES

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/7e9b0304d166/>

The Monetary Board, in its Resolution No. 1247 dated December 19, 1994, approved the guidelines to govern the establishment and relocation/voluntary closure of branches and other banking offices of rural banks. Accordingly, the Manual of Regulations for Banks and Other Financial Intermediaries (Book III) is hereby amended as follows:

Section 1. The provisions of Section 3151 to Subsec. 3151.8 (Book III) of the Manual of Regulations are hereby repealed/amended to read as follows:

Section 3151. Establishment of Banking Offices. Rural banks may establish banking offices which include branches, sub-branches, agencies and extension offices, as follows:

a. A rural bank with unimpaired paid-up capital of P10 million or more, net of government equity, may establish banking offices in any region, except in the National Capital Region (NCR) and in the cities of Cebu and Davao;

b. A rural bank with unimpaired paid-in capital of less than P10 million, net of government equity, may establish banking offices in the region where its head office is located, except in the NCR and in the cities of Cebu and Davao. Such rural bank when situated in the NCR may establish banking offices only in either Region III (Central Luzon) or IV (Southern Tagalog). However, if such rural bank is situated either in the cities of Cebu and Davao, it may branch out only within its region but outside said cities.

Subsec. 3151.1 Monetary Board Approval - Pursuant to Section 6-B of R.A. No. 337, as amended, no bank operating in the Philippines shall establish, open or operate banking offices, or transact business outside the premises of its duly authorized principal office, without the prior approval of the Monetary Board/Governor.

Subsec. 3151.2 Application for Authority to Establish Banking Offices. An application for authority to establish banking offices shall be signed by the President of the Bank and shall be accompanied, as a minimum, by the following information/documents:

a. Certified true copy of the resolution of the bank's board of directors authorizing the establishment of the additional banking office and indicating its proposed site;

b. Banking facilities and services to be offered;

c. Organizational set-up of the proposed banking office showing the proposed positions, and the names, qualifications and experience of the proposed manager and other officers; and

d. Certification signed by the President or the General Manager that the bank has complied with all the requirements enumerated under Subsec. 3151.3

Subsec. 3151.3 Requirements for Establishing Banking Offices -

a. The bank has complied with the minimum capital requirement;

b. The bank's networth to risk assets ratio has not been deficient for five or more times within a thirty (30) day

period during the last twelve (12) months immediately preceding the date of application;

c. For each branch to be established by a rural bank in areas other than the NCR or the cities of Cebu and Davao, an additional capital shall be put up as follows:

In cities and first class municipalities

P1 million

In second, third and fourth class municipalities

P500 thousand

In fifth and sixth class municipalities

None

if the capital of the bank is less than an amount equal to P2 million times the number of existing branches located in the NCR and the cities of Cebu and Davao plus P1 million times the number of existing and proposed additional branches located/to be located in other cities and first class municipalities plus P500 thousand times the number of existing and proposed additional branches located/to be located in the second, third and fourth class municipalities.

In implementing the above, the following guidelines shall be observed:

1) Where the capital of a rural bank is lower than an amount equal to the sum of: (a) P2 million times the number of existing branch/es in the NCR and the cities of Cebu and Davao; (b) P1 million times the number of existing branch/es in other cities and first class municipalities; and (c) P500 thousand times the number of existing branch/es in the second, third and fourth class municipalities, such bank shall not be allowed to branch out until its capital is increased to at least the sum of (a), (b) and (c) above;

2) Where the capital of a rural bank is greater than the sum of Items 1(a), and 1(b) and 1(c) above, such bank need not put up an additional capital for each additional branch to be established if the excess is greater than P1 million or P500 thousand, as the case may be, depending on the proposed site of the additional branch. Where such excess is less than P1 million or P500 thousand, as the case may be, only an amount to cover the deficiency shall be required to be put up as additional capital for the establishment of an additional branch; and

3) Capital, for this purpose, shall refer to total adjusted capital accounts, net of government equity.

d. The bank's operations during the preceding calendar year and for the semester immediately preceding the date of application were profitable;

e. The bank has not incurred chronic deficiency in its reserves against deposit liabilities during the last twelve (12) months immediately preceding the date of application;

f. The bank has complied with the loans-to-deposits ratio for four (4) consecutive quarters immediately preceding the date of application;

g. The bank does not have float items outstanding for more than sixty (60) calendar days in the "Due From/To Head Office/Branches/Offices" accounts and the "Due From Bangko Sentral" account exceeding one per cent (1%) of the total resources as of date of application;

h. The bank's total past due loans does not exceed 20% of total loan portfolio as of date of application;

- i. The bank has complied with the ceilings on credit accommodations to directors, officers, and/or stockholders during the last three (3) months immediately preceding the date of application;
- j. The bank has not been found by the Monetary Board to have conducted business in an unsafe or unsound manner during the last twelve (12) months immediately preceding the date of application; and
- k. The bank has corrected, as of date of application, the violations noted in its latest examination related to the following, if any:
 - 1. Single borrower's loan limit; and
 - 2. Investment in bank premises and other fixed assets.

Subsec. 3151.4 Requirements for Opening Banking Offices - After a bank's application to establish a banking office has been approved, it may open such banking office subject only to the following conditions:

- a. A written notice to the appropriate supervising and examining department of the Bangko Sentral of the actual date of opening not later than five (5) banking days from such opening; and
- b. A certification signed by an officer with the rank of a Manager or by a higher officer, that the requirements enumerated under Subsec. 3151.3 have been complied with up to the time of actual opening.

Subsec. 3151.5 Relocation/Transfer of Banking Offices - Transfer of banking offices shall only be allowed within the same city or municipality where the banking office to be transferred is located and such transfer shall not require prior Bangko Sentral approval but shall be subject to the following conditions:

- a. Notice of transfer to depositors and other creditors by registered mail and posters in conspicuous place in the premises of the banking office to be transferred at least three (3) months prior to the transfer;
- b. The appropriate supervising and examining department of the Bangko Sentral shall be notified in writing not later than five (5) banking days from the date of transfer. The notification shall be accompanied by a certified true copy of the resolution of the bank's board of directors authorizing the transfer; and
- c. A certification signed by an officer with the rank of Manager or by a higher ranking officer, that the above requirements have been complied with.

Subsec. 3151.6 Voluntary Closure of Banking Offices - Voluntary closure of banking offices may be effected only with the prior approval of the Bangko Sentral and shall be subject to the following conditions:

- a. Notice of closure to depositors and other creditors by registered mail and posters in conspicuous place in the premises of the banking office to be closed at least three (3) months prior to the closure;
- b. The appropriate supervising and examining department of the Bangko Sentral shall be notified in writing not later than five (5) banking days from the date of closure. The notification shall be accompanied by a certified true copy of the resolution of the bank's board of directors authorizing the closure; and
- c. A certification signed by an officer with the rank of manager or by a higher ranking officer, that the above requirements have been complied with.

Subsec. 3151.7 Sanctions - If any part of the certification submitted by the bank as required in these guidelines is found to be false, the following sanctions shall be imposed:

- a. On the Bank - Suspension for one (1) year of the privilege to establish and/or to open approved banking offices.
- b. On the certifying Officer - A fine of P200 per day from the time the certification was made up to the time

the certification was found to be false for each banking office opened, transferred or closed.

Section 2. The provisions of Section 3154 of the Manual of Regulations on relocation of banking offices are hereby repealed.

This circular shall take effect immediately.

Adopted: 12 Jan. 1995

(SGD.) GABRIEL C. SINGSON
Governor

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.