

**BANGKO SENTRAL NG PILIPINAS****OFFICE OF THE GOVERNOR****CIRCULAR NO. 854**

Series of 2014

Subject: Minimum Capitalization of Banks

The Monetary Board, in its Resolution No. 1607 dated 9 October 2014, approved the new minimum capitalization of banks.

Section 1. Subsection X111.1 of the Manual of Regulation for Banks (MORB) on Minimum Capitalization is hereby amended, as follows:

“Subsection X111.1 Minimum Capitalization. The minimum capitalization of banks shall be as follows:

Bank Category	Proposed Minimum Capitalization
Universal Banks	
<ul style="list-style-type: none">• Head Office only• Up to 10 branches^{1/}• 11 to 100 branches^{1/}• More than 100 branches^{1/}	P 3.00 billion 6.00 billion 15.00 billion 20.00 billion
Commercial Banks	
<ul style="list-style-type: none">• Head Office only• Up to 10 branches^{1/}• 11 to 100 branches^{1/}• More than 100 branches^{1/}	P 2.00 billion 4.00 billion 10.00 billion 15.00 billion
Thrift Banks	
Head Office in National Capital Region <ul style="list-style-type: none">• Head Office only• Up to 10 branches^{1/}• 11 to 50 branches^{1/}• More than 50 branches^{1/}	P 500 million 750 million 1.00 billion 2.00 billion
Head Office in All Other Areas Outside National Capital Region <ul style="list-style-type: none">• Head Office only• Up to 10 branches^{1/}• 11 to 50 branches^{1/}• More than 50 branches^{1/}	P 200 million 300 million 400 million 800 million

Bank Category	Proposed Minimum Capitalization
Rural and Cooperative Banks	
Head Office in National Capital Region <ul style="list-style-type: none"> • Head Office only • Up to 10 branches^{1/} • 11 to 50 branches^{1/} • More than 50 branches^{1/} 	P 50 million 75 million 100 million 200 million
Head Office in All Other Areas Outside National Capital Region (All Cities up to 3rd class municipalities) <ul style="list-style-type: none"> • Head Office only • Up to 10 branches^{1/} • 11 to 50 branches^{1/} • More than 50 branches^{1/} 	P 20 million 30 million 40 million 80 million
Head Office in All Other Areas Outside National Capital Region (4 th class to 6 th class municipalities) <ul style="list-style-type: none"> • Head Office only • Up to 10 branches^{1/} • 11 to 50 branches^{1/} • More than 50 branches^{1/} 	P 10 million 15 million 20 million 40 million

^{1/} Branches – inclusive of Head Office

The above shall also be the required minimum capitalization (a) upon establishment of a new bank, (b) upon conversion of an existing bank from a lower to a higher category bank and vice versa, (c) upon relocation of the head office of a TB/RB in an area of higher classification, and (d) when majority of an RB's total assets and/or majority of its total liabilities are accounted for by branches located in areas of higher classification as provided in Subsection X151.4 on the branching guidelines.

For the grant of the following special banking authorities:

- a. Quasi-banking functions for TBs;
- b. Trust and other fiduciary business for U/KBs and TBs;
- c. Limited trust for TBs and RBs/Coop Banks;
- d. Foreign current deposit unit/expanded foreign currency deposit unit (FCDU/EFCDU);
- e. Issuance of foreign letters of credit (LCs) for TBs;
- f. Acceptance of demand deposit and NOW accounts for TBs and RBs/Coop Banks; and
- g. Acting as third-party custodian/registry;

the higher of (a) the required minimum capital under this Subsection at the time of the application for the grant of special banking authority or (b) the amount specified in the applicable Sections/Subsections for the grant of special banking authorities shall be the required minimum capital which shall be complied with on a continuing basis.

Transitory Provisions. Banks which are existing, or which are already authorized by the Monetary Board but not yet operating, or persons from whom completed applications have been received but pending action by the BSP, shall be allowed five (5) years from effectivity of this circular within which to meet the above minimum capital requirements. Banks granted with special banking authorities/licenses which require compliance with minimum capital requirements shall be given five (5) years from effectivity of this circular within which to comply.

Banks which comply with the new capital levels shall submit to the BSP a certification to this effect within thirty (30) calendar days from date of effectivity of this circular. Banks not meeting the required minimum capital must submit to the BSP an acceptable capital build-up program for this purpose within one (1) year from date of effectivity of this circular. If the prescribed minimum capital necessitates an increase in the authorized capital stock, affected banks shall cause the corresponding amendments to their articles of incorporation/cooperation.

The appropriate supervising and examining department of the BSP will evaluate the continuing compliance of banks to the aforementioned capital build-up program. The BSP may require appropriate actions and/or impose sanctions for non-compliance with the capital build-up program as provided under existing banking laws and/or BSP rules and regulations.”

Section 2. The previous BSP issuances on minimum capital requirements as provided in Circular No. 156 dated 19 March 1998, Circular No. 257 dated 15 August 2000, Circular No. 696 dated 19 October 2010 and Circular No. 715 dated 4 March 2011 are summarized in *Appendix 104* of the Manual of Regulations for Banks.

Section 3. Effectivity. The Circular shall take effect fifteen (15) calendar days following its official publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

29 October 2014