

[ **BSP CIRCULAR NO. 781, January 15, 2013** ]

**BASEL III IMPLEMENTING GUIDELINES ON MINIMUM CAPITAL REQUIREMENTS**

The Monetary Board, in its Resolution No. 2096 dated 14 December 2012, approved the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for the Philippine banking system in accordance with the Basel III standards.

**Section 1.** The following section/subsection of the Manual of Regulations for Banks (MORB) are hereby amended as follows:

***"Sec. X115 Basel III Risk-Based Capital***

The guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel III recommendations is provided in Appendix 63b.

The risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk weighted assets, shall not be less than ten percent (10%) for both solo basis (head office plus branches) and consolidated basis (parent bank plus subsidiary financial allied undertakings, but excluding insurance companies). Other minimum capital ratios include Common Equity Tier 1 ratio and Tier 1 capital ratios of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5%, comprised of CET1 capital, shall likewise be imposed.

*(The BSP's implementation plans for the new international capital standards or Basel 2 contained in the Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework", are shown in Appendix 63)*

***Subsection X115.1 Scope***

The Basel III guidelines apply to all UBs and KBS, as well as their subsidiary banks and QBs."

**Section 2.** Section 4115 Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNFI) is hereby amended as follows:

***"Sec. 4115Q (2008 – 4116Q) Basel III Risk-Based Capital.*** The guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Base III recommendations is provided in Appendix Q-46b.

These guidelines apply to all Universal Banks (UBs) and Commercial Banks (KBs), as well as their subsidiary banks and QBs. The risk-based