

[**BSP CIRCULAR NO. 715, S. 2011, March 04, 2011**]

MINIMUM CAPITAL REQUIREMENT FOR THRIFT BANKS

Pursuant to Monetary Board Resolution No. 246 dated 17 February 2011, the provisions of the Manual of Regulations for Banks (MORB) are hereby amended as follows:

Section 1. Subsec. X111.1 on the minimum capitalization is hereby amended to read as follows:

"Subsec. X111.1 Minimum capitalization. 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 deposit liabilities are regularly accounted for by branches located in areas of higher classification as provided in Subsec. X151.4 on the branching guidelines, shall be as follows:

Bank Category	Required Minimum Capitalization
a. UBs	P 4.95 billion
b. KBs	2.40 billion
c. TBs with Head Office in:	
(1) Metro Manila	1 billion
(2) Cities of Cebu and Davao	500 million
(3) Other Areas	250 million
d. RBs with Head Office in:	
(1) Metro Manila	100 million
(2) Cities of Cebu and Davao	50 million
(3) All other cities	25 million
(4) 1 st to 4 th class municipalities	10 million
(5) 5 th to 6 th class municipalities	5 million
e. Coop Banks	10 million

"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 currency 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 securities 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 Provision. Approved but not yet operating RBs as well as pending and complete applications for establishment of a new RB or conversion of an existing bank from a higher category to an RB or for the grant of special banking authorities, as of 21 November 2010 (effectivity date of Circular No. 696 dated 29 October 2010) shall not be covered by the new minimum capital requirement for RBs.

"Approved but not yet operating TBs as well as pending and complete applications for establishment of a new TB or conversion of an existing bank from a higher or lower category to a TB or grant of special banking authorities or relocation of a TB head office to areas of higher classification, as of the effectivity of this Circular shall not be covered by the new minimum capital requirement for TBs."

Section 2. Subsec. X151.2.f on the prerequisites for the grant of authority to establish a branch is hereby amended to read as follows:

"Subsec. X151.2 Prerequisites for the grant of authority to establish a branch. With prior approval of the Monetary Board, bank may establish branches subject to the following pre-qualification requirements: