

**[ BSP CIRCULAR NO. 1390, s. 1993, May 19, 1993 ]**

**GUIDELINES TO GOVERN THE ESTABLISHMENT AND RELOCATION/VOLUNTARY CLOSURE OF BRANCHES AND OTHER BANKING OFFICES OF COMMERCIAL BANKS AND THRIFT BANKS**

The Monetary Board, in its Resolution No. 349, dated 23 April 1993, as amended by its Resolution No. 369, dated 7 May 1993, approved the guidelines to govern the establishment and relocation/voluntary closure of branches and other banking offices of commercial banks and thrift banks. Accordingly, the Manual of Regulations for Banks and Other Financial Intermediaries, is hereby amended as follows:

SECTION 1. The provisions of Subsecs. 1151.1 to 1151.9 (Book I) and 2151.1 to 2151.10 (Book II) of the Manual of Regulations are hereby repealed/amended to read as follows:

151.1 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.

151.2 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:

1. 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;
2. Banking facilities and services to be offered;
3. 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
4. Certification signed by the President or the Executive Vice President that the bank has complied with all the requirements enumerated under Subsec. 151.3.

151.3 Requirements for Establishing Banking Offices —

1. The bank has complied with the minimum capital requirement;
2. 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;

3. In the case of thrift banks with head offices outside of the National Capital Region (NCR), it may establish a branch in the NCR only after it has put up the minimum capital requirement for a new thrift bank in the NCR;

4. For each branch to be established by a commercial bank and a thrift bank, an additional capital shall be put up as follows;

	Commercial Banks	Thrift Banks
In the National Capital Region and the Cities of Cebu and Davao	P20 Million	P10 Million
In other areas	P10 Million	P5 Million

if the capital of the bank is less than an amount equal to the following:

a. For commercial banks — P20 million times the number of existing and proposed additional branches located/to be located in the NCR and the cities of Cebu and Davao plus P10 million times the number of existing and proposed additional branches located/to be located in other areas.

b. For thrift banks — P10 million times the number of existing and proposed additional branches located/to be located in the NCR and the cities of Cebu and Davao plus P5 million times the number of branches located/to be located in other areas.

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

- a. Where the capital of the bank is lower than an amount equal to the sum of (1) P20 million times the number of existing branch/es in the NCR and the cities of Cebu and Davao; and (2) P10 million times the number of existing branch/es outside of such areas in the case of commercial banks or to an amount equal to the sum of (3) P10 million times the number of existing branch/es in the NCR and the cities of Cebu and Davao; and (4) P5 million times the number of existing branch/es outside of such areas in the case of thrift banks, such bank shall not be allowed to branch out until its capital is increased at least to the sum of (1) and (2) above for commercial banks and the sum of (3) and (4) for thrift banks; and
- b. Where the capital of a commercial or thrift bank is greater than the sum of Item a (1) and (2) above and Item a (3) and (4) above respectively, such bank need not put up additional capital for each additional branch to be established if the excess is greater than P20 million, P10 million, and P5 million, as the case may be, depending on the proposed site of the additional branch. Where such excess is less than P20 million, P10 million, or P5 million, 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.