

[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 (MORNBI) 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