

[BSP CIRCULAR NO. 176, September 07, 1998]

SANCTIONS FOR NON-COMPLIANCE WITH MINIMUM CAPITAL REQUIREMENTS

Pursuant to Monetary Board Resolution No. 1266 dated September 2, 1998, the following sanctions for non-compliance with minimum capital requirements are hereby prescribed:

Monetary Penalty:

For delayed or non-submission of the capital build-up program reckoned from the time the bank was notified in writing up to the time program has been submitted per banking day of delay, a monetary penalty of:

<u>Type of Bank</u>	<u>Amount of Penalty</u>
Expanded & Non-Expanded Commercial Banks	P 10,000.00
Thrift Banks	P 5,000.00
Rural Banks	P 1,000.00

Non-Monetary Penalty:

Non-monetary penalties shall depend on the degree of capital deficiency incurred by the bank, as follows:

For COMMERCIAL BANKS:

<u>% of Capital Deficiency</u>	<u>Penalty</u>
Up to 20%	<ul style="list-style-type: none">- Suspension of authority to invest in non-allied undertakings (for EKBs only)- Suspension of authority to invest in allied undertakings- Suspension of securities and dealership functions (for EKBs only)- Suspension of branching privileges- Suspension of declaration of cash dividends
Up to 40%	<ul style="list-style-type: none">- Suspension of authority to invest in non-allied undertakings (for EKBs only)- Suspension of authority to invest in allied undertakings- Suspension of securities and dealership functions (for EKBs only)- Suspension of branching privileges- Suspension of declaration of cash

dividends

- Restrictions on overall loan growth/investments (new loans to the extent of collections only)

- Restrictions on lending affiliates

- Denial of access to BSP rediscounting facilities

- Suspension of authority to accept or handle government deposits

Up to 60%

- Suspension of authority to invest in non-allied undertakings (for EKBs only)

- Suspension of authority to invest in allied undertakings

- Suspension of securities and dealership functions (for EKBs only)

- Suspension of branching privileges

- Suspension of declaration of cash dividends

- Restrictions on overall loan growth/investments (new loans to the extent of collections only)

- Restrictions on lending affiliates

- Denial of access to BSP rediscounting facilities

- Suspension of authority to accept or handle government deposits

- Suspension of authority to engage in quasi-banking activities

- Suspension of authority to engage in derivative activities

- Suspension of FCDU/EFCDU activities

- Suspension of trust operations

Up to 80%

- Suspension of authority to invest in non-allied undertakings (for EKBs only)

- Suspension of authority to invest in allied undertakings

- Suspension of securities and dealership functions (for EKBs only)

- Suspension of branching privileges

- Suspension of declaration of cash dividends

- Denial of access to BSP rediscounting facilities

- Suspension of authority to accept or handle government deposits

- Suspension of authority to engage in quasi-banking activities

- Suspension of authority to engage in derivative activities