

## [ **BSP CIRCULAR NO. 193, March 22, 1999** ]

### **MERGES/CONSOLIDATIONS OF BANKS**

Pursuant to Monetary Board Resolution Nos. 229 and 362 dated 19 February and 22 March 1999, respectively, the Manual of Regulations for Banks and Other Financial Intermediaries — Books I to IV are hereby amended, as follows:

*SECTION 1.* The provisions of the first paragraph of Sections 1112, 2112, 3112 and 4112Q of the Manual of Regulations — Books I to VI are hereby amended to read as follows:

"Merger or Consolidation Incentives. In pursuance of the policy to promote merges and consolidations among banks and other financial intermediaries as a means to develop larger and stronger financial institutions, constituents entities may, subject to Bangko Sentral approval, avail of any or all of the following:

x x x"

*SECTION 2.* Subsecs. 1112.a, 2112.a, 3112.a and 4112Q.a (Books I to IV) are hereby added to Manual of Regulations to read as follows:

"Rules on Revaluation of Assets.

1. The revaluation of the bank's/NBQB's premises, improvements and equipment shall be allowed only to all institutions participating in a merger or consolidation if all of them belong to the same category, or at least two (2) of them belong to the highest category among the merging or consolidating institutions.
2. In case the merging or consolidating institutions do not belong to the same category or only one of them falls under the highest category, all of them may be allowed to revalue their premises, improvements and equipment: Provided, that the amount of appraisal increment, resulting from such revaluation shall be limited to the amount of the total resources of the institution belonging to the lower category or categories.

*SECTION 3.* Subsecs. 1112.b, 2112.b, 3112.b and 4112Q.b (Books I to VI) are hereby added to the Manual of Regulations to read as follows:

"Guidelines for Allowing Staggered Booking of Valuation Reserves.

1. The booking on staggered basis over a maximum period of five (5) years of unbooked valuation reserves based upon examination by the Bangko Sentral and the booking over a period of three (3) years of the two (2%) percent general provision for probable loan losses