

[**BSP CIRCULAR NO. 60, January 12, 1995**]

AMENDMENTS TO BOOK III OF THE MANUAL OF REGULATIONS FOR BANKS AND OTHER FINANCIAL INTERMEDIARIES

The Monetary Board, in its Resolution No. 1247 dated December 19, 1994, approved the guidelines to govern the establishment and relocation/voluntary closure of branches and other banking offices of rural banks. Accordingly, the Manual of Regulations for Banks and Other Financial Intermediaries (Book III) is hereby amended as follows:

Section 1. The provisions of Section 3151 to Subsec. 3151.8 (Book III) of the Manual of Regulations are hereby repealed/amended to read as follows:

Section 3151. Establishment of Banking Offices. Rural banks may establish banking offices which include branches, sub-branches, agencies and extension offices, as follows:

- a. A rural bank with unimpaired paid-up capital of P10 million or more, net of government equity, may establish banking offices in any region, except in the National Capital Region (NCR) and in the cities of Cebu and Davao;
- b. A rural bank with unimpaired paid-in capital of less than P10 million, net of government equity, may establish banking offices in the region where its head office is located, except in the NCR and in the cities of Cebu and Davao. Such rural bank when situated in the NCR may establish banking offices only in either Region III (Central Luzon) or IV (Southern Tagalog). However, if such rural bank is situated either in the cities of Cebu and Davao, it may branch out only within its region but outside said cities.

Subsec. 3151.1 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.

Subsec. 3151.2 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:

- a. 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;

- b. Banking facilities and services to be offered;
- c. 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
- d. Certification signed by the President or the General Manager that the bank has complied with all the requirements enumerated under Subsec. 3151.3

Subsec. 3151.3 Requirements for Establishing Banking Offices -

- a. The bank has complied with the minimum capital requirement;
- b. 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;
- c. For each branch to be established by a rural bank in areas other than the NCR or the cities of Cebu and Davao, an additional capital shall be put up as follows:

In cities and first class municipalities	P1 million
In second, third and fourth class municipalities	P500 thousand
In fifth and sixth class municipalities	None

if the capital of the bank is less than an amount equal to P2 million times the number of existing branches located in the NCR and the cities of Cebu and Davao plus P1 million times the number of existing and proposed additional branches located/to be located in other cities and first class municipalities plus P500 thousand times the number of existing and proposed additional branches located/to be located in the second, third and fourth class municipalities.

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

- 1) Where the capital of a rural bank is lower than an amount equal to the sum of: (a) P2 million times the number of existing branch/es in the NCR and the cities of Cebu and Davao; (b) P1 million times the number of existing branch/es in other cities and first class municipalities; and (c) P500 thousand times the number of existing branch/es in the second, third and fourth class municipalities, such bank shall