



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 727

Series of 2011

**Subject: Amendment to the Guidelines on Branching and Voluntary Closure/
Sale/Acquisition of Branches/Other Banking Offices**

Pursuant to Monetary Board Resolution No. 789 dated 26 May 2011, the provisions of the Manual of Regulations for Banks (MORB) are hereby amended as follows:

Section 1. Item "d" of Subsec. X151.4 on branching guidelines is hereby amended to read as follows:

"Subsec. X151.4 Branching guidelines. Branches may be established, subject to the following guidelines:

"x x x

"d. As a general rule, banks shall be allowed to establish branches anywhere in the Philippines, except in the cities of Makati, Mandaluyong, Manila, Parañaque, Pasay, Pasig, Quezon and San Juan (restricted areas): *Provided, however,* That RBs/Coop Banks shall not be allowed to establish branches in Metro Manila: *Provided, further,* That –

- 1) Branches of microfinance-oriented banks, microfinance-oriented branches of banks which are not microfinance-oriented may be established anywhere, subject to compliance with, among other requirements, the minimum capital requirement under Item "a" of Subsec. X151.2 and the following conditions:
 - a) A microfinance-oriented TB or RB may be allowed to establish branches in Metro Manila, including in the restricted areas, if it has combined capital accounts of at least ₱ 1.0 billion in case of a TB, or at least ₱ 100.0 million in case of an RB; and
 - b) A TB or RB/Coop Bank may be allowed to establish microfinance-oriented branches in Metro Manila, including in the restricted areas, if it has combined capital accounts of at least ₱ 1.0 billion in case of a TB, or at least ₱ 100.0 million in case of an RB/Coop Bank.
- 2) Subject to the submission of the specific business purpose for establishing the branch, among other justifications:
 - a) A TB with head office located outside the restricted areas or an RB with head office located outside the restricted areas but within

Metro Manila with combined capital accounts of at least ₱ 1.5 billion may be allowed to establish one (1) branch anywhere within the restricted areas if it has no existing branch in said areas; and

- b) An RB with head office located outside Metro Manila with combined capital accounts of at least ₱ 1.5 billion may be allowed to establish one (1) branch anywhere in Metro Manila, including in the restricted areas, if it has no existing branch in Metro Manila.
- 3) A TB with head office outside Metro Manila with combined capital accounts of at least ₱ 1.0 billion may establish branches in Metro Manila, except in the restricted areas.
- 4) A TB with head office outside Metro Manila and Cities of Cebu and Davao with combined capital accounts of at least ₱ 500 million may establish branches in the Cities of Cebu and Davao.
- 5) Subject to the restrictions in Items "6", "7", "8" and "9" hereof, an RB with combined capital accounts of at least P10.0 million, may establish branches in cities/municipalities of higher classification and with corresponding higher capitalization requirements, except in Metro Manila: *Provided*, That where the majority of the RB's total assets and/or majority of its total deposit liabilities are regularly accounted for by branches located in such cities/municipalities of higher classification, the RB shall comply with the required minimum capital under Subsection X111.1 for that city/municipality of the highest classification within one (1) year from the BSP finding.
- 6) An RB or a Coop Bank shall only be allowed to establish branches if its combined capital accounts is at least ₱ 10 million;
- 7) An RB with combined capital accounts of at least ₱ 10.0 million but less than ₱ 50.0 million may establish branches anywhere within two (2) – hour normal travel time by land/sea public transport from the head office, except in Metro Manila;
- 8) An RB with combined capital accounts of at least ₱ 50.0 million but less than ₱ 100.0 million may establish branches in any island group (Luzon, Visayas or Mindanao) where the head office is located, except in Metro Manila.
- 9) An RB with combined capital accounts of at least ₱ 100.0 million may establish branches anywhere in the Philippines, except in Metro Manila unless qualified under Items "d(1)" and "d(2)" above; and

"x x x"

Section 2. Item "b(5)" of Subsec. X151.10 on voluntary closure/sale of branches/other banking offices is hereby amended to read as follows:

"Subsec. X151.10 Voluntary closure/sale/acquisition of branches/other banking offices.

" x x x

"b. *Sale/acquisition of branches/other banking offices.* Sale/acquisition of existing/operating branches/other banking offices may be allowed with prior approval of the Monetary Board in accordance with the following procedures:

" x x x

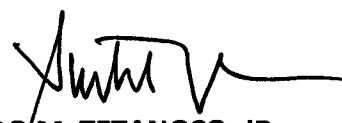
"(5) x x x

A UB, KB or TB may purchase/acquire branches/other banking offices anywhere, including in Metro Manila and in the restricted areas: *Provided*, That a TB may purchase/acquire branches/other banking offices in Metro Manila, including in the restricted areas, if it has combined capital accounts of at least ₱ 1.0 billion, and purchase/acquire branches/other banking offices in the Cities of Cebu and Davao, if it has combined capital accounts of at least ₱ 500.0 million:

x x x"

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

23 June 2011