



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 257 **Series of 2000**

Pursuant to Monetary Board Resolution Nos. 943 and 1159 dated 9 June 2000 and 14 July 2000, respectively, universal banks, commercial banks, thrift banks and rural banks are advised that:

1. The target level of capitalization prescribed for banks as of end-2000 has been set aside;
2. The level of required capitalization as of end-2000 shall be the same as that prescribed as of end-1999;
3. For new entrants in the banking system, the minimum level of capitalization, unless otherwise prescribed by the Monetary Board, shall be as follows:

Bank Category	Minimum Capital (In Millions)
Universal Banks	4,950
Commercial Banks	2,400
Thrift Banks	
<i>With Head Office within Metro Manila</i>	325
<i>With Head Office outside Metro Manila</i>	52
Rural Banks	
<i>Within Metro Manila</i>	26
<i>Cities of Cebu and Davao</i>	13
<i>1st/2nd/3rd class cities and 1st class municipalities</i>	6.5
<i>4th/5th/6th class cities and 2nd/3rd/4th class municipalities</i>	3.9
<i>5th and 6th class municipalities</i>	2.6

ITAGUYOD ANG PHILIPPINES 2000



MAG-IMPOK SA BANGKO

4. For banks that have executed a *Memoranda of Understanding* (MOU) with the Bangko Sentral ng Pilipinas (BSP), in compliance with Circular No. 181 dated 14 November 1998, the following guidelines shall apply:
 1. For banks with capital deficiency but with capital-to-risk assets ratio within the minimum prescribed and with no weaknesses (i.e. high past due loans, DOSRI violations, etc.), the MOU may be set aside; provided, that the bank will be able to comply with the minimum capital requirements as herein prescribed; and
 2. For banks with capital deficiency but with significant weaknesses (i.e. deficiency in capital-to-risk assets ratio, liquidity problems, high past due loans, etc.) the MOU, as executed, shall continue to be in full force and in effect until such time it shall be amended by mutual consent of the parties thereto; waived and/or terminated by the BSP.

Non-compliance with the above capital requirements shall subject the bank to sanctions/penalties provided under existing banking laws and BSP rules and regulations.

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
Governor

15 August 2000