



# BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

## CIRCULAR NO. 1151 Series of 2022

**Subject: Amendments to the Minimum Capitalization of Rural Banks**

The Monetary Board, in its Resolution No. 1145 dated 4 August 2022, approved the amendments to the relevant provisions of the Manual of Regulations for Banks (MORB) aimed at increasing the minimum capital requirements for rural banks. The new minimum capitalization requirement is part of the initiatives under the Rural Bank Strengthening Program (RBSP). The RBSP was developed to enhance the operations, capacity, and competitiveness of rural banks. It is anchored on the principle that a safe and sound bank is well-capitalized. A strong capital base enables rural banks to enhance their risk management systems, upgrade resources and manage operational costs, meet prudential standards, and accelerate digital transformation.

**Section 1.** Section 121 of the MORB, as amended by Circular Nos. 1121 and 1142 dated 8 June 2021 and 29 March 2022, respectively, is hereby further amended, as follows:

### 121 MINIMUM REQUIRED CAPITAL

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**Minimum capitalization.** The minimum capitalization of banks shall be as follows:

Bank Category	Required Minimum Capitalization
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RBs	
Head Office Only	P50 million
Up to 5 branches <sup>1</sup>	50 million
6 to 10 branches <sup>1</sup>	120 million
More than 10 branches <sup>1</sup>	200 million
Coop Banks	
Head Office in NCR	
xxx	xxx

For purposes of compliance with this Section, the term branch shall exclude the *branch-lite* units of banks.

The above shall also be the required minimum capitalization upon (a) establishment of a new bank, (b) conversion of an existing bank from a lower to a higher category bank and vice versa, and (c) relocation of the head office of a TB in an area of higher classification.

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**Transitory provisions.** RBs which comply with the new capital levels shall submit to the Bangko Sentral a certification to this effect, signed by the president or officer of equivalent rank, within ten (10) banking days from the date of effectivity of this Circular. RBs with capital levels below the new minimum capital requirements shall refer to the available options under the Rural Bank Strengthening Program<sup>2</sup> (RBSP).

<sup>1</sup> Branches - inclusive of Head Office

<sup>2</sup> BSP Memorandum No. M-2022-024 dated 5 May 2022

RBs availing of the capital build-up track shall submit to the Bangko Sentral an acceptable capital build-up program within six (6) months from the date of effectivity of this Circular.

If the prescribed minimum capital necessitates an increase in the authorized capital stock, affected RBs shall cause the corresponding amendments to their articles of incorporation.

The appropriate supervising department of the Bangko Sentral will evaluate the continuing compliance of RBs to the aforementioned capital build-up program. RBs which are existing, or which were already authorized by the Monetary Board to establish an RB but are not yet operating, or persons from whom completed applications have been received but are pending action by the Bangko Sentral shall be given five (5) years from the date of effectivity of this Circular within which to meet the new minimum capital requirements. The Bangko Sentral reserves the right to require appropriate actions and/or impose sanctions for non-compliance with the capital build-up program on RBs concerned as provided under existing banking laws and/or Bangko Sentral rules and regulations.

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**Section 2.** Section 105 of the MORB is hereby amended to read, as follows:

**105 ESTABLISHMENT/RELOCATION/VOLUNTARY CLOSURE/SALE OF BRANCHES/  
BRANCH-LITE UNITS**

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***Location of branches/branch-lite units.*** As a general rule, banks shall be allowed to establish branch/es or branch-lite units anywhere in the Philippines, including in cities previously considered as restricted areas; *Provided,* That, if TBs will establish branches in cities/municipalities of a higher classification than their head office, the applicable minimum required capital under Sec. 121 shall be increased to that of the city/municipality of the higher classification, regardless of where the head office is located.

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**Section 3.** Regulatory relief on compliance with the minimum capital requirements of rural banks under Section 121 of the MORB that were previously approved by the BSP shall be revoked upon the date of effectivity of this Circular.

**Section 4.** 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:

  
**FELIPE M. MEDALLA**  
Governor

24 August 2022