

GUIDELINES ON THE GRANT OF ADDITIONAL INCENTIVES BY THE BSP UNDER THE STRENGTHENING PROGRAM FOR RURAL BANKS (SPRB) PLUS

In addition to the incentives/regulatory relief granted by the BSP under the SPRB Module 1 (Annex A-1), eligible strategic third party investors (STPIs) can avail of additional branching¹ and other incentives as follows:

For Eligible STPI Universal and Commercial Banks (UKBs) and Thrift Banks (TBs)

1. Special branch licensing fees² shall be waived by the BSP equivalent to the amount of the capital contribution of the STPIs to bring the eligible banks' risk-based capital adequacy ratio (RBCAR) to 10 percent. Under Circular No. 728 dated 23 June 2011, a bank applying for a branch license in restricted areas shall be charged a licensing fee of P20 million for UKBs and P15 million for TBs. Hence, if an STPI's capital contribution in a TB is P50 million, said STPI bank is qualified to establish 3 branches (P50 million/P15 million=3.33 branches) in restricted areas for free.

In case the capital contribution of an STPI in the acquired bank is less than the amount of branch licensing fees under Circular No. 728, that is, P20 million for UKBs and P15 million for TBs, the STPI can still avail of one branch license in restricted area for free.

For Eligible STPI Rural Banks

1. In the case of RBs which are not eligible to establish branches in Metro Manila, they can establish branches outside Metro Manila equivalent to the number of branches of the acquired bank/s. Branch processing fee applicable to RBs of P25,000 shall be waived and the following theoretical capital requirement under Circular No. 738 shall not be imposed:

Location of Branch	Date of Implementation	Theoretical Capital (In P Mil)
Metro Manila	Up to 30 June 2012	5.0
Cebu and Davao	From 18 Jan. 2006	5.0
1 st to 3 rd Class Cities	Up to 30 June 2012	2.5
4 th to 6 th Class Cities	Up to 30 June 2012	1.5
1 st to 3 rd Class Municipalities	From 18 Jan. 2006	1.0
4 th Class Municipalities	Up to 30 June 2012	0.5
5 th to 6 th Class Municipalities	From 18 Jan. 2006	0.5

Note: Please refer to Cir. No. 728 for applicable theoretical capital requirement after 30 June 2012

2. For STPI RBs which will acquire single/one unit RBs, they are still entitled to establish 1 branch outside Metro Manila.

¹ Branching incentives for non-bank STPIs will depend on the type of banks they will acquire

² This is different from the branch processing fees under Section 6 of Circular No. 728. Branch processing fees will still be charged from the STPI UKBs and TBs.

3. For STPI-RBs which have availed under Module I of the SPRB, the above proposed branching incentives for RBs under SPRB Plus may be granted subject to the same conditions.

For All Eligible STPIs

1. As additional premium, STPI UKBs and TBs shall be granted one additional branching license in restricted areas while STPI RBs shall be granted one additional branching license in areas outside Metro Manila for every 3 distressed banks resolved under the Program.