



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2016- 023

To: **ALL BANKS and QUASI-BANKS**

Subject: **Regulatory Incentives for Mergers/Consolidations and/or Acquisitions of Majority or all of the Outstanding Shares of Stock of a Bank/Quasi-bank**

Pursuant to Subsections X108.3 of the Manual of Regulations for Banks and 4108Q.3 of the Manual of Regulations for Non-bank Financial Institutions, the BSP promotes mergers/consolidations and/or acquisitions of majority or all of the outstanding shares of stock of a bank/quasi-bank (QB) to strengthen the financial capabilities and enhance overall competitiveness of banks and QBs.

Concerned banks/QBs may request regulatory incentives that are responsive to their specific needs and reasonable given the attendant circumstances. Any request shall be subject to BSP's evaluation and approval.

Banks/QBs may refer to the following sample list of possible incentives:

- a. Revaluation of premises, improvements and equipment;
- b. Staggered booking of unbooked valuation reserves over a maximum period of 5 years;
- c. Temporary relief from compliance with capital adequacy ratio (CAR) and/or maximum period for amortization of goodwill;
- d. Conversion/upgrading of head offices, branches, and other offices;
- e. Condonation of liquidated damages/penalties on loan arrearages to the BSP;
- f. Relocation of branches/offices within 1 year in cases of duplication of branches in certain areas;
- g. Installment payment of outstanding penalties in legal reserve deficiencies and interest on overdrafts with the BSP over a 1-year period;
- h. Reasonable period to comply with real estate loan limits;
- i. Restructuring past due obligations with BSP over a 10-year period;
- j. Concurrent officership between a merged or consolidated bank or financial institution (FI) and another bank/FI, and concurrent directorship between banks; and
- k. Continued effectivity of right or privilege under a rehabilitation program or any special authority granted by the MB.

For information/guidance.


NESTOR A. ESPENILLA, JR.
Deputy Governor

21 December 2016