



Republic of the Philippines
OFFICE OF THE PRESIDENT
COOPERATIVE DEVELOPMENT AUTHORITY
5th Flr Ben-lor Bldg., 1184 Quezon Ave., Quezon City

March 29, 1994

MEMORANDUM CIRCULAR NO. 94-005
Series of 1994

T O : ALL CONCERNED

SUBJECT : MINIMUM CAPITALIZATION OF A COOPERATIVE BANK

Capitalizing the cooperative bank is conceptually a mobilizing of the resources of the primary cooperatives, federations and unions of cooperatives and channeling them into the mainstream of cooperative activity.

Quoted hereunder are pertinent provisions of the Manual of Regulation for Banks and other Financial Intermediaries Book V pursuant to Monetary Board Resolution No. 331 dated October 6, 1993 of the Bangko Sentral ng Pilipinas.

"Minimum Capitalization

Cooperative Banks that may be established shall have a minimum authorized capital of:

- a. P200 Million for national cooperative banks divided into such number of shares with a minimum par value of P1,000.00 per share, with a private paid in capital of at least P12.5 Million.
- b. P20 Million for local cooperative banks, divided into such number of shares with a private paid in capital of at least P1.25 Million, except as follows:
 - (1) P20 Million minimum paid in capital for cooperative banks to be established in Metro Manila.
 - (2) P10 Million minimum paid in capital for cooperative banks to be established in the cities of Cebu and Davao.

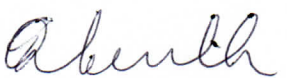
- (3) P5 Million minimum paid in capital for cooperative banks to be established in other cities; provided, however, that for the first cooperative bank organized in the province, although it will be located in a city, the minimum private paid in capital of P1.25 Million shall be required.

Existing local cooperative banks with private paid in capital contribution of less than P1.25 Million shall adopt a capital build-up program whereby they shall have to raise their private capitalization to P1.25 Million in four (4) semi-annual installments starting January 1992.

Determination of Minimum Capital

Each cooperative bank shall have a minimum paid in capital in the amount stated herein above, net of government counterpart capital, if any. In addition, the total paid in capital (including paid-in-surplus), earned surplus and undivided profits, (a) net of such unbooked valuation reserves and other capital adjustments as may be required by the Central Bank and (b) total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, shareholders and their related interest (DOSRI), shall not be less than the amount stated above. Any appraisal surplus or appreciation credit as a result of appreciation or an increase in the book value of bank assets shall be excluded."

For information and guidance.


EDNA E. ABERILLA
Chairperson