



Bangko Sentral ng Pilipinas

**OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR**

CIRCULAR LETTER NO. CL-2008- 075

To : ALL THRIFT AND RURAL BANKS

Subject : Non-reclassification of Microfinance-Oriented Thrift Banks (TBs)/Rural Banks (RBs) to Regular TBs/RBs and Conversion of Microfinance-Oriented Branches into Regular Branches

Pursuant to Monetary Board Resolution No. 1457 dated 06 November 2008, all thrift banks and rural banks are hereby informed of the following:

1. Reclassification of microfinance-oriented Thrift Banks (TBs)/Rural Banks (RBs) to regular TBs/RBs are disallowed; and
2. Conversion of microfinance-oriented branches of regular TBs/RBs into regular branches are allowed, five years after the start of the branch's operations, subject to the submission of the following:
 - a. Certification signed by the president or officer of equivalent rank that Circular No. 340 dated 20 July 2002, as amended by Circular No. 624 dated 13 October 2008 that:
 - (1) At least 70 percent of deposits generated by the branch to be established shall be actually lent out to microfinance borrowers; and
 - (2) The microfinance loans of said branch shall at all times be 50 percent of its gross loan portfolio

are no longer feasible due to changes in market condition in the locality where it is located. The certification shall be supported by a market study citing, among others, changes in demographic, social, and economic factors; and

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- b. Certified true copy of the resolution of the bank's board of directors authorizing the conversion of the microfinance-oriented branch into a regular branch.

For information and guidance.


NESTOR A. ESPENILLA, JR.
Deputy Governor

28 November 2008