



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 929

Series of 2016

Subject : Amendments to Subsection X102.5 of the MORB on the Conversion of Microfinance-Oriented Thrift/Rural Banks/Branches

The Monetary Board in its Resolution No. 1855 dated 13 October 2016, approved the amendments to Subsec. X102.5 of the Manual of Regulation for Banks (MORB) to allow the conversion of microfinance-oriented thrift banks (TBs) and rural banks (RBs) to regular TBs and RBs as well as the conversion of their microfinance-oriented branches to regular branches.

Section 1. Subsec. X102.5 of the MORB on the conversion of microfinance-oriented TBs/ RBs is hereby amended to read as follows:

"§ X102.5 (2008 - X102.3) Conversion of microfinance-oriented thrift banks/ rural banks

"a. Microfinance-oriented TBs and RBs are allowed to convert to regular TBs and RBs: *Provided*, That they have complied with all the requirements for a regular TB/RB license and subject to the submission of the following:

- (1) Certification signed by the president or officer of equivalent rank stating that the allocation of at least 50% of the gross loan portfolio to microfinance is no longer feasible due to changes in market condition. The certification shall be supported by:
 - (a) a market study citing, among others, changes in demographic, social, and economic factors; and
 - (b) strategic plan and business strategy contemplating the conversion to a regular bank; and
- (2) Certified true copy of the resolution of the bank's board of directors authorizing the conversion of the microfinance-oriented bank into a regular bank. The bank must also change its business name to reflect its reclassification to a regular bank.

"b. Microfinance-oriented branches may convert into regular branches x x x

"x x x"

Section 2. Effectivity. 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



AMANDO M. TETANGCO, JR.
Governor

28 October 2016